

**SANTA MARTA LIFE SCIENCES CORP.**

**and**

**SYD FINANCIAL INC.**

**and**

**1221439 B.C. LTD.**

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**BUSINESS COMBINATION AGREEMENT**

**September 6, 2019**

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**SCHEDULE A - AMALGAMATION AGREEMENT**

## BUSINESS COMBINATION AGREEMENT

**THIS AGREEMENT** is made as of September 6, 2019,

**BETWEEN:**

**SANTA MARTA LIFE SCIENCES CORP.**, a company incorporated under the laws in the Province of British Columbia, and having an office at 8661 – 201<sup>st</sup> Street, Langley, British Columbia, V2Y 0G9

OF THE FIRST PART

(“**Santa**”)

-and-

**SYD FINANCIAL INC.**, a company incorporated under the laws of the Province of British Columbia, and having an office located at Suite 303, 570 Granville Street, Vancouver, British Columbia, V6C 3P1

OF THE SECOND PART

(“**Syd**”)

-and-

**1221439 B.C. LTD.**, a company incorporated under the laws of the Province of British Columbia, and having an office located at Suite 303, 570 Granville Street, Vancouver, British Columbia, V6C 3P1

OF THE THIRD PART

(“**Newco**”)

(each a “**Party**” and collectively, the “**Parties**”)

**WHEREAS** Syd is a reporting issuer listed on the Canadian Securities Exchange (“**CSE**”);

**AND WHEREAS** pursuant to a letter of intent between the Parties dated June 24, 2019, Santa and Syd propose to combine the business and assets of Santa with those of Syd, and upon completion of such business combination, Syd will be in the business of operating and will wholly-own a cannabis producer legally operating on the basis of the CBD Licence in Colombia, as well as the THC Cultivation Licence and the THC Extraction Licence (all as defined below) for which applications have been made in Colombia for proposed future business activities;

**AND WHEREAS** the Parties intend to carry out the proposed business combination by way of a statutory amalgamation under the provisions of the BCBCA (as defined below) and related transaction steps;

**NOW THEREFORE** in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties, the Parties covenant and agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the following meanings, respectively:

“**Affiliate**” has the meaning ascribed thereto in the BCBCA;

“**Agreement**”, “**this Agreement**”, “**herein**”, “**hereto**”, and “**hereof**” and similar expressions refer to this business combination agreement, including the schedules attached hereto, as the same may be amended or supplemented from time to time;

“**Amalco**” means the amalgamated corporation resulting and continuing from the Amalgamation;

“**Amalco Shares**” means the common shares in the share capital of Amalco;

“**Amalgamation**” means the amalgamation of Santa and Newco, by way of a “three-cornered amalgamation” with Syd pursuant to Section 270 of the BCBCA, and pursuant to the terms of the Amalgamation Agreement;

“**Amalgamation Agreement**” means the agreement among Santa, Syd and Newco in respect of the Amalgamation, to be substantially in the form attached as Schedule “A” to this Agreement;

“**Amalgamation Application**” means the Form 13 Amalgamation Application required under the BCBCA to be filed with the Registrar to give effect to the Amalgamation;

“**Applicable Anti-Money Laundering Laws**” has the meaning ascribed thereto in section 3.1(o)(ii) hereto;

“**BCBCA**” means the *Business Corporations Act* (British Columbia) as the same has been and may hereafter from time to time be amended;

“**Business Day**” means any day, excluding Saturday or Sunday, on which banking institutions are open for business in Vancouver, British Columbia;

“**Business Combination**” means the series of transactions, as detailed in this Agreement, through which the businesses of Santa and Syd will be combined, including the Consolidation, the Syd Financing, the Santa Financing, the Amalgamation, the Santa Director Appointments, and the Syd Name Change, in the order and as contemplated herein;

“**CBD Licence**” means Resolution No. 0611 dated May 29, 2019, by means of which the applicable Governmental Authority in Colombia granted to VDL the licence to cultivate, extract and sell non-psychoactive cannabis;

“**CDS**” means the Canadian Depository for Securities;

“**Certificate of Amalgamation**” means the certificate in respect of the Amalgamation issued by the Registrar;

**“Completion Deadline”** means December 1, 2019 or such later date as may be mutually agreed between the Parties in writing;

**“Consolidated Syd Share”** means a new common share of Syd after the Consolidation and Syd Name Change;

**“Consolidation”** means the share consolidation of the Syd Shares on the basis of the Consolidation Ratio;

**“Consolidation Ratio”** means the ratio of two (2) old Syd Shares for one (1) new Consolidated Syd Share, as more particularly contemplated herein;;

**“CSE”** means Canadian Securities Exchange;

**“Debt Instrument”** has the meaning ascribed thereto in section 3.1(aa) hereof;

**“Depository”** means such Person as Syd may appoint to act as depository in relation to the Business Combination, with the approval of Santa, acting reasonably;

**“Direct Registration System”** means the system allowing securities to be held in electronic form without having a physical security certificate issued as evidence of ownership;

**“Dissenting Santa Shares”** means the Santa Shares held by Dissenting Shareholders;

**“Dissenting Shareholder”** means a registered holder of Santa Shares who, in connection with the special resolution of the Santa Shareholders approving the Amalgamation, has exercised the right to dissent pursuant to Section 238 of the BCBCA in strict compliance with the applicable provisions of the BCBCA and thereby becomes entitled to be paid the fair value of his, her or its Santa Shares if the registered holder also completes the requirements of Section 244 of the BCBCA, and such registered holder does not lose the right to dissent under Section 246 of the BCBCA;

**“Documents”** means, collectively, this Agreement, the Amalgamation Agreement, and any other agreements, certificates, or instruments ancillary thereto;

**“DRS Statement”** means a statement evidencing a shareholding position under the Direct Registration System;

**“Effective Date”** means the date shown on the Certificate of Amalgamation giving effect to the Amalgamation;

**“Effective Time”** means 12:01 a.m. (Vancouver time) on the Effective Date or such other time on the Effective Date as may be agreed by Santa and Syd;

**“Escrow Agreement”** has the meaning given to such term in section 2.1(i)(ii)(B) hereof;

**“Exchange Ratio”** has the meaning given to such term in section 2.1(i)(ii) hereof;

**“Fairchild”** has the meaning given to such term in section 3.1(m)(i)(2) hereof;

**“Fairchild Fee”** has the meaning given to such term in section 3.1(m)(i)(2) hereof;

**“fair value”** where used in relation to a Santa Share held by a Dissenting Shareholder, means the payout value as determined by a court under Section 245 of the BCBCA or as agreed between Santa and the Dissenting Shareholder;

**“Form 46-201F1 Escrow Agreement”** means a Form 46-201F1 escrow agreement to be entered into by each of the Principals of the Resulting Issuer, with the Resulting Issuer and its registrar and transfer agent, in accordance with the policies of the CSE;

**“Governing Documents”** means, in respect of each Party, as applicable, its certificate, its notice of articles as amended, its articles of incorporation, as amended, and its notice of articles, as amended;

**“Government Authority”** means any foreign, national, provincial, local or state government, any political subdivision or any governmental, judicial, public or statutory instrumentality, court, tribunal, agency (including those pertaining to health, safety or the environment), authority, body or entity, or other regulatory bureau, authority, body or entity having legal jurisdiction over the activity or Person in question and, for greater certainty, includes the CSE;

**“IFRS”** means International Financial Reporting Standards applicable as at the relevant date;

**“in writing”** means written information including documents, files, software, records and books made available, delivered or produced to one Party by or on behalf of the other Party;

**“Laws”** means all laws, statutes, codes, ordinances, decrees, rules, regulations, by laws, statutory rules, principles of law, published policies and guidelines, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, including general principles of common and civil law, and terms and conditions of any grant of approval, permission, authority or licence of any Government Authority, statutory body or self-regulatory authority, and the term “applicable” with respect to such Laws and in the context that refers to one or more Persons, means that such Laws apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Government Authority (or any other Person) having jurisdiction over the aforesaid Person or Persons or its or their business, undertaking, property or securities;

**“Lease”** means the lease dated August 29, 2018, as amended August 21, 2019, between VDL and Maria Delia Pardo Padilla for the Property a term of 25 years, expiring August 23, 2043;

**“Letter of Transmittal”** means a letter of transmittal to be sent to holders of Santa Shares for use in connection with the Business Combination and in order to receive the Resulting Issuer Shares to which they are entitled after giving effect to the Amalgamation;

**“Material Adverse Change”** means any change in the financial condition, operations, assets, liabilities, or business of a Party and its Subsidiaries, considered as a whole, which is materially adverse to the business of such Party and its Subsidiaries, considered as a whole, other than a change: (a) which arises out of or in connection with a matter that has been publicly disclosed or otherwise disclosed in writing by such Party to the other Party prior to the date of this Agreement; (b) resulting from conditions affecting the medical marijuana or cannabis industry as a whole; or (c) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Colombia, Canada, the United States or elsewhere;

**“Material Adverse Effect”** means any event, change or effect that is or would reasonably be expected to be materially adverse to the financial condition, operations, assets, liabilities, or business of a Party and its Subsidiaries, considered as a whole, provided, however, that a Material Adverse Effect shall not include an adverse effect resulting from a change: (a) which

arises out of or in connection with a matter that has been publicly disclosed or otherwise disclosed in writing by such Party to the other Party prior to the date of this Agreement; (b) resulting from conditions affecting the medical marijuana or cannabis industry as a whole; or (c) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Colombia, Canada, the United States or elsewhere;

“**material fact**” has the meaning ascribed thereto in the *Securities Act* (British Columbia) as the same has been and may hereafter from time to time be modified;

“**Newco**” means 1221439 B.C. Ltd., a company incorporated under the laws of Province of British Columbia, and a wholly-owned Subsidiary of Syd;

“**Newco Shares**” means the common shares in the capital of Newco;

“**Party**” means each of Syd, Santa and Newco individually, and collectively, the “**Parties**”;

“**Person**” includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Government Authority, syndicate or other entity, whether or not having legal status;

“**Personnel Obligations**” means any obligations or liabilities of a Party or any of its Subsidiaries to pay any amount to its or their officers, directors, employees and consultants, other than for salary, bonuses under its or their existing bonus arrangements and directors’ fees in the ordinary course, in each case in amounts consistent with historic practices and obligations or liabilities in respect of insurance or indemnification contemplated by this Agreement or arising in the ordinary and usual course of business and, without limiting the generality of the foregoing, Personnel Obligations shall include the obligations of such Party or any of its Subsidiaries to directors, officers, employees and consultants: (a) for payments on or in connection with any change in control of such Party pursuant to any change in control agreements, policies or arrangements, including the payments specified herein; and (b) for any special incentive bonus payments and commitments;

“**Principal**” means a director, officer, or greater than 10% shareholder of the Resulting Issuer;

“**Property**” means the lands located at El Olivo, Vereda La Union, Corregimiento de Sevillano, Municipio de Ciénaga Magdalena, Colombia, consisting of 35 hectares, currently leased by VDL under the Lease;

“**Property Transfer Consideration**” has the meaning ascribed thereto in section 2.4(a) hereto;

“**Registrar**” means the Registrar of Companies for British Columbia performing the duties of registrar under the BCBCA;

“**Regulatory Approval**” means any approval, consent, waiver, permit, order or exemption from any Government Authority having jurisdiction or authority over any Party or the Subsidiary of any Party which is required or advisable to be obtained in order to permit the Business Combination to be effected and “**Regulatory Approvals**” means all such approvals, consents, waivers, permits, orders or exemptions;

“**Reporting Jurisdictions**” has the meaning ascribed thereto in section 3.2(f) hereof;

“**Resulting Issuer**” means Syd upon completion of the Business Combination to be renamed “**Santa Marta Life Sciences Inc.**” or such other similar name as may be accepted by the



relevant regulatory authorities and approved by its board of directors; as described in this Agreement, the Resulting Issuer will be in the business of operating and will wholly-own a cannabis producer in Colombia operating on the basis of the CBD Licence, and other licences, including the THC Cultivation Licence and THC Extraction Licence, for which applications have been made in Colombia for its proposed future business activities;

**“Resulting Issuer Convertible Securities”** means, collectively, the Resulting Issuer Options and the Resulting Issuer Warrants;

**“Resulting Issuer Options”** means options to purchase Resulting Issuer Shares to be issued to the holders of the Syd Options in replacement for their Syd Options in accordance with the Exchange Ratio;

**“Resulting Issuer Share”** has the meaning ascribed thereto in section 2.1(i)(ii) hereof;

**“Resulting Issuer Warrants”** means common share purchase warrants to purchase Resulting Issuer Shares to be issued to the holders of the Syd Warrants in replacement of their Syd Warrants in accordance with the Consolidation Ratio, and holders of Santa Warrants in replacement for their Santa Warrants in accordance with the Exchange Ratio;

**“Santa”** means Santa as it exists prior to the completion of the Business Combination;

**“Santa Director Appointments”** means, subject to the completion of the Amalgamation, the reconstitution of the board of directors of Syd to consist of 3 directors to be nominated by Santa with one (1) representative from Syd, as more particularly set out in section 2.3;

**“Santa Financial Statements”** has the meaning ascribed thereto in section 3.1(l) hereof;

**“Santa Financing”** means the private placement offering by Santa of up to 4,000,000 units at an offering price of \$0.75 per unit to raise aggregate gross proceeds of up to \$3.0 million, each unit consisting of one (1) Santa Share and one (1) Santa Warrant exercisable at \$2.25 per Santa Share, such offering to be conducted by Santa between the date hereof and November 29, 2019;

**“Santa Meeting”** means a special meeting of the shareholders of Santa to be held in order to seek shareholder approval for the Amalgamation;

**“Santa Shareholder”** means a registered holder of Santa Shares, from time to time, and **“Santa Shareholders”** means all such holders;

**“Santa Shares”** means the Class A voting common shares in the capital of Santa as presently constituted;

**“Santa Warrants”** means the share purchase warrants to purchase Santa Shares issued by Santa on or before November 29, 2019 at an exercise price of \$2.25 per Santa Share for until November 29, 2021, and with accelerated expiry date and forced exercise provisions if the Resulting Issuer Shares trade for twenty (20) consecutive trading days at or above \$0.85 per share;

**“Securities Authorities”** means the applicable securities commissions or similar securities regulatory authorities in each of the Reporting Jurisdictions, and the CSE;

**“SEDAR”** means the System for Electronic Document Analysis and Retrieval available at [www.sedar.com](http://www.sedar.com);

**“Subsidiary”** has the meaning ascribed thereto in the BCBCA;

**“SVL”** has the meaning ascribed thereto in section 3.1(m)(i)(1) hereto;

**“SVL Fee”** has the meaning ascribed thereto in section 3.1(m)(i)(1) hereto;

**“Syd”** means Syd Financial Inc. as it exists prior to the completion of the Business Combination;

**“Syd Financial Statements”** has the meaning ascribed thereto in section 3.2(e)(i) hereof;

**“Syd Financing”** means a private placement offering by Syd of subscription receipts at a price of \$0.125 per subscription receipt (each subscription receipt being convertible into one pre-consolidated Syd Share and one pre-consolidated Syd Warrant exercisable at \$0.375 per pre-consolidated Syd Share) for minimum aggregate gross proceeds of \$6.0 million, such offering to be conducted by Syd between the date hereof and November 29, 2019;

**“Syd Meeting”** means the special meeting of the shareholders of Syd to seek shareholder approval, as required by CSE Policy 8, in respect of the Amalgamation to be undertaken in the Business Combination herein described;

**“Syd Mining Property”** has the meaning ascribed thereto in section 2.4(a) hereof;

**“Syd Name Change”** means, subject to the completion of the Amalgamation, a change in the name of Syd to “Santa Marta Life Sciences Inc.” or such other similar name as may be accepted by the Registrar and CSE, and approved by the board of directors of the Resulting Issuer;

**“Syd Options”** means currently outstanding options to purchase up to 350,000 Syd Shares at an exercise price of \$0.12 per share until April 3, 2021 to be repriced and adjusted in accordance with the Consolidation Ratio (i.e., half the number, or 175,000 Consolidated Syd Shares, at twice the exercise price, or \$0.24 per Consolidated Syd Share);

**“Syd Property Agreement”** means the property option agreement to be entered into between Syd and a third party with respect to the acquisition of the Syd Mining Property;

**“Syd Property Transfer”** has the meaning ascribed thereto in section 2.4(a) hereof;

**“Syd Shareholder”** means a registered holder of Syd Shares, from time to time;

**“Syd Shares”** means the common shares in the capital of Syd as presently constituted;

**“Syd Subsidiaries”** means Newco and 110969 B.C. Ltd;

**“Syd Warrants”** means the common share purchase warrants of Syd, of which, as of the date of this Agreement, there are 15,501,750 Syd Warrants issued and outstanding; 15,200,000 exercisable at \$0.05 per Syd Share until April 19, 2027, to be repriced and adjusted following the Consolidation at the Effective Time, and subject to the approval of the CSE, to one-half their number at \$0.25 per Consolidated Syd Share, and another 301,750 exercisable at \$0.40 per Syd Share until November 20, 2020, to be adjusted and repriced by way of the Consolidation, subject to the approval of the CSE, to one-half their number at \$0.80 per Consolidated Syd Share; plus any additional share purchase warrants issued by Syd under the Syd Financing having an exercise price of \$0.375 per pre-consolidated Syd Share for two years from the date of issuance, and with accelerated expiry date and forced exercise provisions if the Resulting Issuer Shares trade for twenty (20) consecutive trading days at or above \$0.85 per Resulting Issuer Share;

“**Taxes**” has the meaning ascribed thereto in section 3.1(l)(i) hereof;

“**THC Cultivation Licence**” means the resolution sought by VDL from the applicable Government Authority in Colombia (Ministry of Justice) granting VDL a licence to cultivate and sell psychoactive cannabis;

“**THC Extraction Licence**” means the resolution sought by VDL from the applicable Governmental Authority in Colombia (Ministry of Health) granting VDL a licence to extract and sell psychoactive cannabis; and

“**VDL**” means VDL Columbia S.A.S., a corporation incorporated under the laws of Colombia, being the sole and wholly-owned subsidiary of Santa.

## **1.2 Singular, Plural, etc.**

Words importing the singular number include the plural and vice versa and words importing gender include the masculine, feminine and neuter genders.

## **1.3 Deemed Currency**

In the absence of a specific designation of any currency any undescribed dollar amount herein shall be deemed to refer to Canadian dollars.

## **1.4 Headings, etc.**

The division of this Agreement into Articles and Sections, the provision of a table of contents hereto and the insertion of the recitals and headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement and, unless otherwise stated, all references in this Agreement to Articles and Sections refer to Articles and Sections of and to this Agreement in which such reference is made.

## **1.5 Date for any Action**

In the event that any date on which any action is required to be taken hereunder by any of the Parties hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

## **1.6 Governing Law**

This Agreement shall be governed by and interpreted in accordance with the Laws of the Province of British Columbia and the Laws of Canada applicable therein. Each Party hereby irrevocably attorns to the jurisdiction of the Courts of the Province of British Columbia sitting in and for the judicial district of Vancouver in respect of all matters arising under or in relation to this Agreement.

## **1.7 Attornment**

The Parties hereby irrevocably and unconditionally consent to and submit to the courts of the Province of British Columbia for any actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agree not to commence any action, suit or proceeding relating thereto except in such courts) and further agree that service of any process, summons, notice or document by single registered mail to the addresses of the Parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against either Party in such court. The Parties hereby irrevocably and unconditionally

waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of British Columbia and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

## **ARTICLE 2 THE BUSINESS COMBINATION**

### **2.1 Business Combination Steps**

Santa and Syd agree to effect the combination of their respective businesses and assets by way of a three-cornered amalgamation among Syd, Newco and Santa and which will be effected by a series of steps or transactions including the Consolidation, the Syd Financing, the Santa Financing, the Amalgamation, the Santa Director Appointments and the Syd Name Change, in the order and as contemplated herein. Each Party hereby agrees that as soon as reasonably practicable after the date hereof or at such other time as is specifically indicated below in this section 2.1, and subject to the terms and conditions of this Agreement, it shall take the following steps indicated for it:

- (a) Santa shall duly call and convene the Santa Meeting (or in the alternative, Santa may obtain approval of all of the Santa Shareholders by consent resolution) not later than October 31, 2019 at which the Santa Shareholders will be asked to approve the Business Combination and the Amalgamation described in this Agreement and the Documents, and Santa shall use all commercially reasonable efforts to obtain the approval of the Santa Shareholders for the foregoing matters;
- (b) Syd will duly convene the Syd Meeting (or in the alternative, Syd may obtain the necessary approval of Syd Shareholders by written consent resolution if permitted by the CSE) not later than November 29, 2019, or such later date as agreed by the parties, at which the Syd Shareholders will be asked to approve the Amalgamation to be undertaken in connection with this Business Combination, and any other such matters as required by the CSE, and Syd shall use all commercially reasonable efforts to obtain the approval of the Syd Shareholders in respect of the foregoing;
- (c) the board of directors of Syd will approve the Consolidation and the Syd Name Change prior to the Effective Time;
- (d) Syd will obtain the approval of the CSE to the Business Combination prior to the Effective Time;
- (e) following receipt of the necessary shareholder and CSE approval described herein, Syd will, as the sole shareholder of Newco, cause Newco to approve the Amalgamation described in this Agreement and the Documents;
- (f) Syd shall use commercially reasonable efforts to complete the Syd Financing by November 29, 2019;
- (g) following the receipt of shareholder approval at the Santa Meeting, receipt of Syd Shareholder approval at the Syd Meeting, the closing of the Syd Financing, and immediately prior to the filing of the Amalgamation Application, Syd shall take all

necessary corporate steps to complete the Consolidation and Syd Name Change;

- (h) Santa and Newco shall amalgamate by way of statutory amalgamation under Section 270 of the BCBCA on the terms and subject to the conditions contained in the Documents and Santa and Syd further agree that the Effective Date shall occur within five (5) Business Days following the later of: (i) the receipt of shareholder approval by the Santa Shareholders to the special business at the Santa Meeting; (ii) the receipt of approval by Syd as the sole shareholder of Newco; (iii) the closing of the Syd Financing; (iv) the closing of the Santa Financing; and (v) the satisfaction or waiver of all conditions imposed herein and by the CSE or any other regulatory requirements;
- (i) on receipt of all necessary shareholder and Regulatory Approvals, the Parties shall cause the Amalgamation Application to be filed to effect the Amalgamation, pursuant to which:
  - (i) Santa and Newco will amalgamate under the provisions of the BCBCA and continue as one amalgamated corporation, being Amalco;
  - (ii) subject to section 2.1(j), all of holders of outstanding Santa Shares (including Santa Shares issued under the Financing) shall receive, subject to the provisions of the Escrow Agreement (as defined below) the total number of Consolidated Syd Shares for all of their Santa Shares held on the Effective Date (such ratio on a per share basis being the “**Exchange Ratio**”), representing an aggregate valuation of Santa of \$26,250,000, and such Consolidated Syd Shares to be released only as follows:
    - (A) the total number of Consolidated Syd Shares representing: (i) \$13,125,000 (being the agreed value before the Santa Financing or “pre-money valuation”), plus (ii) the gross proceeds of the Santa Financing (being the amount of new money raised by Santa), all at a value of \$0.25 per Consolidated Syd Share upon the Effective Date; and
    - (B) the Consolidated Syd Shares representing \$13,125,000 at a value of \$0.25 per Consolidated Syd Share to be deposited with and held in escrow by an escrow agent mutually acceptable to Syd and Santa (the “**Escrow Agent**”) pursuant to the terms of an escrow agreement (the “**Escrow Agreement**”) between the Parties hereto and the Escrow Agent until released upon the grant to VDL by the relevant Government Authority of Colombia of the earlier of either: (A) the THC Cultivation Licence, or (B) the THC Extraction Licence, not already held by VDL at the date of this Agreement, with such Consolidated Syd Shares to otherwise be returned to treasury of the Resulting Issuer by way of gift for cancellation only in the event that neither: (A) the THC Cultivation Licence, nor (B) the THC Extraction Licence is granted within 18 months of the Effective Date;

and each such Consolidated Syd Share, after giving effect to the completion of the Business Combination, is herein called a “**Resulting Issuer Share**”;

- (iii) Resulting Issuer Warrants (including Syd Warrants issued under the Syd Financing, and Santa Warrants issued under the Santa Financing) shall be issued to the holders of the Syd Warrants and Santa Warrants, respectively, in exchange and in replacement for, on an equivalent basis, their Syd Warrants and Santa Warrants, which shall thereby be cancelled;
- (iv) Resulting Issuer Options shall be issued to the holders of the Syd Options in exchange and in replacement for, on an equivalent basis, their Syd Options, which shall thereby be cancelled;
- (v) each outstanding Newco Share will be exchanged for Amalco Shares on the basis of one (1) Amalco Share for each Newco share;
- (vi) as consideration for the issuance of the Resulting Issuer Shares to the holders of Santa Shares to effect the Amalgamation, Amalco will issue to the Resulting Issuer one (1) fully paid Amalco Share for each Resulting Issuer Share so issued;
- (vii) all of the property and assets of each of Santa and Newco will be the property and assets of Amalco and Amalco will be liable for all of the liabilities and obligations of each of Santa and Newco; and
- (viii) Amalco will be a wholly-owned Subsidiary of Syd;
- (j) in accordance with section 9.5, Santa Shares which are held by a Dissenting Shareholder shall not be converted as prescribed by section 2.1(i)(ii) unless the Dissenting Shareholder fails to perfect or effectively withdraws its claim under Section 238 of the BCBCA or forfeits its right to make a claim under Section 238 of the BCBCA or if its rights as a shareholder of Santa are otherwise reinstated, in which case such Dissenting Shareholder’s Dissenting Santa Shares shall thereupon be deemed to have been converted as of the Effective Date as prescribed by section 2.1(i)(ii);
- (k) immediately following the filing of the Amalgamation Application to effect the Amalgamation, Syd will: (i) reconstitute its board of directors to give effect to the Santa Director Appointments, and (ii) file a notice of alteration to give effect to the Syd Name Change;
- (l) as soon as practicable after the Effective Date, in accordance with normal commercial practice and section 2.2(i), the Resulting Issuer shall issue or cause to be issued certificates, DRS Statements or electronic positions within CDS representing the appropriate number of the Resulting Issuer Shares to the former Santa Shareholders, but no fractional Resulting Issuer Shares will be delivered to any Santa Shareholder otherwise entitled thereto and instead the number of Resulting Issuer Shares to be issued to each former Santa Shareholder will be rounded down to the nearest whole number; and
- (m) the Parties shall take any other action and do anything, including the execution of any other agreements, documents or instruments, that are necessary or useful to give effect to the Business Combination.

## 2.2 Implementation Covenants

- (a) **Preparation of Santa Meeting Documentation.** Santa shall duly prepare documentation required in connection with the Santa Meeting, and deliver such documentation to Santa Shareholders.
- (b) **Preparation of Syd Meeting Documentation.** Syd shall duly prepare documentation required in connection with the Syd Meeting, and deliver such documentation to Syd Shareholders, including such majority approval of Syd Shareholders as required by the CSE and applicable securities laws for the Amalgamation, including any required disclosure of the SVL Fee, if any, pursuant to section 4.5 and Part 8 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. Syd shall also prepare any documentation in connection with the approval of the Consolidation and the Syd Name Change by the board of directors of Syd.
- (c) **Listing.** Syd shall use all commercially reasonable efforts to have the issuance of all the Resulting Issuer Shares, including those issuable upon exercise of the Resulting Issuer Convertible Securities, approved by the CSE.
- (d) **Preparation of Filings.** Santa and Syd shall cooperate in the preparation of any documents and taking of all actions reasonably deemed by Santa or Syd to be necessary to discharge their respective obligations under applicable Laws in connection with the Business Combination and all other matters contemplated in the Documents, and in connection therewith:
  - (i) each of Santa and Syd shall furnish to the other all such information concerning it and its shareholders as may be required to effect the actions described in this Article 2, and each covenants that no information furnished by it in connection with such actions or otherwise in connection with the consummation of the Business Combination will contain any untrue statement of a material fact or omit to state a material fact required to be stated in any such document or necessary in order to make any information so furnished for use in any such document not misleading in the light of the circumstances in which it is furnished or to be used;
  - (ii) Santa and Syd shall each promptly notify the other if at any time before the Effective Date it becomes aware that the any disclosure document filed in connection with the Business Combination contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the disclosure document. In any such event, Santa and Syd shall cooperate in the preparation of a supplement or amendment to such disclosure document, as required and as the case may be, and, if required, shall cause the same to be filed with the applicable Securities Authorities; and
  - (iii) each of Santa and Syd shall ensure that any such disclosure document complies with all applicable Laws and, without limiting the generality of the foregoing, that the disclosure document does not contain any untrue statement of a material fact or omit to state a material fact with respect to itself required to be stated therein or necessary to make the statements

contained therein not misleading in light of the circumstances in which they are made.

- (e) **Amalgamation Agreement, etc.** The Parties hereby acknowledge that the Amalgamation Agreement shall be substantially in the form attached as Schedule "A" to this Agreement. Newco shall, subject to the terms and conditions of this Agreement and subject to and following the receipt of all Regulatory Approvals, deliver to Santa the duly executed Amalgamation Application and related documents which will be filed by Santa with the Registrar.
- (f) **Resulting Issuer Shares and Procedures.**
  - (i) On the Effective Date: (i) the Santa Shareholders (other than Dissenting Shareholders who will be paid fair value for their Dissenting Santa Shares) shall be deemed to be the registered holders of the Resulting Issuer Shares to which they are entitled hereunder; (ii) the Resulting Issuer shall deposit such Resulting Issuer Shares with the Depository and/or the electronic positions representing such Resulting Issuer Shares with CDS, as applicable, to satisfy the consideration issuable to such Santa Shareholders; and (iii) certificates formerly representing Santa Shares which are held by such Santa Shareholders shall cease to represent any claim upon or interest in Santa other than the right of the registered holder to receive the number of Resulting Issuer Shares to which it is entitled hereunder, all in accordance with the provisions of the Amalgamation Agreement.
  - (ii) As soon as reasonably practicable after the Effective Date, the Depository will forward to, or hold for pick-up by, each former Santa Shareholder that submitted a duly completed Letter of Transmittal or DRS Statements or other evidence of entitlement to the Depository, together with the certificate (if any) representing the Santa Shares held by such Santa Shareholder or such other evidence of ownership of such Santa Shares as is satisfactory to the Depository, acting reasonably, (i) the certificates or DRS Statements representing the Resulting Issuer Shares to which such Santa Shareholder is entitled, in accordance with its Letter of Transmittal, or (ii) confirmation of a non-certificated electronic position transfer in CDS representing the Resulting Issuer Shares to which such Santa Shareholder is entitled, in accordance with its Letter of Transmittal, all in accordance with the provisions of the Amalgamation Agreement.
  - (iii) Syd, as the sole registered holder of the Newco Shares, shall be deemed to be the registered holder of the Amalco Shares to which it is entitled hereunder and Syd shall be entitled to receive a share certificate representing the number of Amalco Shares to which it is entitled hereunder. Until delivery of such certificate, the share certificate or certificates representing the Newco Shares held by Syd will be evidence of Syd's right to be registered as a shareholder of Amalco. Share certificates evidencing Newco Shares shall cease to represent any claim upon or interest in Newco other than the right of the registered holder to receive the number Amalco Shares to which it is entitled pursuant to the terms hereof and the Amalgamation.



(g) **Resulting Issuer Convertible Securities**

- (i) As soon as practicable after the Effective Date, the Depository will forward to, or hold for pick-up by, each former Santa Warrant holder that submitted a duly completed Letter of Transmittal or DRS Statements or other evidence of entitlement to the Depository, together with the certificate (if any) representing the Santa Warrants held by such Santa Warrant holder or such other evidence of ownership of such Santa Warrants as is satisfactory to the Depository, acting reasonably, (i) the certificates or DRS Statements representing the Resulting Issuer Warrants to which such Santa Warrant holder is entitled, in accordance with its Letter of Transmittal, or (ii) confirmation of a non-certificated electronic position transfer in CDS representing the Resulting Warrants to which such Santa Warrant holder is entitled, in accordance with its Letter of Transmittal, all in accordance with the provisions of the Amalgamation Agreement.
- (ii) Santa covenants and agrees that the Syd Options and Syd Warrants outstanding on the Effective Date, shall otherwise continue on the same terms and conditions subject to adjustments required after giving effect to the Business Combination including, without limitation, that such Syd Options and Syd Warrants shall be replaced as herein described by Resulting Issuer Options and Resulting Issuer Warrants, as applicable, and, after the Effective Date, shall be exercisable for Resulting Issuer Shares in accordance with the Consolidation Ratio.

**2.3 Board of Directors and Senior Officers**

Each of the Parties hereby agrees that upon completion of the Business Combination and giving effect to the Santa Director Appointments, and subject to approval by the CSE, the board of directors and senior officers of the Resulting Issuer shall eventually consist of the following:

<b>Name</b>	<b>Title</b>
Nick Standish	President, Chief Executive Officer and Director
TBD	Chief Financial Officer
Mario Pezzente	Director
Blair Lowther	Director
Derek Boyd	Director

The current board of directors of Syd consists of three (3) directors, namely, Keith Anderson, who is also President and Chief Executive Officer, Mario Pezzente and Spencer Smyl. Initially, Keith Anderson will resign as at the Effective Time, and Nick Standish will be immediately appointed to the board of directors of the Resulting Issuer to fill the casual vacancy created. Immediately following this change, Spencer Smyl will next resign, and Blair Lowther will be immediately appointed to the board of directors of the Resulting Issuer to fill the casual vacancy created. The new board of directors of the Resulting Issuer will then immediately appoint Derek Boyd as an additional fourth director, for a total of three (3) nominees by Santa to be appointed as of the Effective Time, and one (1) representative of Syd remaining on the board as named above. Gurcharn Deol will also forthwith resign as the Chief Financial Officer of Syd as of the

Effective Time, and a nominee of Santa will be appointed as the new Chief Financial Officer. One additional nominee of Santa will be proposed as an additional director of the Resulting Issuer for election by the shareholders after the Effective Date at the first annual general meeting of the shareholders of the Resulting Issuer as a post-closing matter under Section 8.1 below.

Each of the Parties will cause their nominees to execute and deliver personal information forms and such other documents required for completion of the Amalgamation in accordance with the policies of the CSE, including the **Form 46-201F1** Escrow Agreement.

#### **2.4 Syd Mining Property Excluded from Business Combination**

- (a) Syd and Santa agree that prior to the Effective Date, subject to the approval of the CSE, Syd shall be entitled, but not required, to enter into an agreement with a third party, solely at the discretion of Syd, with respect to the sale, option, transfer or disposition (the “**Syd Property Transfer**”) of any interest in the Pluto Gold and Base Metals Property (the “**Syd Mining Property**”), in exchange for consideration to be paid to Syd in either cash or shares (the “**Property Transfer Consideration**”) and Santa shall have no claim or entitlement to the Syd Mining Property or the Property Transfer Consideration;
- (b) Syd and Santa agree that following completion of the Syd Property Transfer, if any, Syd shall be entitled to arrange for the Property Transfer Consideration to be paid out or otherwise distributed by Syd, in a manner and by such means as is to be determined in the sole discretion of Syd, before the Effective Time; and
- (c) In the event that the Business Combination is not completed by the Effective Time, or at all, Syd and Santa agree that Syd shall be entitled to cancel the Syd Property Agreement such that the Syd Property Transfer shall not occur and that Syd shall in such case retain its 100% undivided interest in the Syd Mining Property which is held by Syd’s Subsidiary, 1109692 B.C. Ltd., as of the date of this Agreement.

### **ARTICLE 3 REPRESENTATIONS AND WARRANTIES**

#### **3.1 Representations and Warranties of Santa**

Santa hereby represents and warrants to Syd, and acknowledges that Syd is relying upon such representations and warranties in connection with the entering into of this Agreement and completing the transactions contemplated herein, as follows:

- (a) **Organization and Good Standing**
  - (i) Santa has been duly incorporated and is validly existing under the laws of the Province of British Columbia and is current in good standing and up-to-date with all filings required to be made by it in such jurisdiction;
  - (ii) VDL is the only Subsidiary of Santa. VDL has been duly organized, incorporated and is validly existing under the laws of its jurisdiction of formation and is current and up-to-date with all filings required to be made by it in such jurisdiction to qualify in order to conduct its business as presently conducted; and

- (iii) All of the issued shares in the capital of VDL are owned directly or indirectly by Santa, free and clear of any pledge, lien, security interest, charge, claim, demand or encumbrance or in relation to inter-corporate security, and neither Santa nor VDL is a party or has granted any agreement, warrant, option or right or privilege capable of becoming an agreement, for the purchase, subscription or issuance of any securities of any of VDL or securities convertible into or exchangeable for any securities of VDL.

(b) **Consents, Authorization and Binding Effect**

- (i) Santa has full corporate power, capacity and authority to undertake all steps of the Business Combination contemplated in the Documents and to carry out its obligations under this Agreement;
- (ii) Each of Santa and VDL has all requisite corporate capacity, power and authority, and possesses all material certificates, authority, permits and licences, including the CBD Licence, issued by the appropriate state, provincial, municipal or federal regulatory agencies or bodies necessary to conduct the business as now conducted by Santa on a consolidated basis, and to own its assets, and is in compliance in all material respects with such certificates, authorities, permits or licences. Neither Santa nor VDL has received any notice of proceedings relating to the revocation or modification of the CBD Licence or any other such certificate, authority, permit or licence which, singly or in the aggregate, if the subject of an unfavourable decision, order, finding or ruling, would materially and adversely affect the conduct of the business, operations, financial condition, income or future prospects of Santa on a consolidated basis. Neither Santa nor VDL knows of any claim or basis for any claim that might or could adversely affect the right thereof to use or otherwise exploit its rights under the CBD Licence and neither Santa nor VDL has any responsibility or obligation to pay any commission, royalty, licence, fee or similar payment to any person (other than mandatory payments to the appropriate state, provincial, municipal or federal regulatory agencies or bodies under the CBD Licence and applicable laws) with respect thereto;
- (iii) Each of Santa and VDL is the absolute legal and beneficial owner of, and has good and marketable title to, all of the material property or assets thereof free of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever, other than those reflected or reserved against it in the Santa Financial Statements;
- (iv) Each of the Documents has been or at the Effective Time will be, duly authorized, and with respect to this Agreement, executed and delivered by Santa and constitutes a valid and binding obligation of Santa enforceable in accordance with its terms (subject to such limitations and prohibitions as may exist or may be enacted in applicable laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws, rules and regulations of general application affecting the rights, powers, privileges, remedies and/or interests of creditors generally) and no other corporate proceeding on the part of Santa, other than the submission of the Amalgamation to

the Santa Shareholders, is necessary to authorize this Agreement and the transactions contemplated hereby;

- (v) The entering into and the performance by Santa of the Business Combination contemplated in the Documents: (a) do not require any consent, approval, authorization or order of any court or governmental agency, body or Governmental Authority, except that which may be required under applicable corporate and securities legislation and the policies of the CSE; (b) will not contravene any statute or regulation of any Governmental Authority which is binding on Santa or VDL where such contravention would have a Material Adverse Effect; and (c) will not result in the breach of, or be in conflict with, or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under any term or provision of the constating documents, by-laws or resolutions of Santa or VDL or any mortgage, note, indenture, contract or agreement instrument, lease or other document to which Santa or VDL is a party, or any judgment, decree or order or any term or provision thereof, which breach, conflict or default would have a Material Adverse Effect;
- (vi) To the knowledge of Santa, any and all material agreements pursuant to which Santa or VDL holds any of their material assets are valid and subsisting agreements in full force and effect, enforceable in accordance with their respective terms, neither Santa nor VDL is in default of any of the material provisions of any such agreements including, without limitation, failure to fulfil any payment or work obligation thereunder nor has any such default been alleged, Santa is not aware of any material disputes with respect thereto and such assets are in good standing under the applicable statutes and regulations of the jurisdictions in which they are situated, all leases, licences and concessions pursuant to which Santa and VDL derive their interests in such material assets are in good standing and there has been no material default under any such leases, licences and concessions and all real or other property taxes required to be paid with respect to such assets to the date hereof have been paid;
- (vii) Neither Santa nor VDL is a party to or bound or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of Santa or VDL to compete in any line of business, or to transfer or move any of its assets (other than the CBD Licence) or operations or which materially or adversely affects the business practices, operations or condition of Santa or VDL or which would prohibit or restrict Santa from entering into and completing the Business Combination; and
- (viii) Neither Santa nor VDL is a party to any agreement, nor is Santa or VDL aware of any agreement, which in any manner affects the voting control of any of the Santa Shares or other securities of Santa or VDL.

(c) **Capitalization**

- (i) The authorized capital of Santa consists of an unlimited number of Santa Shares and an unlimited number of Class B non-voting common shares, of which, at the date hereof, there are 19,986,834 Santa Shares issued

and outstanding (Santa having redeemed any issued Class B common shares for their paid-up capital amounts), plus any Santa Shares and Santa Warrants issued under the Santa Financing prior to or on November 29, 2019;

- (ii) Except for such Santa Shares and the Santa Warrants, Santa has no other securities issued and outstanding at the date hereof, nor is it a party to or has granted any agreement, warrant, option or right or privilege capable of becoming an agreement, for the purchase, subscription or issuance of any Santa Shares or securities convertible into or exchangeable for Santa Shares;
- (iii) All issued and outstanding Santa Shares have been and will be duly authorized and are validly issued, fully paid and non-assessable, free of pre-emptive rights;
- (iv) Neither Santa nor VDL is a party to and has not granted any agreement, warrant, option or right or privilege capable of becoming an agreement, for the purchase, subscription or issuance of any Santa Shares or any shares of VDL, or securities convertible into or exchangeable for Santa Shares or any Subsidiary other than: (i) under the terms of the Santa Warrants, or (ii) any other securities to be issued pursuant to the Santa Financing; and
- (v) Santa is not a reporting issuer nor an associate of any reporting issuer (as defined in the *Securities Act* (British Columbia) or the *Securities Act* of any other province of Canada) and the Santa Shares do not trade on any exchange.

(d) **Environmental Matters**

- (i) To the knowledge of Santa, there are no material environmental permits required by Santa or VDL for the conduct of its business as now conducted; and
- (ii) To the knowledge of Santa, neither Santa nor VDL, has used any property or any facility which it previously owned or leased, to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any hazardous materials.

(e) **Financial Statements**

- (i) The audited consolidated financial statements of Santa the period from incorporation to March 31, 2019 (or such other date as may be agreed) and the notes thereto (the “**Santa Financial Statements**”) will be prepared in accordance with IFRS applied on a consistent basis during the periods involved and present fairly, in all material respects, the financial position of Santa and VDL as at such date, and do not omit to state any material fact that is required by applicable Laws to be stated or reflected therein or which is necessary to make the statements contained therein not misleading;
- (ii) There are no material off-balance sheet transactions, arrangements or obligations (including contingent obligations) of Santa which are required

to be disclosed and are not disclosed or reflected in Santa's financial statements and Santa does not have any material liabilities, obligations, indebtedness or commitments, whether accrued, absolute, contingent or otherwise, which are not disclosed or referred to in the its financial statements other than those incurred in the ordinary course of business;

- (iii) Santa maintains a system of internal accounting controls sufficient to provide reasonable assurances that, (A) transactions are executed in accordance with management's general or specific authorization, and (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets.
- (iv) Except as disclosed in the Santa Financial Statements, neither Santa nor VDL has any loan or other indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, past or present, or any person not dealing at "arm's length" (as such term is defined in the *Income Tax Act* (Canada)); and
- (v) Except as disclosed in the Santa Financial Statements, neither Santa nor VDL is party to any loan, bond, debenture, promissory note or other instrument evidencing indebtedness (demand or otherwise) for borrowed money ("**Debt Instrument**") or any agreement contract or commitment to create, assume or issue any Debt Instrument.

(f) **Undisclosed Liabilities**

- (i) Other than as disclosed in the Santa Financial Statements, there are no material liabilities of Santa of any kind whatsoever, whether or not accrued and whether or not determined or determinable, in respect of which Santa may become liable on or after the consummation of the transactions contemplated hereby other than:
  - (A) liabilities disclosed on or reflected or provided for in the most recent Santa Financial Statements;
  - (B) liabilities incurred in the ordinary and usual course of business of Santa and attributable to the period since March 31, 2019, none of which has had or may reasonably be expected to have a Material Adverse Effect on Santa; and
- (ii) All information which has been prepared by Santa relating to Santa and its subsidiaries and the respective businesses, properties and liabilities made available to Syd was, as of the date of such information and is as of the date hereof, true and correct in all material respects, taken as a whole, and no fact or facts known to Santa have been omitted therefrom which would make such information materially misleading; and
- (iii) Santa has not withheld, and will not withhold from Syd prior to the Effective Time, any material fact within its knowledge relating to Santa, the Santa Financing or the Business Combination.

(g) **Interests of Directors and Officers of Santa**

- (i) Other than as disclosed in the financial statements for the period ended March 31, 2019, to the knowledge of Santa, none of the directors, officers or employees of Santa, any Person who owns, directly or indirectly, more than 10% of any class of securities of Santa or securities of any Person exchangeable for more than 10% of any class of securities of Santa, or any associate or affiliate of any of the foregoing, had or has any material interest, direct or indirect, in any transaction (other than in connection with the Business Combination) or any proposed transaction (including any loan made to or by any such Person) with Santa which, as the case may be, materially affects, is material to or will materially affect Santa.

(h) **Employment Matters**

- (i) Santa and VDL have no plans, arrangements, agreements, programs, policies or practices, whether oral or written, formal or informal, funded or unfunded, maintained for employees and there is no outstanding labour dispute, complaint, grievance or other conflict with the employees of Santa or VDL which currently exists, or to the knowledge of Santa is threatened or pending. No union representation exists respecting the employees of Santa or VDL and no collective bargaining agreement is in place or currently being negotiated by Santa or VDL. No action has been taken or, to the knowledge of Santa, is contemplated to organize or unionize any employees of Santa or VDL that would be material to Santa. Santa and VDL are each currently in compliance with all Laws and regulations respecting employment and employment practices, workers' compensation, pay equity, occupational health and safety and similar legislation, including payment in full of all amounts owing thereunder, and there are no pending claims or outstanding orders against either of them under applicable workers' compensation legislation, occupational health and safety or similar legislation nor has any event occurred which would reasonably be expected to give rise to any Material Adverse Effect. There are no actual complaints, or to the knowledge of Santa, threatened complaints against Santa or VDL before any employment standards branch or tribunal or human rights tribunal, nor, to the knowledge of Santa, has there been any occurrence which would reasonably be expected to lead to a complaint under any human rights legislation or employment standards legislation or tort or common law principle that would have a Material Adverse Effect. There are no outstanding decisions or settlements or pending settlements under applicable employment standards Laws which place any material obligation upon Santa or VDL to do or refrain from doing any act; and
- (ii) Except as disclosed to Syd in writing, there are no plans for retirements, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation incentive or otherwise contributed to or required to be contributed to, by Santa or VDL for the benefit of any current or former director, officer, employee or consultant of Santa or VDL and there are no unpaid personnel obligations.

(i) **Books and Records**

- (i) The corporate records and minute books of each of Santa and VDL contain, in all material respects, complete and accurate minutes of all meetings of the directors and shareholders since their respective dates of incorporation, together with the full text of all resolutions of directors and shareholders passed in lieu of such meetings, duly signed, and there have been no other meetings, resolutions or proceedings of the shareholders, directors, members or managers, as applicable, of Santa or its subsidiaries to the date hereof not reflected in such records, other than those which are not material thereto.

(j) **Intellectual Property**

- (i) Santa and VDL own or have the right to use all of the intellectual property owned or used by them as of the date hereof. All registrations of intellectual property owned by Santa or VDL are in good standing. Other than as would not have a Material Adverse Effect, all such registrations have been filed, prosecuted and obtained in accordance with all applicable legal requirements and are currently in effect and in compliance with all applicable legal requirements. No registration of intellectual property owned by Santa or VDL has expired, become abandoned, been cancelled or expunged, or has lapsed for failure to be renewed or maintained, except where such expiration, abandonment cancellation, expungement or lapse would not have a Material Adverse Effect; and
- (ii) Santa and VDL own and possess adequate enforceable rights to use all trademarks, patents, copyrights and trade secrets used or proposed to be used in the conduct of the business thereof and, except as disclosed to Syd in writing and to the best of Santa's knowledge, after due inquiry, neither Santa nor VDL is infringing upon the rights of any other person with respect to any such trademarks, patents, copyrights or trade secrets and, no person has infringed any such trademark, patents, copyrights or trade secrets.

(k) **Leased Property**

- (i) The Lease pursuant to which Santa and/or VDL occupies the Property is in good standing and in full force and effect, and Santa and/or VDL have the exclusive right to occupy and use the Property to conduct the business of Santa and VDL. The performance of obligations pursuant to and in compliance with the terms of this Agreement and the completion of the transactions, including the Business Combination, described herein by Santa, will not afford any of the parties to the Lease or any other person the right to terminate such Lease;
- (ii) To the knowledge of Santa, neither Santa nor any of its subsidiaries is in material violation of, in connection with the use, maintenance or operation of the Lease of the Property and assets, any Environmental Laws; and



- (iii) To the knowledge of Santa, there exists no claim or basis for any claim that might or could materially adversely affect the right of Santa or VDL to use the Property pursuant to the Lease.

(l) **Taxes**

- (i) All taxes (including income taxes, capital tax, payroll taxes, employer health taxes, workers' compensation payments, property taxes, sales, use, goods and services taxes, value-added taxes, custom and land transfer taxes), duties, royalties, levies, imposts, assessments, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto (collectively, "**Taxes**") due and payable by Santa and VDL have been paid or provision made therefor in the Santa Financial Statements except where the failure to pay such Taxes would not result in a Material Adverse Effect for Santa or VDL. All tax returns, declarations, remittances and filings required to be filed by Santa and VDL have been filed with all appropriate governmental authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. To the knowledge of Santa, no examination of any tax return of Santa or VDL is currently in progress and there are no issues or disputes outstanding with any governmental authority respecting any Taxes that have been paid, or may be payable, by Santa and VDL. There are no agreements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to Santa or VDL.

(m) **Brokers and Finders**

- (i) Subject to CSE approval and subject to the availability of applicable exemptions from prospectus and registration requirements, there is no person, firm or company acting or purporting to act at the request of Santa who is or will be entitled to any brokerage or finder's fee in connection with the Business Combination or the transactions contemplated herein, except for any investment dealers which will act as agents in connection with the Syd Financing or the Santa Financing, and will receive compensation from Syd or Santa, as the case may be, in such capacities in accordance with the terms of the Syd Financing or Santa Financing, as the case may be, and other than:
  - (1) Stamatis Ventures Ltd. ("**SVL**"), which will be entitled to a fee (the "**SVL Fee**") for arranging the sale of Santa Marta in connection with the Business Combination equal to \$914,000, and payable in either cash or in Resulting Issuer Shares, or any combination of both, at the election of the Resulting Issuer, with any Resulting Issuer Shares issuable at a value of \$0.25 per Resulting Issuer Share and to be issued and released one-half on the Effective Date, and the balance being deposited into escrow and released subject to the provisions of the Escrow Agreement; and

- (2) Fairchild Consulting Corp. (“**Fairchild**”), which will receive a fee equal to \$1,250,000 (the “**Fairchild Fee**”) for introducing Santa and Syd in connection with the Business Combination, and payable in Resulting Issuer Shares issuable at a value of \$0.25 per Resulting Issuer Share and to be issued and released one-half on the Effective Date, and the balance being deposited into escrow and released subject to the provisions of the Escrow Agreement;
  - (ii) To the knowledge of Santa, SVL is a related party to Santa (because Nick Standish, the President, director, and control person of SVL, is also the President, director, and an insider of Santa), and Fairchild not a related party to Santa, within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*; and
  - (iii) 50% of each of the SVL Fee and the Fairchild Fee (collectively, the “**Escrowed Transaction Fees**”) shall be held in escrow pursuant to the terms of Escrow Agreement between the Parties and the Escrow Agent until released upon the grant to VDL by the relevant Government Authority in Colombia of either: (1) the THC Cultivation Licence; or (2) the THC Extraction Licence not already held by VDL on the date of this Agreement. In the event that neither: A) the THC Cultivation Licence, nor (B) the THC Extraction Licence is granted within 18 months of the Effective Date, then the Escrowed Transaction Fees will be returned by the Escrow Agent to the Resulting Issuer’s treasury by way of gift for cancellation.
- (n) **Applicable Laws**
- (i) Each of Santa and VDL is conducting its business in compliance in all material respects with all applicable Laws of each jurisdiction in which it carries on business or holds assets (including all applicable federal, state, municipal and local environmental, anti-pollution and licensing laws, regulations and other lawful requirements of any governmental or regulatory body, including all Governmental Authorities), holds all permits, licences, certificates, consents and like authorizations necessary for it to carry on its business as now conducted in each jurisdiction where such business is carried on that are material to the conduct of the business of each of Santa and VDL including, but not limited to, the License and any other required permits and/or licences to grow, process, and dispense cannabis and cannabis-derived products under all such laws and is in compliance in all material respects with all terms of such permits, all such permits are valid and in good standing, and Santa has not received a notice of non-compliance, or knows of, or has reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with any such laws and that would be material to the business of Santa;
  - (ii) To the knowledge of Santa, neither Santa nor VDL is in violation of, in connection with its business or the ownership, use, maintenance or operation of the property and assets thereof, any Laws whatsoever, including applicable federal, provincial, state, municipal or local Laws, by-laws, regulations, orders, policies, permits or approvals having the force

of Law, domestic or foreign, relating to environmental, health or safety matters which could reasonably be expected to have a Material Adverse Effect;

- (iii) Except as disclosed to Syd in writing, Santa is not aware of any legislation, or proposed legislation published by a legislative body, which it anticipates will materially and adversely affect the business, affairs, operations, assets, liabilities (contingent or otherwise) or prospects of Santa or VDL;
- (iv) Each of Santa and VDL has conducted and is conducting its business in compliance in all material respects with all applicable Laws of each jurisdiction in which it carries on business and with all Laws material to its operation, and neither Santa nor VDL has received any notice of the revocation or cancellation of, or any intention to revoke or cancel, any of the permits, including the CBD Licence and the Lease, or any other licences, leases or other instruments conferring rights to Santa or VDL for the conduct of their business;
- (v) To the knowledge of Santa, after due inquiry, all activities of Santa and VDL have been, up to and including the date hereof, conducted in compliance, in all material respects, with any and all applicable Laws; and
- (vi) Except as disclosed to Syd in writing, there are no legal, regulatory, governmental or similar proceedings pending or, to the knowledge of Santa, contemplated or threatened, to which Santa or VDL is a party or to which the property of Santa or VDL is subject.

(o) **Anti-Bribery and Money Laundering Laws**

- (i) Neither Santa nor to the knowledge of Santa, any director, officer, employee, consultant, representative or agent of the foregoing, has (i) violated any anti-bribery or anti-corruption laws applicable to Santa, including but not limited to the U.S. Foreign Corrupt Practices Act, Canada's *Corruption of Foreign Public Officials Act*, and any applicable Laws of any other jurisdiction, or (ii) offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, that goes beyond what is reasonable and customary and/or of modest value: (X) to any Government Official, whether directly or through any other Person, for the purpose of influencing any act or decision of a Government Official in his or her official capacity; inducing a Government Official to do or omit to do any act in violation of his or her lawful duties; securing any improper advantage; inducing a Government Official to influence or affect any act or decision of any Governmental Authority; or assisting any representative of Santa in obtaining or retaining business for or with, or directing business to, any Person; or (Y) to any Person, in a manner which would constitute or have the purpose or effect of public or commercial bribery, or the acceptance of or acquiescence in extortion, kickbacks, or other unlawful or improper means of obtaining business or any improper advantage. Neither Santa nor to the knowledge of Santa, any director, officer, employee, consultant, representative or agent of foregoing, has (i) conducted or initiated any review, audit, or internal

investigation that concluded Santa or any director, officer, employee, consultant, representative or agent of the foregoing violated such laws or committed any material wrongdoing, or (ii) made a voluntary, directed, or involuntary disclosure to any Governmental Authority responsible for enforcing anti-bribery or anti-corruption Laws, in each case with respect to any alleged act or omission arising under or relating to non-compliance with any such Laws, or received any notice, request, or citation from any Person alleging non-compliance with any such Laws; and

- (ii) The operations of Santa and its subsidiaries are in compliance with applicable financial recordkeeping and reporting requirements of the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Authority (collectively, the “**Applicable Anti-Money Laundering Laws**”) and no action, suit or proceeding by or before any Governmental Authority involving Santa or its subsidiaries with respect to Applicable Anti-Money Laundering Laws is, to the knowledge of Santa, pending or threatened.

(p) **Litigation**

- (i) There are no actions, suits, claims or proceedings, whether in equity or at law or, any Governmental investigations pending or, to the knowledge of Santa, threatened:
  - (A) against or affecting Santa or with respect to or affecting any asset or property owned, leased or used by Santa; or
  - (B) which question or challenge the validity of this Agreement, or the Amalgamation or any action taken or to be taken pursuant to this Agreement, or the Amalgamation;

nor is Santa aware of any basis for any such action, suit, claim, proceeding or investigation, except for actions, suits, claims or proceeding which would not, in the aggregate, have a Material Adverse Effect on Santa.

- (ii) Neither Santa, nor any asset of Santa is subject to any judgment, order or decree entered in any lawsuit or proceeding which has had, or which is reasonably likely to have, a Material Adverse Effect on Santa or which is reasonably likely to prevent Santa from performing its obligations under this Agreement;
- (iii) Other than the shareholder information that is required to be maintained and disclosed to Governmental Authorities in the ordinary course of business and in order to obtain the License, the Lease and all necessary permits, to the knowledge of Santa, each of Santa and VDL has complied in all material respects with all applicable privacy Laws and have not collected, received, stored, disclosed, transferred, used, misused or permitted unauthorized access to any information protected by privacy Laws; and

- (iv) There are no pending or, to the knowledge of Santa, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against Santa or its subsidiaries.
- (q) **Insurance**
  - (i) Each of Santa and VDL maintains insurance against loss or damage in respect of its assets, business and operations, with responsible insurers on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses.
- (r) **Other Representations**
  - (i) No representation, warranty or statement of Santa in the Documents contains or will contain at the Effective Time any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements contained herein or therein, in light of the circumstances under which made, not misleading.

### 3.2 Representations and Warranties of Syd

Syd hereby represents and warrants to Santa, and acknowledges that Santa is relying upon these representations and warranties in connection with the entering into of this Agreement, as follows:

- (a) **Organization and Good Standing**
  - (i) Syd has been duly incorporated and is validly existing under the laws of the Province of British Columbia and is current and up-to-date with all filings required to be made by it in such jurisdiction;
  - (ii) Newco and 1109692 B.C. Ltd. are the only Subsidiaries of Syd (the “**Syd Subsidiaries**”). Each Syd Subsidiary has been duly incorporated and is validly existing under the laws of its jurisdiction of formation and is current and up-to-date with all filings required to be made by it in such jurisdiction, all of the issued shares in the capital of each of the Syd Subsidiaries are owned directly or indirectly by Syd, free and clear of any pledge, lien, security interest, charge, claim or encumbrance or in relation to inter-corporate security, and neither Syd nor any Syd Subsidiary is a party or has granted any agreement, warrant, option or right or privilege capable of becoming an agreement, for the purchase, subscription or issuance of any securities of any of Syd or any of the Syd Subsidiaries or securities convertible into or exchangeable for any securities of Syd or any of the Syd Subsidiaries; and
  - (iii) Syd has full corporate power, capacity and authority to undertake all steps of the Business Combination contemplated in the Documents and to carry out its obligations under this Agreement.

(b) **Capitalization**

- (i) The authorized capital of Syd consists of an unlimited number of Syd Shares, of which 17,635,366 Syd Shares are currently issued and outstanding; and except for such Syd Shares and the Syd Warrants, Syd has no other securities outstanding nor is it a party to or has granted any agreement, warrant, option or right or privilege capable of becoming an agreement, for the purchase, subscription or issuance of any Syd Shares or securities convertible into or exchangeable for Syd Shares; and
- (ii) On the Effective Date, the Resulting Issuer Shares will be duly and validly issued and outstanding as fully paid and non-assessable and the Resulting Issuer Convertible Securities will be duly and validly created and issued; Syd is a reporting issuer, or the equivalent thereof, in the provinces of British Columbia, Alberta and Ontario (collectively, the “**Reporting Jurisdictions**”) and is not currently in default of any requirement of the applicable laws of each of the Reporting Jurisdictions and other regulatory instruments of the Securities Authorities in such provinces, and no order ceasing, halting or suspending trading in securities of Syd or prohibiting the distribution of such securities has been issued to and is outstanding against Syd and no investigations or proceedings for such purposes are, to the knowledge of Syd, pending or threatened.

(c) **Consents, Authorization and Binding Effect**

- (i) Syd and each Syd Subsidiary has all requisite corporate capacity, power and authority, and possesses all material certificates, authority, permits and licences issued by the appropriate state, provincial, municipal or federal regulatory agencies or bodies necessary to conduct the business as now conducted by it and to own its assets and is in compliance in all material respects with such certificates, authorities, permits or licences. Syd has not received any notice of proceedings relating to the revocation or modification of any such certificate, authority, permit or licence which, singly or in the aggregate, if the subject of an unfavourable decision, order, finding or ruling, would materially and adversely affect the conduct of the business, operations, financial condition, income or future prospects of Syd and each Syd Subsidiary;
- (ii) Syd and each Syd Subsidiary is the absolute legal and beneficial owner of, and has good and marketable title to, all of the material property or assets thereof free of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever, other than those reflected or reserved against it in the Syd Financial Statements;
- (iii) Each of the Documents has been, or at the Effective Time will be, duly authorized and, with respect to this Agreement, executed and delivered by Syd and constitutes a valid and binding obligation of Syd enforceable in accordance with its terms (subject to such limitations and prohibitions as may exist or may be enacted in applicable laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws, rules and regulations of general application affecting the rights, powers, privileges, remedies and/or interests of

creditors generally) and no other corporate proceeding on the part of Syd, other than the approval of the matters for which shareholder approval is to be sought at the Syd Meeting in accordance with this Agreement, is necessary to authorize this Agreement and the transactions contemplated hereby;

- (iv) The entering into and the performance by Syd and Newco of the transactions contemplated in the Documents:
  - (A) do not require any consent, approval, authorization or order of any court or governmental agency or body, except that which may be required under applicable corporate and securities legislation and the policies of the CSE;
  - (B) will not contravene any statute or regulation of any governmental authority which is binding on Syd or Newco where such contravention would have a Material Adverse Effect;
  - (C) will not result in the breach of, or be in conflict with, or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would constitute a default under any term or provision of the constating documents, by-laws or resolutions of Syd or Newco or any mortgage, note, indenture, contract or agreement, instrument, lease or other document to which Syd or Newco is or will be a party, or any judgment, decree or order or any term or provision thereof, which breach, conflict or default would have a Material Adverse Effect; and
- (v) There is not, in the constating documents or in any agreement, mortgage, note, debenture, indenture or other instrument or document to which Syd or any Syd Subsidiary is a party, any restriction upon or impediment to the declaration or payment of dividends by the directors of Syd or any Syd Subsidiary or the payment of dividends by Syd or the Syd Subsidiaries to the holders of their securities;
- (vi) Neither Syd nor any Syd Subsidiary is a party to any agreement, nor is Syd aware of any agreement, which in any manner affects the voting control of any of the Syd Shares or other securities of Syd or any Syd Subsidiary; and
- (vii) To the knowledge of Syd, any and all material agreements pursuant to which Syd or the Syd Subsidiaries holds any of their material assets are valid and subsisting agreements in full force and effect, enforceable in accordance with their respective terms, neither Syd nor any Syd Subsidiary is in default of any of the material provisions of any such agreements including, without limitation, failure to fulfil any payment or work obligation thereunder nor has any such default been alleged, Syd is not aware of any material disputes with respect thereto and such assets are in good standing under the applicable statutes and regulations of the jurisdictions in which they are situated, all leases, licences and concessions pursuant to which Syd and the Syd Subsidiaries derive their interests in such material assets are in good standing and there has been no material default under any such leases, licences and concessions and

all real or other property taxes required to be paid with respect to such assets to the date hereof have been paid.

(d) **Applicable Laws**

- (i) Syd is in compliance in all material respects with all its disclosure obligations under applicable Laws and all documents filed by Syd pursuant to such obligations are in compliance in all material respects with applicable Laws and, other than in respect of documents that have been amended or refiled did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;
- (ii) There are no legal or governmental proceedings pending or, to the knowledge of Syd, contemplated or threatened, to which Syd or a Syd Subsidiary is a party or to which the property of Syd or a Syd Subsidiary is subject;
- (iii) Syd and each of the Syd Subsidiaries has conducted and is conducting its business in compliance in all material respects with all applicable Laws of each jurisdiction in which it carries on business and with all Laws material to its operation and neither Syd and the Syd Subsidiaries have received any notice of the revocation or cancellation of, or any intention to revoke or cancel, any concessions, licences, leases or other instruments conferring rights to Syd or the Syd Subsidiaries;
- (iv) To the knowledge of Syd, after due inquiry, all activities of Syd and the Syd Subsidiaries have been, up to and including the date hereof, conducted in compliance, in all material respects, with any and all applicable Laws;
- (v) Except to the extent that Syd must comply with the policies of the CSE and applicable securities laws, neither Syd nor any Syd Subsidiary is a party to or bound or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of Syd or any Syd Subsidiary to compete in any line of business, or to transfer or move any of its assets or operations or which materially or adversely affects the business practices, operations or condition of Syd or any Syd Subsidiary or which would prohibit or restrict Syd from entering into and completing the Business Combination; and
- (vi) Neither Syd nor any Syd Subsidiary is aware of any pending or contemplated change to any applicable Law or governmental position that would materially affect the business of Syd or the Syd Subsidiaries taken as a whole or the legal environments under which Syd and the Syd Subsidiaries operate.

(e) **Financial Statements of Syd**

- (i) The audited annual financial statements of Syd for the year ended March 31, 2019 and the notes thereto (the “**Syd Financial Statements**”), in each case, have been prepared in accordance with IFRS, present fairly,



in all material respects, the financial position of Syd as at such date, and do not omit to state any material fact that is required by IFRS or by applicable law to be stated or reflected therein or which is necessary to make the statements contained therein not misleading;

- (ii) Except as disclosed in the Syd Financial Statements and in subparagraph 3.2(g) above, there are no plans for retirements, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation incentive or otherwise contributed to or required to be contributed to, by Syd or any Syd Subsidiary for the benefit of any current or former director, officer, employee or consultant of Syd or any Syd Subsidiary, and there are no unpaid Personnel Obligations of Syd or any Syd Subsidiary;
- (iii) Except as disclosed in the Syd Financial Statements, neither Syd nor any of the Syd Subsidiaries has engaged in any transaction with any non-arm's length person;
- (iv) Except as disclosed in the Syd Financial Statements, Syd is not a party to any Debt Instrument or any agreement, contract or commitment to create, assume or issue any Debt Instrument;
- (v) Since the date of its incorporation Syd has not, directly or indirectly, declared or paid any dividend or declared or made any other distribution on Syd Shares or securities of any class, or, directly or indirectly, redeemed, purchased or otherwise acquired any Syd Shares or securities or agreed to do any of the foregoing, other than as disclosed by the Syd Financial Statements;
- (vi) Except as disclosed in the Syd Financial Statements, neither Syd nor any Syd Subsidiary has any loan or other indebtedness outstanding which has been made to any of its shareholders, officers, directors or employees, past or present, or any person not dealing at "arm's length" (as such term is defined in the *Income Tax Act* (Canada)); and
- (vii) Since March 31, 2019, Syd has not entered into any contract in respect of its business or assets, other than in the ordinary course of business, and has continued to carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Business Combination, and without limitation but subject to the above exceptions, has maintained payables and other liabilities at levels consistent with past practice, not engaged or committed to engage in any extraordinary material transactions and has not made or committed to make distributions, dividends or special bonuses.

(f) **Insurance**

- (i) Syd and each Syd Subsidiary maintains insurance against loss or damage in respect of its assets, business and operations, with

responsible insurers on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses.

(g) **Intellectual Property**

- (i) Syd and each Syd Subsidiary owns and possesses adequate enforceable rights to use all trademarks, patents, copyrights and trade secrets used or proposed to be used in the conduct of the business thereof and, to the best of Syd's knowledge, after due inquiry, neither Syd nor any Syd Subsidiary is infringing upon the rights of any other person with respect to any such trademarks, patents, copyrights or trade secrets and, no person has infringed any such trademark, patents, copyrights or trade secrets.

(h) **Undisclosed Liabilities**

- (i) There are no material liabilities of Syd or any Syd Subsidiary whether direct, indirect, absolute, contingent or otherwise which are not disclosed or reflected in the Syd Financial Statements except for those incurred in the ordinary course of business as of the date hereof.

(i) **Taxes**

- (i) All Taxes due and payable by Syd and each Syd Subsidiary have been paid or provision made therefor in the financial statements of Syd except for where the failure to pay such Taxes would not result in a Material Adverse Effect for Syd. All tax returns, declarations, remittances and filings required to be filed by Syd and each Syd Subsidiary have been filed with all appropriate governmental authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. To the knowledge of Syd, no examination of any tax return of Syd or any Syd Subsidiary is currently in progress and there are no issues or disputes outstanding with any governmental authority respecting any Taxes that have been paid, or may be payable, by Syd or any Syd Subsidiary, and in particular, there is no outstanding liability for any prior year's unexpended flow-through share expenses. There are no agreements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to Syd or any Syd Subsidiary.

(j) **Brokers and Finders**

- (i) There is no person, firm or company acting or purporting to act at the request of Syd who is entitled to any brokerage or finder's fee in connection with the transactions contemplated in the Documents, other than Fairchild for the Fairchild Fee, described in section 3.1(m) above, and to the knowledge of Syd, neither SVL nor Fairchild is a related party to Syd, within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

(k) **Employment**

- (i) To the knowledge of Syd, there are no outstanding labour disputes, (whether filed or lodged with Syd or any Syd Subsidiaries or any other

person or organization), pending labour disruptions or pending unionization with respect to Syd or the Syd Subsidiaries; and

- (ii) Neither Syd nor any of the Syd Subsidiaries is bound by or a party to any collective bargaining agreement.

(l) **Books and Records**

- (i) The corporate records and minute books of Syd contain, in all material respects, complete and accurate minutes of all meetings of the directors and shareholders since its date of incorporation, together with the full text of all resolutions of directors and shareholders passed in lieu of such meetings, duly signed.

(m) **Other Representations**

- (i) No representation, warranty or statement of Syd or Newco in the Documents contains or will contain at the Effective Time any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements contained herein or therein, in light of the circumstances under which made, not misleading.

### **3.3 Survival**

For greater certainty, the representations and warranties of each of Santa and Syd contained herein shall survive the execution and delivery of this Agreement and shall terminate and be extinguished on the earlier of the termination of this Agreement in accordance with its terms and the Effective Time.

## **ARTICLE 4 CONDUCT OF BUSINESS**

### **4.1 Conduct of Business by the Parties**

Except as required by Law or is otherwise expressly permitted or specifically contemplated by this Agreement, and in particular in respect of any disposition by Syd of the Syd Mining Property pursuant to the Syd Property Agreement and thereafter the means by which Syd completes a subsequent transfer or disposition of the Property Transfer Consideration arising therefrom, each of the Parties covenants and agrees that, during the period from the date of this Agreement until the earlier of either the Effective Time or the time that this Agreement is terminated by its terms, unless each of the other Parties shall otherwise agree in writing:

- (a) it shall, and shall cause its Subsidiaries to conduct business in, and not take any action except in, the usual and ordinary course of business, with the exception of reasonable costs incurred in connection with the Business Combination, and it shall and shall cause its Subsidiaries to use all commercially reasonable efforts to maintain and preserve its business organization, assets, employees and advantageous business relationships and it shall not, and shall cause its Subsidiaries to not, without the prior written consent of the other Parties, enter into any contract in respect of its business or assets, other than in the ordinary course of business, and without limitation but subject to the foregoing, shall maintain payables and other liabilities at levels consistent with past practice, shall not engage or commit to engage in any extraordinary material transactions and

shall not make or commit to make distributions, dividends or special salaries or bonuses, without the prior written consent of the other Parties; and

- (b) other than as contemplated by this Agreement, it shall not directly or indirectly do or permit to occur any of the following:
  - (i) amend its Governing Documents;
  - (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its shares owned by any Person other than inter-corporate loans and advances;
  - (iii) issue, grant, sell or pledge or agree to issue, grant, sell or pledge any shares, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire shares other than, (A) in the case of Santa, the Santa Financing, including the Santa Warrants; and (B) in the case of Syd, (i) the Syd Financing, including the additional Syd Warrants, and (ii) the exercise of stock options and other similar issuances pursuant to any stock option plan or similar share compensation arrangements in place prior to the date hereof for directors, officers, employees or consultants;
  - (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities including, without limitation, under an issuer bid;
  - (v) split, combine or reclassify any of its shares;
  - (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of itself or any of its Subsidiaries; or
  - (vii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as permitted above.

## **ARTICLE 5 COVENANTS**

### **5.1 Waiver of Notice of Newco Shareholder Meeting and Resolution in Lieu of Meeting by Syd**

Subject only to any required Syd Shareholder consent and Regulatory Approvals, Syd, as sole shareholder of Newco, shall waive notice of and its attendance at a meeting of the shareholders of Newco to approve the Amalgamation and shall sign a resolution in writing of the sole shareholder of Newco approving the Amalgamation.

### **5.2 Representations and Warranties**

- (a) Santa covenants and agrees that from the date hereof until the termination of this Agreement it shall not, and shall ensure that its Subsidiary does not, take any action, or fail to take any action, which would or may reasonably be expected to result in the representations and warranties set out in section 3.1 being untrue in any material respect.

- (b) Syd covenants and agrees that, from the date hereof until the termination of this Agreement it shall not take any action, or fail to take any action, which would or may reasonably be expected to result in the representations and warranties set out in section 3.2 being untrue in any material respect.

### **5.3 Notice of Material Change**

- (a) From the date hereof until the termination of this Agreement, each Party shall promptly notify the other Party in writing of:
  - (i) any material change (actual, anticipated, contemplated or, to the knowledge of such Party or any of its Subsidiaries, threatened, financial or otherwise) in the business, affairs, operations, assets, liabilities (contingent or otherwise) or capital of such Party and its Subsidiaries, taken as whole;
  - (ii) any change in the facts relating to any representation or warranty set out in sections 3.1 or 3.2 hereof, as applicable, which change is or may be of such a nature as to render any such representation or warranty misleading or untrue in a material respect; or
  - (iii) any material fact which arises and which would have been required to be stated herein had the fact arisen on or prior to the date of this Agreement.
- (b) Each of the Parties shall in good faith discuss with the other any change in circumstances (actual, anticipated, contemplated or, to its knowledge of its or any of its Subsidiaries, threatened, financial or otherwise) which is of such a nature that there may be a reasonable question as to whether notice need to be given to the other pursuant to this section.

### **5.4 Non-Solicitation**

None of the Parties shall solicit any offers to purchase its shares or assets and neither of Syd nor Santa will initiate or encourage any discussions or negotiations with any third party with respect to such a transaction or amalgamation, merger, take-over, plan of arrangement or similar transaction during the period commencing on the date hereof and ending on the termination of this Agreement (excluding, for greater certainty, any solicitations by Syd of offers to purchase subscription receipts under the Syd Financing, or in the case of Santa, any solicitations by Santa of offers to purchase units under the Santa Financing). The Parties shall immediately cease and cause to be terminated any existing discussions or negotiations with any third party related to any of the foregoing. In the event any of the Parties is approached in respect of any such transaction, it shall immediately notify the other.

### **5.5 Other Covenants**

Each of the Parties covenants and agrees that it shall:

- (a) use all commercially reasonable efforts to consummate the Business Combination, subject only to the terms and conditions hereof and thereof;
- (b) use all commercially reasonable efforts to obtain all appropriate Regulatory Approvals;

- (c) not, other than in connection with the Business Combination, split, consolidate or reclassify any of its outstanding securities, nor declare, set aside or pay any dividends on or make any other distributions on or in respect of its outstanding securities; and
- (d) not, other than in connection with the Business Combination, reorganize, amalgamate or merge with any other person, nor acquire by amalgamating, merging or consolidating with, purchasing a majority of the voting securities or substantially all of the assets of or otherwise, any business or Person which acquisition or other transaction would reasonably be expected to prevent or materially delay the Business Combination contemplated hereby.

## **ARTICLE 6 MUTUAL COVENANTS**

### **6.1 Other Filings**

The Parties shall, as promptly as practicable hereafter, prepare and file all filings required under any securities Laws, the rules of the CSE or any other applicable Laws relating to the Business Combination contemplated hereby.

### **6.2 Additional Agreements**

Subject to the terms and conditions of this Agreement and subject to fiduciary obligations under applicable Laws, each of the Parties hereto agrees to use all commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the Business Combination contemplated by this Agreement and to cooperate with each other in connection with the foregoing, including using commercially reasonable efforts:

- (a) to obtain all necessary waivers, consents and approvals from other Parties to material agreements, leases and other contracts or agreements;
- (b) to defend all lawsuits or other legal proceedings challenging this Agreement or the consummation of the Business Combination contemplated hereby;
- (c) to cause to be lifted or rescinded any injunction or restraining order or other order adversely affecting the ability of the Parties to consummate the Business Combination contemplated hereby;
- (d) to effect all necessary registrations and other filings and submissions of information requested by the CSE, including any required escrow or pooling agreements;
- (e) to effect all necessary registrations and other filings and submissions of information requested by Governmental Authorities; and
- (f) to fulfill all conditions and satisfy all provisions of this Agreement.

For purposes of the foregoing, the obligation to use “**commercially reasonable efforts**” to obtain waivers, consents and approvals to loan agreements, leases and other contracts shall not include any obligation to agree to a materially adverse modification of the terms of such documents or to prepay or incur additional material obligations to such other Parties.

## **ARTICLE 7 CONDITIONS AND CLOSING MATTERS**

### **7.1 Mutual Conditions Precedent**

The respective obligations of the Parties hereto to complete each step of the Business Combination contemplated by this Agreement shall be subject to the satisfaction, on or before the Effective Date, of the following conditions precedent, each of which may be waived only by the mutual consent of the Parties:

- (a) there shall not be in force any order or decree restraining or enjoining the consummation of the Business Combination;
- (b) this Agreement shall not have been terminated pursuant to Article 9;
- (c) all Regulatory Approvals (including CSE approval), including required shareholder and other corporate approvals shall have been obtained;
- (d) each Party shall not have entered into any transaction or contract which would have a material effect on the financial and operational condition, or the assets of each Party, excluding those transactions or contracts undertaken in the ordinary course of business, without first discussing and obtaining the approval of the other Party;
- (e) the requisite approval of the shareholders of Santa of the Amalgamation shall have been obtained by October 31, 2019; or such date mutually agreed upon
- (f) the requisite approval of the Consolidation and Syd Change of Name by the board of directors of Syd, or if required at the Syd Meeting, has been obtained by the Effective Time;
- (g) the requisite approval, at the Syd Meeting by the Syd Shareholders, of the Amalgamation to be undertaken in connection with the Business Combination, and any other matters as may be required by the CSE, has been obtained by November 29, 2019, or such later date as agreed to by the parties;
- (h) the Syd Financing shall have been completed by November 29, 2019; and
- (i) Syd shall have completed the Consolidation and Syd Name Change.

If any of the above conditions shall not have been complied with or waived by the Parties on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then a Party may terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by the Party terminating the Agreement. In the event that the failure to satisfy any one or more of the above conditions precedent results from a material default by a Party of its obligations under this Agreement and if such condition(s) precedent would have been satisfied but for such default, such defaulting Party shall not rely on such failure (to satisfy one or more of the above conditions) as a basis for its own non-compliance with its obligations under this Agreement.

### **7.2 Additional Conditions Precedent to the Obligations of Santa**

The obligations of Santa to complete the Business Combination contemplated by this Agreement shall also be subject to the satisfaction, on or before the Effective Date, of each of

the following conditions precedent (each of which is for the exclusive benefit of Santa and may be waived by Santa and any one or more of which, if not satisfied or waived, will relieve Santa of any obligation under this Agreement):

- (a) on or prior to the Effective Date, and effective upon completion of the Amalgamation, the directors and officers of Syd referred to in section 2.3 shall have tendered their resignations and provided mutual releases in a form acceptable to Santa and the board of directors of Syd, subject to the approval of the CSE, shall have been reconstituted, and the officers shall have been appointed, as set forth in section 2.3;
- (b) no Material Adverse Change with respect to Syd shall have occurred between the date hereof and the Effective Date;
- (c) Syd shall not have breached, or failed to comply with, in any material respect, any of its covenants or other obligations under this Agreement, and all representations and warranties of Syd contained in this Agreement shall have been true and correct in all material respects as of the date of this Agreement and shall not have ceased to be true and correct in any material respect thereafter (provided, however, that if the breaching Party has been given written notice by the other Party specifying in reasonable detail any such misrepresentation, breach or non-performance, the breaching Party shall have had three days to cure such misrepresentation, breach or non-performance), and the CEO of Syd or another officer satisfactory to Santa shall so certify immediately prior to the Effective Date; and
- (d) the Syd board of directors, and the Newco board of directors as necessary, shall have adopted all necessary resolutions and all other necessary corporate actions shall have been taken by Syd to permit the consummation of the Business Combination and the transactions contemplated therewith.

If any of the above conditions shall not have been complied with or waived by Santa on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to the cure provision provided for in section 7.2(c), Santa may terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Santa. In the event that the failure to satisfy any one or more of the above conditions precedent results from a material default by Santa of its obligations under this Agreement and if such condition(s) precedent would have been satisfied but for such default, Santa shall not rely on such failure (to satisfy one or more of the above conditions) as a basis for its own noncompliance with its obligations under this Agreement.

### **7.3 Additional Conditions Precedent to the Obligations of Syd**

The obligations of Syd to complete each step of the Business Combination contemplated by this Agreement shall also be subject to the satisfaction, on or before the Effective Date, of each of the following conditions precedent (each of which is for the exclusive benefit of Syd and may be waived by Syd and any one or more of which, if not satisfied or waived, will relieve Syd of any obligation under this Agreement):

- (a) no Material Adverse Change with respect to Santa or VDL taken as a whole shall have occurred between the date hereof and the Effective Date;



- (b) Santa shall not have breached, or failed to comply with, in any material respect, any of its covenants or other obligations under this Agreement, and all representations and warranties of Santa contained in this Agreement shall have been true and correct in all material respects as of the date of this Agreement and shall not have ceased to be true and correct in any material respect thereafter (provided, however, that if the breaching Party has been given written notice by the other Party specifying in reasonable detail any such misrepresentation, breach or non-performance, the breaching Party shall have had three days to cure such misrepresentation, breach or nonperformance), and the President of Santa or another officer satisfactory to Syd shall so certify immediately prior to the Effective Date; and
- (c) the board and the shareholders of Santa, as applicable and as required by the CSE, shall have adopted all necessary resolutions and all other necessary corporate actions shall have been taken by Santa to permit the consummation of the Amalgamation, the Business Combination and the transactions contemplated therewith.

If any of the above conditions shall not have been complied with or waived by Syd on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to the cure provision provided for in section 7.3(b), Syd may terminate this Agreement in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Syd or Newco. In the event that the failure to satisfy any one or more of the above conditions precedent results from a material default by Syd or Newco of its obligations under this Agreement and if such condition(s) precedent would have been satisfied but for such default, neither Party shall rely on such failure (to satisfy one or more of the above conditions) as a basis for its own noncompliance with its obligations under this Agreement.

#### **7.4 Merger of Conditions**

The conditions set out in sections 7.1, 7.2 and 7.3 shall be conclusively deemed to have been satisfied, waived or released by the Parties on the filing of the Amalgamation Application with the Registrar and such other documents as are required to be filed under the BCBCA for acceptance by the Registrar to give effect to the Amalgamation.

#### **7.5 Closing Matters**

The completion of the transactions contemplated under this Agreement shall be effected via electronic exchange or at the offices of Santa's counsel, Harper Grey LLP, at 10:00 a.m. (Vancouver time) on the Effective Date.

### **ARTICLE 8 POST-CLOSING MATTERS**

#### **8.1 Resulting Issuer Meeting**

At the first annual general meeting of the shareholders of the Resulting Issuer following the Effective Date, the board of directors of the Resulting Issuer will ensure that the following matters are presented to the shareholders for their consideration and, if appropriate, approval with or without amendment:

- (a) the appointment of the remaining additional director for the Santa Director Appointments which could not be completed at the Effective Time; and

- (b) the appointment of MNP LLP as auditors of the Resulting Issuer.

## **ARTICLE 9 TERMINATION, AMENDMENT AND DISSENTING SHAREHOLDERS**

### **9.1 Termination**

This Agreement may be terminated by written notice promptly given to the other Party hereto, at any time prior to the Effective Date:

- (a) by mutual agreement in writing by the Parties; or
- (b) as set forth in sections 7.1, 7.2 and 7.3 of this Agreement.

### **9.2 Effect of Termination**

In the event of the termination of this Agreement as provided in section 9.1 hereof, this Agreement shall forthwith have no further force or effect and there shall be no obligation on the part of Syd or Santa hereunder except as set forth in section 9.3 hereof and this section 9.2, which provisions shall survive the termination of this Agreement. Nothing herein shall relieve any Party from liability for any breach of this Agreement.

### **9.3 Fees and Expenses**

Each of Santa and Syd shall pay its own costs and expenses (including all legal, accounting and financial advisory fees and expenses) incurred in connection with the completion of the Business Combination, including without limitation, expenses related to the preparation, execution and delivery of all agreements including, without limitation, this Agreement and other documents referenced herein.

### **9.4 Amendment**

This Agreement may, at any time on or before the Effective Date be amended by mutual agreement between the Parties hereto. This Agreement may not be amended except by an instrument in writing signed by the appropriate officers on behalf of each of the Parties hereto.

### **9.5 Dissenting Shareholders**

On the earlier of the Effective Date, the making of an agreement between a Dissenting Shareholder and Santa for the purchase of their Dissenting Santa Shares or the pronouncement of a court order pursuant to Section 245(2) of the BCBCA, a Dissenting Shareholder shall cease to have any rights as a Santa Shareholder other than the right to be paid the fair value of its Dissenting Santa Shares in the amount agreed to or as ordered by the court, as the case may be. Notwithstanding anything in this Agreement to the contrary, Dissenting Santa Shares which are held by a Dissenting Shareholder shall not be exchanged for Syd Shares on the Effective Date as provided in section 2.1 hereof. However, in the event that a Dissenting Shareholder fails to perfect or effectively withdraws the Dissenting Shareholder's claim under Section 272 of the BCBCA or otherwise forfeits the Dissenting Shareholder's right to make a claim under Section 272 of the BCBCA, the Dissenting Shareholder's Dissenting Santa Shares shall thereupon be deemed to have been exchanged as of the Effective Date for Resulting Issuer Shares on the basis set forth in section 2.1 hereof.

## 9.6 Waiver

A Party may (i) extend the time for the performance of any of the obligations or other acts of the other Party, (ii) waive compliance with any of the other Party's agreements or the fulfillment of any of its conditions contained herein or (iii) waive inaccuracies in another Party's representations or warranties contained herein or in any document delivered by the other Party hereto; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party.

## ARTICLE 10 GENERAL

### 10.1 Notices

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by e-mail or sent by prepaid overnight courier to the Parties at the following addresses (or at such other addresses as shall be specified by the Parties by like notice):

if to Santa:

Santa Marta Life Sciences Corp.  
8661 – 201<sup>st</sup> Street  
Langley, British Columbia V2Y 0G9

Attention: Nick Standish, Chief Executive Officer  
E-mail: [nick@nscglobal.com](mailto:nick@nscglobal.com)

with a copy to:

Harper Grey LLP  
3200 – 650 W. Georgia Street  
Vancouver, British Columbia V6B 4P7

Attention: Drew Lawrenson  
Facsimile: (604) 669-9385  
E-mail: [dlawrenson@harpergrey.com](mailto:dlawrenson@harpergrey.com)

if to Syd or Newco:

Syd Financial Inc.  
Suite 303 – 570 Granville Street  
Vancouver, BC V6C 3P1

Attention: Keith Anderson, Chief Executive Officer  
E-mail: [kanderson7774@gmail.com](mailto:kanderson7774@gmail.com)

with a copy to:

Clark Wilson LLP  
885 W. Georgia Street, Suite 900  
Vancouver, BC V6C 3H1

Attention: Nafeesa Valli-Hasham  
E-mail: NValli-Hasham@cwilson.com

## **10.2 Assignment**

Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either of the Parties hereto without the prior written consent of the other Party.

## **10.3 Complete Agreement**

This Agreement sets forth the entire understanding between the Parties hereto and supersedes all prior agreements, arrangements and communications, whether oral or written, with respect to the subject matter hereof, including but not limited to, the letter of intent dated June 24, 2019, between Santa and Syd. No other agreements, representations, warranties or other matters, whether oral or written, shall be deemed to bind the Parties hereto with respect to the subject matter hereof.

## **10.4 Further Assurances**

Each Party hereto shall, from time to time, and at all times hereafter, at the request of the other Party hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

## **10.5 Severability**

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law. Any provision of this Agreement that is invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

## **10.6 Counterpart Execution**

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

## **10.7 Investigation by Parties**

No investigations made by or on behalf of either Party or any of their respective authorized agents at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation, warranty or covenant made by the other Party in or pursuant to this Agreement.

## 10.8 Public Announcement; Disclosure and Confidentiality

- (a) Unless and until the transactions contemplated in this Agreement will have been completed, none of the Parties shall make any public announcement concerning this Agreement or the matters contemplated herein, their discussions or any other memoranda, letters or agreements between them relating to the matters contemplated herein without the prior consent of the other Parties, which consent shall not be unreasonably withheld, provided that no party shall be prevented from making any disclosure which is required to be made by law or any rules of a stock exchange or similar organization to which it is bound.
- (b) All information provided to or received by the parties hereunder shall be treated as confidential ("**Confidential Information**"). Subject to the provisions of this Section, no Confidential Information shall be published by any party hereto without the prior written consent of the others, but such consent in respect of the reporting of factual data shall not be unreasonably withheld. The consent required by this Section shall not apply to a disclosure to: (a) comply with any applicable laws, stock exchange rules or a regulatory authority having jurisdiction; (b) a director, officer or employee of a party; (c) an affiliate (within the meaning of the BCBCA) of a party; (d) a consultant, contractor or subcontractor of a party that has a bona fide need to be informed; or (e) any third party to whom the disclosing party may assign any of its rights under this Agreement; provided, however, that in the case of subsection (e) the third party or parties, as the case may be, agree to maintain in confidence any of the Confidential Information so disclosed to them.
- (c) The obligations of confidence and prohibitions against use of Confidential Information under this Agreement shall not apply to information that the disclosing party can show by reasonable documentary evidence or otherwise: (a) as of the date of this Agreement, was in the public domain; (b) after the date of this Agreement, was published or otherwise became part of the public domain through no fault of the disclosing party or an affiliate thereof (but only after, and only to the extent that, it is published or otherwise becomes part of the public domain); or (c) was information that the disclosing party or its affiliates were required to disclose pursuant to the order of any Governmental authority or judicial authority.

**[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]**

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**SANTA MARTA LIFE SCIENCES CORP.**

Per: *"Nick Standish"*

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**Nick Standish**

Chief Executive Officer

**SYD FINANCIAL INC.**

Per: *"Keith Anderson"*

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**Keith Anderson**

Chief Executive Officer

**1221439 B.C. LTD.**

Per: *"Keith Anderson"*

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**Keith Anderson**

Chief Executive Officer

**SCHEDULE A  
AMALGAMATION AGREEMENT**

(Attached)

## AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT is made as of the \_\_\_\_ day of \_\_\_\_\_, 2020,

### AMONG:

**SYD FINANCIAL INC.**,  
a company incorporated under the laws of British Columbia  
("Syd");

- and -

**1221439 B.C. LTD.**  
a company incorporated under the laws of the Province of British Columbia  
("Newco");

- and -

**SANTA MARTA LIFE SCIENCES CORP.**,  
a company incorporated under the laws of the Province of British Columbia  
("Santa");

**WHEREAS** Santa and Syd have agreed to combine their businesses and assets pursuant to the Business Combination Agreement;

**AND WHEREAS** Syd, Santa and Newco are each incorporated under the BCBCA;

**AND WHEREAS** Newco is a wholly-owned subsidiary of Syd;

**AND WHEREAS** the authorized capital of Santa consists of an unlimited number of Santa Shares, of which 19,986,834 Santa Shares are issued and outstanding at the date hereof as fully paid and non-assessable shares;

**AND WHEREAS** the authorized capital of Newco consists of an unlimited number of Newco Shares, of which 10 Newco Shares are issued and outstanding at the date hereof as fully paid and non-assessable shares, all of which are owned beneficially and of record by Syd;

**AND WHEREAS** pursuant to the Amalgamation, and subject to the terms of the Business Combination Agreement, Santa and Newco shall amalgamate and continue as Amalco, which shall become a wholly-owned subsidiary of Syd, and Syd shall issue to all of the Santa Shareholders on a pro-rata basis, the total number of Consolidated Syd Shares equal to: (i) \$26,500,000 (being the agreed value before the Santa Financing or "pre-money valuation"), plus (ii) the gross proceeds of the Santa Financing (being the amount of new money raised by Santa), all at a deemed value of \$0.25 per Consolidated Syd Share (the "**Consolidated Syd Share Consideration**"), for all of their Santa Shares held on the Effective Date;

**AND WHEREAS** Santa, Syd and Newco have each made full disclosure to the other of all their respective assets and liabilities;

**NOW THEREFORE** in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties agree as follows:



## 1. Interpretation

In this Agreement, including the recitals hereto, the following words and expressions shall have the respective meanings ascribed to them below:

**“Agreement”** means this agreement, its recitals and exhibits, as the same may be amended, modified or supplemented from time to time;

**“Amalco”** means the company resulting from the Amalgamation and continuing the corporate existence of the Amalgamating Corporations;

**“Amalco Shareholder”** means a registered holder of Amalco Shares, from time to time, and **“Amalco Shareholders”** means all of such holders;

**“Amalco Shares”** means the common shares in the share capital of Amalco;

**“Amalgamating Corporations”** means Santa and Newco and **“Amalgamating Corporation”** means either of them as applicable;

**“Amalgamation”** means the amalgamation of the Amalgamating Corporations pursuant to the provisions of the BCBCA in the manner contemplated in and pursuant to this Agreement;

**“Amalgamation Application”** means the Form 13 Amalgamation Application giving effect to the Amalgamation to be filed with the Registrar pursuant to this Agreement;

**“Business Combination Agreement”** means the business combination agreement dated as of September 6, 2019 between Santa and Syd;

**“BCBCA”** means the *Business Corporations Act* (British Columbia);

**“CDS”** means CDS Clearing and Depository Services Inc.;

**“Certificate of Amalgamation”** means the certificate of amalgamation to be issued by the Registrar in respect of the Amalgamation;

**“Consolidated Syd Shares”** means the common shares of Syd after both the share consolidation and Syd Name Change contemplated under the Business Combination Agreement;

**Consolidated Syd Share Consideration** means the total consideration issuable in fully paid and non-assessable Consolidated Syd Shares for the transfer of all of the Santa Shares hereunder;

**“Depository”** means Computershare Investor Services Inc. at its principal office in Vancouver, British Columbia, which is also the transfer agent and registrar for the Syd Shares;

**“Dissenting Shareholder”** means a registered Santa Shareholder who, in connection with the special resolution of the Shareholders which approves and adopts this Agreement, has exercised the right to dissent pursuant to Section 238 of the BCBCA in strict compliance with the provisions thereof and thereby becomes entitled to be paid the fair value of his, her or its Santa Shares if the registered holder also completes the requirements of Section 244 of the BCBCA, and such registered holder does not lose the right to dissent under Section 246 of the BCBCA;

**“Effective Date”** means the date shown on the Certificate of Amalgamation;

“**fair value**” where used in relation to a Santa Share held by a Dissenting Shareholder, means payout value as determined by a court under Section 245 of the BCBCA or as agreed between Santa and the Dissenting Shareholder;

“**Letter of Transmittal**” means a letter of transmittal to be sent to holders of Santa Shares for use in connection with the Amalgamation and in order to receive the Consolidated Syd Shares to which they are entitled after giving effect to the Amalgamation;

“**Parties**” means Santa, Newco and Syd, and “**Party**” means each of them as applicable;

“**Person**” means a natural person, partnership, limited liability partnership, corporation, joint stock company, trust, unincorporated association, joint venture or other entity, and pronouns have a similarly extended meaning;

“**Newco**” means 1221439 B.C. Ltd., a company incorporated under the BCBCA;

“**Newco Shares**” means the common shares in the capital of Newco;

“**Newco Shareholder**” means the sole registered holder of Newco Shares, being Syd;

“**Registrar**” means the Registrar of Companies for British Columbia acting as registrar under the BCBCA;

“**Santa Financing**” means the private placement offering by Santa of up to 4,000,000 units at an offering price of \$0.75 per unit to raise aggregate gross proceeds of up to \$3.0 million, each unit consisting of one (1) Santa Share and one (1) Santa Warrant exercisable at \$2.25 per Santa Share, such offering to be conducted by Santa on or before November 29, 2019;

“**Santa Shares**” means the Class A voting common shares in the capital of Santa;

“**Santa Shareholder**” means a registered holder of Santa Shares, from time to time, and “**Santa Shareholders**” means all of such holders;

“**Syd Name Change**” means, subject to the completion of the Amalgamation, a change in the name of Syd to “Santa Marta Life Sciences Inc.” or such other similar name as may be accepted by the relevant regulatory authorities and approved by the board of directors of Syd following the Amalgamation; and

“**Syd Shares**” means the common shares in the capital of Syd.

## **2. Paramountcy**

In the event of any conflict between the provisions of this Agreement and the provisions of the Business Combination Agreement, the provisions of this Agreement shall prevail.

## **3. Agreement to Amalgamate**

Each of the Parties hereby agrees to the Amalgamation such that the Amalgamating Corporations shall amalgamate to create and continue as Amalco under the provisions of Section 270 of the BCBCA, on the terms and conditions set out in this Agreement.

## **4. Filing of Articles**

Following the approval of this Agreement by the shareholders of the Amalgamating Corporations in accordance with the BCBCA, and in accordance with the terms and conditions of the

Business Combination Agreement, including the satisfaction or waiver of all conditions precedent set forth in the Business Combination Agreement, Santa shall file the Amalgamation Application with the Director as provided under the BCBCA.

## **5. Conditions Precedent to the Amalgamation**

The Amalgamation is subject to the satisfaction or waiver by the party entitled to make such waiver, of the conditions precedent set forth in Article 7 of the Business Combination Agreement. The signing and delivery of the Amalgamation Application by Santa and Newco shall be conclusive evidence that such conditions have been satisfied to the satisfaction of Santa and Syd, or waived by the party entitled to make such waiver, and that Santa and Newco may amalgamate in accordance with the provisions of this Agreement.

## **6. Amalgamation Events**

Pursuant to the Amalgamation, on the Effective Date:

- (a) each issued and outstanding Santa Share held by each Dissenting Shareholder will become an entitlement to be paid the fair value of such share;
- (b) each issued and outstanding Newco Share shall be exchanged for one (1) fully paid and non-assessable Amalco Share;
- (c) each issued and outstanding Santa Share (other than those held by Dissenting Shareholders) shall be exchanged for the Consolidated Syd Share Consideration;
- (d) each issued and outstanding Santa Warrant, including Santa Warrants issued under the Santa Financing, and each Syd Warrant, respectively, shall be exchanged, on an equivalent basis after taking into consideration the Consolidation, for Resulting Issuer Warrants, as the case may be;
- (e) as consideration for the issuance of Consolidated Syd Share Consideration in exchange for the Santa Shares, Amalco shall issue to Syd one (1) Amalco Share for each Consolidated Syd Share so issued;
- (f) Santa and Newco shall be amalgamated and continue as Amalco;
- (g) all of the property and assets of each of Santa and Newco shall be the property and assets of Amalco and Amalco shall be liable for all of the liabilities and obligations of each of Santa and Newco, including civil, criminal and quasi criminal, and all contracts, liabilities and debts of Newco and Santa;
- (h) all rights of creditors against the property, assets, rights, privileges and franchises of Newco and Santa and all liens upon their property, rights and assets shall be unimpaired by the Amalgamation and all debts, contracts, liabilities and duties of Newco and Santa shall thenceforth attach to and be enforced against Amalco; and
- (i) no action or proceeding by or against Newco or Santa shall abate or be affected by the Amalgamation but, for all purposes of such action or proceeding, the name of Amalco shall be substituted in such action or proceeding in place of Newco or Santa, as the case may be.

## **7. Amalgamation Application**

The Amalgamation Application of Amalco shall be in the form annexed hereto as Exhibit "A".

**8. Amalco Articles**

The Articles of Amalco shall be as set forth in Exhibit “B”.

**9. Name**

The Name of Amalco shall be “Santa Marta Life Sciences Corp.” or such other name as mutually agreed to by the Parties.

**10. Registered and Records Offices**

Until changed in accordance with the BCBCA, the registered and records offices of Amalco shall be located at 3200 – 650 West Georgia Street, Vancouver, British Columbia, V6B 4P7.

**11. Authorized Capital**

The authorized capital of Amalco shall consist of an unlimited number of Amalco Shares, the rights, privileges, restrictions and conditions attaching to which shall be as set out in the Amalgamation Application annexed hereto as Exhibit “A”.

**12. Share Transfer Restrictions**

The Amalco Shares shall be subject to restrictions on transfer as set out in the Articles annexed hereto as Exhibit “B”.

**13. Business**


There shall be no restrictions on the business which Amalco is authorized to carry on or the powers which Amalco may exercise.

**14. Number of Directors**

The board of directors of Amalco shall consist of not less than one (1) and not more than ten (10) directors, the exact number of which shall be determined by the directors from time to time.

**15. First Directors**

The first directors of Amalco shall be the persons whose names and residential addresses appear below:

<b>Name</b>	<b>Address</b>	<b>Resident Canada</b>
Nick Standish		Yes
Blair Lowther		Yes
Derek Boyd		Yes

The above directors shall hold office from the Effective Date until the first annual meeting of Amalco Shareholders or until his successor is elected or appointed.

## **16. Fractional Shares**

No fractional Consolidated Syd Shares or Amalco Shares will be issued or delivered to any former Santa Shareholders or the former Newco Shareholder otherwise entitled thereto, if any. Instead, the number of Consolidated Syd Shares or Amalco Shares issued to each former holder of Santa Shares or Newco Shares will be rounded down to the nearest whole number.

## **17. Stated Capital**

The stated capital account in the records of Amalco for the Amalco Shares shall be equal to the stated capital attributed to the Santa Shares and the Newco Shares, determined immediately before the Amalgamation.

## **18. Delivery of Securities Following Amalgamation as soon as Practicable After the Effective Date:**

- (a) Amalco shall issue certificates representing the appropriate number of Amalco Shares to the former Newco Shareholder. Until delivery of such certificate, the share certificate or certificates representing the Newco Shares held by the former Newco Shareholder will be evidence of the former Newco Shareholder's right to be registered as a shareholder of Amalco. Share certificates formerly representing Newco Shares which are held by the former Newco Shareholder shall cease to represent any claim upon or interest in Newco other than the right of the registered holder to receive the number Amalco Shares to which it is entitled pursuant to the terms hereof; and
- (b) in accordance with normal commercial practice, Syd shall issue or cause to be issued certificates, direct registration statements or electronic positions within CDS representing the appropriate number of Consolidated Syd Shares (after the Syd Name Change) to the former Santa Shareholders (other than Dissenting Shareholders) by: (i) depositing such Consolidated Syd Shares with the Depository and/or the electronic positions representing such Consolidated Syd Shares with CDS (in the name of the Depository), as applicable, to satisfy the consideration issuable to such Santa Shareholders; and (ii) as soon as reasonably practicable after the Effective Date, causing the Depository to forward to, or hold for pick-up by, each former Santa Shareholder that submitted a duly completed Letter of Transmittal or other evidence of entitlement to the Depository, together with the certificate (if any) representing the Santa Shares held by such Santa Shareholder or such other evidence of ownership of such Santa Shares as is satisfactory to the Depository, acting reasonably, (A) the certificates representing the Consolidated Syd Shares to which such Santa Shareholder is entitled, in accordance with its Letter of Transmittal (or other evidence of entitlement), or (B) confirmation of a non-certificated electronic position transfer in CDS representing the Consolidated Syd Shares to which such Santa Shareholder is entitled, in accordance with its Letter of Transmittal. Share certificates formerly representing Santa Shares which are held by the former Santa Shareholders shall cease to represent any claim upon or interest in Santa other than the right of the registered holder to receive the number of Consolidated Syd Shares to which it is entitled pursuant to the terms hereof.

## **19. Negative Covenants**

From the date hereof to and including the Effective Date, each of Santa, Newco and Syd covenants that it will not:

- (a) reserve, allot, create, issue or distribute any of its securities, other than: (i) securities issuable upon the exercise, conversion or exchange of previously issued securities including, in the case of Santa, the Santa Warrants, or, in the case of Syd, the Syd Warrants (all as defined in the Business Combination Agreement); (ii) stock options granted under its stock option plan; (iii) securities to be issued pursuant to employee purchase plans; or (iv) securities to be issued in order to effect the transactions described in the Business Combination Agreement;
- (b) declare or pay dividends on any of its shares other than as has been publicly disclosed as of the date hereof or make any other issue, payment or distribution to the holders of its securities including, without limitation, the issue, payment or distribution of any of its assets or property to such holders;
- (c) authorize or take any action to amalgamate, merge, reorganize, effect an arrangement, liquidate, dissolve, wind-up or transfer all or substantially all of its undertaking or assets to another corporation or entity;
- (d) reclassify any outstanding securities or change such securities into other shares or securities or subdivide, re-divide, reduce, combine or consolidate such securities into a greater or lesser number of securities, effect any other capital reorganization or amend the designation of or the rights, privileges, restrictions or conditions attaching to such securities, other than in order to effect the transactions described in the Business Combination Agreement;
- (e) amend its articles, other than in order to effect the transactions described in the Business Combination Agreement; or
- (f) enter into any transaction, or take any other action, out of the ordinary course of its business, other than in order to effect the transactions described in the Business Combination Agreement.

## **20. Termination**

Subject to the terms of the Business Combination Agreement, this Agreement may be terminated by the board of directors of each of the Amalgamating Corporations, notwithstanding the approval of this Agreement by the shareholders of the Amalgamating Corporations, at any time prior to the issuance of the Certificate of Amalgamation. If this Agreement is terminated pursuant to this section, this Agreement shall forthwith become void and of no further force and effect.

## **21. Governing Law**

This Agreement shall be governed by, and construed in accordance with, the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Each Party hereby irrevocably attorns to the jurisdiction of the courts of the Province of British Columbia sitting in and for the judicial district of Vancouver in respect of all matters arising under or in relation to this Agreement.

## **22. Further Assurances**

Each of the Parties agrees to execute and deliver such further instruments and to do such further reasonable acts and things as may be necessary or appropriate to carry out the intent of this Amalgamation Agreement.

**23. Time of the Essence**

Time shall be of the essence of this Agreement.

**24. Amendments**

This Agreement may only be amended or otherwise modified by written agreement executed by the Parties.

**25. Counterparts**

This Agreement may be signed in counterparts (including counterparts by facsimile), and all such signed counterparts, when taken together, shall constitute one and the same agreement, effective on this date.

**IN WITNESS WHEREOF** the Parties have executed this Agreement by their duly authorized officers as of the day and year first above written.

**SYD FINANCIAL INC.**

Per: \_\_\_\_\_  
**Keith Anderson**  
Chief Executive Officer

**1221439 B.C. LTD.**

Per: \_\_\_\_\_  
**Keith Anderson**  
Chief Executive Officer

**SANTA MARTA LIFE SCIENCES CORP.**

Per: \_\_\_\_\_  
**Nick Standish**  
President & Chief Executive Officer



**EXHIBIT "A" TO AMALGAMATION AGREEMENT  
AMALGAMATION APPLICATION**

(ATTACHED)

## AMALGAMATION APPLICATION

BUSINESS CORPORATIONS ACT, section 275

Telephone: 1 877 526-1526  
www.bcreg.ca

Mailing Address: PO Box 9431 Stn Prov Govt  
Victoria BC V8W 9V3

Courier Address: 200 – 940 Blanshard Street  
Victoria BC V8W 3E6

**DO NOT MAIL THIS FORM to BC Registry Services unless you are instructed to do so by registry staff. The Regulation under the *Business Corporations Act* requires the electronic version of this form to be filed on the Internet at [www.corporateonline.gov.bc.ca](http://www.corporateonline.gov.bc.ca)**

**Freedom of Information and Protection of Privacy Act (FOIPPA):** Personal information provided on this form is collected, used and disclosed under the authority of the FOIPPA and the *Business Corporations Act* for the purposes of assessment. Questions regarding the collection, use and disclosure of personal information can be directed to the Manager of Registries Operations at 1 877 526-1526, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

**A INITIAL INFORMATION** – *When the amalgamation is complete, your company will be a BC limited company.*

What kind of company(ies) will be involved in this amalgamation?

(Check all applicable boxes.)

- BC company
- BC unlimited liability company

**B NAME OF COMPANY** – *Choose one of the following:*

The name \_\_\_\_\_ is the name reserved for the amalgamated company. The name reservation number is: \_\_\_\_\_,

**OR**

The company is to be amalgamated with a name created by adding “B.C. Ltd.” after the incorporation number,

**OR**

The amalgamated company is to adopt, as its name, the name of one of the amalgamating companies.

The name of the amalgamating company being adopted is:

Santa Marta Life Sciences Corp.

The incorporation number of that company is: BC1180758

*Please note: If you want the name of an amalgamating corporation that is a foreign corporation, you must obtain a name approval before completing this amalgamation application.*

**C AMALGAMATION STATEMENT** – *Please indicate the statement applicable to this amalgamation.*

**With Court Approval:**  
This amalgamation has been approved by the court and a copy of the entered court order approving the amalgamation has been obtained and has been deposited in the records office of each of the amalgamating companies.

**OR**

**Without Court Approval:**  
This amalgamation has been effected without court approval. A copy of all of the required affidavits under section 277(1) have been obtained and the affidavit obtained from each amalgamating company has been deposited in that company's records office.

**D AMALGAMATION EFFECTIVE DATE** – Choose **one** of the following:

The amalgamation is to take effect at the time that this application is filed with the registrar.

YYYY / MM / DD

The amalgamation is to take effect at 12:01a.m. Pacific Time on \_\_\_\_\_  
being a date that is not more than ten days after the date of the filing of this application.

YYYY / MM / DD

The amalgamation is to take effect at \_\_\_\_\_  a.m. or  p.m. Pacific Time on \_\_\_\_\_  
being a date and time that is not more than ten days after the date of the filing of this application.

**E AMALGAMATING CORPORATIONS**

Enter the name of each amalgamating corporation below. For each company, enter the incorporation number. If the amalgamating corporation is a foreign corporation, enter the foreign corporation's jurisdiction and if registered in BC as an extraprovincial company, enter the extraprovincial company's registration number. Attach an additional sheet if more space is required.

NAME OF AMALGAMATING CORPORATION	BC INCORPORATION NUMBER, OR EXTRAPROVINCIAL REGISTRATION NUMBER IN BC	FOREIGN CORPORATION'S JURISDICTION
1. 1221439 B.C. Ltd.	BC1221439	N/A
2. Santa Marta Life Sciences Corp.	BC1180758	N/A
3.		
4.		
5.		

**F FORMALITIES TO AMALGAMATION**

If any amalgamating corporation is a foreign corporation, section 275 (1)(b) requires an authorization for the amalgamation from the foreign corporation's jurisdiction to be filed.

This is to confirm that each authorization for the amalgamation required under section 275(1)(b) is being submitted for filing concurrently with this application.

**G CERTIFIED CORRECT** – I have read this form and found it to be correct.

This form must be signed by an authorized signing authority for each of the amalgamating companies as set out in Item E.

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
1. Mario Pezzente	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
2. Nick Standish	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
3.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
4.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
5.	X	

# NOTICE OF ARTICLES

## A NAME OF COMPANY

Set out the name of the company as set out in Item B of the Amalgamation Application.

Santa Marta Life Sciences Corp.

## B TRANSLATION OF COMPANY NAME

Set out every translation of the company name that the company intends to use outside of Canada.

N/A

## C DIRECTOR NAME(S) AND ADDRESS(ES)

Set out the full name, delivery address and mailing address (if different) of every director of the company. The director may select to provide either (a) the delivery address and, if different, the mailing address for the office at which the individual can usually be served with records between 9 a.m. and 4 p.m. on business days or (b) the delivery address and, if different, the mailing address of the individual's residence. The delivery address must not be a post office box. Attach an additional sheet if more space is required.

LAST NAME

FIRST NAME

MIDDLE NAME

Standish

Nick

DELIVERY ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

MAILING ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

LAST NAME

FIRST NAME

MIDDLE NAME

Lowther

Blair

DELIVERY ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

MAILING ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

LAST NAME

FIRST NAME

MIDDLE NAME

Boyd

Derek

DELIVERY ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

MAILING ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

LAST NAME

FIRST NAME

MIDDLE NAME

DELIVERY ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

MAILING ADDRESS

PROVINCE/STATE

COUNTRY

POSTAL CODE/ZIP CODE

**D REGISTERED OFFICE ADDRESSES**

DELIVERY ADDRESS OF THE COMPANY'S REGISTERED OFFICE

3200 - 650 West Georgia Street, Vancouver

PROVINCE

BC

POSTAL CODE

V6B 4P7

MAILING ADDRESS OF THE COMPANY'S REGISTERED OFFICE

3200 - 650 West Georgia Street, Vancouver

PROVINCE

BC

POSTAL CODE

V6B 4P7

**E RECORDS OFFICE ADDRESSES**

DELIVERY ADDRESS OF THE COMPANY'S RECORDS OFFICE

3200 - 650 West Georgia Street, Vancouver

PROVINCE

BC

POSTAL CODE

V6B 4P7

MAILING ADDRESS OF THE COMPANY'S RECORDS OFFICE

3200 - 650 West Georgia Street, Vancouver

PROVINCE

BC

POSTAL CODE

V6B 4P7

**F AUTHORIZED SHARE STRUCTURE**

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number.		Kind of shares of this class or series of shares.			Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (✓)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (✓)	WITH A PAR VALUE OF (\$)	Type of currency	YES (✓)	NO (✓)
Common	✓		✓				✓

**EXHIBIT "B" TO AMALGAMATION AGREEMENT  
ARTICLES OF AMALCO**

(ATTACHED)

**Santa Marta Life Sciences Corp.**  
(the “Company”)

**ARTICLES**

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## **1. INTERPRETATION**

### **1.1 Definitions**

In these Articles, unless the context otherwise requires:

- (1) “board of directors”, “directors” and “board” mean the directors or sole director of the Company for the time being;
- (2) “*Business Corporations Act*” means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (3) “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;
- (5) “seal” means the seal of the Company, if any.

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

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

Unless the shares of which the shareholder is the registered owner are uncertificated shares within the meaning of the *Business Corporations Act*, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder’s name or (b) a non-transferable written acknowledgment of the shareholder’s right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgment and delivery of a share certificate or an acknowledgment to one of several joint shareholders or to one of the joint shareholders’ duly authorized agent 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 Acknowledgment**

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;
- (2) an indemnity bond sufficient in the Company's judgment to protect the Company from any loss that the Company may suffer by issuing a new certificate; and
- (3) satisfies any other reasonable requirements imposed by the directors.

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

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

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

## **2.8 Splitting Share Certificates**

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

## **2.9 Certificate Fee**

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.8, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

## **2.10 Recognition of Trusts**

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

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

#### **3.1 Directors Authorized**

Subject to the *Business Corporations Act* 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
- (2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

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

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

### **4. SHARE REGISTERS**

#### **4.1 Central Securities Register**

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

#### **4.2 Closing Register**

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

## **5. SHARE TRANSFERS**

### **5.1 Registering Transfers**

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

- (1) the Company or the transfer agent or registrar for the class or series of share to be transferred has received:
  - (a) in the case where the Company has issued a share certificate in respect of the share to be transferred, that share certificate and a written instrument of transfer (which may be on a separate document or endorsed on the share certificate) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
  - (b) in the case of a share that is not represented by a share certificate (including an uncertificated share within the meaning of the *Business Corporations Act* and including the case where the Company has issued a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate in respect of the share to be transferred), a written instrument of transfer made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person; and
  - (c) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, that the written instrument of transfer is genuine and authorized and that the transfer is rightful or to a protected purchaser; or
- (2) all the preconditions for a transfer of a share under the *Securities Transfer Act* have been met and the Company is required under the *Securities Transfer Act* to register the transfer.

#### **5.1A Waivers of Requirements for Transfer**

The Company may waive any of the requirements set out in Article 5.1(1) and any of the preconditions referred to in Article 5.1(2).

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

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the Company or the transfer agent for the class or series shares to be transferred 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 other appropriate person or agent who has actual authority to act on behalf of that person, 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, but share certificates are deposited with the instrument of transfer, all the shares represented by such share certificates:

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

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

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

## **5.6 Transfer Fee**

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

## **6. TRANSMISSION OF SHARES**

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

In 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 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, if the appropriate evidence of appointment or incumbency within the meaning of the *Securities Transfer Act* has been deposited with the Company. This Article 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the shareholder's name and the name of another person in joint tenancy.

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

### **7.1 Company Authorized to Purchase or Otherwise Acquire 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, 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 No Purchase, Redemption or Other Acquisition 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, Redeemed or Otherwise Acquired Shares**

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

- (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 9.3 and the *Business Corporations Act*, the Company may by resolution of the 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) 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;
- (4) consolidate or subdivide all or any of its unissued or fully paid issued shares in any manner;
- (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*;

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

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

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

- (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;

and alter its Notice of Articles and Articles accordingly.

### **9.3 Change of Name**

The Company may by resolution of the directors authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that name.

### **9.4 Other Alterations**

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

## **10. MEETINGS OF SHAREHOLDERS**

### **10.1 Annual General Meetings**

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

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

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

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

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

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

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

- (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, 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.

### **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 Majority**

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

### **11.3 Quorum**

Subject to the special rights and restrictions attached to the shares of any class or series of shares and save as herein otherwise provided, the quorum for the transaction of business at a meeting of shareholders is two shareholders, or one or more proxyholder representing two members, or one member and a proxyholder representing another member.

### **11.4 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.

### **11.5 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.

### **11.6 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.

### **11.7 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.

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

If, at the meeting to which the meeting referred to in Article 11.7(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.

### **11.9 Chair**

The following individual is 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, if any.

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

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of 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.

### **11.11 Adjournments**

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

### **11.12 Notice of Adjourned Meeting**

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

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

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

### **11.14 Declaration of Result**

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

### **11.15 Motion Need Not be Seconded**

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

### **11.16 Casting Vote**

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.

### **11.17 Manner of Taking Poll**

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

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

#### **11.18 Demand for Poll on Adjournment**

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

#### **11.19 Chair Must Resolve Dispute**

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

#### **11.20 Casting of Votes**

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

#### **11.21 Demand for Poll**

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

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

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

#### **11.23 Retention of Ballots and Proxies**

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

### **12. VOTES OF SHAREHOLDERS**

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

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

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

#### **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) for that purpose, the instrument appointing a representative must:
  - (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days 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 When Proxy Provisions Do Not Apply to the Company**

If and for so long as the Company is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply, Articles 12.7 to 12.15 apply only insofar as they are not inconsistent with any securities legislation in any province or territory of Canada or in the federal jurisdiction of the United States or in any states of the United States that is applicable to the Company and insofar as they are not inconsistent with the regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by securities commissions or similar authorities appointed under that legislation, or any rules of an exchange on which securities of the Company are listed, or any rules of a quotation system on which securities of the Company are quoted.

## **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;
- (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; or
- (4) the Company is a public company.

## **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, incapacity or revocation is received:

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

### 12.12 Form of Proxy

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

Santa Marta Life Sciences Corp.  
(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 if 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 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, or any adjourned meeting at which the proxy is to be used; or
- (2) at the meeting, or any adjourned meeting by the chair of the meeting, or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

### 12.14 Revocation of Proxy Must Be Signed

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

- (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 Chair May Determine Validity of Proxy

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

### 12.16 Production of Evidence of Authority to Vote

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



## **13. DIRECTORS**

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

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

- (1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (2) if the Company is a public company, the greater of three and the 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;
- (3) 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(2)(a) or 13.1(3)(a):

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then 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 the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

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

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

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

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

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

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

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

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

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

- (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) unless otherwise determined by resolution of the board of directors, all the directors cease to hold office immediately before the election or appointment of directors under paragraph (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*;
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

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

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

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

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

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

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

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

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

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

#### **14.8 Additional Directors**

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

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

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(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 special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the

shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

#### 14.11 Removal of Director by Directors

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

#### 14.12 Nominations of Directors

- (1) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board may be made at any annual meeting of shareholders or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
  - (a) by or at the direction of the board, including pursuant to a notice of meeting;
  - (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the *Business Corporations Act*, or a requisition of the shareholders made in accordance with the provisions of the *Business Corporations Act*; or
  - (c) by any person (a "Nominating Shareholder"): (A) who, at the close of business on the date of the giving of the notice provided for below in this Article 14.12 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this Article 14.12.
- (2) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Secretary of the Company at the principal executive offices of the Company.
- (3) To be timely, a Nominating Shareholder's notice to the Secretary of the Company must be made:
  - (a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "Notice Date") on which the first public announcement (as defined below) of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day after the Notice Date in respect of such meeting; and
  - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement (as defined below) of the date of the special meeting of shareholders was made. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.
- (4) To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Company must set forth:
  - (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or

of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below); and

- (b) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below).
- (5) The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.
- (6) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 14.12; provided, however, that nothing in this Article 14.12 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the *Business Corporations Act*. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- (7) For purposes of this Article 14.12:
  - (a) "public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and
  - (b) "Applicable Securities Laws" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.
- (8) Notwithstanding any other provision of this Article 14.12, notice given to the Secretary of the Company pursuant to this Article 14.12 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Secretary of the Company for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
- (9) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Article 14.12.

## **15. ALTERNATE DIRECTORS**

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

Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee")

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

### **15.2 Notice of Meetings**

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

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

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

- (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 appointor any resolutions to be consented to in writing.

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

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

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

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

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

The appointment of an alternate director ceases when:

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

## **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.

## **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 for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

### **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 of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

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



#### **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 all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 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 may be passed without a meeting:

- (1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who are entitled to vote on the resolution consents to it in writing.

A consent in writing under this Article may be by signed document, fax, email or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of 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 a managing director must be a director. Any other officer need not be a director.

## **20.4 Remuneration and Terms of Appointment**

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

## **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*.

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

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

### **21.3 Indemnification of Other Persons**

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

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

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

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

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

- (1) is or was a director, alternate director, officer, employee or agent of the Company;
- (2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

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

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

## **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. The Board of Directors shall have the right and authority to declare dividends on any class of shares, to the exclusion of and without declaring dividends on any other class of shares, in their sole discretion as they see fit.

### **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 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 to 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 directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

## **23. ACCOUNTING RECORDS**

### **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 (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'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. PROHIBITIONS**

### **26.1 Definitions**

In this Article 26:

- (1) "designated security" means:
  - (a) a voting security of the Company;
  - (b) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or
  - (c) a security of the Company convertible, directly or indirectly, into a security described in paragraph (a) or (b);
- (2) "security" has the meaning assigned in the *Securities Act* (British Columbia);
- (3) "voting security" means a security of the Company that:



- (a) is not a debt security, and
- (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

## **26.2 Application**

Article 26.3 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

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

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

## **27. CHANGE OF REGISTERED AND RECORDS OFFICES**

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