



XEBRA BRANDS LTD.

1090 Hamilton Street

Vancouver, British Columbia V6B 2R9

MANAGEMENT INFORMATION CIRCULAR

For its Annual General and Special Meeting of Shareholders to be held

August 26, 2022

XEBRA BRANDS LTD.
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MANAGEMENT INFORMATION CIRCULAR
(as at July 20, 2022, except as otherwise indicated)

XEBRA BRANDS LTD. (“Xebra” or the “Company”) is providing this Management Information Circular (this “Circular”) in connection with the solicitation of proxies by the management of Xebra for use at the ANNUAL GENERAL AND SPECIAL MEETING (the “Meeting”) of Xebra to be held on August 26, 2022, and at any adjournments. Unless the context otherwise requires, when reference is made in this Circular to Xebra, the subsidiaries of Xebra are also included. Xebra will conduct its solicitation by mail and directors, officers and employees of Xebra may, without receiving special compensation, also telephone or make other personal contact. Xebra will pay the cost of solicitation. This Circular refers to Xebra’s financial year ended February 28, 2022.

APPOINTMENT OF PROXYHOLDER

The purpose of a proxy is to designate persons who will vote the proxy on behalf of a holder of class A common shares of the Company (a “Shareholder”) in accordance with the instructions given by the Shareholder in the proxy. The individuals named in the enclosed form of proxy are officers and/or Directors of the Company (the “Management Proxyholders”).

IF YOU ARE A SHAREHOLDER ENTITLED TO VOTE AT THE MEETING, YOU HAVE THE RIGHT TO APPOINT A PERSON OR COMPANY OTHER THAN THE MANAGEMENT PROXYHOLDERS, WHO NEED NOT BE A SHAREHOLDER, TO ATTEND AND ACT FOR YOU AND ON YOUR BEHALF AT THE MEETING. YOU MAY DO SO EITHER BY INSERTING THE NAME OF THAT OTHER PERSON IN THE BLANK SPACE PROVIDED IN THE PROXY OR BY COMPLETING AND DELIVERING ANOTHER SUITABLE FORM OF PROXY.

VOTING BY PROXY

Only registered shareholders (“Registered Shareholders”) or duly appointed proxyholders are permitted to vote at the Meeting. Class A common shares (“Shares”) represented by a properly executed proxy will be voted for or against or be withheld from voting on each matter referred to in the notice of Meeting (“Notice of Meeting”) in accordance with the instructions of the Shareholder on any ballot that may be called for and if the Shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

If a Shareholder does not specify a choice and the Shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

The enclosed form of proxy confers discretionary authority on the persons named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be deposited at the office of the Company’s registrar and transfer agent, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, P.O. Box 4572, Toronto, Ontario, M5J 2Y1, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior

to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

NON-REGISTERED HOLDERS

The following information is of significant importance to Shareholders who do not hold Shares in their own name. Only Registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. Registered Shareholders are holders whose names appear on the share register of the Company and are not held in the name of a brokerage firm, bank or trust company through which the shares are purchased. Most Shareholders are “non-registered” shareholders (“**Non-Registered Shareholders**” or “**Beneficial Shareholders**”) because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which the shares were purchased. Non-Registered Shareholders’ Shares will more likely be registered under the names of intermediaries (each an “**Intermediary**” or “**Intermediaries**”). In Canada the vast majority of such Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms), and in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every Intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial Shareholders: those who object to their name being disclosed to the issuers of securities they own (called “**OBOs**” for Objecting Beneficial Owners); and those who do not object (called “**NOBOs**” for Non-Objecting Beneficial Owners).

Issuers can request and obtain a list of their NOBOs from Intermediaries via their transfer agents, pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) and issuers can use the NOBO list for distribution of proxy-related materials directly to NOBOs. The Company is taking advantage of NI 54-101 provisions permitting it to deliver proxy-related material directly to its NOBOs. As a result, NOBOs can expect to receive a voting instruction form (“**VIF**”) from Computershare Investor Services Inc. (“**Computershare**”), the Company’s transfer agent. The VIF is to be completed and returned to Computershare as set out in the instructions provided on the VIF. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Shares represented by the VIFs they receive. Alternatively, NOBOs may vote following instructions on the voting instruction form, via the internet or by phone.

Beneficial Shareholders who are OBOs should follow their intermediary’s instructions carefully to ensure their Shares are voted at the Meeting. Management of the Company does not intend to pay for intermediaries to forward proxy-related materials or the VIF to OBOs, and in such case an OBO will not receive the materials unless an OBO’s intermediary assumes the cost of delivery.

The securityholder material is being sent to both Registered Shareholders and Non-Registered Shareholders of the Company. If you are a Non-Registered Shareholder, and the Company or its agent sent these materials directly to you, your name, address and information about your holdings of securities, were obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your VIF as specified in the request for voting instructions that was sent to you.

The form of proxy supplied to you by your broker will be similar to the Proxy provided to Registered Shareholders. However, its purpose is limited to instructing the intermediary on how to vote your Shares

on your behalf. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in Canada and in the United States. Broadridge mails a VIF in lieu of a proxy provided by the Company. The VIF will name the same persons as the Company’s Proxy to represent your Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than any of the persons designated in the VIF, to represent your Shares at the Meeting and that person may be you. To exercise this right, insert the name of your desired representative (which may be you) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting voting of the Shares to be represented at the Meeting and the appointment of any Shareholder’s representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Shares voted, or to have an alternate representative duly appointed to attend the Meeting and vote your Shares at the Meeting.**

Notice to Shareholders in the United States

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia)(the “**Act**”), as amended, certain of its Directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

REVOCABILITY OF PROXIES

Any Registered Shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a Registered Shareholder, their attorney authorized in writing or, if the Registered Shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. Only Registered Shareholders have the right to revoke a proxy. Non-Registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their Intermediary to revoke the proxy on their behalf.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Board of the Company has fixed July 19, 2022 as the record date (the “**Record Date**”) for determination of persons entitled to vote at the Meeting. Only Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Shares voted at the Meeting. As of the Record Date, there were 196,464,034 Shares without par value issued and outstanding, each carrying the right to one vote. No group of Shareholders has the right to elect a specified number of Directors, nor are there cumulative or similar voting rights attached to the Shares.

To the knowledge of the Company’s Directors and executive officers, no persons or companies beneficially owned, controlled, or directed, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all outstanding Shares of the Company as of the Record Date.

PARTICULARS OF MATTERS TO BE ACTED UPON

Votes Necessary to Pass Resolutions

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election as Directors or appointment of the Company’s auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment as a Director is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

Financial Statements

The Company’s audited annual financial statements for the year ended February 28, 2022, and the report of the auditors thereon will be placed before Shareholders at the Meeting, but no vote thereon is required. These documents are available upon request from the Company and they can also be found under the Company’s SEDAR profile at www.sedar.com.

Election of Directors

Number of Directors

The Directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. The Board currently consists of five Directors and Shareholder approval will be sought to fix the number of Directors of the Company at **five**.

Management recommends Shareholders vote in favour of the resolution fixing the number of directors at five. Unless you provide instructions otherwise, the Management Proxyholders intend to vote FOR the resolution fixing the number of directors at five.

Nominees for Election

At the Meeting, the five persons named hereunder will be proposed for election as Directors of the Company (the “**Nominees**”).

The table below sets out the names of management’s nominees for election as Directors, all major offices and positions with the Company and any of its significant affiliates each nominee now holds, each nominee’s principal occupation, business or employment (for the five preceding years for new Director nominees), the period of time during which each has been a Director of the Company and the number of Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as of the Record Date.

Proposed Nominees for Election as a Director				
Name and Residence ⁽¹⁾	Principal Occupation	Member of Committees	Period as a Director	Shares Beneficially Owned or Controlled ⁽²⁾
Robert Giustra <i>British Columbia, Canada</i>	Executive Chairman of the Company, Chairman of Orea Mining Corp., and President of Columbus Capital Corp.	Audit Committee	Since February 10, 2020	6,594,724

Proposed Nominees for Election as a Director				
Name and Residence ⁽¹⁾	Principal Occupation	Member of Committees	Period as a Director	Shares Beneficially Owned or Controlled⁽²⁾
Jordi Chemonte <i>Mexico City, Mexico</i>	General Manager at CYH Ingenieros Electromecanicos S.A. de C.V. and Construtora Arie S.A. de C.V.; Co-founder and CEO of Elements Bioscience Sapi de C.V. and Sativa Group Elements Sapi de C.V.	Audit Committee	Since May 1, 2019	6,555,196
Antonio Grimaldo <i>Mexico City, Mexico</i>	Partner at VECEGEA, S.C. and DESART MX S.A. de CV; public servant at the Mexican Government, and Director of the Company	Audit Committee	Since October 27, 2020	11,175,746
Todd Dalotto <i>Oregon, U.S.A.</i>	Cannabis industry consultant specializing in horticultural science and public policy	Nil	Since March 1, 2021	690,200
Jay Garnett <i>British Columbia, Canada</i>	Chief Executive Officer of Xebra Brands Ltd.; CEO and director of Experion Biotechnologies Inc.	Nil	Since April 19, 2022	1,000,000

Notes:

1. Other than Mr. Chemonte, a proposed Director nominee of Elements Bioscience SA de CV (“**Elements**”) pursuant to a share exchange agreement dated April 24, 2019 among Elements, the Company, and shareholders of Elements, and Mr. Grimaldo, a proposed Director nominee of DESART MX SA de CV (“**DESART**”) pursuant to a share exchange agreement dated January 10, 2020 among DESART, the Company and the shareholders of DESART, none of the proposed nominees for election as a Director is proposed for election pursuant to any arrangement or understanding between the nominee and any other person.
2. “Shares Beneficially Owned or Controlled” refers to Shares beneficially owned, or controlled or directed, directly or indirectly, by each proposed Director.

Corporate Cease Trade Orders and Bankruptcies

Other than as set out below, none of the proposed directors (or any of their personal holding companies) of the Company:

- a) is, or during the ten years preceding the date of this Circular has been, a director, chief executive officer or chief financial officer of any company, including the Company, that:
 - i) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
 - ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer of the relevant company and which resulted from an event that occurred while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer;
- b) is, or during the ten years preceding the date of this Circular has been, a director or executive officer, of any company, including the Company, that while the proposed director was acting in that capacity, or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver-manager, or trustee appointed to hold its assets; or
- c) has, within the ten years preceding the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver- manager or trustee appointed to hold the assets of that individual.

For the purposes of this Circular, an “order” means: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

None of the proposed directors (or any of their personal holding companies) has been subject to:

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

The Board and management consider the election of each of the Nominees to be appropriate and in the best interests of the Company. Accordingly, unless otherwise indicated, the persons designated as Management Proxyholders in the accompanying proxy will vote the Shares represented by such form of proxy, properly executed, FOR the election of each of the Nominees whose names are set forth above.

Appointment of Auditor

Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants (“DMCL”), of Vancouver, British Columbia are the auditors of the Company. At the Meeting, Shareholders will be asked to vote for the appointment of DMCL, located at 1140 West Pender Street, suites 1500-1700, Vancouver, BC, V6E 4G1, Canada, as auditor of the Company to hold office until the next annual meeting of shareholders, or until a successor is appointed, and to authorize the directors of the Company to fix the remuneration of the auditor. DMCL has served as auditor of the Company since its inception.

Accordingly, unless otherwise indicated, the persons designated as Management Proxyholders in the accompanying form of proxy will vote the Shares represented by such form of proxy, properly executed, FOR the appointment of DMCL as the auditors of the Company to hold office for the ensuing year at a remuneration to be fixed by the Directors.

Alteration of the Articles and Notice of Articles of the Company

The Company altered its original articles and notice of articles on July 22, 2019 in order to create new classes of shares in its capital structure, originally comprised of unlimited number of Common Shares. The resulting articles (the “Articles”) and notice of articles (the “Notice of Articles”) and together with the Articles, (the “Current Articles”) included two classes of shares: class A common shares (the “Shares”) and class B common shares (the “Class B Shares”). On the same date, all issued and outstanding original Common Shares of the Company were cancelled and re-issued as class A common shares, and 1 Class B Share was issued pursuant to a share exchange agreement among the Company, Elements, and Sativa Group Biosciences Sapi de CV, dated April 25, 2019.

As a result of the automatic cancellation of the single outstanding Class B Share pursuant to the Company completing its listing on the Canadian Securities Exchange (“CSE”), the Company proposes to eliminate the Class B Shares as an authorized class of shares. The sole Class B Share was issued to provide Elements a right to appoint a director to the Board of the Company prior to its CSE listing, amongst other rights related to the foregoing Board right, and as a result of the Company’s successful listing, the Class B Shares, as an authorized share class of the Company, provide no further purpose.

The Class B Shares entitle the holder thereof to nominate and appoint the Elements director and to fill any vacancy, but do not otherwise allow for the vote on any other matter to come before Shareholders of the

Company. Holders of Class B Shares are not entitled to share in any distribution of assets upon liquidation, dissolution or winding up of the Company.

In connection with the proposed elimination of the Class B Shares from the authorized share capital of the Company, the Company is requesting Shareholders approve certain amendments (the “**Amendments**”) to the Current Articles, including:

- a) amending the Notice of Articles to eliminate the Class B Shares as an authorized share class of the Company;
- b) deleting Part 27 – *Special Rights and Restrictions* of the Articles; and
- c) amending Sections 5.1, 13.1, 13.2, 14.1, 14.3-14.5, 14.7, 14.10-14.12, and 18.10 of the Articles to reflect the elimination of the Class B shares as an authorized class of shares.

The Current Articles are available on the Company’s SEDAR profile at www.sedar.com. A copy of the complete text of the new articles (the “**New Articles**”) incorporating the Amendments is attached to this Circular as “Schedule A”.

The Articles allow for the Amendments to be passed by an ordinary resolution of Shareholders. At the Meeting, Shareholders will be asked to consider and, if deemed advisable, approve, with or without variation, the following ordinary resolution (the “**Amendment Resolution**”) to give effect to the Amendments:

“BE IT HEREBY RESOLVED as an ordinary resolution, that:

1. the articles and notice of articles of the Company be amended to remove the Class B Shares from its authorized share capital;
2. the Company’s proposed new articles (the “**New Articles**”), substantially in the form as Schedule “A” attached to the Circular, be ratified, confirmed and approved, effective immediately;
3. any director or officer of the Company be and is hereby authorized for and on behalf of the Company, under the seal of the Company, or otherwise, to execute and deliver the notice of alteration and any and all other documents, certificates, declarations, notices and other instruments in writing respecting the elimination of the Class B Shares described herein and to do any and all other acts and things, as may in the opinion of such director or officer, be necessary, desirable or advisable in order to give effect to the amendments described herein or these resolutions, such execution and delivery by such director or officer to be conclusive approval of the same by the Company's Shareholders; and
4. without further approval of the Company’s Shareholders, the board of directors of the Company is hereby authorized to determine the timing of implementation, or abandon or postpone, the amendments to the Company’s authorized share structure and the amendments described herein, at their discretion.”

It is the intention of the Management Proxyholders in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote such proxy in favour of the Amendment Resolution.

Management recommends that Shareholders vote FOR the Amendment Resolution. The persons named in the enclosed form of proxy intend to vote FOR the Amendment Resolution unless the

Shareholder specifies otherwise.

Other Matters

Management of the Company knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting accompanying this Circular. However, if any other matter properly comes before the Meeting, the form of proxy furnished by the Company will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

STATEMENT OF EXECUTIVE COMPENSATION

Identification of Named Executive Officers

The following are the Named Executive Officers (“**Named Executive Officers**” or “**NEO**”) for the purposes of the disclosure in this “Statement of Executive Compensation” section of the Circular, concerning the Company’s financial year ended February 28, 2022:

- a) Rodrigo Gallardo, currently the Company’s President and former Interim Chief Executive Officer;
- b) Andrew Yau, currently the Company’s Chief Financial Officer; and
- c) Robert Giustra, currently the Company’s Executive Chairman.

Compensation Discussion and Analysis

Objectives of the Compensation Program

The Board determines management compensation based on advice and discussion provided by the Board, without reference to formal objectives, criteria or analysis. The Board relies on the experience of its members as officers and Directors of the Company and with other cannabis companies in determining its compensation program. The general objectives of the Company’s compensation program are to:

- a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing shareholder value;
- b) align management’s interests with the interests of Shareholders;
- c) provide a compensation package that is commensurate with other companies in the same industry to enable the Company to attract and retain talent;
- d) to ensure that the total compensation package is designed in a manner that takes into account the constraints under which the Company operates, in particular that the Company is a cannabis company without a history of earnings; and
- e) to ensure that total compensation paid to all Named Executive Officers is fair and reasonable.

Elements of Compensation

Base salary is used to provide the Named Executive Officers with an agreed-upon annual compensation with the expectation that each Named Executive Officer will perform his responsibilities to the best of his ability and in the best interests of the Company.

Incentive compensation equities are a significant component of Named Executive Officer compensation, as stock options (“**Options**”), restricted share units (“**RSUs**”), deferred share units (“**DSUs**”), performance share units (“**PSUs**”), and share appreciation rights (“**SARs**”) (collectively, the “**Awards**”) rewards increase in shareholder value without requiring the Company to pay cash from its treasury. The Awards are generally granted to Directors, officers, consultants and employees at the commencement of service to the Company, and periodically thereafter. The terms and conditions of the Company’s Awards, including

vesting provisions and exercise prices, are governed by the terms of the Company's omnibus plan (the "**Plan**").

The Company may also issue a bonus to a Named Executive Officer, generally at the conclusion of a calendar year. A bonus may be payable in the event that the Company had an exceptional year or accomplished significant achievements. Bonuses are also tied in part to the performance by a Named Executive Officer in a given year, and the Named Executive Officer's contribution to the achievement of the Company's goals and objects for that year.

Determination of Amounts of Each Element

The Board determines the amount of each element of compensation payable to a Named Executive Officer through reference to other companies in the cannabis industry, the experience of the Named Executive Officer, and general market conditions, with the intention of meeting the objectives set out above.

While the Company considers the value of each element in determining the values of the other elements of compensation payable, the Company sets each element in reference to the compensation provided to the Company's other officers, employees, and consultants and also to general market standards.

Implications of Risks Associated with Compensation Program

Neither the Board nor a committee of the Board has deemed it necessary to consider the implications of the risks associated with the Company's compensation policies and practices. The Company compensates its personnel based upon an agreed wage, and does not make use of more complicated mechanisms for determining remuneration. Due to the straightforward nature of the model of determining compensation, the Board does not consider there to be material risks associated therewith requiring consideration.

NEO or Director's Ability to Purchase Financial Instruments

The Company does not place restrictions on a NEO or Director's ability to purchase securities or financial instruments, beyond the imposition of blackout periods where applicable and also an expectation that all personnel will strictly abide by insider trading laws. Notwithstanding this fact, financial instruments such as prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or Director, are not generally available in connection with the Company.

Share-based and Option-based Awards

Objectives and Rewards of the Compensation Program

The Company established its Plan to provide incentives to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Board considers Awards based on such criteria as performance, previous grants, and hiring incentives. All grants require approval of the Board.

The Directors have the responsibility to administer the compensation policies related to the executive officers, including equity-based awards. In determining the number of Awards to be granted to the Company's executive officers, the Directors take into account the number of Awards, if any, previously granted to each executive officer, and the exercise price/market value of any such outstanding Awards.

In monitoring or adjusting Awards allotments, the Directors take into account their own observations on individual performance (where possible) and their assessment of individual contribution to shareholder value, previous Awards grants and the objectives set for the Named Executive Officers and the Board. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. The Directors make these determinations subject to and in accordance with the provisions of the Company's Plan. The Board reviews and approves grants of Awards on an annual basis and periodically during a financial year.

Compensation Governance

Policies and Practices

Due to its size, the Board has not formed a compensation committee. Instead, the full Board is tasked with (a) reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives; (b) discussing and establishing non-CEO officer and Director compensation, incentive-compensation plans and equity-based plans; and (c) reviewing executive compensation disclosure before the Company publicly discloses this information. The Board believes that their years of experience with public companies and in particular those in the cannabis sector have provided them with the skills necessary to evaluate appropriate compensation levels.

Summary Compensation Table

Summary Compensation Table

The following table sets forth the annual and long-term compensation for services in all capacities delivered to the Company for the financial years ended February 29, 2020, February 28, 2021 and February 28, 2022 of the Company in respect of the Named Executive Officers. Compensation paid to the NEOs for such financial years is set out below and expressed in Canadian dollars unless otherwise noted.

Name and principal position	Year	Salary (\$)	Share based awards (\$)	Option based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive Plans (\$)	Long-term incentive Plans			
Rodrigo Gallardo Interim CEO and President ⁽¹⁾	2022	96,000	Nil	90,000	Nil	Nil	Nil	Nil	186,000
	2021	53,000	Nil	Nil	Nil	Nil	Nil	15,000	68,000
	2020	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Andrew Yau CFO ⁽²⁾	2022	96,000	Nil	90,000	Nil	Nil	Nil	Nil	186,000
	2021	112,000	Nil	Nil	Nil	Nil	Nil	Nil	112,000
	2020	19,200	Nil	Nil	Nil	Nil	Nil	Nil	19,200
Robert Giustra Executive Chairman ⁽³⁾	2022	62,500	Nil	90,000	Nil	Nil	Nil	Nil	152,500 ⁽⁴⁾
	2021	66,800	Nil	Nil	Nil	Nil	Nil	Nil	66,800
	2020	40,000	Nil	Nil	Nil	Nil	Nil	Nil	40,000

Notes:

1. Mr. Gallardo acted as the CEO of the Company from June 15, 2020 to June 1, 2021. Mr. Gallardo was appointed as President of the Company on June 1, 2021 and as the Interim CEO of the Company on August 20, 2021. Mr. Gallardo resigned as the Interim CEO of the Company as of April 19, 2022.
2. Mr. Yau was appointed as the CFO of the Company effective January 1, 2020. Mr. Yau's fees presented are estimate and were fully paid by Orea Mining Corp. ("Orea") and reimbursed by the Company to Orea under cost sharing and services agreements.
3. Mr. Giustra is a director of the Company and was appointed as Chairman of the Board on January 1, 2020.
4. Mr. Giustra only received compensation for his role as the Chairman of the Company.

Narrative Discussion of Summary Compensation Table

Option-based award values are calculated using the *Black-Scholes* model on the date of grant. Key assumptions and estimates used to price the option-based awards are as follows:

	Oct 18, 2021	Jan 19, 2022
Expected price volatility	122%	121%
Risk free interest rate	0.73%	1.24%
Expected life of options	3.32	3.65
Expected dividend yield	nil	nil

The Board of the Company appointed Mr. Gallardo as Chief Operating Officer on June 15, 2020 in consideration of \$36,000 per year. Effective September 16, 2020, such compensation was increased to \$96,000 per year. On June 1, 2021, the Company appointed Mr. Gallardo as President and, on August 20, 2021, Mr. Gallardo was appointed as Interim Chief Executive Officer with no compensation change.

The Board of the Company appointed Mr. Yau as the Chief Financial Officer effective January 1, 2020 in consideration of \$115,200 per year. This amount was decreased to \$96,000 per year effective January 1, 2021. Mr. Yau's fees were paid by Orea and reimbursed by the Company to Orea under cost sharing and services agreements.

Incentive Plan Awards

The Company has an omnibus equity incentive compensation plan (the Plan), dated for reference July 12, 2021. The Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the Board and provides that Awards may be issued to *bona fide* employees, non-employee directors and consultants (the "**Participants**") of the Company, or a subsidiary of the Company, and evidenced by award agreements (the "**Award Agreements**"). Under the Plan, Options totalling a maximum of 10% of the Shares outstanding from time to time are available for grant, and the maximum number of Shares issuable pursuant to RSUs, DSUs, PSUs, and SARs granted under the Plan total a maximum of 5,202,736 Shares, in aggregate.

As of July 20, 2022 there were 196,464,034 issued and outstanding Shares of the Company and Options to purchase an aggregate of 10,200,000 Shares (representing 5.19% of outstanding Shares). Accordingly, under the Plan the Company has the authority to grant additional Options to purchase up to a total of 9,446,403 Shares, representing 4.81% of outstanding shares. As of July 20, 2022, no RSUs, DSUs, PSUs or SARs have been granted.

Material Terms of the Plan

The following is a summary of other material terms of the Plan:

- (a) The Board of Directors shall be responsible for administering the Plan.
- (b) To the extent that an Award lapses or the rights of its Participant terminate or are paid out in cash (except in the case of Options which cannot be paid out in cash), any Shares subject to such Award shall again be available for the grant of an Award.
- (c) The maximum number of Shares for which Awards may be issued to any one Participant in any 12-month period shall not exceed 5% of the outstanding Shares, calculated on the date an Award is granted to the Participant, unless the Company obtains disinterested shareholder approval. The maximum number of Shares for which Awards may be issued to any Consultant or persons (in the aggregate) retained to provide Investor Relations Activities (as defined by the CSE) in any 12-

month period shall not exceed 2% of the outstanding Shares, calculated on the date an Award is granted to the Consultant or any such person, as applicable.

- (d) Unless disinterested shareholder approval is obtained: (i) the maximum number of Shares for which Awards may be issued to Insiders (as such term is defined in the Plan) of the Company (as a group) at any point in time shall not exceed 10% of the outstanding Shares; and (ii) the aggregate number of Awards granted to Insiders (as a group), within any 12-month period, shall not exceed 10% of the outstanding Shares, calculated at the date an Award is granted to any Insider.
- (e) Options are exercisable at a price that is determined by the Board (or a Committee, if so delegated), provided that such price cannot be less than the last closing price of the Shares on the CSE less any discount permitted by the rules or policies of the CSE.
- (f) Unless otherwise specified in an Award Agreement, and subject to any provisions of the Plan or the applicable Award Agreement relating to acceleration of vesting of Options, Options shall vest equally over a four year period such that 1/4 of the Options shall vest on the first, second, third and fourth anniversary dates of the date that the Options were granted.
- (g) Unless otherwise specified in an Award Agreement, and subject to any provisions of the Plan or the applicable Award Agreement relating to acceleration of vesting of RSUs, RSUs shall vest equally over a three year period such that 1/3 of the RSUs granted in an Award shall vest on the first, second and third anniversary dates of the date that the Award was granted, and provided that no RSU granted shall vest and be payable after December 31 of the third calendar year following the year of service for which the RSU was granted.
- (h) Each Deferred Share Unit grant shall be evidenced by an Award Agreement that shall specify the number of DSUs granted, the settlement date for DSUs, and any other provisions as the Board (or the Committee, if so delegated) shall determine, including, but not limited to a requirement that Participants pay a stipulated purchase price for each DSU, restrictions based upon the achievement of specific performance criteria, time-based restrictions, restrictions under applicable laws or under the requirements of the CSE, or holding requirements or sale restrictions placed on the Shares by the Company upon vesting of such DSUs.
- (i) The Board may, at any time, suspend or terminate the Plan. Subject to compliance with any applicable law, including the rules of the CSE, the Board may also, at any time, amend or revise the terms of the Plan and any Award Agreement. No such amendment of the Plan or Award Agreement may be made if such amendment would materially and adversely impair any rights arising from any Awards previously granted to a Participant under the Plan without the consent of the Participant or the representatives of his or her estate, as applicable. Any amendment that would cause an Award held by a Participant that is a U.S. taxpayer to fail to comply with Section 409A of the Code shall be null and void with respect to such Participant.
- (j) Disinterested shareholder approval as required by the policies of the CSE shall be obtained for any reduction in the exercise price of an Option or the "Grant Price" (as such term is defined in the Plan) of a SAR if the Participant is an Insider of the Company at the time of the proposed amendment.
- (k) Subject to certain blackout exemptions as defined in the Plan, no SAR or Option is exercisable for a period greater than 10 years from the date of grant.

Shareholders are encouraged to review the Plan in its entirety, available on the Company's SEDAR profile at www.sedar.com.

Outstanding Share-based Awards and Option-based Awards

The following table sets out all option-based awards and share-based awards outstanding as at February 28, 2022 for each NEO:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration Date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Rodrigo Gallardo	1,000,000	0.20	Oct 18, 2026	Nil	Nil	Nil	Nil
Andrew Yau	1,000,000	0.20	Oct 18, 2026	Nil	Nil	Nil	Nil
Robert Giustra	1,000,000	0.20	Oct 18, 2026	Nil	Nil	Nil	Nil

Notes:

- The market price for the Company's Shares on the CSE on February 28, 2022 was \$0.155 per share.

Incentive Plan Awards – Value vested or earned during the year

The following table sets out the value vested or earned under incentive plans during the Company's financial year ended February 28, 2022, for each NEO:

Name	Option-based awards – Value vested during the year ⁽¹⁾	Share-based awards – Value vested during the year	Non-equity incentive plan compensation – Value earned during the year
Rodrigo Gallardo	\$60,000	Nil	Nil
Andrew Yau	\$60,000	Nil	Nil
Robert Giustra	\$60,000	Nil	Nil

Notes:

- One-third of the Options granted to Mr. Gallardo, to Mr. Yau, and to Mr. Giustra during the financial year ended February 28, 2022 vested immediately and another one-third vested 3 months thereafter. The closing price of Shares on the CSE on October 18, 2021 was \$0.13 per Share.

Narrative Discussion of Incentive Plan Awards (NEOs)

Awards are made under the Company's Plan at the discretion of the Board. The Plan reserves a rolling number of Options granted under the Plan being 10% of the issued and outstanding Shares at any given time, and a fixed number of RSUs, DSUs, PSUs and SARs being, in aggregate, a total of 5,202,736 Shares. As of the date of this Circular, 10,200,000 Options are currently outstanding. There are no RSUs, DSUs, PSUs or SARs currently outstanding.

The Company uses the Black Scholes option valuation model in determining the amounts payable related to the Option grant. The Black Scholes option valuation model is used because it provides a fair value widely accepted by the business community and is regarded as one of the best ways of determining a fair price for options. The fair value is based on the Company's historical stock prices to determine the stock's

volatility, the expected life of the option which is based on the average length of time similar Option grants in the past have remained outstanding prior to the exercise and vesting period of the grant.

During the Company's financial year ended February 28, 2022, there were two option grants awarded by the Company to its directors, officers and employees on October 18, 2021 and on January 19, 2022.

Other than the Plan, the Company does not have any other securities compensation arrangements.

Pension Plan Benefits

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

Termination and Change of Control Benefits

Neither the Company nor any subsidiary thereof has a contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company, or a change in responsibilities of the NEO following a change of control.

Director Compensation

Compensation provided to the Directors of the Company, not set out in the NEO compensation reported above, for the Company's financial year ended February 28, 2022 is set out below:

Name	Fees Earned (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-equity incentive plan Compensation (\$)	Pension Value (\$)	All other compensation (\$)	Total (\$)
Jordi Chemonte	Nil	Nil	\$90,000	Nil	Nil	Nil	\$90,000
Antonio Grimaldo	Nil	Nil	\$90,000	Nil	Nil	Nil	\$90,000
Todd Dalotto ⁽¹⁾	Nil	Nil	\$90,000	Nil	Nil	\$12,164	\$102,164

Notes:

1. Mr. Dalotto received a total of US\$9,600 (CDN\$12,164) as compensation for his consulting services under a consulting agreement with Can! Research, Education & Consulting, LLC during the Company's financial year ended February 28, 2022.

Narrative Discussion of Director Compensation

On October 1, 2021, the Company entered into an agreement with Columbus Capital Corp. ("**Columbus Capital**"), pursuant to which Columbus Capital provides services of Mr. Giustra as the Chairman of the Company for management fees of \$12,500 per month.

On January 1, 2022, the company entered into an agreement with Can! Research, Education & Consulting, LLC, ("**Can!Research**") pursuant to which Can!Research provides the services of Mr. Dalotto as the Chief Science Officer of the Company for consulting fees of US\$4,800 per month.

Option-based award values are calculated using the *Black-Scholes* model on the date of grant. Key assumptions and estimates used to price the option-based awards are as follows:

	Oct 18, 2021	Jan 19, 2022
Expected price volatility	122%	121%
Risk free interest rate	0.73%	1.24%
Expected life of options	3.32	3.65
Expected dividend yield	nil	nil

The Directors are reimbursed for expenses incurred on behalf of the Company. From time to time, Directors may be retained to provide specific services to the Company and will be compensated on a normal commercial basis for such services.

Other than as set out above with respect to Mr. Giustra and Mr. Dalotto, there were no other arrangements for the Company or any of its subsidiaries to compensate any Directors during the financial year ended February 28, 2022 for their services in their capacity as Directors or consultants of the Company.

Outstanding Share-based Awards and Option-based Awards

The following table sets out all option-based awards and share-based awards outstanding as at February 28, 2022 for each Director that is not an NEO:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration Date	Value of unexercised in-the-money options ⁽¹⁾ (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Jordi Chemonte	1,000,000	0.20	October 18, 2026	Nil	Nil	Nil	Nil
Antonio Grimaldo	1,000,000	0.20	October 18, 2026	Nil	Nil	Nil	Nil
Todd Dalotto	1,000,000	0.20	October 18, 2026	Nil	Nil	Nil	Nil

Notes:

- The closing price for the Shares on the CSE on February 28, 2022 was \$0.155 per Share.

Incentive Plan Awards – Value vested or earned during the year (Directors)

The following table sets out the value vested or earned under incentive plans during the Company's last completed financial year, for each Director that is not an NEO:

Name	Option-based awards – Value vested during the year ⁽¹⁾	Share-based awards – Value vested during the year	Non-equity incentive plan compensation – Value earned during the year
Jordi Chemonte	60,000	Nil	Nil
Antonio Grimaldo	60,000	Nil	Nil
Todd Dalotto	60,000	Nil	Nil

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out equity compensation plan information as at February 28, 2022:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	8,150,000	\$0.22	9,970,697
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	8,150,000	\$0.22	9,970,697

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is, or at any time during the fiscal year ended February 28, 2022 was, a Director or executive officer of the Company, each proposed nominee for election as a Director of the Company, and each associate of any such Director, executive officer, or proposed nominee: (a) is, or at any time since the beginning of the fiscal year ended February 28, 2022 of the Company has been indebted to the Company or any of its subsidiaries; or (b) is indebted to another entity that is, or at any time since the beginning of the financial year ended February 28, 2022 of the Company has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than the election of Directors or the appointment of auditors, no (a) person who has been a Director or executive officer of the Company at any time since the beginning of the Company's last financial year; (b) proposed nominee for election as a Director of the Company; or (c) associate or affiliate of a person in (a) or (b), has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

Corporate Governance Disclosure

General

The term "corporate governance" refers generally to the policies and structure of a board of directors whose members are elected by and are accountable to the Shareholders of a company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices as they are in the best interests of both the Company and its Shareholders and help to contribute to effective and efficient decision-making.

Independence of Directors

The Board facilitates its exercise of independent supervision over management primarily by ensuring that a majority of its members are independent, as such term is defined by NI 52-110. The following table sets out the independence status of the current composition of the Board, a majority of whom are independent under NI 52-110:

Director Name	Independence and Basis for Determination of Non-Independence
Robert Giustra	Non-Independent
Jordi Chemonte	Independent
Antonio Grimaldo	Independent
Todd Dalotto	Independent
Jay Garnett	Non-Independent

In discharging their fiduciary duties of care, loyalty and candour, Directors are expected to exercise their business judgment to act in what they reasonably and honestly believe to be the best interests of the Company and its Shareholders free from personal interests. In discharging their duties, when appropriate, the Directors normally are entitled to rely on the Company's senior executives and its outside advisors, auditors and legal counsel but are also entitled to obtain and consider second opinions where circumstances warrant.

Directors are expected to become and remain informed about the Company and its business, properties, risks and prospects, and are responsible for determining that effective systems are in place for the periodic and timely reporting to the Board on important matters concerning the Company. Directors are required to devote the time needed, and meet as frequently as necessary, to properly discharge their responsibilities.

The Board will ensure it has at all times at least the minimum number of the members of the Board who meet applicable standards of Director independence. For members of the Audit Committee, Director independence is to be determined in accordance with those legal and stock exchange independence standards applicable to the Company's Audit Committee. For other purposes, the Board will, from time to time, establish independence standards that (i) comply with applicable legal and stock exchange requirements and (ii) are designed to ensure that the Director does not have, directly or indirectly, a financial, legal or other relationship with the Company that would reasonably interfere with the exercise of independent judgment in carrying out the responsibilities of the Director.

Other Directorship Positions

Each of the following Directors is presently a director of the following issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or in a foreign jurisdiction:

Director Name	Other Directorship Positions
Robert Giustra	Orea Mining Corp. (TSX: OREA) Shellron Capital Ltd. (TSX-V:SHLL.P)
Jordi Chemonte	None
Antonio Grimaldo	None
Todd Dalotto	None
Jay Garnett	None

Board Mandate

The informal mandate of the Board is to oversee the management of the Company, thereby serving the best interests of the Company and its Shareholders. Periodic meetings are held by the Board to achieve this mandate.

The Board carries out its responsibilities in accordance with corporate law requirements under the Act, the Company's Articles and its corporate governance policies described herein.

Following the Company's listing at the CSE in October 2021, the Company has started the process to develop and adopt enhanced corporate governing policies that are commensurate with the Company's size, level of operations and stage of development of its business. Corporate governance policies will continue to be reviewed periodically and enhanced on an as-needed basis.

On, at minimum, an annual basis, the Board approves budgets prepared by the Company's senior management team. Long-term strategies are also approved by the Board, along with material agreements and transactions to which the Company intends to devote significant company resources.

The Chairman of the Audit Committee is expected to discharge the mandate of the Audit Committee set out in the Audit Committee Charter. A formal position description has not been developed for the CEO. The CEO is expected to carry out the responsibilities associated with being at the helm of a cannabis company focused on responsible production of cannabis and cannabis products. Such responsibilities include at a high level, overseeing the direction of the Company's business, including the development of plans for operations, and bringing those plans to fruition; analyzing potential acquisition opportunities; hiring other senior executive officers; periodically reporting to the Board and maintaining an open dialogue with Directors; stakeholder engagement; and ensuring that the Company's financing needs are met, among others. Mr. Garnett was appointed as the CEO of the Company effective April 19, 2022.

Orientation and Continuing Education

The Board and the Company's senior management conduct orientation programs for new Directors. The orientation programs include presentations by management to familiarize new Directors with the Company's projects strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its code of business conduct and ethics, its principal officers, its internal and independent auditors and its outside legal advisors. In addition, the orientation program includes a review of the Company's expectations of its Directors in terms of time and effort, a review of the Directors' fiduciary duties and visits to Company headquarters and, to the extent practical, certain of the Company's significant facilities.

To enable each Director to better perform his or her duties and to recognize and deal appropriately with issues that arise, the Company occasionally provides the Directors with suggestions to undertake continuing education for Directors, the cost of which is borne by the Company.

Ethical Business Conduct

The Board has adopted a Code of Business Conduct and Ethics (the "**Code**") which applies and is provided to the employees, officers, Directors, and consultants of the Company. The Code provides guidelines respecting discrimination, harassment, substance abuse, workplace violence, employment of family members, environment, health and safety, conflicts of interest, gifts and entertainment, competitive practices, supplier and contractor relationships, public relations, government relations, legal compliance (including without limitation insider trading), confidential and proprietary information, financial reporting, records retention, use of Company property, and other similar matters. All of the Company's personnel are provided a copy of the Code and expected to abide by its terms. A copy of the Code is available at www.xebrabrands.com.

To ensure the independent exercise of judgment by a Director who has a material interest in a transaction, the Company has included in the Code a description of the procedures to be followed by a Director with a

material interest. Full disclosure by the Director to the Board of the material interest is required, and the Director is required to refrain from voting on any matter concerning the transaction.

Nomination of Directors

Except where the Company is legally required by contract, law or otherwise to provide third parties with the right to nominate Directors, the Board is responsible for identifying individuals qualified to become Board members, consistent with criteria approved by the Board at such time. Throughout the Company's history this has occurred infrequently and as such the Board has no set rules for qualifications and determines same on a case-by-case basis, having reference to the needs of the Company at the time. In the event that a proposed Director is identified, and upon authorization by the Board, the Chairman of the Board is tasked with extending an invitation to a potential nominee, who is then evaluated by the Board for suitability.

Majority Voting Policy

The Board has approved a Majority Voting Policy for the Company. In an uncontested election of directors of the Company, each director should be elected by the vote of a majority of the shares represented in person or by proxy at any shareholders' meeting for the election of directors. Accordingly, if any nominee for director receives a greater number of votes "withheld" from his or her election than votes "for" such election, that director will promptly tender his or her resignation to the Chairman of the Board following the meeting. In this policy, an "uncontested election" means an election where the number of nominees for director equals the number of directors to be elected.

The Board will consider the offer of resignation and whether or not to accept it. Any director who tenders his or her resignation may not participate in the deliberations of the Board at which the resignation is being considered. In its deliberations, the Board will consider any stated reasons why Shareholders "withheld" votes from the election of that director, the length of service and the qualifications of the director, the director's contributions to the Company, the effect such resignation may have on the Company's ability to comply with any applicable governance rules and policies and the dynamics of the Board, and any other factors that the Board considers relevant.

The Board will make a decision within 90 days following the date of the applicable meeting and announce its decision by way of a news release, after considering the factors that the Board considers relevant. The Board expects to accept the resignation except in situations where extenuating circumstances would warrant the director continuing to serve on the Board. The resignation will become effective upon acceptance by the Board. However, if the Board declines to accept the resignation, it must include in the news release the reasons for its decision.

If a resignation is accepted, the Board may, in accordance with the *Business Corporations Act* (British Columbia) and the Company's articles, appoint a new director to fill any vacancy created by the resignation or reduce the size of the Board. If a director does not tender his or her resignation in accordance with this policy, the Board will not re-nominate that director at the next election.

The Board does not have a Nominating Committee comprised entirely of independent directors as the Board has determined that the Company's size does not warrant such a standing committee at present.

Compensation

The Board does not have a Compensation Committee as its smaller size does not currently warrant such a committee. Instead, the form and amount of Director and executive officer compensation is determined by the Board from time to time. The Board's general philosophy is that the aforementioned compensation should be focused on providing incentives that promote long-term shareholder value. The Board believes that including equity options helps to align the interests of management with those of the Company's Shareholders.

The Company seeks to attract exceptional Directors and management. Therefore, the Company's policy is to compensate Directors and its CEO (or the individual acting in the capacity of the CEO) competitively relative to comparable companies. The Company's management will, from time to time, present a report to the Board comparing the Company's Director and executive officer compensation with that of comparable companies.

In the event that the CEO (or the individual acting in the capacity of the CEO) is also a Director, such person is required to abstain from deliberations or voting on his or her own compensation.

See "Statement of Executive Compensation" for additional disclosure.

Other Board Committees

Other than the Audit Committee, the Board does not have any standing committees. It is the opinion of the Board that additional committees are not required at this stage of the Company's development.

Assessments

The Board is in a continual process of evaluating itself, its committees, and its individual Directors. The individual Directors speak regularly both within and outside formal Board meetings for the purposes of discussing the Company's goals and objectives, and evaluating its success at achieving such goals and objectives. The Board provides oversight and assessment of a number of key items, including: reviewing and approving fundamental operating, financial, and other strategic corporate plans, taking into account, among other things, the opportunities and risks of the business; evaluating the Company's performance at any given time, including whether corporate resources are being allocated appropriately; evaluating the performance, and overseeing the progress and development of senior management; taking action when required in respect of senior management oversight, including determining promotions, changing responsibilities, terminations, and creating senior management succession plans; overseeing compensation programs; evaluating the Company's systems for risk identification, assessment and management purposes; approving material transactions and commitments; determining whether the Company's governance structure allows and encourages the Board to fulfil its responsibilities and obligations; assisting the Company's senior management and providing guidance on those matters that require Board involvement or oversight; and assessing the overall effectiveness of the Board and its committees.

Individual Board members are expected to observe a high standard and it is the opinion of the Board that this standard is presently being met.

The Audit Committee

General

The Company is required by law and applicable stock exchange policy to have an Audit Committee. This portion of the Circular provides disclosure in connection with the Company's Audit Committee. The Company's auditor is DMCL.

Audit Committee Charter

The Company's Audit Committee Charter (the "**Charter**") is included as "Schedule B" to the Circular.

Composition of the Audit Committee

Robert Giustra, Jordi Chemonte and Antonio Grimaldo are the members of the Company's Audit Committee as of the date of this Circular. The majority of the Audit Committee's members is independent and all members are financially literate.

The Company proposes to appoint three members to the Audit Committee following the Meeting.

Relevant Education and Experience

All Members

Each member of the Audit Committee has:

- a) an understanding of the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can be reasonably expected to be raised by the Company's financial statements, and/or experience actively supervising individuals engaged in such activities; and
- c) an understanding of internal controls and procedures for financial reporting.

Robert Giustra

Mr. Giustra has been actively engaged in venture capital markets for 25 years. He is a former investment banker with a national investment dealer (now Canaccord Genuity), where he co-founded the institutional equity sales department, and he has held senior executive positions and board seats with several publicly traded companies. Mr. Giustra is the co-founder, Chairman, and former CEO of a publicly listed gold company, which in 2015, 2017 and 2018 was selected from a peer group of some 1,200 mining companies as a TSX Venture 50 company, ranking the top 10 companies in each of the five major industry sectors that make up the TSX Venture Exchange; and in 2016 it was one of only two Metals & Mining sector companies to graduate its listing to the senior Toronto Stock Exchange, during the previous one-year period. Mr. Giustra is a former member of the TSX Venture Exchange's Local Advisory Committee.

Jordi Chemonte

Mr. Chemonte is an entrepreneur who has co-founded several enterprises. He has held executive positions in the food and services, entertainment, real estate, construction, and engineering sectors. He was recently the co-founder and the CEO of Elements Bioscience, a first mover in the Mexican cannabis industry.

Antonio Grimaldo

Mr. Grimaldo is a lawyer with a Masters in International Tax Law from the Vienna University of Economics and Business Administration and a Masters in Social Policy and Development from the London School of Economics and Political Science. He has held high level positions in the Mexican Government, where he was responsible, among others, for legal matters. Mr. Grimaldo was part of the team responsible for implementing the 2014 resolution of the Mexican Supreme Court that allowed personal consumption of cannabis for the first time, and which set the grounds for the 2017 legal reform. In addition, in 2016 he participated in the discussion forums and debates regarding cannabis legalization in Mexico which allowed the exchange of opinions and arguments among several experts and academics in the field; those forums led to the 2017 framework for the legalization of medicinal cannabis and CBD products, which the Mexican government formally adopted in 2018.

Audit Committee Oversight

At no time since the commencement of the Company's financial year ended February 28, 2022 has a recommendation of the Audit Committee to nominate or compensate an external auditor have been declined by the Board.

Pre-Approval Policies and Procedures

All services to be performed by the Company's independent auditor must be approved in advance by the Audit Committee. The Audit Committee has considered whether the provision of services other than audit services is compatible with maintaining the auditors' independence and has adopted an informal policy governing the provision of these services. This policy requires the pre-approval by the Audit Committee of all audit and non-audit services provided by the external auditor, other than any *de minimus* non-audit services allowed by applicable law or regulation.

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by DMCL to the Company to ensure auditor independence. Fees incurred with DMCL for audit and non-audit services in the last two financial years for audit fees are outlined in the following table.

Nature of Services	Fees Paid to Auditor in Year Ended February 28, 2022	Fees Paid to Auditor in Year Ended February 28, 2021
Audit Fees ⁽¹⁾	\$40,000	\$40,000
Audit-Related Fees ⁽²⁾	\$27,500	Nil
Tax Fees ⁽³⁾	\$4,500	\$3,412
All Other Fees ⁽⁴⁾	\$25,000	\$18,641
Total	\$97,000	\$62,053

Notes:

1. "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
2. "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
3. "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
4. "All Other Fees" include all other non-audit services.

Exemption

Since the Company is a "Venture Issuer" pursuant to NI 52-110 (its securities are not listed or quoted on any of the Toronto Stock Exchange, a market in the United States of America, or a market outside of Canada and the United States of America), it is exempt from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no Informed Person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) or proposed Director of the Company, or any associate or affiliate of the aforementioned persons had any material interest in any transaction since the commencement of the Company's financial year ended February 28, 2022 or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

Pursuant to a consulting agreement with Columbus Capital, under which Columbus Capital provides the services of Robert Giustra as Chairman of the Company in exchange of a fee of \$240,000 per year, effective May 1, 2022. Since the start of the Company's last completed financial year to the date of this Circular, the Company paid \$147,500 to Columbus Capital, representing Mr. Giustra's compensation for his role as Chairman.

Columbus Capital is a company wholly-owned and controlled by Robert Giustra, a Director of the Company. Mr. Giustra resides in Vancouver, British Columbia.

Pursuant to a consulting agreement with Rodrigo Gallardo, under which Mr. Gallardo provides the services as the President of the Company in exchange of a fee of \$180,000 per year, effective May 1, 2022. Since the start of the Company's last completed financial year to the date of this Circular, the Company paid \$157,000 to Mr. Gallardo, representing Mr. Gallardo's compensation for his role as President and former Interim CEO.

Mr. Gallardo resides in Mexico City, Mexico.

Pursuant to a consulting agreement with Can!Research, under which Can!Research provides the services of Todd Dalotto as the Chief Science Officer of the Company in exchange of a fee of US\$57,600 per year, effective January 1, 2022. Since the start of the Company's last completed financial year to the date of this Circular, the Company paid US\$28,800 to Can!Research, representing Mr. Dalotto's compensation for his role as Chief Science Officer.

Can!Research is a company wholly-owned and controlled by Todd Dalotto, a Director of the Company. Mr. Dalotto resides in the State of Oregon, in the United States.

Other than as disclosed above, to the knowledge of management of the Company, no informed person or nominee for election as a Director of the Company had any interest in any material transaction during the Company's last completed financial year or has any interest in any material transaction in the current year other than as set out herein.

OTHER MATTERS

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the Shares represented thereby in accordance with their best judgement on such matter.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com. Financial information regarding the Company is provided in the Company's comparative financial statements and management discussion and analysis for its financial year ended February 28, 2022. While Shareholders are encouraged to obtain the Company's financial documents on SEDAR, the Company will provide to any person or company, upon request to the Corporate Secretary of the Company, one copy of any of the financial statements of the Company filed with the applicable securities regulatory authorities for the Company's financial year ended February 28, 2022 in respect to for which such financial statements have been issued, together with the report of the auditor, related management's discussion and analysis and any interim financial statements of the Company filed with the applicable securities regulatory authorities subsequent to the filing of the annual financial statements.

Copies of documents may be obtained by a Shareholder without charge upon request to the Corporate Secretary of the Company at 1090 Hamilton Street, Vancouver, British Columbia, V6B 2R9, telephone

604-638-3474. The Company may require the payment of a reasonable charge from any person or company who is not a Shareholder of the Company, who requests a copy of any such document.

APPROVAL BY THE BOARD

The contents of this Circular and its distribution to Shareholders have been approved by the Board.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) “*Robert Giustra*”

Robert Giustra, Executive Chairman, and Director

July 20, 2022
Vancouver, British Columbia

SCHEDULE A

THE NEW ARTICLES

BUSINESS CORPORATIONS ACT
(British Columbia)

AMENDED AND RESTATED ARTICLES

of

XEBRA BRANDS INC.
(formerly 1198365 B.C. LTD.)
(the “Company”)

TABLE OF CONTENTS

PART 1 INTERPRETATION	1
PART 2 SHARES AND SHARE CERTIFICATES	2
PART 3 ISSUE OF SHARES	4
PART 4 SHARE REGISTERS	5
PART 5 SHARE TRANSFERS	5
PART 6 TRANSMISSION OF SHARES	6
PART 7 PURCHASE, REDEEM OR OTHERWISE ACQUIRE SHARES	7
PART 8 BORROWING POWERS	8
PART 9 ALTERATIONS	8
PART 10 MEETINGS OF SHAREHOLDERS	10
PART 11 PROCEEDINGS AT MEETINGS OF SHAREHOLDERS	12
PART 12 VOTES OF SHAREHOLDERS	16
PART 13 DIRECTORS	20
PART 14 ELECTION AND REMOVAL OF DIRECTORS	22
PART 15 ALTERNATE DIRECTORS	29
PART 16 POWERS AND DUTIES OF DIRECTORS	31
PART 17 INTERESTS OF DIRECTORS AND OFFICERS	31
PART 18 PROCEEDINGS OF DIRECTORS	33
PART 19 EXECUTIVE AND OTHER COMMITTEES	35
PART 20 OFFICERS	37
PART 21 INDEMNIFICATION	38
PART 22 DIVIDENDS	39
PART 23 ACCOUNTING RECORDS AND AUDITORS	41
PART 24 NOTICES	42
PART 25 SEAL	44
PART 26 PROHIBITIONS	44

BUSINESS CORPORATIONS ACT
(British Columbia)
AMENDED AND RESTATED ARTICLES
of
XEBRA BRANDS INC.
formerly 1198365 B.C. LTD.
(the “Company”)

PART 1
INTERPRETATION

Definitions

1.1 In these Articles, unless the context otherwise requires:

- (a) “**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;
- (b) “**board of directors**”, “**directors**” and “**board**” mean the directors or sole director of the Company for the time being;
- (c) “**Interpretation Act**” means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (d) “**Listing**” means the listing of the Company or its successor corporation on a recognized stock exchange or trading facility;
- (e) “**legal personal representative**” means the personal or other legal representative of the shareholder;
- (f) “**registered address**” of a shareholder means the shareholder’s address as recorded in the central securities register;
- (g) “**seal**” means the seal of the Company, if any;
- (h) “**share**” means a share in the share structure of the Company; and

- (i) “**special majority**” means the majority of votes described in §11.2 which is required to pass a special resolution.

Act and Interpretation Act Definitions Applicable

1.2 The definitions in the Act and the definitions and rules of construction in the Interpretation Act, with the necessary changes, so far as applicable, and except as the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict OR inconsistency between a definition in the Act and a definition or rule in the Interpretation Act relating to a term used in these Articles, the definition in the Act will prevail. If there is a conflict or inconsistency between these Articles and the Act, the Act will prevail.

PART 2

SHARES AND SHARE CERTIFICATES

Authorized Share Structure

2.1 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.

Form of Share Certificate

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

Shareholder Entitled to Certificate or Acknowledgment

2.3 Unless the shares of which the shareholder is the registered owner are uncertificated shares, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder’s name or (b) a non-transferable written acknowledgment of the shareholder’s right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders’ duly authorized agents will be sufficient delivery to all. If a shareholder is the registered owner of uncertificated shares, the Company must send to a holder of an uncertificated share a written notice containing the information required by the Act within a reasonable time after the issue or transfer of such share.

Delivery by Mail

2.4 Any share certificate or non-transferable written acknowledgment of a shareholder’s right to obtain a share certificate, or written notice of the issue or transfer of an uncertificated share 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, acknowledgement or written notice is lost in the mail or stolen.

Replacement of Worn Out or Defaced Certificate or Acknowledgement

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

- (a) cancel the share certificate or acknowledgment; and
- (b) issue a replacement share certificate or acknowledgment.

Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

2.6 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, if the requirements of the Act are satisfied, as the case may be, if the directors receive:

- (a) proof satisfactory to it of the loss, theft or destruction; and
- (b) any indemnity the directors consider adequate.

Splitting Share Certificates

2.7 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.

Certificate Fee

2.8 There must be paid to the Company, in relation to the issue of any share certificate under §2.5, §2.6 or §2.7, the amount, if any, not exceeding the amount prescribed under the Act, determined by the directors.

Recognition of Trusts

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

PART 3

ISSUE OF SHARES

Directors Authorized

3.1 Subject to the Act and the rights, if any, of the holders of issued shares of the Company, the Company may allot, issue, 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 consideration (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.

Commissions and Discounts

3.2 The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person's purchase or agreement to purchase shares of the Company from the Company or any other person's procurement or agreement to procure purchasers for shares of the Company.

Brokerage

3.3 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.

Conditions of Issue

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

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

Share Purchase Warrants and Rights

3.5 Subject to the 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.

PART 4

SHARE REGISTERS

Central Securities Register

4.1 As required by and subject to the Act, the Company must maintain in British Columbia a central securities register and may appoint an agent to maintain such register. The directors may appoint one or more agents, including the agent appointed to keep the central securities register, as transfer agent for shares or any class or series of shares and the same or another agent as registrar for shares or such class or series of 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.

PART 5

SHARE TRANSFERS

Registering Transfers

5.1 A transfer of a share must not be registered unless the Company or the transfer agent or registrar for the class or series of shares to be transferred has received:

- (a) except as exempted by the Act, a written instrument of transfer in respect of the share has been received by the Company (which may be a separate document or endorsed on the share certificate for the shares transferred) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
- (b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate;
- (c) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment; and
- (d) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, that the written instrument of transfer is genuine and the right of the transferee to have the transfer registered and that the transfer is otherwise in accordance with the Articles of the Company.

Form of Instrument of Transfer

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

Transferor Remains Shareholder

5.3 Except to the extent that the Act otherwise provides, the transferor of a share is deemed to remain the holder of it until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

Signing of Instrument of Transfer

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

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

Enquiry as to Title Not Required

5.5 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 transferred, of any interest in such shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

Transfer Fee

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

PART 6

TRANSMISSION OF SHARES

Legal Personal Representative Recognized on Death

6.1 In case of the death of a shareholder, the legal personal representative of the shareholder, or in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the

Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the Company shall receive the documentation required by the Act.

Rights of Legal Personal Representative

6.2 The legal personal representative of a shareholder has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the Act and the directors have been deposited with the Company. This §6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the name of the shareholder and the name of another person in joint tenancy.

PART 7

PURCHASE, REDEEM OR OTHERWISE ACQUIRE SHARES

Company Authorized to Purchase, Redeem or Otherwise Acquire Shares

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

Purchase When Insolvent

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

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

Sale and Voting of Purchased Shares, Redeemed or Otherwise Acquired Shares

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

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

Company Entitled to Purchase or Redeem Share Fractions

7.4 The Company may, without prior notice to the holders, purchase, redeem or otherwise acquire for fair value any and all outstanding share fractions of any class or kind of shares in its authorized share structure as may exist at any time and from time to time. Upon the Company delivering the purchase funds and confirmation of purchase or redemption of the share fractions to the holders' registered or last known address, or if the Company has a transfer agent then to such agent for the benefit of and forwarding to such holders, the Company shall thereupon amend its central securities register to reflect the purchase or redemption of such share fractions and if the Company has a transfer agent, shall direct the transfer agent to amend the central securities register accordingly. Any holder of a share fraction, who upon receipt of the funds and confirmation of purchase or redemption of same, disputes the fair value paid for the fraction, shall have the right to apply to the court to request that it set the price and terms of payment and make consequential orders and give directions the court considers appropriate, as if the Company were the "acquiring person" as contemplated by Division 6, Compulsory Acquisitions, under the Act and the holder were an "offeree" subject to the provisions contained in such Division, *mutatis mutandis*.

PART 8

BORROWING POWERS

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

PART 9

ALTERATIONS

Alteration of Authorized Share Structure

9.1 Subject to §9.2 and the Act, the Company may by ordinary resolution (or a resolution of the directors in the case of §9.1(c) or §9.1(f):

- (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (d) if the Company is authorized to issue shares of a class of shares with par value:
 - (i) decrease the par value of those shares; or
 - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (f) alter the identifying name of any of its shares; or
- (g) otherwise alter its shares or authorized share structure when required or permitted to do so by the Act where it does not specify by a special resolution;

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

Special Rights and Restrictions

9.2 Subject to the Act and in particular those provisions of the Act relating to the rights of holders of outstanding shares to vote if their rights are prejudiced or interfered with, the Company may by ordinary resolution:

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

and alter its Notice of Articles and Articles accordingly.

Change of Name

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

Other Alterations

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

PART 10

MEETINGS OF SHAREHOLDERS

Annual General Meetings

10.1 Unless an annual general meeting is deferred or waived in accordance with the 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.

Resolution Instead of Annual General Meeting

10.2 If all the shareholders who are entitled to vote at an annual general meeting consent in writing by a unanimous resolution 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 §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.

Calling of Meetings of Shareholders

10.3 The directors may, at any time, call a meeting of shareholders.

Notice for Meetings of Shareholders

10.4 The Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as an exceptional resolution, a special resolution or a special separate resolution, and any notice to consider approving an amalgamation into a foreign jurisdiction, an arrangement or the adoption of an amalgamation agreement, and any notice of a general meeting, class meeting or series meeting), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (a) if the Company is a public company, 21 days;
- (b) otherwise, 10 days.

Record Date for Notice

10.5 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 Act, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (a) if the Company is a public company, 21 days;
- (b) 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.

Record Date for Voting

10.6 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 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.

Failure to Give Notice and Waiver of Notice

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

Notice of Special Business at Meetings of Shareholders

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

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

- (ii) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

Place of Meetings

10.9 In addition to any location in British Columbia, any general meeting may be held in any location outside British Columbia approved by a resolution of the directors.

PART 11

PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

Special Business

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

- (a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (b) at an annual general meeting, all business is special business except for the following:
 - (i) business relating to the conduct of or voting at the meeting;
 - (ii) consideration of any financial statements of the Company presented to the meeting;
 - (iii) consideration of any reports of the directors or auditor;
 - (iv) the setting or changing of the number of directors;
 - (v) the election or appointment of directors;
 - (vi) the appointment of an auditor;
 - (vii) the setting of the remuneration of an auditor;
 - (viii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
 - (ix) any other business which, under these Articles or the Act, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

Special Majority

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

Quorum

11.3 Subject to the special rights and restrictions attached to the shares of any class or series of shares, and to §11.4, the quorum for the transaction of business at a meeting of shareholders is at least one person who is, or who represents by proxy, one or more shareholders who, in the aggregate, hold at least five percent of the issued shares entitled to be voted at the meeting.

One Shareholder May Constitute Quorum

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

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

Persons Entitled to Attend Meeting

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

Requirement of Quorum

11.6 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.

Lack of Quorum

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

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

Lack of Quorum at Succeeding Meeting

11.8 If, at the meeting to which the meeting referred to in §11.7(b) 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 shall be deemed to constitute a quorum.

Chair

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

- (a) the chair of the board, if any; or
- (b) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

Selection of Alternate Chair

11.10 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 may choose either one of their number or the solicitor of the Company to be chair of the meeting. If all of the directors present decline to take the chair or fail to so choose or if no director is present or the solicitor of the Company declines to take the chair, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

Adjournments

11.11 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.

Notice of Adjourned Meeting

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

Decisions by Show of Hands or Poll

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

Declaration of Result

11.14 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 §11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

Motion Need Not be Seconded

11.15 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.

Casting Vote

11.16 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.

Manner of Taking Poll

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

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

Demand for Poll on Adjournment

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

Chair Must Resolve Dispute

11.19 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.

Casting of Votes

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

No Demand for Poll on Election of Chair

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

Demand for Poll Not to Prevent Continuance of Meeting

11.22 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.

Retention of Ballots and Proxies

11.23 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.

PART 12

VOTES OF SHAREHOLDERS

Number of Votes by Shareholder or by Shares

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

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

Votes of Persons in Representative Capacity

12.2 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.

Votes by Joint Holders

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

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

Legal Personal Representatives as Joint Shareholders

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

Representative of a Corporate Shareholder

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

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

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

Proxy Provisions Do Not Apply to All Companies

12.6 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, then §12.7 to §12.15 are not mandatory, however the directors of the Company are authorized to apply all or part of such sections or to adopt alternative procedures for proxy form, deposit and revocation procedures to the extent that the directors deem necessary in order to comply with securities laws applicable to the Company.

Appointment of Proxy Holders

12.7 Every shareholder of the Company entitled to vote at a meeting of shareholders may, by proxy, appoint one or more (but not more than two) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

Alternate Proxy Holders

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

Proxy Holder Need Not Be Shareholder

12.9 A proxy holder need not be a shareholder of the Company.

Deposit of Proxy

12.10 A proxy for a meeting of shareholders must:

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

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages, including through Internet or telephone voting or by email, if permitted by the notice calling the meeting or the information circular for the meeting.

Validity of Proxy Vote

12.11 A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or

the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

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

Form of Proxy

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

[name of company]
(the "Company")

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

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

Signed [month, day, year]

[Signature of shareholder]

[Name of shareholder—printed]

Revocation of Proxy

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

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

Revocation of Proxy Must Be Signed

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

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

Production of Evidence of Authority to Vote

12.15 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.

PART 13

DIRECTORS

First Directors; Number of Directors

13.1 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 Act. The number of directors, excluding additional directors appointed under §14.8, is set at:

- (a) subject to §13.1(b) and §13.2(a), the number of directors that is equal to the number of the Company's first directors;
- (b) if the Company is a public company, the greater of three and the most recently set of:
 - (i) the number of directors set by a resolution of the directors (whether or not previous notice of the resolution was given); and
 - (ii) the number of directors in office pursuant to §14.4;
- (c) if the Company is not a public company, the most recently set of:
 - (i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (ii) the number of directors in office pursuant to §14.4;

Change in Number of Directors

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

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

Directors' Acts Valid Despite Vacancy

13.3 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.

Qualifications of Directors

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

Remuneration of Directors

13.5 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.

Reimbursement of Expenses of Directors

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

Special Remuneration for Directors

13.7 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, he or she may be paid remuneration fixed by the directors, or at the option of the directors, fixed by ordinary resolution, and such remuneration will be in addition to any other remuneration that he or she may be entitled to receive.

Gratuity, Pension or Allowance on Retirement of Director

13.8 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.

PART 14

ELECTION AND REMOVAL OF DIRECTORS

Election at Annual General Meeting

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

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

Consent to be a Director

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

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

Failure to Elect or Appoint Directors

14.3 If:

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

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

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

Places of Retiring Directors Not Filled

14.4 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 but their term of office shall expire when 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.

Directors May Fill Casual Vacancies

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

Remaining Directors Power to Act

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

Shareholders May Fill Vacancies

14.7 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.

Additional Directors

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

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

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

Ceasing to be a Director

14.9 A director ceases to be a director when:

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

Removal of Director by Shareholders

14.10 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.

Removal of Director by Directors

14.11 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.

Nomination of Directors

14.12 (a) Subject only to the Act, 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 (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting):

- (i) by or at the direction of the board or an authorized officer of the Company, including pursuant to a notice of meeting;
- (ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act; or
- (iii) 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 §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 §14.12.

(b) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such person must give:

- (i) timely notice thereof in proper written form to the Corporate Secretary of the Company at the principal executive offices of the Company in accordance with this §14.12; and
- (ii) the representation and agreement with respect to each candidate for nomination as required by, and within the time period specified in §14.12(d).

(c) To be timely under §14.12(b)(i), a Nominating Shareholder's notice to the Corporate Secretary of the Company must be made:

- (i) 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 called for a date that is less than 40 days after the date (the "Notice Date") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the tenth (10th) day following the Notice Date; and
- (ii) 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 fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.
- (iii) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this §14.12(c).

(d) To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Company, under §14.12(b)(i) must set forth:

- (i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (A) the name, age, business address and residence 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, (D) a statement as to whether such person would be "independent" of the Company (within the meaning of sections

1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, as such provisions may be amended from time to time) if elected as a director at such meeting and the reasons and basis for such determination and (E) 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 Act and Applicable Securities Laws; and

- (ii) as to the Nominating Shareholder giving the notice, (A) any 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 Act and Applicable Securities Laws, and (B) 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 Nominating Shareholder 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.

(e) To be eligible to be a candidate for election as a director of the Company and to be duly nominated, a candidate must be nominated in the manner prescribed in this §14.12 and the candidate for nomination, whether nominated by the board or otherwise, must have previously delivered to the Corporate Secretary of the Company at the principal executive offices of the Company, not less than 5 days prior to the date of the Meeting of Shareholders, a written representation and agreement (in form provided by the Company) that such candidate for nomination, if elected as a director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Company applicable to directors and in effect during such person’s term in office as a director (and, if requested by any candidate for nomination, the Corporate Secretary of the Company shall provide to such candidate for nomination all such policies and guidelines then in effect).

(f) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this §14.12; provided, however, that nothing in this §14.12 shall be deemed to preclude discussion by a shareholder (as distinct from nominating 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 Act. The chair 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.

(g) For purposes of this §14.12:

- (i) “**Affiliate**”, when used to indicate a relationship with a person, shall mean a person that directly, or indirectly through one or more intermediaries,

controls, or is controlled by, or is under common control with, such specified person;

- (ii) **“Applicable Securities Laws”** means the *Securities Act* (British Columbia) and the equivalent legislation in the other provinces and in the territories 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 commissions and similar regulatory authorities of each of the applicable provinces and territories of Canada;
- (iii) **“Associate”**, when used to indicate a relationship with a specified person, shall mean (A) any corporation or trust of which such person owns beneficially, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of such corporation or trust for the time being outstanding, (B) any partner of that person, (C) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity, (D) a spouse of such specified person, (E) any person of either sex with whom such specified person is living in conjugal relationship outside marriage or (F) any relative of such specified person or of a person mentioned in clauses (D) or (E) of this definition if that relative has the same residence as the specified person;
- (iv) **“Derivatives Contract”** shall mean a contract between two parties (the “Receiving Party” and the “Counterparty”) that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of a number of shares in the capital of the Company or securities convertible into such shares specified or referenced in such contract (the number corresponding to such economic benefits and risks, the “Notional Securities”), regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, shares in the capital of the Company or securities convertible into such shares or other property, without regard to any short position under the same or any other Derivatives Contract. For the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate governmental authority shall not be deemed to be Derivatives Contracts;
- (v) **“Meeting of Shareholders”** shall mean such annual shareholders meeting or special shareholders meeting, whether general or not, at which one or more persons are nominated for election to the board by a Nominating Shareholder;
- (vi) **“owned beneficially”** or **“owns beneficially”** means, in connection with the ownership of shares in the capital of the Company by a person, (A) any

such shares as to which such person or any of such person's Affiliates or Associates owns at law or in equity, or has the right to acquire or become the owner at law or in equity, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to any securities, or pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (B) any such shares as to which such person or any of such person's Affiliates or Associates has the right to vote, or the right to direct the voting, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (C) any such shares which are beneficially owned, directly or indirectly, by a Counterparty (or any of such Counterparty's Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such person or any of such person's Affiliates or Associates is a Receiving Party; provided, however that the number of shares that a person owns beneficially pursuant to this clause (C) in connection with a particular Derivatives Contract shall not exceed the number of Notional Securities with respect to such Derivatives Contract; provided, further, that the number of securities owned beneficially by each Counterparty (including their respective Affiliates and Associates) under a Derivatives Contract shall for purposes of this clause be deemed to include all securities that are owned beneficially, directly or indirectly, by any other Counterparty (or any of such other Counterparty's Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty's Affiliates or Associates) is a Receiving Party and this proviso shall be applied to successive Counterparties as appropriate; and (D) any such shares which are owned beneficially within the meaning of this definition by any other person with whom such person is acting jointly or in concert with respect to the Company or any of its securities; and

(vii) “**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 or its agents under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com.

(h) Notwithstanding any other provision to this §14.12, notice or any delivery given to the Corporate Secretary of the Company pursuant to this §14.12 may only be given by personal delivery, facsimile transmission or by email (provided that the Corporate Secretary of the Company has stipulated an email address for purposes of this notice, at such email address as stipulated from time to time), 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 Corporate 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.

(i) 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 in §14.12(c) or the delivery of a representation and agreement as described in §14.12(e).

PART 15

ALTERNATE DIRECTORS

Appointment of Alternate Director

15.1 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.

Notice of Meetings

15.2 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.

Alternate for More than One Director Attending Meetings

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

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

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

Consent Resolutions

15.4 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.

Alternate Director an Agent

15.5 Every alternate director is deemed to be the agent of his or her appointor.

Revocation or Amendment of Appointment of Alternate Director

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

Ceasing to be an Alternate Director

15.7 The appointment of an alternate director ceases when:

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

Remuneration and Expenses of Alternate Director

15.8 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.

PART 16

POWERS AND DUTIES OF DIRECTORS

Powers of Management

16.1 The directors must, subject to the 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 Act or by these Articles, required to be exercised by the shareholders of the Company. Notwithstanding the generality of the foregoing, the directors may set the remuneration of the auditor of the Company.

Appointment of Attorney of Company

16.2 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.

Remuneration of an Auditor

16.3 The directors may from time to time set the remuneration of an auditor.

PART 17

INTERESTS OF DIRECTORS AND OFFICERS

Obligation to Account for Profits

17.1 A director or senior officer who holds a disclosable interest (as that term is used in the 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 Act.

Restrictions on Voting by Reason of Interest

17.2 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.

Interested Director Counted in Quorum

17.3 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.

Disclosure of Conflict of Interest or Property

17.4 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 Act.

Director Holding Other Office in the Company

17.5 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.

No Disqualification

17.6 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.

Professional Services by Director or Officer

17.7 Subject to the 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.

Director or Officer in Other Corporations

17.8 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 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.

PART 18

PROCEEDINGS OF DIRECTORS

Meetings of Directors

18.1 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.

Voting at Meetings

18.2 Questions arising at any meeting of directors are to be decided by a unanimous vote until the date of Listing and thereafter by a majority of votes and, in the case of an equality of votes, the chair of the meeting has a second or casting vote.

Chair of Meetings

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

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

Meetings by Telephone or Other Communications Medium

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

- (a) in person; or
- (b) by telephone or by other communications medium if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other.

A director who participates in a meeting in a manner contemplated by this §18.4 is deemed for all purposes of the Act and these Articles to be present at the meeting and to have agreed to participate in that manner.

Calling of Meetings

18.5 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.

Notice of Meetings

18.6 Other than for meetings held at regular intervals as determined by the directors pursuant to §18.1, 48 hours' notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in §24.1 or orally or by telephone.

When Notice Not Required

- 18.7 It is not necessary to give notice of a meeting of the directors to a director if:
- (a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
 - (b) the director has waived notice of the meeting.

Meeting Valid Despite Failure to Give Notice

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

Waiver of Notice of Meetings

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

Quorum

18.10 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 a majority of the 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.

Validity of Acts Where Appointment Defective

18.11 Subject to the 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.

Consent Resolutions in Writing

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

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

A consent in writing under this Article 18 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 §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 Act and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

PART 19

EXECUTIVE AND OTHER COMMITTEES

Appointment and Powers of Executive Committee

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

- (a) the power to fill vacancies in the board of directors;
- (b) the power to remove a director;
- (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and

- (d) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

Appointment and Powers of Other Committees

19.2 The directors may at any time after Listing, by resolution:

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

Obligations of Committees

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

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

Powers of Board

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

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

Committee Meetings

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

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

PART 20

OFFICERS

Directors May Appoint Officers

20.1 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.

Functions, Duties and Powers of Officers

20.2 The directors may, for each officer:

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

Qualifications

20.3 No person may be appointed as an officer unless that person is qualified in accordance with the 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.

Remuneration and Terms of Appointment

20.4 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.

PART 21

INDEMNIFICATION

Definitions

21.1 In this Part 21:

- (a) **“eligible party”**, in relation to a company, means an individual who:
- (i) is or was a director, alternate director or officer of the Company;
 - (ii) is or was a director, alternate director or officer of another corporation
 - (A) at a time when the corporation is or was an affiliate of the Company, or
 - (B) at the request of the Company; or
 - (iii) at the request of the Company, is or was, or 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;
- and includes, except in the definition of “eligible proceeding”, and §163(1)(c) and (d) and §165 of the Act, the heirs and personal or other legal representatives of that individual;
- (b) **“eligible penalty”** means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (c) **“eligible proceeding”** means a proceeding in which an eligible party or any of the heirs and personal or other legal representatives of the eligible party, by reason of the eligible party being or having been a director or officer of, or holding or having held a position equivalent to that of a director or officer of, the Company or an associated corporation
- (i) is or may be joined as a party; or
 - (ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

(d) “**expenses**” has the meaning set out in the Act and includes costs, charges and expenses, including legal and other fees, but does not include judgments, penalties, fines or amounts paid in settlement of a proceeding; and

(e) “**proceeding**” includes any legal proceeding or investigative action, whether current, threatened, pending or completed.

Mandatory Indemnification of Eligible Parties

21.2 Subject to the Act, the Company must indemnify each eligible party and the heirs and legal personal representatives of each eligible party 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 eligible party is deemed to have contracted with the Company on the terms of the indemnity contained in this §21.2.

Indemnification of Other Persons

21.3 Subject to any restrictions in the Act, the Company may agree to indemnify and may indemnify any person (including an eligible party) against eligible penalties and pay expenses incurred in connection with the performance of services by that person for the Company.

Authority to Advance Expenses

21.4 The Company may advance expenses to an eligible party to the extent permitted by and in accordance with the Act.

Non-Compliance with Act

21.5 Subject to the Act, the failure of an eligible party of the Company to comply with the Act or these Articles or, if applicable, any former *Companies Act* or former Articles does not, of itself, invalidate any indemnity to which he or she is entitled under this Part 21.

Company May Purchase Insurance

21.6 The Company may purchase and maintain insurance for the benefit of any eligible party person (or his or her heirs or legal personal representatives of any eligible party) against any liability incurred by any eligible party.

PART 22

DIVIDENDS

Payment of Dividends Subject to Special Rights

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

Declaration of Dividends

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

No Notice Required

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

Record Date

22.4 The directors must 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.

Manner of Paying Dividend

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

Settlement of Difficulties

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

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

When Dividend Payable

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

Dividends to be Paid in Accordance with Number of Shares

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

Receipt by Joint Shareholders

22.9 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.

Dividend Bears No Interest

22.10 No dividend bears interest against the Company.

Fractional Dividends

22.11 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.

Payment of Dividends

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

Capitalization of Retained Earnings or Surplus

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

PART 23

ACCOUNTING RECORDS AND AUDITORS

Recording of Financial Affairs

23.1 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 Act.

Inspection of Accounting Records

23.2 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.

Remuneration of Auditor

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

PART 24

NOTICES

Method of Giving Notice

24.1 Unless the Act or these Articles provide otherwise, a notice, statement, report or other record required or permitted by the Act or these Articles to be sent by or to a person may be sent by:

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

Deemed Receipt of Mailing

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

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

(b) faxed to a person to the fax number provided by that person referred to in §24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and

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

Certificate of Sending

24.3 A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with §24.1 is conclusive evidence of that fact.

Notice to Joint Shareholders

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

Notice to Legal Personal Representatives and Trustees

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

(a) mailing the record, addressed to them:

(i) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and

(ii) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or

(b) if an address referred to in §(a)(ii) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

Undelivered Notices

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

PART 25

SEAL

Who May Attest Seal

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

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

Sealing Copies

25.2 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 §25.1, the impression of the seal may be attested by the signature of any director or officer or the signature of any other person as may be determined by the directors.

Mechanical Reproduction of Seal

25.3 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 Act or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and such persons as are authorized under §25.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

PART 26

PROHIBITIONS

Definitions

26.1 In this Part 26:

- (a) **“designated security”** means:
 - (i) a voting security of the Company;
 - (ii) 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
 - (iii) a security of the Company convertible, directly or indirectly, into a security described in §(a) or §(b);
- (b) **“security”** has the meaning assigned in the *Securities Act* (British Columbia); and
- (c) **“voting security”** means a security of the Company that:
 - (i) is not a debt security; and
 - (ii) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

Application

26.2 §26.3 does not apply to the Company if and for so long as it is a public company, a private company which is no longer eligible to use the private issuer exemption under the *Securities Act* (British Columbia), or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or a company to which the Statutory Reporting Company Provisions apply.

Consent Required for Transfer of Shares or Designated Securities

26.3 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

Full name and signature of Incorporator	Date of signing
1055 CORPORATE SERVICES LTD. Per: _____ Authorized Signatory	_____, 2022

SCHEDULE B

THE AUDIT COMMITTEE CHARTER

Audit Committee Charter

1. Mandate

The audit committee will assist the Board in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well and the company's business, operations and risks.

2. Composition

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors.

2.1 *Independence*

A majority of the members of the audit committee must not be officers, employees or control persons of the Company.

2.2 *Expertise of Committee Members*

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

3. Meetings

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Company's Chief Financial Officer and external auditors in separate executive sessions.

4. Roles and Responsibilities

The audit committee shall fulfil the following roles and discharge the following responsibilities:

4.1 *External Audit*

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- (a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
- (b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- (c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- (d) review and recommend to the Board the compensation to be paid to the external auditors; and
- (e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

4.2 *Internal Control*

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

- (a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and

- (b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

4.3 Financial Reporting

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

General

- (a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- (b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

Annual Financial Statements

- (c) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- (d) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- (e) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

Interim Financial Statements

- (f) review and approve the interim financial statements prior to their release to the public; and
- (g) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

Release of Financial Information

- (h) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

4.4 Non-Audit Services

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

Delegation of Authority

- (a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

De-Minimis Non-Audit Services

- (b) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:
 - (i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
 - (ii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

- (c) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:
 - (i) the pre-approval policies and procedures are detailed as to the particular service;
 - (ii) the audit committee is informed of each non-audit service; and

(iii) the procedures do not include delegation of the audit committee's responsibilities to management.

4.5 *Other Responsibilities*

The audit committee shall:

- (a) establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;
- (b) establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;
- (c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- (d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- (e) perform other oversight functions as requested by the Board; and
- (f) review and update this Charter and receive approval of changes to this Charter from the Board.

4.6 *Reporting Responsibilities*

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.

5. Resources and Authority of the Audit Committee

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for any advisors employed by the audit committee; and
- (c) communicate directly with the internal and external auditors.

6. Guidance – Roles & Responsibilities

The following guidance is intended to provide the Audit Committee members with additional guidance on fulfillment of their roles and responsibilities on the committee:

6.1 *Internal Control*

- (a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;
- (b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and
- (c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

6.2 *Financial Reporting*

General

- (a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and
- (b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and
- (c) understand industry best practices and the Company's adoption of them.

Annual Financial Statements

- (d) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;
- (e) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;

- (f) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;
- (g) consider management's handling of proposed audit adjustments identified by the external auditors; and
- (h) ensure that the external auditors communicate all required matters to the committee.

Interim Financial Statements

- (i) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;
- (j) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and
- (k) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:
 - (i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;
 - (ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financial statements are consistent with changes in the company's operations and financing practices;
 - (iii) generally accepted accounting principles have been consistently applied;
 - (iv) there are any actual or proposed changes in accounting or financial reporting practices;
 - (v) there are any significant or unusual events or transactions;
 - (vi) the Company's financial and operating controls are functioning effectively;
 - (vii) the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and
 - (viii) the interim financial statements contain adequate and appropriate disclosures.

6.3 Compliance with Laws and Regulations

- (a) periodically obtain updates from management regarding compliance with this policy and industry "best practices";
- (b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and
- (c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4 Other Responsibilities

Review, with the company's counsel, any legal matters that could have a significant impact on the company's financial statements.