

**AMALGAMATION AGREEMENT**

**AMONG:**

**MILITARY METALS CORP.**

**AND:**

**1509149 B.C. LTD.**

**AND:**

**1458205 B.C. LTD.**

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SCHEDULE A –AMALGAMATION APPLICATION

SCHEDULE B – FORM OF ARTICLES OF AMALCO

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## AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT is dated as of the 30<sup>th</sup> day of October, 2024.

**AMONG:**

**MILITARY METALS CORP.**, a corporation incorporated under the laws of the Province of British Columbia

(“**Acquiror**”)

**AND:**

**1509149 B.C. LTD.**, a corporation incorporated under the laws of the Province of British Columbia

(“**SubCo**”)

**AND:**

**1458205 B.C. LTD.**, a corporation incorporated under the laws of the Province of British Columbia

(“**Target**”)

**AND:**

**AARON PATERSON**, an individual with an address of [Redacted for sensitive information]

(“**Paterson**”)

**WHEREAS:**

- A. Target and SubCo, a wholly-owned subsidiary of Acquiror, wish to combine their businesses by way of a statutory amalgamation pursuant to Section 269 of the BCBCA (the “**Amalgamation**”) to form one corporation (“**Amalco**”), and upon completion of the Amalgamation, Amalco will be a wholly-owned subsidiary of Acquiror;
- B. Acquiror is a reporting issuer in each province of Canada other than Quebec and its shares are listed on the Exchange (as defined below) and following the completion of the Amalgamation and the transactions contemplated in this Agreement, the Acquiror Shares (as defined below) will continue to be listed on the Exchange; and
- C. upon the Amalgamation taking effect, Target Shareholders (as defined below) will receive Acquiror Shares and the Target Warrants (as defined below) will cease to represent a right to acquire Target Shares (as defined below) and instead represent the right to acquire Acquiror Shares, all in accordance with the adjustment provisions provided in the certificates representing the Target Warrants, in each case in the proportion, on the terms and to the extent set out herein.

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto do hereby covenant and agree as follows:

## **PART 1** **INTERPRETATION**

### **1.1 Definitions**

In this Agreement, the following defined terms have the meanings hereinafter set forth:

- (a) “**Acquiror**” has the meaning set out in the recitals hereof;
- (b) “**Acquiror Disclosure Letter**” means the disclosure letter executed by Acquiror and delivered to Target concurrently with the execution of this Agreement;
- (c) “**Acquiror Option Plan**” means the stock option plan of Acquiror effective May 10, 2021;
- (d) “**Acquiror Shares**” means the common shares in the authorized share structure of Acquiror;
- (e) “**Acquiror Share Price**” has the meaning ascribed thereto in Section 2.5(a)(i);
- (f) “**Affiliate**” of a Person means any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The terms “**control**” (including terms “**controlled by**” and “**under common control with**”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise;
- (g) “**Agreement**” means this Amalgamation Agreement (including the schedules and exhibits hereto) as supplemented, modified or amended, and not to any particular article, section, schedule, exhibit or other portion hereof;
- (h) “**Amalco**” has the meaning set out in the recitals hereof;
- (i) “**Amalco Shares**” means the common shares in the authorized share structure of Amalco;
- (j) “**Amalgamation**” has the meaning set out in the recitals hereof;
- (k) “**Amalgamation Application**” means the application of Amalgamation of SubCo and Target, in the form attached to Schedule A to this Agreement, to be submitted to the Registrar in accordance with Section 275 of the BCBCA;
- (l) “**Applicable Laws**” means, in the context that refers to one or more Persons, any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable to such Person or Persons or its or their business, undertaking, property

or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

- (m) “**Applicable Canadian Securities Laws**” means, collectively, and as the context may require, the applicable securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date;
- (n) “**Articles**” means the articles of Amalco with respect to the Amalgamation, to be sent to the Registrar, as contemplated by the BCBCA, substantially in the form attached to Schedule B to this Agreement;
- (o) “**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended, including the regulations promulgated thereunder;
- (p) “**Business Day**” means a day other than a Saturday, Sunday or other day when banks in the City of Vancouver, British Columbia are not generally open for business;
- (q) “**Certificate of Amalgamation**” means the certificate or other confirmation of filing to be issued by the Registrar pursuant to the BCBCA, giving effect to the Amalgamation;
- (r) “**Claims**” means any and all debts, costs, expenses, liabilities, obligations, losses and damages, penalties, proceedings, actions, suits, assessments, reassessments or claims of whatsoever nature or kind including regulatory or administrative (whether or not under common law, on the basis of contract, negligence, strict or absolute liability or liability in tort, or arising out of requirements of Applicable Laws), imposed on, incurred by, suffered by, or asserted against any Person or any property, absolute or contingent, and, except as otherwise expressly provided herein, includes all reasonable out-of-pocket costs, disbursements and expenses paid or incurred by such Person in defending any action;
- (s) “**Constating Documents**” means as to each of the Parties, its respective certificate of incorporation, notice of articles and articles, as applicable, as in effect as of the date of this Agreement;
- (t) “**Convertible Debentures**” means the convertible debentures issued by the Acquiror which (a) bear interest at a rate of 5.0% per annum, (b) mature on November 15, 2024, and (c) are convertible, both the principal amount and accrued but unpaid interest thereon, into units of the Acquiror, with each unit consisting of one Acquiror Share and one warrant to acquire one Acquiror Share;
- (u) “**Corporate Records**” means, the corporate records of each of the Parties, including its respective Constating Documents, share registers, registers of directors, list of bank accounts and signing authorities and minutes of shareholders’ and directors’ meetings;
- (v) “**Effective Date**” means the effective date of the Amalgamation as set forth in the Certificate of Amalgamation issued to Amalco;
- (w) “**Effective Time**” means the time on the Effective Date that the Amalgamation becomes effective;

- (x) “**Employees**” means the officers and employees of Target;
- (y) “**Encumbrances**” means any encumbrance of any kind whatsoever and includes any pledge, lien, charge, security interest, lease, title retention agreement, mortgage, hypothec, restriction, royalty, right of first refusal, development or similar agreement, option or adverse claim or encumbrance of any kind or character whatsoever or howsoever arising, and any right or privilege capable of becoming any of the foregoing;
- (z) “**Environmental Laws**” means all applicable laws relating to the protection of the environment and includes those relating to pollution, protection, use or conservation of the environment or natural resources, the protection of public health and safety, hazardous substances, or the reclamation, rehabilitation, closure or other restoration of mining properties. For greater certainty, an environmental law pertaining to the protection, use or conservation of the environment shall include all such environmental laws relating to the manufacture, processing, generation, use, treatment, storage, disposal, transport, release, containment, reclamation, rehabilitation, closure or other restoration of any tailings, waste rock, tailings ponds or hazardous substances;
- (aa) “**Exchange**” means the Canadian Securities Exchange;
- (bb) “**Exchange Policies**” means policies of the Exchange, as may be amended or restated from time to time;
- (cc) “**Governmental Authority**” means any federal, state, provincial and municipal government, regulatory authority, governmental department, ministry, agency, commission, bureau, official, minister, crown corporation, court, board, tribunal, stock exchange, dispute settlement panel or body or other law, rule or regulation-making entity having jurisdiction;
- (dd) “**GST/HST**” means all goods and services tax and harmonized sales tax imposed under Part IX of the *Excise Tax Act* (Canada);
- (ee) “**IFRS**” means International Financial Reporting Standards applicable as of the date of the financial statements, document or event in question;
- (ff) “**Letter of Intent**” means the letter of intent dated October 7, 2024 between Acquiror and Target, in respect of the Proposed Transaction, as amended;
- (gg) “**Material Adverse Change**” means, with respect to a Person, any matter or action that has an effect or change that is, or would reasonably be expected to be, material and adverse to the business, results of operations, assets, capitalization, financial condition, rights or liabilities, contractual or otherwise, of such Person and its subsidiaries, if applicable, taken as a whole, other than any matter, action, effect or change relating to or resulting from: (i) a matter that has been publicly disclosed prior to the date of this Agreement or otherwise disclosed in writing by a Party to the other Party prior to the date of this Agreement; (ii) any action or inaction taken by such Person to which the other Person had consented in writing; (iii) the announcement of the transactions contemplated by the Amalgamation or this Agreement; (iv) any change or condition generally affecting the mining industry; (v) the state of the securities, credit, banking, capital or commodity markets in general; (vi) any natural disaster, terrorist attack, armed hostilities, military conflicts, or any governmental response to any of the foregoing, or (vii) general economic, financial,

currency exchange, securities, banking or commodity market conditions in the United States, Canada or worldwide, except in the case of clause (iv), (v), (vi) or (vii), where such change, effect, circumstance or event has a materially disproportionate effect on the Acquiror, Subco or Target, as the case may be, relative to comparable companies operating in the mining industry in the same jurisdiction;

- (hh) “**Material Change**” and “**Material Fact**” has the meanings ascribed thereto under the Applicable Canadian Securities Laws;
- (ii) “**Material Contract**” means those contracts, agreements, understandings or arrangements entered into by a Party which: (i) have payment obligations that exceed \$25,000 in the case of the Target or \$100,000 in the case of the Acquiror, whether payable in one payment or in successive payments; (ii) are for a term extending one year after the Effective Time; (iii) have been entered into out of the ordinary course of business; (iv) relate to the borrowing of money or to capital expenditures, (v) which contain ongoing obligations of the Target following the completion of the Amalgamation; or (iv) are otherwise material to the business of the Party;
- (jj) “**misrepresentation**” has the meaning ascribed thereto in the Securities Act;
- (kk) “**Money Laundering Laws**” means the applicable financial recordkeeping and reporting requirements of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), as amended and the money laundering statutes of all other applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any applicable Governmental Authority;
- (ll) “**Outside Date**” means January 31, 2025;
- (mm) “**Parties**” means, collectively, the parties to this Agreement, and “**Party**” means any one of them;
- (nn) “**Permitted Encumbrances**” means: (i) any inchoate right, lien or interest of a Governmental Authority; (ii) Encumbrances for Taxes not yet due and payable and accrued in the ordinary course of business; (iii) royalties imposed by and payable to a Governmental Authority (iv) statutory Encumbrances in favour of municipalities or public utilities; and (v) servitudes, easements or other similar real property rights or rights of way, as well as encroachments and other minor imperfections of title which do not impair, detract from the value of or impair the use of the property in any material respect;
- (oo) “**Person**” is to be broadly interpreted and means any individual, partnership, limited partnership, limited liability partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;
- (pp) “**Proposed Transaction**” means the proposed acquisition of Target by Acquiror in connection with the Amalgamation as contemplated in this Agreement;



- (qq) “**Public Documents**” means all forms, reports, schedules, statements and other documents filed by Acquiror on SEDAR+ since October 1, 2022;
- (rr) “**Registrar**” means the Registrar of Companies for British Columbia;
- (ss) “**Representatives**” of a Person means such Person’s, or such Person’s subsidiaries’, directors, officers and employees;
- (tt) “**SAC**” means Slovak Antimony Corp.
- (uu) “**Sanctions**” has the meaning ascribed thereto in Section 4.2(kk);
- (vv) “**Securities Act**” means the *Securities Act* (British Columbia), as amended, including the regulations promulgated thereunder;
- (ww) “**Securities Regulators**” means, collectively, the securities regulators or other securities regulatory authorities in all of the provinces and territories of Canada and the United States;
- (xx) “**SubCo**” has the meaning set out in the recitals hereof;
- (yy) “**SubCo Shares**” means common shares in the authorized share structure of SubCo;
- (zz) “**subsidiary**” has the meaning ascribed thereto in the Securities Act;
- (aaa) “**Support Agreements**” means the support agreements to be entered into by each of the Target Shareholders pursuant to which such Target Shareholders agree to the terms and conditions of the Amalgamation and the transactions contemplated under this Agreement, in a form to be agreed upon by Acquiror and Target, acting reasonably;
- (bbb) “**Take-Over Proposal**” means, other than pursuant to the Proposed Transaction, any takeover bid or offer for 20% or more of the issued and outstanding Target Shares, or any proposal, offer or agreement (whether or not subject to conditions) for a merger, consolidation, amalgamation, arrangement, recapitalization, liquidation, dissolution, reorganization or similar transaction or other business combination involving Target or any subsidiary of Target or any proposal, offer or agreement (whether or not subject to conditions) to acquire in any manner, or to require Target to issue, 20% or more of its outstanding Target Shares or securities convertible into Target Shares;
- (ccc) “**Target Disclosure Letter**” means the disclosure letter executed by Target and delivered to Acquiror concurrently with the execution of this Agreement;
- (ddd) “**Target Mining Rights**” has the meaning set forth in Section 4.2(m);
- (eee) “**Target Shareholders**” means the holders of Target Shares;
- (fff) “**Target Shares**” means common shares in the authorized share structure of Target;
- (ggg) “**Target Warrant**” means a warrant issued by Target to purchase one (1) Target Share;
- (hhh) “**Target**” has the meaning set out in the recitals hereof;

- (iii) “**Tax Act**” means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder, as amended from time to time;
- (jjj) “**Tax Returns**” means all returns, reports, declarations, elections, notices, filings, information returns, and statements in respect of Taxes that are filed or required to be filed with any applicable Governmental Authority, including all amendments, schedules, attachments or supplements thereto;
- (kkk) “**Taxes**” means, with respect to any Person, all supranational, national, federal, provincial, state, local or other taxes, including income taxes, branch taxes, profits taxes, capital gains taxes, gross receipts taxes, windfall profits taxes, value added taxes, severance taxes, ad valorem taxes, property taxes, capital taxes, net worth taxes, production taxes, sales taxes, use taxes, licence taxes, excise taxes, franchise taxes, environmental taxes, transfer taxes, withholding or similar taxes, payroll taxes, employment taxes, employer health taxes, government pension plan premiums and contributions, social security premiums, workers’ compensation premiums, employment/unemployment insurance or compensation premiums and contributions, stamp taxes, occupation taxes, premium taxes, alternative or add-on minimum taxes, GST/HST, customs duties or other taxes of any kind whatsoever imposed or charged by any Governmental Authority and any instalments in respect thereof, interest, penalties, or additions with respect thereto, and “**Tax**” means any one of such Taxes;
- (lll) “**Termination Date**” has the meaning set forth in Section 8.1(a);
- (mmm) “**Transfer Agent**” means Odyssey Trust Company;
- (nnn) “**U.S. Securities Act**” means the United States Securities Act of 1933, as amended, and the rules, regulations and orders promulgated thereunder; and
- (ooo) “**United States**” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

## 1.2 Interpretation

For the purposes of this Agreement, except as otherwise expressly provided:

- (a) the division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereto”, “herein” and “hereunder” and similar expressions refer to this Agreement (including exhibits hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto;
- (b) words importing the singular number include the plural and vice versa, and words importing the use of any gender include all genders;
- (c) the word “including”, when following any general statement or term, is not to be construed as limiting the general statement or term to the specific items or matters set forth or to similar items or matters, but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its broadest possible scope;

- (d) if any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day in such place;
- (e) any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time, and to any regulations promulgated thereunder. References to any agreement or document shall be to such agreement or document (together with all schedules and exhibits thereto), as it may have been or may hereafter be amended, supplemented, replaced or restated from time to time;
- (f) all sums of money that are referred to in this Agreement are expressed in lawful money of Canada unless otherwise noted;
- (g) unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature are required to be made shall be made in a manner consistent with IFRS;
- (h) where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of a Party, with respect to Target it refers to the actual knowledge of Paterson and with respect to Acquiror it refers to the actual knowledge of Chief Executive Officer and the Chief Financial Officer, in each case after due inquiry; and
- (i) the Parties hereto acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the Parties agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting Party will not be applicable in the interpretation of this Agreement.

### **1.3 Disclosure Letters**

The Acquiror Disclosure Letter and the Target Disclosure Letter and all information contained therein is confidential information and may not be disclosed unless (i) it is required to be disclosed pursuant to Applicable Laws unless such laws permit the Parties to refrain from disclosing the information for confidentiality or other purposes, or (ii) a Party needs to disclose it in order to enforce or exercise its rights under this Agreement.

### **1.4 Exhibits**

The following exhibits attached hereto are incorporated into and form an integral part of this Agreement:

Schedule A – Amalgamation Application  
Schedule B – Form of Articles of Amalco

**PART 2**  
**THE AMALGAMATION**

**2.1 Agreement to Amalgamate**

The Parties agree that SubCo and Target shall amalgamate by way of statutory amalgamation under Section 269 of the BCBCA on the terms and conditions set out herein and continue as one corporation as of the Effective Time.

**2.2 Effect of Amalgamation**

The Parties hereby agree to effect the Amalgamation under Section 269 of the BCBCA pursuant to which Target and SubCo will amalgamate and continue as one corporation following the Effective Time. For greater certainty, upon the Amalgamation becoming effective, the following shall occur and shall be deemed to occur without any further act or formality, upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time:

- (a) Target and SubCo shall be amalgamated and continue as one corporation, being Amalco under the terms and conditions prescribed in this Agreement;
- (b) each of Target and SubCo shall cease to exist as entities separate from Amalco;
- (c) Amalco shall become capable immediately of exercising the functions of an incorporated company under the BCBCA;
- (d) the shareholders of Amalco shall have the powers and liability provided in the BCBCA;
- (e) Paterson and the Target shall be bound by this Agreement;
- (f) the property, rights, interests and assets of each of SubCo and Target shall continue to be the property, rights, interests and assets of Amalco;
- (g) Amalco shall continue to be liable for the liabilities and obligations of each of SubCo and Target;
- (h) any existing cause of action, claim or liability to prosecution with respect to either or both of SubCo and Target shall be unaffected. A legal proceeding prosecuted or pending by or against any of SubCo or Target may be prosecuted, or its prosecution may be continued, as the case may be, by or against Amalco;
- (i) any conviction against, or ruling, order or judgment in favour of or against, any of SubCo or Target may be enforced by or against Amalco;
- (j) Amalco will be a wholly-owned subsidiary of Acquiror; and
- (k) the form of Articles attached hereto as Schedule B shall be the Articles of Amalco.

**2.3 Statutory Amalgamation Requirements**

At the Effective Time, and thereafter subject to such change as may be properly effected under the BCBCA and the Articles of Amalco, the Parties hereby agree as follows:

- (a) **Name.** The name of Amalco shall be “1458205 B.C. Ltd.” or such other name as determined by the directors of Acquiror.
- (b) **Registered and Records Office.** The mailing and delivery addresses of the registered office and records office of Amalco, until changed in accordance with the provisions of the BCBCA, shall be 1500-1055 West Georgia St., Vancouver, BC.
- (c) **Authorized Share Structure.** The authorized share structure of Amalco shall consist of an unlimited number of common shares without par value, which shall have the rights, privileges, restrictions and conditions set out in the Articles of Amalco. No shares of Amalco may be transferred except in compliance with the restrictions set out in the Articles.
- (d) **Business.** There shall be no restrictions on the business which Amalco is authorized to carry on.
- (e) **Fiscal Year End.** The fiscal year end of Amalco shall be August 31 of each calendar year.
- (f) **Number of Directors.** The number of directors of Amalco shall, until changed in accordance with the Articles of Amalco, be two (2).
- (g) **Initial Directors.** The first directors of Amalco shall be the individuals whose name appears below:

<u>Name</u>	<u>Address</u>
Scott Eldridge	1500 – 1055 West Georgia Street, Vancouver, BC V6E 4N7
Latika Prasad	1500 – 1055 West Georgia Street, Vancouver, BC V6E 4N7

- (h) **Initial Officer.** The first officer of Amalco shall be the individual whose name and position appear below or such other person(s) as Acquiror may determine:

<u>Name</u>	<u>Position</u>
Scott Eldridge	Chief Executive Officer

- (i) **Amalgamation Application and Articles.** The form of the Amalgamation Application to be filed with the Registrar in connection with the Amalgamation, including the notice of articles and the form of Articles of Amalco, is attached hereto as Schedule A, and the Articles of Amalco to be signed by a director of Amalco in accordance with Section 270(2)(d)(i) of the BCBCA, are attached hereto as Schedule B.

## 2.4 Completion of the Amalgamation and Effective Date

Upon the satisfaction or waiver of the conditions herein contained in favour of each Party, Target and SubCo shall deliver to the Registrar the Amalgamation Application, the Articles of Amalco and such other documents as may be required to give effect to the Amalgamation. The Amalgamation shall become effective at the Effective Time.

## 2.5 Securities Exchange and Related Matters

- (a) **Securities Exchange.** Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time:
- (i) each Target Share (other than those held by Dissenting Shareholders) outstanding immediately prior to the Effective Time, shall be cancelled and, in sole consideration therefor, the holder of such Target Share shall receive (subject to Section 2.5(b) regarding fractional shares) one (1) fully paid and non-assessable Acquiror Share issued by Acquiror at a deemed price of \$0.56 per Acquiror Share or such other price as required by the policies of the CSE (the “**Acquiror Share Price**”);
  - (ii) Acquiror will exchange each SubCo Share held by it for one Amalco Share;
  - (iii) in consideration for Acquiror’s issuance of Acquiror Shares referenced in Section 2.5(a)(i), Amalco shall issue to Acquiror one Amalco Share for each Acquiror Share issued by Acquiror under Section 2.5(a)(i); and
  - (iv) Acquiror will add to its capital in respect of the Acquiror Shares an amount equal to the paid-up capital for purposes of the Tax Act of the Target Shares cancelled under Section 2.5(a)(i) in connection with the Amalgamation upon the issuance of the Acquiror Shares under Section 2.5(a)(i).
- (b) **No Fractional Securities.** No fractional Acquiror Shares will be issued pursuant to this Agreement. In the event that a Target Shareholder would otherwise be entitled to a fractional security hereunder, the number of securities issued to such Target Shareholder shall be rounded down to the nearest whole number of shares. In calculating such fractional interests, all Target Shares registered in the name of or beneficially held by such Target Shareholder or their nominee shall be aggregated.
- (c) **Target Warrants.**
- (i) The Parties acknowledge that, as at the Effective Time, each Target Warrant will remain issued and outstanding, and pursuant to their adjustment provisions will cease to represent a right to acquire one (1) Target Share and instead shall represent only the right to acquire one (1) Acquiror Share at the exercise price specified in the certificates representing the currently outstanding Target Warrants as disclosed in the Target Disclosure Letter, but otherwise having substantially the same terms as the Target Warrants, all in accordance with the adjustment provisions provided in the certificates representing the Target Warrants.
  - (ii) Acquiror acknowledges that, as at the Effective Time, Target Warrants will be exercisable into Acquiror Shares, and will be a valid and binding obligation of Acquiror entitling the holder of a Target Warrant, as against Acquiror, to all of the rights of the holder under a Target Warrant, *mutatis mutandis*.
- (d) **Restrictions on Securities.** The Parties acknowledge and agree that securities of Acquiror issued pursuant to the terms and conditions provided herein will be subject to compliance with Applicable Canadian Securities Laws.

## **2.6 Lost Certificates**

If any certificate which immediately prior to the Effective Time represented one or more outstanding Target Shares that are exchanged pursuant to Section 2.5(a)(i) is lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder thereof, claiming such certificate to be lost, stolen or destroyed, the Acquiror will, at the request of such Person, issue in exchange for such lost, stolen or destroyed certificate, one or more certificates representing the applicable Acquiror Shares pursuant to Section 2.5(a)(i). The holder to whom certificates representing Acquiror Shares are to be issued shall, as a condition precedent to the issuance thereof, give a bond satisfactory to Acquiror in such sum as Acquiror may direct or otherwise indemnify Acquiror in a manner satisfactory to Acquiror against any claim that may be made against Acquiror with respect to the certificate alleged to have been lost, stolen or destroyed.

## **PART 3** **COVENANTS**

### **3.1 Mutual Covenants**

From the date of this Agreement until the earlier of the Effective Date and the Termination Date, except as otherwise expressly permitted or specifically contemplated by this Agreement or as required by Applicable Laws, the Acquiror shall and Paterson shall cause the Target to:

- (a) carry on its business in the usual, regular and ordinary course of business consistent with its past practice;
- (b) not incur any indebtedness other than in the ordinary course of business consistent with its past practice, or as required in connection with the transactions contemplated by this Agreement, or with the prior written consent of the other Party;
- (c) not alter or amend its Constatng Documents as the same exist at the date of this Agreement, except as required in connection with the transactions contemplated by this Agreement or with the prior written consent of the other Party;
- (d) use reasonable commercial efforts to take, or cause to be taken, all action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws, within their respective power, to complete the Amalgamation;
- (e) use reasonable commercial efforts to obtain all necessary consents, assignments, waivers and amendments to or terminations of any agreements and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
  - (i) to effect all necessary registrations, filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the Amalgamation;
  - (ii) to oppose, lift or rescind any injunction or restraining or other order seeking to stop, or otherwise adversely affecting its ability to consummate the Amalgamation and to defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging this Agreement or the consummation of the transactions contemplated hereby; and

- (iii) to reasonably cooperate with the other Parties and their tax advisors in structuring the Amalgamation and other transactions contemplated to occur in conjunction with the Amalgamation in a tax effective manner and assist the other Parties and their tax advisors in making such investigations and enquiries with respect to such Parties in that regard, as the other Parties and its tax advisors shall consider necessary, acting reasonably;
- (f) not take any action that would render, or may reasonably be expected to render, any representation or warranty made by such Party in this Agreement untrue in any material respect;
- (g) use reasonable commercial efforts to obtain and maintain the third-party approvals applicable to them and provide the same to the other Parties on or prior to the Effective Date;
- (h) except as provided in this Agreement or with the prior written consent of the other Party, not amalgamate or consolidate with, or enter into any other corporate reorganization with, any other corporation or Person or perform any act or enter into any transaction or negotiation which, in the opinion of Target or Acquiror, in each case acting reasonably, interferes or is inconsistent with the completion of the transactions contemplated hereby. Without limiting the foregoing, except as provided in this Agreement, neither of the Parties shall (i) make any distribution by way of dividend, return of capital or otherwise to or for the benefit of its shareholders, (ii) subdivide, consolidate or reclassify their share capital, or (iii) issue any of its shares or other securities convertible into shares or enter into any commitment or agreement, other than for the issuance of any securities convertible into shares in connection with hiring employees, consultants or advisors or appointing board members, except with the prior written consent of the other party, including compensation warrants issuable pursuant thereto;
- (i) not enter into or close any hedge, swap or other like transaction;
- (j) furnish to the other Party such information, in addition to the information contained in this Agreement, relating to its financial condition, business, properties and affairs as may reasonably be requested by another Party, which information shall be true and complete in all material respects and shall not contain an untrue statement of any Material Fact or omit to state any Material Fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances in which they are made, not misleading and will notify the other Parties of any significant development or Material Change relating to it promptly after becoming aware of any such development or change;

### **3.2 Covenants of all Parties**

From the date of this Agreement until the earlier of the Effective Date and the Termination Date, except as expressly permitted or specifically contemplated by this Agreement or required by Applicable Laws, each of the Parties covenant and agree that they shall:

- (a) promptly notify the other Parties in writing of any change in any representation or warranty provided in this Agreement which change is or may be of such a nature as to render any representation or warranty misleading or untrue in any material respect and the Parties shall in good faith discuss with the other Parties such change in circumstances (actual, anticipated, contemplated, or to its knowledge, threatened) which is of such a nature that



there may be a reasonable question as to whether notice need to be given to the other Parties pursuant to this Section 3.2(a);

- (b) use reasonable commercial efforts to complete the Amalgamation by November 1, 2024, or as soon as reasonably practicable thereafter, but in any event no later than the Outside Date; and
- (c) promptly notify the other Parties in writing of any material breach by such Party of any covenant, obligation or agreement contained in this Agreement.

### **3.3 Additional Covenants of Acquiror and SubCo**

From the date of this Agreement until the earlier of the Effective Date and the Termination Date, except as expressly permitted or specifically contemplated by this Agreement or required by Applicable Laws, each of Acquiror and SubCo covenant and agree that:

- (a) Acquiror and SubCo shall use their reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set forth in Section 6.1 and Section 6.2 as soon as reasonably practicable, to the extent the fulfillment of the same is within the control of Acquiror or SubCo, as the case may be;
- (b) Acquiror shall, as the sole shareholder of SubCo, approve by unanimous resolution the Amalgamation, together with such matters as are required to effect the Amalgamation;
- (c) Acquiror shall, on the Effective Date, provide to the Transfer Agent a direction authorizing and directing the Transfer Agent to issue the Acquiror Shares issuable under the Amalgamation to holders of the Target Shares and shall direct the Transfer Agent to distribute the Acquiror Shares to the holders of the Target Shares in accordance with the terms of the Amalgamation; and
- (d) use commercially reasonable efforts to: (a) take all actions reasonably necessary or required to complete the Proposed Transaction as soon as practicable and, in any event, on or before the Outside Date; and (b) seek, obtain, prepare or as necessary file all necessary documents, filings, approvals, consents and acceptances of applicable regulatory authorities and under any applicable agreement or document to which Acquiror is party or by which it is bound, required by the Securities Regulators in connection with the issuance of the Acquiror Shares pursuant to the terms of this Agreement, so as to permit and enable such securities to be lawfully distributed on a prospectus exempt basis in accordance with this Agreement.

### **3.4 Additional Covenants of Target**

From the date of this Agreement until the earlier of the Effective Date and the Termination Date, except as expressly permitted or specifically contemplated by this Agreement or required by Applicable Laws, Paterson covenants and agrees that he shall use commercially reasonable efforts to cause the Target to meet the following obligations, and Target covenants and agrees that:

- (a) Target shall use commercially reasonable efforts to satisfy or cause the satisfaction of the conditions set forth in Section 6.1 and Section 6.3 as soon as reasonably practicable, to the extent the fulfillment of the same is within the control of Target;

- (b) Target shall use commercially reasonable efforts to obtain shareholder approval for the unanimous resolution approving the Amalgamation, together with such matters as are required to effect the Amalgamation;
- (c) Target shall use commercially reasonable effort to obtain duly executed Support Agreements;
- (d) Target shall not approve a transfer by any Target Shareholder(s) of beneficial or registered ownership of the Target Shares, other than as expressly contemplated by this Agreement;
- (e) Target shall make all necessary filings and applications under applicable foreign, federal and provincial laws and regulations required on its part in connection with the transactions contemplated in this Agreement, and take all reasonable action necessary to be in compliance with such laws and regulations;
- (f) Target shall not enter into or modify any employment, severance, collective bargaining or similar agreements or arrangements with, or grant any bonuses, salary increases, benefit increases, severance or termination pay to, any officers, directors, employees or consultants other than pursuant to agreements and arrangements previously entered into or in accordance with this Agreement or which have been previously notified to Acquiror;
- (g) Target shall not adopt or amend any bonus, profit sharing, incentive, compensation, stock option, pension, retirement, deferred compensation, employment or other benefit plan, agreement, trust, fund or arrangement for the benefit or welfare of any employee other than pursuant to agreements and arrangements previously entered into, in accordance with this Agreement;
- (h) Target shall not make any payment to any director, officer or employee outside of their ordinary and usual compensation for services provided other than pursuant to agreements and arrangements previously entered into or in accordance with this Agreement;
- (i) Target shall have no less than \$50,000 in cash as of the Effective Time, which for certainty shall be after paying all transaction related expenses including the fees of Target's legal counsel and all Transaction Expenses;
- (j) Target shall not grant any officer, director or employee an increase in compensation in any form or take any action with respect to the amendment or grant of any severance or termination pay policies or arrangements other than pursuant to agreements and arrangements previously entered into or in accordance with this Agreement;
- (k) Target shall not disclose to any Person, other than its officers, directors, key employees and professional advisors, or to persons who have signed a confidentiality agreement previously approved by Acquiror, any confidential information relating to the other Parties, except for confidential information required to be disclosed by law or otherwise known to it or the public;
- (l) Target shall promptly notify Acquiror in writing of any unsolicited offer that it has received (i) for the purchase of the Target Shares, or any portion thereof, (ii) of any amalgamation, arrangement, merger, business combination, take-over bid, tender or exchange offer, variation of a take-over bid, tender or exchange offer or similar transaction involving

Target made to the board of directors or management of Target, or directly to Target Shareholders; or (iii) to acquire, in whole or in part, the securities of SAC;

- (m) Target shall not, directly or indirectly, through its Representatives, Affiliates, advisors, agents, investment bankers, consultants or otherwise, take any action to solicit, initiate, encourage, or participate in any discussions or negotiations with any Person, provide any non-public information to any Person or otherwise assist or cause or facilitate anyone else to solicit, initiate, encourage, or participate in any discussions or negotiations with any Person, or provide any non-public information to any Person or otherwise assist with respect to: (i) any transaction that may constitute a Take-Over Proposal; or (ii) any other transaction, the consummation of which would, or could reasonably be expected to, impede, interfere with, prevent or delay the transactions contemplated by this Agreement or which would or could reasonably be expected to reduce the benefits to Acquiror under this Agreement; and
- (n) Target shall retain all interest in SAC and cause SAC to operate in the normal course of business.

### **3.5 Additional Covenants of Paterson**

- (a) Paterson covenants and agrees that he shall provide, and shall use commercially reasonable efforts to cause the other Target Shareholders to provide, approval for the unanimous resolution approving the Amalgamation, together with such matters as are required to effect the Amalgamation.
- (b) Paterson covenants and agrees that he shall provide all such information and records as may be required by the Acquiror, acting reasonably, after the completion of Closing, so as to assist the Acquiror to complete any required filings pursuant to the policies of the Exchange, or Applicable Canadian Securities Laws, including, without limitation and as applicable, financial statements, a business acquisition report, a Form 9 of the CSE, or similar filings.
- (c) Paterson covenants and agrees not to transfer, or approve a transfer (in his capacity as director of the Target) by the other Target Shareholders of, beneficial or registered ownership of the Target Shares, or encumber such Target Shares in any manner whatsoever, other than as expressly contemplated by this Agreement.

## **PART 4 REPRESENTATIONS AND WARRANTIES**

### **4.1 Representations and Warranties of Acquiror and SubCo**

Acquiror and SubCo represent and warrant, jointly and severally, to Target as follows, and acknowledge that Target is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) each of Acquiror and SubCo has good and sufficient right and authority to enter into this Agreement and any ancillary agreements contemplated herein and carry out its intentions, and complete the transactions, contemplated hereunder. The execution and delivery of this Agreement and any ancillary agreements contemplated herein and the performance by each

of the Acquiror and SubCo of its obligations under this Agreement and any ancillary agreements contemplated herein have been duly authorized and no other corporate proceedings on the part of each of the Acquiror or SubCo are necessary to authorize the execution and delivery by each of them of this Agreement and any ancillary agreements contemplated herein or the completion by the Acquiror or SubCo of the transactions contemplated hereby;

- (b) Acquiror is duly incorporated and validly existing under the BCBCA, is currently in good standing, has all corporate powers required to carry on its business as now conducted and is not subject to any regulatory decision or order prohibiting or restricting trading in its shares;
- (c) Acquiror is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Change on Acquiror;
- (d) SubCo is duly incorporated and validly existing under the BCBCA, is currently in good standing, has all corporate powers required to carry on its business as now conducted and is not subject to any regulatory decision or order prohibiting or restricting trading in its shares;
- (e) SubCo is a wholly owned subsidiary of the Acquiror. The Acquiror does not have any subsidiaries, except for SubCo. SubCo does not have any subsidiaries;
- (f) Acquiror is a “reporting issuer” (as such term is defined in the Securities Act) in good standing in each of the provinces of Canada other than Quebec and has not been placed on the list of defaulting reporting issuers as maintained by the securities commissions of such jurisdictions, and no securities commission, securities exchange or court has issued any order or obtained any undertaking adversely impacting or preventing the Amalgamation as currently herein, or the trading of any Acquiror Shares, and no proceedings for such purpose are pending or, to the best knowledge of Acquiror, are threatened. The issued and outstanding Acquiror Shares are listed and posted for trading on the Exchange and Acquiror has not taken any action which would be reasonably expected to result in the delisting or suspension of such Acquiror Shares on or from the Exchange and Acquiror is currently in compliance with the rules and policies of the Exchange. All material filings and fees required to be made and paid by Acquiror pursuant to Applicable Canadian Securities Laws and the rules and policies of the Exchange have been made and paid;
- (g) all Public Documents contain all Material Facts pertaining to Acquiror and do not omit to state a Material Fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. Except as would not constitute a Material Adverse Effect, Acquiror is currently in compliance in all material respects with its timely and continuous disclosure obligations under Applicable Canadian Securities Laws in Canada, and, without limiting the generality of the foregoing, there has been no Material Change or Material Fact as to Acquiror that has occurred, which has not been publicly disclosed. To the knowledge of the Acquiror, all insider reporting on the System for Electronic Disclosure by Insiders is accurate as of the date of this Agreement. Acquiror has not filed any confidential material change reports which remain confidential as at the date hereof and there are no circumstances presently existing under which liability is or would reasonably be expected to be incurred under Part 16.1 – Civil Liability for

Secondary Market Disclosure of the Securities Act. All documents and information filed by Acquiror on SEDAR+ since February 7, 2024 together constitute full, true and plain disclosure of all Material Facts relating to Acquiror and the securities of Acquiror;

- (h) Acquiror is authorized to issue an unlimited number of Acquiror Shares in the authorized share structure of the Acquiror, of which 35,953,629 Acquiror Shares are validly issued and outstanding as fully paid and non-assessable shares in the authorized share structure of Acquiror as of the date hereof;
- (i) Acquiror has 3,010,000 options providing for the purchase of up to 3,010,000 Acquiror Shares upon the exercise thereof, 16,334,136 warrants providing for the purchase of up to 16,334,136 Acquiror Shares, and Convertible Debentures with an aggregate principal amount of \$425,000 and there are no other shares, options, warrants, convertible notes or debentures, agreements, documents, instruments or other writings of any kind whatsoever which constitute a “security” of Acquiror (as that term is defined in the Securities Act) and Acquiror has no agreements or commitments of any character whatsoever convertible into, or exchangeable or exercisable for or otherwise requiring the issuance, sale or transfer by Acquiror of any Acquiror Shares or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any Acquiror Shares. All Acquiror Shares will, when issued in accordance with the terms of this Agreement, be duly authorized, validly issued, fully-paid and non-assessable Acquiror Shares. Except for the Acquiror Option Plan, the Acquiror does not have any share or stock appreciation right, phantom equity, restricted share unit, deferred share unit or similar right, agreement, arrangement or commitment based on the book value, Acquiror Share price, income or any other attribute of or related to the Acquiror;
- (j) other than as set out in Section 4.1(j) of the Acquiror Disclosure Letter, there are no outstanding actions, suits, judgments, investigations or proceedings of any kind whatsoever against or affecting Acquiror or SubCo at law or in equity or before or by any Governmental Authority, nor are there, to their knowledge, any pending or threatened;
- (k) this Agreement has been duly executed and delivered by each of Acquiror and SubCo, and constitutes legal, valid and binding obligations of each of Acquiror and SubCo, enforceable against each of Acquiror and SubCo in accordance with its terms and conditions (subject to such limitations and prohibitions as may exist or may be enacted in Applicable Laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws, rules and regulations of general application affecting the rights, powers, privileges, remedies and/or interests of creditors generally, and except as limited by the application of equitable principles when equitable remedies are sought and by the fact that rights to waiver, indemnity and contribution, and the ability to sever unenforceable terms, may be limited by Applicable Law);
- (l) other than as set out in Section 4.1(l) of the Acquiror Disclosure Letter, neither Acquiror nor SubCo is party to any Material Contracts;
- (m) neither the execution and delivery of this Agreement, nor the performance by Acquiror or SubCo of their respective obligations under this Agreement, nor the consummation of the Amalgamation, will conflict with or result in any breach of any of the terms or provisions of, or constitute a default under, the Material Contracts and the Constatting Documents of each of Acquiror or SubCo, director or shareholder minutes of Acquiror or SubCo, any agreement or instrument to which Acquiror or SubCo is a party or by which Acquiror or

SubCo is bound, any order, decree, statute, regulation, covenant or restriction applicable to Acquiror or SubCo, or any permit, license or approval held by the Acquiror or SubCo;

- (n) other than as set out in Section 4.1(m) of the Acquiror Disclosure Letter, Acquiror has good title to its assets free and clear of all Encumbrances;
- (o) the financial statements of Acquiror are prepared in accordance with IFRS applied on a basis consistent with those of previous periods and in accordance with Applicable Laws, audited by an independent accounting firm registered under the Canadian Public Accountability Board, and present fairly, in all material respects, the financial position of Acquiror as at such date, and do not omit to state any Material Fact that is required by Applicable Laws to be stated or reflected therein or which is necessary to make the statements contained therein not misleading. The Acquiror does not intend to correct or restate, nor, to the knowledge of the Acquiror, is there any basis for any correction or restatement of, any aspect of any of the financial statements of Acquiror. The Acquiror and its subsidiaries are not a party to, or has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar agreement where the result, purpose or effect of such agreement is to avoid disclosure of any material transaction involving, or material liabilities of, the Acquiror or its subsidiaries in the published financial statements of the Acquiror or the Public Documents;
- (p) Acquiror has never had any reportable event (within the meaning of Section 4.11 of National Instrument 51-102 – *Continuous Disclosure Obligations*) with its present or any former auditor;
- (q) since February 7, 2024, to the Acquiror’s knowledge, Acquiror has carried on its business and conducted its operations and affairs only in the ordinary course and in accordance with Applicable Laws;
- (r) except where such late filing or non-filing would not constitute a Material Adverse Effect, Acquiror has duly and timely filed all Tax Returns required to be filed with the appropriate government authority, and all such Tax Returns are correct and complete in all material respects and reflect accurately all liability for Taxes of Acquiror for the periods covered thereby;
- (s) other than as disclosed in Section 4.1(s) of the Acquiror Disclosure Letter, Acquiror has paid all Taxes which are due and payable (including all instalments on account of Taxes) within the time required by Applicable Law, and has paid all assessments and reassessments it has received in respect of Taxes. Acquiror has made full and adequate provision in the financial statements of Acquiror for all Taxes of Acquiror for the periods covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns. Since the publication date for such financial statements, no material liability in respect of Taxes not reflected in such financial statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the ordinary course. Acquiror has not received any refund of Taxes to which it was not entitled;
- (t) Acquiror is a “taxable Canadian corporation” within the meaning of the Tax Act;
- (u) SubCo is a “taxable Canadian corporation” within the meaning of the Tax Act;

- (v) except for the requisite filings and notifications of the Exchange, no authorization, licence, permit, certificate, registration, consent or approval of, or filing with, or notification to, any Governmental Authority is required to be obtained or made by or with respect to the Acquiror for the execution and delivery by the Acquiror of this Agreement or, the performance by the Acquiror of its obligations hereunder or the completion by the Acquiror or SubCo of the Amalgamation, other than such filings and other approvals required under Applicable Canadian Securities Laws and the rules and policies of the Exchange as are contemplated by this Agreement;
- (w) to the knowledge of Acquiror, Acquiror has duly obtained and hold all permits, licenses, and other authorizations necessary to conduct their operations (as are currently conducted) and Acquiror and each of its subsidiaries are not in default or breach of any such permits, licenses, or other authorizations;
- (x) except as disclosed in Section 4.1(x) of the Acquiror Disclosure Letter, currently and during the past three years, except where it would not reasonably be expected to have a Material Adverse Change, to the knowledge of Acquiror, each of the Acquiror and its subsidiaries:
  - (i) is and was in compliance with all applicable Environmental Laws;
  - (ii) has duly obtained all permits necessary to conduct their operations as currently conducted in compliance in all material respects with all Environmental Laws, and all such permits are in full force and effect;
  - (iii) has not received notice that it is in default or breach of any such permit; and
  - (iv) has not received within the last three year period preceding the date of this Agreement any written order, notice or other communication from any Governmental Authority of any actual or threatened non-compliance with any Environmental Law which would give rise to an undischarged liability;
- (y) the Corporate Records of Acquiror and SubCo are complete and accurate in all material respects and all corporate proceedings and actions reflected in the Corporate Records have been conducted or taken in compliance with all Applicable Laws and with the Constatting Documents of Acquiror and SubCo, as applicable. Without limiting the generality of the foregoing, in respect of the Corporate Records of Acquiror, except as would not be material to its current business and operations (i) the minute books contain complete and accurate minutes of all meetings of the directors and shareholders held since incorporation and all such meetings were properly called and held, (ii) the minute books contain all resolutions passed by the directors and shareholders (and committees, if any) and all such resolutions were properly passed, (iii) the share register of the Acquiror is maintained by its transfer agent, and the share register of SubCo is complete and accurate, with no transfers recorded since the date of incorporation, and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers were properly elected or appointed, as the case may be;
- (z) there is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress or, to the knowledge of Acquiror or SubCo threatened of or against Acquiror or SubCo before any court, regulatory or administrative agency or tribunal;

- (aa) as at the date hereof, there are no reasonable grounds for believing that any creditor of Acquiror or SubCo will be prejudiced by the Amalgamation;
- (bb) Acquiror has not approved, is not contemplating and has not entered into any agreement in respect of, nor has any knowledge of: (i) the sale, transfer or disposition of any material property or assets or any interest therein currently owned, directly or indirectly, by Acquiror whether by asset sale or transfer of shares or otherwise; or (ii) a change of control, by sale or transfer of shares or sale of all or substantially all of the property and assets of Acquiror or otherwise (other than in connection with the Amalgamation);
- (cc) there are no agreements, covenants, undertakings, rights of first refusal or other commitments of either Acquiror or SubCo or any instruments binding on it or its assets:
  - (i) which would preclude it from entering into this Agreement;
  - (ii) under which the Amalgamation would have the effect of imposing restrictions or obligations on Amalco greater than those imposed upon Acquiror or SubCo;
  - (iii) which would give a third party, other than the Exchange, as a result of the transactions contemplated in this Agreement, the right to terminate any material agreement to which Acquiror or SubCo is a party or to purchase any of Acquiror's, SubCo's or Amalco's assets; or
  - (iv) which would impose restrictions on the ability of Amalco:
    - (A) to carry on any business which it might choose to carry on within any geographical area;
    - (B) to acquire property or dispose of its property and assets as an entirety;
    - (C) to pay dividends, redeem shares or make other distributions to its shareholders;
    - (D) to borrow money or to mortgage and pledge its property as security therefore; or
    - (E) to change its corporate status;
- (dd) the operations of Acquiror and Acquiror Material Subsidiaries are and have been conducted at all times in material compliance with applicable Money Laundering Laws and no action, suit or proceeding by or before any regulatory authority involving Acquiror or any Acquiror Material Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of Acquiror, threatened;
- (ee) Acquiror will not, as of the Effective Time, be a party to or bound by any agreement with, nor be indebted to, and nor shall any amount be owing to Acquiror by, any officers, former officers, directors, former directors, shareholders, former shareholders, employees or former employees of Acquiror or any Persons not dealing at "arm's length" (as such Acquiror has not made or authorized any payments to any officers, former officers, directors, former directors, shareholders, former shareholders, employees or former employees of Acquiror or to any Persons not dealing at "arm's length" (as such term is



defined in the Tax Act) with any of the foregoing, other than ordinary course consulting fees to directors and officers, equity compensation arrangements pursuant to the Stock Option Plan, and the distribution of securities in connection with settlement of consulting fees or financings conducted by the Acquiror, inclusive of any convertible debentures of the Acquiror which may be outstanding as of the date hereof); and

- (ff) there is no person, firm or corporation acting or purporting to act at the request of Acquiror, who is entitled to any brokerage or finder's fee in connection with the transactions contemplated herein.

#### **4.2 Representations and Warranties of Target and Paterson**

Target and Paterson, jointly and severally, represent and warrant to Acquiror and SubCo as follows, and acknowledges that Acquiror and SubCo are relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) Target has good and sufficient right and authority to enter into this Agreement and any ancillary agreements contemplated herein and carry out its intentions hereunder, and complete the transactions, contemplated hereunder. The execution and delivery of this Agreement and any ancillary agreements contemplated herein and the performance by Target of its obligations under this Agreement and any ancillary agreements contemplated herein have been duly authorized and no other corporate proceedings on the part of Target are necessary to authorize the execution and delivery by Target of this Agreement and any ancillary agreements contemplated herein or the completion by Target of the transactions contemplated hereby;
- (b) SAC is the sole subsidiary of the Target and is duly incorporated under the laws of the country of Slovakia, is currently in good standing, has all corporate powers required to carry on its business as now conducted and is not subject to any regulatory decision or order prohibiting or restricting trading in its shares;
- (c) Target is duly incorporated under the BCBCA, is currently in good standing, has all corporate powers required to carry on its business as now conducted and is not subject to any regulatory decision or order prohibiting or restricting trading in its shares;
- (d) Target is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a Material Adverse Change on Target;
- (e) Target is authorized to issue an unlimited number of Target Shares of which 10,000,000 Target Shares are validly issued and outstanding as fully paid and non-assessable shares in the authorized share structure of Target as at the date hereof;
- (f) other than the 3,499,997 Target Warrants and 10,000,000 Target Shares, there are no other shares, options, warrants, convertible notes or debentures, agreements, documents, instruments or other writings of any kind whatsoever which constitute a "security" of Target (as that term is defined in the Securities Act) and Target has no agreements or commitments of any character whatsoever convertible into, or exchangeable or exercisable for or otherwise requiring the issuance, sale or transfer by Target of any Target Shares or

any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any Target Shares;

- (g) Target is not a “reporting issuer” nor an associate of a “reporting issuer” (as such term is defined in the Securities Act) and the Target Shares do not trade on any stock exchange;
- (h) there are no outstanding actions, suits, judgments, investigations or proceedings of any kind whatsoever against or, affecting Target or SAC at law or in equity or before or by any Governmental Authority nor are there, to the knowledge of Target, any pending or threatened;
- (i) this Agreement has been duly executed and delivered by Target and constitutes legal, valid and binding obligations of Target, enforceable against it in accordance with its terms and conditions (subject to such limitations and prohibitions as may exist or may be enacted in Applicable Laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws, rules and regulations of general application affecting the rights, powers, privileges, remedies and/or interests of creditors generally, and except as limited by the application of equitable principles when equitable remedies are sought and by the fact that rights to waiver, indemnity and contribution, and the ability to sever unenforceable terms, may be limited by Applicable Law);
- (j) Section 4.2(j) of the Target Disclosure Letter provides a complete and accurate list of all Material Contracts of each of Target and SAC. Each of the Material Contracts constitutes the valid and legally binding obligation of Target or SAC, as applicable, enforceable in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent transfer and similar laws of general applicability relating to or affecting creditors’ rights or by general principles of equity). There is no default under any Material Contract by Target or SAC or, to the knowledge of Target, by any other party thereto, and no event has occurred that with the lapse of time or the giving of notice or both would constitute a default thereunder by Target or SAC or, to the knowledge of Target, any other party. No party to any such Material Contract has given written notice to Target or SAC of or made a claim against Target or SAC with respect to any breach or default thereunder ;
- (k) Target does not have any creditors that require notice of the Amalgamation pursuant to Section 278 of the BCBCA;
- (l) except as set out in Section 4.2(l) of the Target Disclosure Letter, Target and SAC have duly obtained and hold all permits, licenses, and other authorizations necessary to conduct its respective operations (as are currently conducted) and to the knowledge of the Target, neither Target nor SAC are in default or breach of any such permits, licenses, or other authorizations;
- (m) Section 4.2(m) of the Target Disclosure Letter sets out a true and complete list of all of the mining rights owned by Target and SAC, including any mining claim, mining concession, prospecting permit, mining lease and option agreement (collectively, the “**Target Mining Rights**”);
- (n) all of the Target Mining Rights have currently been recorded in the name of Target or SAC. Except as disclosed in Section 4.2(n) of the Target Disclosure Letter, all of the Target Mining Rights are valid, enforceable and in good standing, free and clear of all

Encumbrances other than Permitted Encumbrances, and all rentals, fees, expenditures and other payments owed in respect thereof to Governmental Authorities have been paid or incurred and will have been paid or incurred at the Effective Time and all filings in respect thereof have been and at the Effective Time will have been made to Governmental Authorities;

- (o) Section 4.2(o) of the Target Disclosure Letter sets out a true and complete list of all real property (other than the Target Mining Rights and water rights) owned or leased by Target or SAC. Target or SAC is the owner of all right, title and interest in such real property, free and clear of any Encumbrances, other than Permitted Encumbrances, except where the failure to have such rights, title and interest would not reasonably be expected to materially impair the value or materially interfere with the use of such real property;
- (p) currently and during the past three years, except where it would not reasonably be expected to have a Material Adverse Change, to the knowledge of Target, both Target and SAC:
  - (i) is and were in compliance with all applicable Environmental Laws;
  - (ii) have duly obtained all permits necessary to conduct its operations as currently conducted in compliance in all material respects with all Environmental Laws, and all such permits are in full force and effect;
  - (iii) have not received notice that it is in default or breach of any such permit; and
  - (iv) have not received within the last three year period preceding the date of this Agreement any written order, notice or other communication from any Governmental Authority of any actual or threatened non-compliance with any Environmental Law which would give rise to an undischarged liability;
- (q) neither Target nor SAC (A) is a party to any collective bargaining agreement, labour contract, letter of understanding, or other commitment with any labour union, trade union, or employee association or organization that may qualify as a labour union, trade union, or employee association, or (B) is subject to any application for certification or, to the knowledge of Target, threatened or apparent union-organizing efforts for employees not covered under a collective bargaining agreement. No Person holds bargaining rights with respect to any of the Employees. To the knowledge of Target, no labour strike, lock-out, unfair labour practice complaint, grievance, arbitration proceeding, slowdown, work stoppage or other similar labour disruption is pending or threatened against or directly affecting Target;
- (r) to the knowledge of Target, Target and SAC are in material compliance with all Applicable Laws respecting employment and employment practices, including wages, hours of work and overtime, employment standards, human rights, workers compensation, occupational health and safety, privacy, and labour relations. There are no actions, suits, complaints, proceedings, claims, charges, investigations, costs, orders, settlements or otherwise, outstanding, or to the knowledge of Target, pending or threatened, under any Applicable Laws respecting employment and employment practices of Target or SAC, including, but not limited to, the Workers Compensation Act, Occupational Health and Safety Regulation, Employment Standards Act, Human Rights Code, Labour Relations Code, Personal Information Protection Act (the “**Employment Legislation**”). To the knowledge of Target, Target and SAC are not liable for any damages, payments, arrears of wages, penalties,

finances, assessments, costs, charges, surcharges, liabilities, liens, levies, premiums, or other amounts due or owing, contingent or otherwise, for failure to comply with any of the Employment Legislation. To the knowledge of Target, Target and SAC have made all required Tax and other government remittances pursuant to applicable Law, including income Taxes, Employment Insurance, Canada Pension Plan, and workers compensation premiums, and there are no outstanding, or, to the knowledge of Target, pending or threatened actions, suits, complaints, proceedings, claims, charges, investigations, costs, orders, settlements or otherwise, relating thereto;

- (s) neither the execution and delivery of this Agreement, nor the consummation of the Amalgamation, will conflict with or result in any breach of any of the terms or provisions of, or constitute a default under, the Material Contracts and the Constatng Documents of Target or SAC, director or shareholder minutes of Target or SAC, any agreement or instrument to which Target or SAC is a party to or by which Target or SAC is bound or any order, decree, statute regulation, covenant or restriction applicable to Target or SAC;
- (t) Target and SAC have good title to each of its assets free and clear of all Encumbrances, except where the existence of such Encumbrance would not have a Material Adverse Change on Target and SAC, and all Encumbrances are as set forth in Section 4.2(s) of the Target Disclosure Letter;
- (u) other than as set forth in Section 4.2(u) of the Target Disclosure Letter, both Target and SAC do not have any liabilities, obligations or indebtedness (whether accrued, absolute, contingent or otherwise) of any kind whatsoever, and, there is no basis for assertion against Target or SAC of any liabilities, obligations or indebtedness (whether accrued, absolute, contingent or otherwise) of any kind, other than liabilities disclosed or reflected in the financial statements of Target or incurred in the ordinary course of business;
- (v) Target and SAC have not approved, are not contemplating and have not entered into any agreement in respect of, nor have any knowledge of: (i) the purchase of any material property or assets or any interest therein (other than in connection with the Amalgamation) or the sale, transfer or disposition of any material property or assets or any interest therein currently owned, directly or indirectly, by Target and SAC whether by asset sale or transfer of shares or otherwise; or (ii) the change of control, by sale or transfer of shares or sale of all or substantially all of the property and assets of Target and SAC or otherwise (other than in connection with the Amalgamation);
- (w) to the knowledge of both Target and SAC, Target and SAC have carried on its respective business and conducted its respective operations and affairs only in the ordinary course and in accordance with Applicable Laws;
- (x) the Target not been required to file, any Tax Returns;
- (y) other than as set out in Section 4.2(y) of the Target Disclosure Letter, neither Target nor SAC have any employees and neither Target nor SAC is a party to any employment, management, or consulting agreement of any kind whatsoever;
- (z) neither Target nor SAC have, or have been required to, deduct, withhold, collect, or remit any Tax to any Governmental Authority;
- (aa) Target is a "taxable Canadian corporation" within the meaning of the Tax Act;

- (bb) no authorization, licence, permit, certificate, registration, consent or approval of, or filing with, or notification to, any Governmental Authority is required to be obtained or made by or with respect to Target for the execution and delivery by Target of this Agreement or, the performance by Target of its obligations hereunder or the completion by Target of the Amalgamation, other than such filings and other approvals required under Applicable Securities Canadian Laws;
- (cc) the Corporate Records of each of Target and SAC are complete and accurate in all material respects and all corporate proceedings and actions reflected in the Corporate Records have been conducted or taken in compliance in all material respects with all Applicable Laws and with the Constatng Documents of Target and SAC. Without limiting the generality of the foregoing, in respect of the Corporate Records of each of Target and SAC (i) the minute books contain complete and accurate minutes of all meetings of the directors and shareholders held since incorporation and all such meetings were properly called and held, (ii) the minute books contain all resolutions passed by the directors and shareholders (and committees, if any) and all such resolutions were properly passed, (iii) the share certificate books, register of shareholders and register of transfers are complete and accurate, all transfers have been properly completed and approved and any Tax payable in connection with the transfer of any securities has been paid, and (iv) the registers of directors and officers are complete and accurate and all former and present directors and officers were properly elected or appointed, as the case may be;
- (dd) Paterson was primarily responsible for the operations of the Target, possesses all information related to its operations, including business and financial information, and there is no information held by any other party other than Paterson which would be required by the Acquiror pursuant to Section 3.5(b) or otherwise;
- (ee) Paterson has made full disclosure to Acquiror in writing of all material facts of which Paterson has knowledge relating to Target and the Target Mining Rights which could reasonably be expected to have an effect upon Acquiror determining whether it shall enter into this Agreement;
- (ff) there is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress or, to the knowledge of Target threatened of or against either of Target or SAC before any court, regulatory or administrative agency or tribunal;
- (gg) as at the date hereof there are no reasonable grounds for believing that any creditor of Target will be prejudiced by the Amalgamation;
- (hh) there are no outstanding labour disputes, (whether filed or lodged with Target or SAC or any other Person or organization), and to the knowledge of Target there are no pending labour disruptions or pending unionization with respect to either of Target or SAC;
- (ii) other than as set out in Section 4.2(ii) of the Target Disclosure Letter, there are no agreements, covenants, undertakings, rights of first refusal or other commitments of either Target or SAC or any instruments binding on each of it or its assets:
  - (i) which would preclude Target from entering into this Agreement;
  - (ii) under which the Amalgamation would have the effect of imposing restrictions or obligations on Amalco greater than those imposed upon Target;

- (iii) which would give a third party, as a result of the transactions contemplated in this Agreement, the right to terminate any material agreement to which Target or SAC is a party or to purchase any of Target, SAC or Amalco's assets; or
- (iv) which would impose restrictions on the ability of Amalco:
  - (A) to carry on any business which it might choose to carry on within any geographical area;
  - (B) to acquire property or dispose of its property and assets as an entirety;
  - (C) to pay dividends, redeem shares or make other distributions to its shareholders;
  - (D) to borrow money or to mortgage and pledge its property as security therefore; or
  - (E) to change its corporate status;
- (jj) neither Target nor SAC, its respective affiliates, nor, to Target's knowledge without due inquiry, any of their respective Representatives has taken, committed to take or been alleged to have: (i) taken any action which would cause Target, SAC or any of its respective affiliates to be in violation of the United States' *Foreign Corrupt Practices Act* (and the regulations promulgated thereunder), the *Corruption of Foreign Public Officials Act* (Canada) (CFPOA) (and the regulations promulgated thereunder) or any Applicable Law of similar effect; (ii) taken any unlawful action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any "foreign public official" (as such term is defined in the CFPOA); (iii) made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment; or (iv) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; and Target and SAC, and its respective affiliates have instituted and maintain and will continue to maintain policies and procedures reasonably designed to promote and achieve compliance with applicable anti-corruption laws and with the representation and warranty contained herein;
- (kk) neither Target nor SAC or, to the knowledge of Target, any director, officer, or employee of Target or SAC have had any sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department, the Government of Canada or any other relevant sanctions authority (collectively, "**Sanctions**") imposed upon such Person, and both Target and SAC are not in violation of any of the Sanctions or any Applicable Law or executive order relating thereto, or are conducting business with any Person subject to any Sanctions;
- (ll) the operations of Target and SAC are and have been conducted at all times in material compliance with applicable Money Laundering Laws and no action, suit or proceeding by or before any regulatory authority involving Target or SAC with respect to the Money Laundering Laws is pending or, to the knowledge of Target, threatened;
- (mm) each of Target and SAC will not, as of the Effective Time, be a party to or bound by any agreement with, nor be indebted to, and nor shall any amount be owing to Target or SAC by, any officers, former officers, directors, former directors, shareholders, former shareholders, employees or former employees of Target or SAC or any Persons not dealing

at “arm’s length” (as such Target or SAC have not made or authorized any payments to any of its respective officers, former officers, directors, former directors, shareholders, former shareholders, employees or former employees of Target or SAC or to any Persons not dealing at “arm’s length” (as such term is defined in the Tax Act) with any of the foregoing, other than ordinary course consulting fees to directors and officers);

- (nn) other than confidentiality obligations imposed by Applicable Law with respect to prior service of relationships, no current officer or director of either Target or SAC, nor to the knowledge of Target without due inquiry, any employee of Target or SAC, is subject to any limitations or restrictions on their activities or investments, including any non-competition provisions, that would in any way limit or restrict their involvement with Target or SAC or the business affairs of Target or SAC as now conducted or presently proposed to be conducted, other than such limitations or restrictions that would not, individually or in the aggregate, reasonably be expected to be, or result in, a Material Adverse Change for Target or SAC;
- (oo) there is no person, firm or corporation acting or purporting to act at the request of Target, who is entitled to any brokerage or finder’s fee in connection with the transactions contemplated herein.
- (pp) SAC has duly and timely filed all Tax Returns required to be filed with the appropriate government authority, and all such Tax Returns are correct and complete in all material respects and reflect accurately all liability for Taxes of SAC for the periods covered thereby; and
- (qq) SAC has paid all Taxes which are due and payable (including all instalments on account of Taxes) within the time required by Applicable Law, and has paid all assessments and reassessments it has received in respect of Taxes.

#### **4.3 Liability of Paterson**

In no event shall Paterson’s aggregate liability under this Agreement exceed the aggregate value of the Acquiror Shares (calculated based on the Acquiror Share Price) received by the Target Shareholders in connection with the Amalgamation, except with respect to claims related to fraud by Paterson, the liability for which is not limited.

#### **4.4 Survival of Representation and Warranties**

The representations and warranties herein shall survive the performance of the Parties respective obligations hereunder and the termination of this Agreement but shall expire two years after the Effective Date.

**PART 5**  
**AGREEMENTS**

**5.1 Proposed Transaction**

In connection with the Amalgamation, Target and Acquiror, as applicable, shall:

- (a) as soon as practicable following the announcement of the Proposed Transaction, post an initial Form 9 on the profile of the Acquiror on the website of the Exchange, disclosing the terms of the Proposed Transaction; and
- (b) use their reasonable commercial efforts to consummate the transactions contemplated by this Agreement.

**5.2 Preparation of Filings**

- (a) Acquiror and Target shall cooperate in the taking of all such action as may be required under the BCBCA, Applicable Canadian Securities Laws, Exchange Policies and other Applicable Laws in connection with the transactions contemplated by this Agreement.
- (b) Target and Paterson shall, and Paterson shall use commercially reasonable efforts to cause the other Target Shareholders, as applicable, to promptly furnish to Acquiror all information concerning Target as may be required for inclusion in any document Acquiror needs to prepare in connection with Applicable Canadian Securities Laws (a “**Disclosure Document**”). Target and Paterson agree that all information provided by Target to Acquiror for inclusion in a Disclosure Document will not, at the time the Disclosure Document is filed or delivery to third parties (as applicable), contain any misrepresentation and Target agrees to indemnify and save harmless Acquiror and its directors, officers, employees, advisors and agents from and against any and all liabilities, Claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Acquiror or its directors, officers, employees advisors and agents may be subject or which Acquiror or its directors, officers, employees, advisors or agents may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of: (y) any misrepresentation or alleged misrepresentation contained in any information provided to Acquiror by Target for inclusion in any Disclosure Document; or (z) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any misrepresentation or alleged misrepresentation contained in any information provided to Acquiror by Target for inclusion in any Disclosure Document.



**PART 6**  
**CONDITIONS PRECEDENT**

**6.1 Mutual Conditions Precedent**

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the completion of the Amalgamation, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) Acquiror shall have received all board approvals necessary or desirable, as required by the Exchange or Applicable Laws, in connection with the Amalgamation;
- (b) the Amalgamation shall have become effective on or prior to the Outside Date;
- (c) Acquiror shall not be in default of the requirements of the Exchange and any securities commission and no order shall have been issued and currently in effect preventing the Amalgamation or the trading of any securities of Acquiror;
- (d) all other consents, orders and approvals, including regulatory and third-party approvals and orders, necessary or desirable for the completion of the transactions provided for in this Agreement and the Amalgamation shall have been obtained or received from the Persons, authorities or bodies having jurisdiction in the circumstances;
- (e) this Agreement shall not have been terminated under Part 8;
- (f) the availability of prospectus exemptions for the Amalgamation under Applicable Canadian Securities Laws; and
- (g) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and the Amalgamation.

The foregoing conditions are for the mutual benefit of Acquiror and SubCo on the one hand and Target on the other hand and may be waived, in whole or in part, jointly by the Parties at any time. If any of the foregoing conditions are not satisfied or waived on or before the Effective Date then a Party may terminate this Agreement by written notice to the other Parties in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of such terminating Party's breach of this Agreement.

**6.2 Additional Conditions to Obligations of Acquiror and SubCo**

The obligations of Acquiror and SubCo to consummate the transactions contemplated hereby, and in particular to complete the Amalgamation, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) Amalgamation, together with such matters as are required to effect the Amalgamation, shall have been approved by the unanimous resolution of Target Shareholders in respect of Target;
- (b) Acquiror being satisfied, in its sole discretion, with the results of its due diligence with respect to the Target and the Target Mining Rights;

- (c) the representations and warranties of Target which are qualified by references to materiality or by the expression "Material Adverse Change" were true and correct as of the date of this Agreement and are true and correct as of the Effective Date, in all respects, and all other representations and warranties of Target were true and correct as of the date of this Agreement and are true and correct as of the Effective Date, in all material respects, in each case except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date, and Target shall have executed and delivered a certificate of a director or officer to that effect;
- (d) Target will have fulfilled or complied, in all material respects, with all covenants contained in this Agreement to be fulfilled or complied with by Target at or prior to the Effective Date, and Target shall have executed and delivered a certificate of a director or officer to that effect;
- (e) no inquiry or investigation (whether formal or informal) in relation to Target or its directors, members, managers, or officers, as applicable, shall have been commenced or threatened by the Exchange, any relevant securities commission or other federal, state or local regulatory body having jurisdiction, such that the outcome of such inquiry or investigation could have a Material Adverse Change on Acquiror after giving effect to the Proposed Transaction;
- (f) no act, action, suit, proceeding, objection or opposition shall have been taken against or affecting Target before or by any domestic or foreign court, tribunal or governmental agency or other regulatory or administrative agency or commission by any elected or appointed public official or private Person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of Acquiror, acting reasonably, in either case has had or, if the Amalgamation was consummated, would result in a Material Adverse Change respecting Target taken as a whole or would materially impede the ability of the Parties to complete the Amalgamation;
- (g) no Material Adverse Change shall have occurred in the business, results of operations, assets, liabilities, condition (financial or otherwise) or affairs of Target (considered on a consolidated basis) between the date of signing this Agreement and the completion of the Proposed Transaction;
- (h) Target shall be in compliance with the terms of this Agreement and the transactions contemplated in this Agreement;
- (i) the holders of the issued and outstanding Target Shares holding marketable title thereto, free and clear of any and all Encumbrances, liens, charges and demands of whatsoever nature; and
- (j) Target shall have furnished Acquiror with:
  - (i) certified copies of the resolutions duly passed by the board of directors of Target approving this Agreement and the consummation of the transactions contemplated hereby;

- (ii) certified copies of the unanimous resolution approved by the Target Shareholders approving this Agreement and the consummation of the transactions contemplated hereby;
- (iii) certified copies of Target's Constating Documents;
- (iv) evidence of the good standing of all licenses, permits, or other authorizations related to the Target Mining Rights including an opinion of counsel in Slovakia indicating that such Target Mining Rights are in good standing and will continue to be in good standing following the completion of the Amalgamation, representing rights that will then be the rights of Amalco to conduct all mineral exploration, development, or production activities contemplated by such Target Mining Rights;
- (v) duly executed Support Agreements dated as of the Effective Date;
- (vi) a certificate of good standing of Target dated within two Business Days of the Effective Date; and
- (vii) a certificate of Target addressed to Acquiror and dated the Effective Date, signed on behalf of Target by any director or officer of Target, confirming that the conditions in Section 6.2 have been satisfied.

The conditions in this Section 6.2 are for the exclusive benefit of Acquiror and may be asserted by Acquiror regardless of the circumstances or may be waived by Acquiror in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Acquiror may have. If any of the foregoing conditions in this Section 6.2 are not satisfied or waived on or before the Effective Date then Acquiror may terminate this Agreement by written notice to Target in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of Acquiror's breach of this Agreement.

### **6.3 Additional Conditions to Obligations of Target**

The obligations of Target to consummate the transactions contemplated hereby, and in particular to complete the Amalgamation, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) Amalgamation, together with such matters as are required to effect the Amalgamation, shall have been approved by the unanimous resolution of Acquiror, in respect of Subco;
- (b) the representations and warranties of Acquiror and SubCo which are qualified by references to materiality or by the expression "Material Adverse Change" were true and correct as of the date of this Agreement and are true and correct as of the Effective Date, in all respects, and all other representations and warranties of Target were true and correct as of the date of this Agreement and are true and correct as of the Effective Date, in all material respects, in each case except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date, and Acquiror and SubCo shall have executed and delivered a certificate of an officer to that effect;

- (c) Acquiror and SubCo will have fulfilled or complied, in all material respects, with all covenants contained in this Agreement to be fulfilled or complied with by Target at or prior to the Effective Date, and Acquiror and SubCo will have executed and delivered a certificate to that effect;
- (d) the Acquiror Shares to be issued to the Target Shareholders shall be issued as fully paid and non-assessable common shares in the authorized share structure of Acquiror, free and clear of any and all hold periods, seasoning periods, Encumbrances, liens, charges, demands of whatsoever nature, and shall be exempt from the prospectus requirements of Applicable Canadian Securities Laws either by virtue of exemptive relief from the securities regulatory authorities of each of those jurisdictions or by virtue of applicable exemptions under such securities laws;
- (e) no inquiry or investigation (whether formal or informal) in relation to Acquiror or its directors or officers shall have been commenced or threatened by the Exchange, any securities commission or other federal, state, provincial or local regulatory body having jurisdiction, such that the outcome of such inquiry or investigation could have a Material Adverse Change on Acquiror after giving effect to the Proposed Transaction;
- (f) no act, action, suit, proceeding, objection or opposition shall have been taken against or affecting Acquiror before or by any domestic or foreign court, tribunal or governmental agency or other regulatory or administrative agency or commission by any elected or appointed public official or private Person in Canada or elsewhere, whether or not having the force of law and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of Target, acting reasonably, in either case has had or, if the Amalgamation was consummated, would result in a Material Adverse Change respecting Acquiror or would materially impede the ability of the Parties to complete the Amalgamation;
- (g) no Material Adverse Change shall have occurred in the business, results of operations, assets, liabilities, condition (financial or otherwise) or affairs of Acquiror or SubCo between the date of signing this Agreement and the completion of the Proposed Transaction except for the expenditure of funds or incurrence of accrued liabilities required to maintain Acquiror's status as a reporting issuer in good standing in each province of Canada other than Quebec, or as otherwise required in connection with the completion of the transactions contemplated in this Agreement;
- (h) Acquiror shall be in compliance in all material respects with the terms of this Agreement and the transactions contemplated in this Agreement;
- (i) at the Effective Time, Acquiror shall be up to date and current in respect of all corporate and Tax filings; and
- (j) Acquiror shall have furnished Target with:
  - (i) certified copies of the resolutions duly passed by the boards of directors of Acquiror and SubCo approving this Agreement and the consummation of the transactions contemplated hereby;

- (ii) certified copies of the resolutions of Acquiror, as the sole shareholder of SubCo, approving this Agreement and the consummation of the transactions contemplated hereby;
- (iii) certified copies of Acquiror and SubCo's Constatng Documents;
- (iv) evidence that Acquiror is a reporting issuer in each of the provinces of Canada other than Quebec, and is not in default of any of the provisions therein;
- (v) certificates of good standing of Acquiror and SubCo dated within two Business Days of the Effective Date;
- (vi) a certificate of Acquiror addressed to Target and dated the Effective Date, signed on behalf of Acquiror by a senior officer of Acquiror, confirming that the conditions in Section 6.3 have been satisfied; and
- (vii) a certificate of Acquiror that Acquiror has complied with all applicable Exchange requirements in relation to the issuance of the Acquiror Shares contemplated under this Agreement.

The conditions in this Section 6.3 are for the exclusive benefit of Target and may be asserted by Target regardless of the circumstances or may be waived by Target in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Target may have. If any of the foregoing conditions in this Section 6.3 are not satisfied or waived on or before the Effective Date then Target may terminate this Agreement by written notice to Acquiror in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of Target's breach of this Agreement.

#### **6.4 Notice and Effect of Failure to Comply with Conditions**

Each of Acquiror and Target shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to: (i) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect; or (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder; provided, however, that no such notification will affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.

#### **6.5 Satisfaction of Conditions**

The conditions set out in this Part 6 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, the Articles of Amalco are filed under the BCBCA to give effect to the Amalgamation.

**PART 7**  
**AMENDMENT**

**7.1 Amendment**

This Agreement may at any time and from time to time on or before the Effective Date be amended by written agreement of the Parties hereto.

**PART 8**  
**TERMINATION**

**8.1 Termination**

- (a) This Agreement may be terminated at any time in each of the following circumstances (each then being, a “**Termination Date**”):
  - (i) by written agreement executed and delivered by Acquiror, SubCo and Target;
  - (ii) by any Party if the Effective Date shall not have occurred by the Outside Date unless the failure to complete the Amalgamation by such date is the result, directly or indirectly, of a breach of this Agreement by the Party seeking to terminate the Agreement, in which case this Agreement shall not be terminated pursuant to this Section 8.1(a)(ii);
  - (iii) as set out in Sections 6.1, 6.2 and 6.3 of this Agreement;
  - (iv) by Acquiror, if it is unsatisfied with the results of its due diligence with respect to the Target and the Target Mining Rights; or
  - (v) by a non-breaching Party, in the event of a material breach of a material representation, warranty or covenant contained herein which is not cured within 10 Business Days of a non-breaching Party providing written notice of the breach to the breaching Party.
  
- (b) If this Agreement is terminated in accordance with the foregoing provisions of this Section 8.1, this Agreement shall forthwith become void and no Party shall have any liability or further obligation to the other Parties hereunder except for each Party’s obligations under Sections 1.2, 4.3, 9.1, 9.4, 9.5, 9.6 and 9.10 hereunder shall survive such termination, and provided that neither the termination of this Agreement nor anything contained in this Section 8.1, shall relieve any Party from any liability for any breach by it of this Agreement, including from any inaccuracy in any of its representations and warranties and any non-performance by it of its covenants made herein, prior to the date of such termination.

**PART 9**  
**GENERAL**

**9.1 Notices**

All notices that may be or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally, delivered by courier or sent by electronic transmission:

- (a) in the case of Acquiror, to:

Military Metals Corp.  
615-800 West Pender Street  
Vancouver, BC V6C 2V6  
Attention: Scott Eldridge  
Email: [Redacted for sensitive information]

with a copy to:

McMillan LLP  
1500-1055 West Georgia Street  
Vancouver, BC V6E 4N7  
Attention: Sasa Jarvis  
Email: [Redacted for sensitive information]

- (b) in the case of SubCo, to:

1509149 B.C. LTD.  
615-800 West Pender Street  
Vancouver, BC V6C 2V6  
Attention: Scott Eldridge  
Email: [Redacted for sensitive information]

with a copy to:

McMillan LLP  
1500-1055 West Georgia Street  
Vancouver, BC V6E 4N7  
Attention: Sasa Jarvis  
Email: [Redacted for sensitive information]

- (c) in the case of Target, to:

1458205 B.C. Ltd.  
1000-595 Burrard Street  
Vancouver BC V7X 1S8  
Attention: Aaron Paterson  
Email: [Redacted for sensitive information]

with a copy to:

Borden Ladner Gervais LLP  
1200 Waterfront Center, 200 Burrard Street  
Vancouver, British Columbia V7X 1T2  
Attention: James Cantwell  
Email: [Redacted for sensitive information]

or such other address as the Parties may, from time to time, advise the other Parties hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such facsimile or other electronic transmission is received.

## **9.2 Binding Effect**

This Agreement shall be binding upon and enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

## **9.3 Assignment**

Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the Parties hereto without the prior written consent of the other Parties hereto.

## **9.4 Entire Agreement**

This Agreement, together with the agreements and documents referred to herein, constitutes the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, including the Letter of Intent, among the Parties with respect to the subject matter hereof.

## **9.5 Public Communications**

Each of Acquiror and Target agree to consult with each other prior to issuing any press releases or otherwise making public statements with respect to this Agreement or the Amalgamation or making any filing with any Governmental Authority with respect thereto. Without limiting the generality of the foregoing, no Party shall issue any press release regarding the Amalgamation, this Agreement or any transaction relating to this Agreement without first providing a draft of such press release to the other Party and reasonable opportunity for comment and for such comments to be incorporated into such press release; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any such disclosure required in accordance with Applicable Laws. If such disclosure is required and the other Party has not reviewed or commented on the disclosure, the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Party, and if such prior notice is not possible, to give such notice promptly following such disclosure.

## **9.6 Costs**

Notwithstanding any other provision herein, each of the parties hereto shall be responsible for its own costs and expenses incurred with respect to the transactions contemplated herein (the "**Transaction Expenses**") including, without limitation, all costs and expenses incurred prior to the date of this Agreement and all legal and accounting fees and disbursements relating to preparing the documents contemplated herein, calling and holding shareholder meetings and preparing all other documentation and filings in connection with the Proposed Transaction, or otherwise relating to the transactions contemplated herein. The parties



agree that the Transaction Expenses shall not include any filing fees to the Exchange in connection with the Proposed Transaction, or any costs incurred by Acquiror in the normal course of its operations as a public company, including listing fees, transfer agent fees, normal course audit fees and expenses incurred for normal course filings, including dissemination of news releases. The parties agree that Acquiror and its counsel shall be primarily responsible for preparation of all documentation and filings in connection with the Proposed Transaction, including the application to the Exchange for the listing of Acquiror Shares issued pursuant to the Amalgamation following completion of the Proposed Transaction, while Target and its counsel shall perform a review function and diligently cooperate and assist in the preparation of such documentation and required filings, with primary responsibility for the completion of disclosure materials with respect to Target and this Agreement; however, each party shall permit the other party and its counsel to review the preparation of all documentation to be sent to shareholders of such party or otherwise used in connection with the approval of the Proposed Transaction and related matters by the shareholders of such party. This provision is not intended in any way to modify the requirements of the Target contained in section 3.4(g) hereof.

### **9.7 Severability**

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be severable therefrom and the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

### **9.8 Further Assurances**

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

### **9.9 Time of Essence**

Time shall be of the essence of this Agreement.

### **9.10 Applicable Law and Enforcement**

This Agreement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of British Columbia and the laws of Canada applicable therein. The Parties hereby irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of British Columbia.

### **9.11 Waiver**

Any Party may, on its own behalf only, (i) extend the time for the performance of any of the obligations or acts of the other Parties, (ii) waive compliance with the other Parties' agreements or the fulfillment of any conditions to its own obligations contained herein, or (iii) waive inaccuracies in the other Parties' representations or warranties contained herein or in any document delivered by the other Parties; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived.

## **9.12 Counterparts**

This Agreement and any amendments thereto (and any other agreements, notices or documents contemplated thereby) may be executed and delivered by facsimile transmission or other form of electronic recorded transmission (including via electronic mail via the Internet) and in any number of counterparts and all such facsimile or other electronically transmitted copies and counterparts shall be deemed to be an original hereof and for all purposes constitute one agreement, be binding on the Parties, provided each Party has executed and delivered at least one counterpart to the other Parties, and each may be relied upon by each Party as such for any and all purposes.

*[Remainder of page intentionally left blank - signature page immediately follows]*

**IN WITNESS WHEREOF** the Parties have executed this Amalgamation Agreement as of the date first above written.

**MILITARY METALS CORP.**

Per:           /s/ "Scott Eldridge"  
Name: Scott Eldridge  
Title: CEO

**1509149 B.C. LTD.**

Per:           /s/ "Scott Eldridge"  
Name: Scott Eldridge  
Title: CEO

**1458205 B.C. LTD.**

Per:           /s/ "Aaron Paterson"  
Name: Aaron Paterson  
Title: Director

          /s/ "Aaron Paterson"  
Aaron Paterson

**SCHEDULE A**

**AMALGAMATION APPLICATION**

**(See attached)**

# AMALGAMATION APPLICATION

BUSINESS CORPORATIONS ACT, section 275

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

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

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

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

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

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

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

(Check all applicable boxes.)

- BC company
- BC unlimited liability company

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

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

**OR**

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

**OR**

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

The name of the amalgamating company being adopted is:

1458205 B.C. LTD.

The incorporation number of that company is: BC1458205

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

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

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

**OR**

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

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

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

YYYY / MM / DD

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

YYYY / MM / DD

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

**E AMALGAMATING CORPORATIONS**

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

NAME OF AMALGAMATING CORPORATION	BC INCORPORATION NUMBER, OR EXTRAPROVINCIAL REGISTRATION NUMBER IN BC	FOREIGN CORPORATION'S JURISDICTION
1. 1509149 B.C. LTD.	BC1509149	
2. 1458205 B.C. LTD.	BC1458205	
3.		
4.		
5.		

**F FORMALITIES TO AMALGAMATION**

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

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

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

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

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
1. Scott Eldridge	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
2. Aaron Paterson	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
3.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
4.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
5.	X	

## NOTICE OF ARTICLES

**A NAME OF COMPANY**

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

1458205 B.C. LTD.

**B TRANSLATION OF COMPANY NAME**

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

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

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

LAST NAME	FIRST NAME	MIDDLE NAME	PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
Eldridge	Scott		BC	Canada	V6E 4N7
DELIVERY ADDRESS					
1500 - 1055 West Georgia Street					
MAILING ADDRESS					
Prasad	Latika	Devi	BC	Canada	V6E 4N7
DELIVERY ADDRESS					
1500 - 1055 West Georgia Street					
MAILING ADDRESS					
DELIVERY ADDRESS					
MAILING ADDRESS					
DELIVERY ADDRESS					
MAILING ADDRESS					

**D REGISTERED OFFICE ADDRESSES**

DELIVERY ADDRESS OF THE COMPANY'S REGISTERED OFFICE

1055 West Georgia Street, 1500 Royal Centre, PO Box 11117, Vancouver

PROVINCE

BC

POSTAL CODE

V6E 4N7

MAILING ADDRESS OF THE COMPANY'S REGISTERED OFFICE

1055 West Georgia Street, 1500 Royal Centre, PO Box 11117, Vancouver

PROVINCE

BC

POSTAL CODE

V6E 4N7

**E RECORDS OFFICE ADDRESSES**

DELIVERY ADDRESS OF THE COMPANY'S RECORDS OFFICE

1055 West Georgia Street, 1500 Royal Centre, PO Box 11117, Vancouver

PROVINCE

BC

POSTAL CODE

V6E 4N7

MAILING ADDRESS OF THE COMPANY'S RECORDS OFFICE

1055 West Georgia Street, 1500 Royal Centre, PO Box 11117, Vancouver

PROVINCE

BC

POSTAL CODE

V6E 4N7

**F AUTHORIZED SHARE STRUCTURE**

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



**SCHEDULE B**

**FORM OF ARTICLES OF AMALCO**

**(See attached)**

Number: \_\_\_\_\_

**BUSINESS CORPORATIONS ACT**

**ARTICLES**

of

\_\_\_\_\_ **B.C. LTD.**

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Number: \_\_\_\_\_

***BUSINESS CORPORATIONS ACT***

**ARTICLES**

of

\_\_\_\_\_ **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) “**legal personal representative**” means the personal or other legal representative of the shareholder;
- (e) “**registered address**” of a shareholder means the shareholder’s address as recorded in the central securities register;
- (f) “**seal**” means the seal of the Company, if any;
- (g) “**share**” means a share in the share structure of the Company; and
- (h) “**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 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 or Written Notice**

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 may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

#### **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, the Company must issue a replacement share certificate or acknowledgment, as the case may be, to the person entitled to that share certificate or acknowledgment, if it receives:

- (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 duly signed proper instrument of transfer in respect of the share;
- (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, the due signing of the instrument of transfer and the right of the transferee to have the transfer registered.

#### **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 of that class or series or in some other form that may be approved by the directors.

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

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

### **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, the special rights or restrictions attached to the shares of any class or series and 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, 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, Redeem or Otherwise Acquire 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, Section 300 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 special resolution:

- (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (d) if the Company is authorized to issue shares of a class of shares with par value:
  - (i) decrease the par value of those shares; or
  - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (f) alter the identifying name of any of its shares; or
- (g) otherwise alter its shares or authorized share structure when required or permitted to do so by the Act,

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

#### Special Rights or 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 special 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

- (a) if the Company is a public company, by directors' resolution, authorize an alteration to its Notice of Articles, in order to change its name;
- (b) if the Company is not a public company, by special resolution, authorize an alteration to its Notice of Articles, in order to change its name, and
- (c) by ordinary or directors' resolution, authorize an alteration to its Notice of Articles, in order to 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 special 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 or 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, holds at least 5% 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 lawyer 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 lawyer 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 the determination of the chair 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 proxy holder 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 method of transmitting legibly 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, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

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

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

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

## **PART 15**

### **POWERS AND DUTIES OF DIRECTORS**

#### **Powers of Management**

15.1 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.

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

15.2 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.

## **PART 16**

### **INTERESTS OF DIRECTORS AND OFFICERS**

#### **Obligation to Account for Profits**

16.1 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**

16.2 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**

16.3 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**

16.4 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**

16.5 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**

16.6 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**

16.7 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**

16.8 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 17**

### **PROCEEDINGS OF DIRECTORS**

#### **Meetings of Directors**

17.1 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**

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

#### **Chair of Meetings**

17.3 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**

17.4 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 §17.4 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**

17.5 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**

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

### **When Notice Not Required**

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

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

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

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

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

17.9 Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and 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**

17.10 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**

17.11 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**

17.12 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 §17.12 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 §17.12 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 18

### EXECUTIVE AND OTHER COMMITTEES

#### Appointment and Powers of Executive Committee

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

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

#### Appointment and Powers of Other Committees

18.2 The directors may, by resolution:

- (a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (b) delegate to a committee appointed under §(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

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

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

### **Powers of Board**

- 18.4 The directors may, at any time, with respect to a committee appointed under §18.1 or §18.2
- (a) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
  - (b) terminate the appointment of, or change the membership of, the committee; and
  - (c) fill vacancies in the committee.

### **Committee Meetings**

- 18.5 Subject to §18.3(a) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under §18.1 or §18.2:
- (a) the committee may meet and adjourn as it thinks proper;
  - (b) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
  - (c) a majority of the members of the committee constitutes a quorum of the committee; and
  - (d) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

## **PART 19**

### **OFFICERS**

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

- 19.1 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**

- 19.2 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

19.3 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

19.4 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 20

### INDEMNIFICATION

#### Definitions

20.1 In this Part 20:

- (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 Sections 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, alternate 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**

20.2 Subject to the Act, the Company must indemnify each eligible party and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each eligible party is deemed to have contracted with the Company on the terms of the indemnity contained in this §20.2.

### **Indemnification of Other Persons**

20.3 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**

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

### **Non-Compliance with Act**

20.5 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 20.

### **Company May Purchase Insurance**

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

## **PART 21**

### **DIVIDENDS**

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

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



### **Declaration of Dividends**

21.2 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**

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

### **Record Date**

21.4 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**

21.5 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**

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

- (a) set the value for distribution of specific assets;
- (b) determine that 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**

21.7 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**

21.8 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**

21.9 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**

21.10 No dividend bears interest against the Company.

### **Fractional Dividends**

21.11 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**

21.12 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**

21.13 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 22**

### **ACCOUNTING RECORDS AND AUDITOR**

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

22.1 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**

22.2 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**

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

## **PART 23**

### **NOTICES**

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

23.1 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;
- (e) physical delivery to the intended recipient.

### **Deemed Receipt of Mailing**

23.2 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 §23.1 is deemed to be received by the person to whom it was mailed on the day (Saturdays, Sundays and holidays excepted) following the date of mailing;
- (b) faxed to a person to the fax number provided by that person under §23.1 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 under §23.1 is deemed to be received by the person to whom it was e-mailed on the day that it was emailed.

### **Certificate of Sending**

23.3 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 §23.1 is conclusive evidence of that fact.

### **Notice to Joint Shareholders**

23.4 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**

23.5 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**

23.6 If on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to §23.1 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 24**

### **SEAL**

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

24.1 Except as provided in §24.2 and §24.3, 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

24.2 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 §24.1, 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

24.3 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 §24.1 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 25

### PROHIBITIONS

#### Definitions

25.1 In this Part 25:

- (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**

25.2 §25.3 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**

25.3 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.

<b>Full name and signature of each incorporator</b>	<b>Date of signing</b>
MILITARY METALS CORP.  Per: _____ Authorized Signatory	