

**EUPRAXIA PHARMACEUTICALS INC.**  
(the “**Company**”)

**AMENDMENT TO ARTICLES OF THE COMPANY**

Pursuant to section 42(2)(a)(iv) of the *Business Corporations Act* (British Columbia), the following is an extract of the Resolutions of the Directors of the Company dated October 29, 2024, which extract is attached to the Articles of the Company as made effective October 31, 2024.

**“NOW THEREFORE BE IT RESOLVED THAT:**

**Approval of a New Class of Series 1 Preferred Shares**

1. The amendment to the Articles and Notice of Articles to create a new class of Series 1 Preferred shares with the rights, privileges, restrictions and conditions substantially in accordance with the Preferred Share Terms, is hereby authorized and approved.
2. The alterations made to the Articles of the Company by this resolution shall not take effect until the Notice of Articles of the Company has been altered to reflect the alterations made to the Articles of the Company.
3. Subject to the deposit at the Company’s records office of this resolution, the solicitors for the Company are authorized and directed to electronically file the required Notice of Alteration with the Registrar of Companies to alter the Notice of Articles.”

**EUPRAXIA PHARMACEUTICALS INC.**  
(the “Company”)

**AMENDMENT TO ARTICLES OF THE COMPANY**

Pursuant to section 42(2)(a)(iv) of the *Business Corporations Act* (British Columbia), the following is an extract of the Special Resolutions of the Voting Shareholders of the Company extracted from the Minutes of the Annual General Meeting of the Shareholders of the Company, which extract is attached to the Articles of the Company as made effective June 6, 2024.

**“BE IT RESOLVED BY SPECIAL RESOLUTION THAT:**

1. the existing Articles of the Company be amended as set forth in Schedule B of the Company’s management information circular dated May 1, 2024;
2. this resolution shall be effective on the date and time that this resolution has been deposited at the Company’s records office; and
3. any one director or officer of the Company is hereby authorized and directed for and in the name of and on behalf of the Company to execute or cause to be executed, whether under corporate seal of the Company or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things as in the opinion of such director or officer may be necessary or desirable in order to carry out the terms of this resolution, such determination to be conclusively evidenced by the execution and delivery of such documents or the doing of any such act or thing.

Section 9.1 of the Articles of the Company is deleted and replaced with the following: 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) 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;

(d) 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; (e) alter the identifying name of any of its shares; or (f) 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. The following is added as Section 9.1.1 to the Articles of the Company: Consolidations and Subdivisions 9.1.1 Subject to §9.2 and the Act, the Company may, by resolution of the directors, consolidate or subdivide

all or any of its unissued, or fully paid issued, shares and, if applicable, alter its Notice of Articles and Articles accordingly.”

***BUSINESS CORPORATIONS ACT***

**ARTICLES**

**of**

**EUPRAXIA PHARMACEUTICALS INC.**

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***BUSINESS CORPORATIONS ACT***

**ARTICLES**

**of  
EUPRAXIA PHARMACEUTICALS INC.  
(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**

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

#### **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 acknowledgment is lost in the mail or stolen.

#### **Replacement of Worn Out or Defaced Certificate or Acknowledgment**

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.

8.2 The powers conferred under this Part 8 shall be deemed to include the powers conferred on a company by Division VII of the *Special Corporations Powers Act* being chapter P-16 of the Revised Statutes of Quebec, 1988, and every statutory provision that may be substituted therefor or for any provision therein.

## PART 9

### ALTERATIONS

Section 9.1 has been replaced by way of Special Resolutions of Shareholders on June 6, 2024. See next page for updated Section 9.1.

#### ~~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.

## **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) 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;
- (d) 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;
- (e) alter the identifying name of any of its shares; or
- (f) 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.

## **Consolidations and Subdivisions**

9.1.1 Subject to §9.2 and the Act, the Company may, by resolution of the directors, consolidate or subdivide all or any of its unissued, or fully paid issued, shares and, if applicable, alter its Notice of Articles and Articles accordingly.

## **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**

### **ALTERNATE DIRECTORS**

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

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

#### **Notice of Meetings**

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

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

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

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

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

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

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

### **Consent Resolutions**

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

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

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

### **Revocation or Amendment of Appointment of Alternate Director**

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

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

15.7 The appointment of an alternate director ceases when:

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

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

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

## **PART 16**

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

#### **Powers of Management**

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

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

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

## **PART 17**

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

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

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

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

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

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

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

### **Disclosure of Conflict of Interest or Property**

17.4 A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the Act.

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

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

### **No Disqualification**

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

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

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

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

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

## **PART 18**

### **PROCEEDINGS OF DIRECTORS**

#### **Meetings of Directors**

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

#### **Voting at Meetings**

18.2 Questions arising at any meeting of directors are to be decided by a 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**

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

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

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

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

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

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

### **Calling of Meetings**

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

### **Notice of Meetings**

18.6 Other than for meetings held at regular intervals as determined by the directors pursuant to §18.1, 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 §24.1 or orally or by telephone.

### **When Notice Not Required**

18.7 It is not necessary to give notice of a meeting of the directors to a director 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**

18.8 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**

18.9 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**

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

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

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

## **Consent Resolutions in Writing**

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

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

A consent in writing under this §18.12 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 §18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the Act and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

## **PART 19**

### **EXECUTIVE AND OTHER COMMITTEES**

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

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

- (a) the power to fill vacancies in the board of directors;

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

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

19.2 The directors may, by resolution:

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

### **Obligations of Committees**

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

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

### **Powers of Board**

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

- (a) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;

- (b) terminate the appointment of, or change the membership of, the committee; and
- (c) fill vacancies in the committee.

### **Committee Meetings**

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

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

## **PART 20**

### **OFFICERS**

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

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

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

20.2 The directors may, for each officer:

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

## **Qualifications**

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

## **Remuneration and Terms of Appointment**

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

## **PART 21**

### **INDEMNIFICATION**

#### **Definitions**

21.1 In this Part 21:

- (a) **“eligible party”**, in relation to a company, means an individual who:
  - (i) is or was a director, alternate director or officer of the Company;
  - (ii) is or was a director, alternate director or officer of another corporation
    - (A) at a time when the corporation is or was an affiliate of the Company, or
    - (B) at the request of the Company; or
  - (iii) at the request of the Company, is or was, or holds or held a position equivalent to that of, a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity,

and includes, except in the definition of “eligible proceeding” and 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**

21.2 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 §21.2.

### **Indemnification of Other Persons**

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

### **Authority to Advance Expenses**

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

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

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

### **Company May Purchase Insurance**

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

## **PART 22**

### **DIVIDENDS**

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

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

#### **Declaration of Dividends**

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

#### **No Notice Required**

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

#### **Record Date**

22.4 The directors must set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months.

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

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

#### **Settlement of Difficulties**

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

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

- (c) vest any such specific assets in trustees for the persons entitled to the dividend.

### **When Dividend Payable**

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

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

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

### **Receipt by Joint Shareholders**

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

### **Dividend Bears No Interest**

- 22.10 No dividend bears interest against the Company.

### **Fractional Dividends**

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

### **Payment of Dividends**

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

### **Capitalization of Retained Earnings or Surplus**

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

## **PART 23**

### **ACCOUNTING RECORDS AND AUDITOR**

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

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

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

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

#### **Remuneration of Auditor**

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

## **PART 24**

### **NOTICES**

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

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

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

- (ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
- (iii) in any other case, the delivery address of the intended recipient;
- (c) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (d) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (e) physical delivery to the intended recipient.

### **Deemed Receipt of Mailing**

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

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

### **Certificate of Sending**

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

### **Notice to Joint Shareholders**

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

### **Notice to Legal Personal Representatives and Trustees**

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

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

### **Undelivered Notices**

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

## **PART 25**

### **SEAL**

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

- 25.1 Except as provided in §25.2 and §25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:
- (a) any two directors;
  - (b) any officer, together with any director;
  - (c) if the Company only has one director, that director; or
  - (d) any one or more directors or officers or persons as may be determined by the directors.

#### **Sealing Copies**

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

## **Mechanical Reproduction of Seal**

25.3 The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the Act or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and such persons as are authorized under §25.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

## **PART 26**

### **PROHIBITIONS**

#### **Definitions**

26.1 In this Part 26:

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

## **Application**

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

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

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

## **PART 27**

### **SPECIAL RIGHTS AND RESTRICTIONS PREFERRED SHARES**

#### **Special Rights and Restrictions Applicable to Class and Each Series**

27.1 The Preferred shares of the Company as a class shall have attached thereto the special rights and restrictions specified in this Part.

27.2 The Preferred shares may include one or more series of shares, and, subject to the Act, the directors may, by resolution,

(a) determine the maximum number of shares of any of those series of shares that the Company is authorized to issue, determine that there is no maximum number or, if none of the shares of that series is issued, alter any determination so made, and authorize the alteration of the notice of articles accordingly;

(b) alter the articles, and authorize the alteration of the notice of articles, to create an identifying name by which the shares of any of those series of shares may be identified or, if none of the shares of that series is issued, to alter any such identifying name so created;

(c) alter the articles, and authorize the alteration of the notice of articles accordingly, to attach special rights or restrictions to the shares of any of those series of shares, including, but without in any way limiting or restricting the generality of the foregoing, the rate or amount of dividends, whether cumulative, non-cumulative or partially cumulative, the dates, places and currencies of payment thereof, the consideration for, and the terms and conditions of, any purchase or redemption thereof, including redemption after a fixed term or at a premium, conversion or exchange rights, the terms and conditions of any share purchase plan or sinking fund, the restrictions respecting payment of dividends on, or the repayment of capital in respect of, any other shares of the Company and voting rights and restrictions but no special right or restriction so created,

defined or attached shall contravene the provisions of §27.3 and §27.4, or, if none of the shares of that series is issued, to alter any such special rights or restrictions.

27.3 Holders of Preferred shares shall be entitled, on the distribution of assets of the Company on the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or on any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, to receive, before any distribution shall be made to holders of Common shares or any other shares of the Company ranking junior to the Preferred shares with respect to repayment of capital on any such event, the amount required to be paid in accordance with the special rights and restrictions attached to the series of shares held by them, together with the fixed premium (if any) thereon, an amount equal to all accrued and unpaid cumulative dividends (if any and if preferential) thereon, which for such purpose shall be calculated as if such dividends were accruing on a day-to-day basis up to the date of such distribution, whether or not earned or declared, and all declared and unpaid non-cumulative dividends (if any and if preferential) thereon. After payment to holders of Preferred shares of the amounts so payable to them, they shall not, as such, be entitled to share in any further distribution of the property or assets of the Company except as specifically provided in the special rights and restrictions attached to any particular series.

27.4 Holders of Preferred shares shall only be entitled, as such, to receive notice of, and/or to attend and/or vote at, any general meeting of shareholders of the Company only as provided in the special rights and restrictions attached to any particular series.

See additional Part 28, attached hereto and made a part hereof by a Resolution of the Directors dated October 29, 2024, with an effective date of October 31, 2024.

<b>Full name and signature of director</b>	<b>Date of signing</b>
(signed) "David Stadnyk" _____ DAVID STADNYK	May <u>9th</u> , 2012

**PART 28**  
**SPECIAL RIGHTS AND RESTRICTIONS**  
**SERIES 1 PREFERRED SHARES**

The Series 1 Preferred shares of the Company (the “**Series 1 Preferred Shares**”) shall have attached thereto the following special rights and restrictions:

28.1 **Dividends.** The right to receive dividends on the Series 1 Preferred Shares is as follows:

- (a) The Company shall not declare, pay or set aside any dividends on the Common shares or shares of any other class or series of shares of the Company unless (in addition to the obtaining of any consents required elsewhere in the Articles), the holders of the Series 1 Preferred Shares then outstanding first receive, or simultaneously receive, a dividend on each outstanding Series 1 Preferred Share in an amount at least equal to that dividend per Series 1 Preferred Share as would equal the product of (i) the dividend payable on each share of such class or series determined, if applicable, as if all shares of such class or series had been converted into Common Shares and (ii) the number of Common Shares issuable upon conversion of a Series 1 Preferred Share, in each case, as calculated on the record date for determination of holders entitled to receive such dividend; provided that, if the Company declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of the Company, the dividend payable to the holders of Series 1 Preferred Shares pursuant to this Article 28.1 shall be calculated based upon the dividend on the class or series that would result in the highest Series 1 Preferred Share dividend. The “**Original Issue Price**” means, CAD\$5.00 per share, subject to appropriate adjustment in the event of any share dividend, share subdivision, consolidation or other similar recapitalization with respect to the Series 1 Preferred Shares.
  
- (b) At all times following the third anniversary of the Original Issue Date, (i) if, prior to the third anniversary of the Original Issue Date, the shareholders of the Company have approved the issuance of Common Shares on the conversion of the PIK Shares (as defined below), then each then-issued and outstanding Series 1 Preferred Share that has not been converted into Common Shares and is not a PIK Share (as defined below), shall be entitled to a quarterly dividend equal to 1.5% (6% annually) of the Original Issue Price, which dividend is payable at the end of each calendar quarter by way of the issuance of additional Series 1 Preferred Shares (the “**PIK Shares**”); and (ii) if, prior to the third anniversary of the Original Issue Date, the shareholders of the Company have not approved the issuance of Common Shares on the conversion of the PIK Shares, then any then-issued and outstanding Series 1 Preferred Shares that have not been converted into Common Shares shall be entitled to a quarterly dividend equal to 2% (8% annually) of the Original Issue Price, which dividend is payable in cash. If the issuance of any PIK Shares would result in the issuance of any fractional shares, then in lieu of any fractional shares to which the holder would otherwise be entitled, the Company shall pay cash equal to such fraction multiplied by the fair market value of a PIK Share as determined in good faith by the Board, subject to the receipt by the Company of all necessary approvals

from applicable stock exchanges. Furthermore, the Company will elect, in the manner and within the time provided under the *Income Tax Act*, under subsection 191.2(1) of Part VI.1 of the *Income Tax Act*, or any successor or replacement provision of similar effect, and take all other necessary action under the *Income Tax Act*, to pay or cause payment of tax under Part VI.1 of the *Income Tax Act* at a rate such that the corporate holders of Series 1 Preferred Shares will not be required to pay tax on dividends received on the Series 1 Preferred Shares under section 187.2 of Part IV.1 of the *Income Tax Act* or any successor or replacement provision of similar effect.

- 28.2 **Liquidation - Preferential Payments to Holders of Series 1 Preferred Shares.** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders of Series 1 Preferred Shares then outstanding are entitled to be paid out of the assets of the Company available for distribution to its shareholders, and in the event of a Deemed Liquidation Event (as defined below), the holders of Series 1 Preferred Shares then outstanding are entitled to be paid out of the consideration payable to shareholders in such Deemed Liquidation Event or out of the Available Proceeds (as defined below), as applicable, before any payment is made to the holders of Common Shares by reason of their ownership thereof, an amount per share equal to the greater of: (a) one times (1x) the applicable Original Issue Price for such Series 1 Preferred Shares, plus any dividends declared but unpaid thereon; and (b) such amount per share as would have been payable had all Series 1 Preferred Shares been converted into Common Shares immediately before such event or Deemed Liquidation Event. If upon any such liquidation, dissolution or winding up of the Company or Deemed Liquidation Event, the assets of the Company available for distribution to its shareholders are insufficient to pay the holders of Series 1 Preferred Shares the full amount to which they are entitled under this Article 28.2, the holders of Series 1 Preferred Shares shall share ratably in any distribution of the assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the Series 1 Preferred Shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full. Following payment in full to the holders of Series 1 Preferred Shares of the amount to which they are entitled under this Article 28.2, holders of Series 1 Preferred Shares shall not be entitled to share in any remaining assets of the Company.
- 28.3 **Liquidation - Payments to Holders of Common Shares.** In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, after the payment in full of all amounts required to be paid to the holders of Series 1 Preferred Shares pursuant to Article 28.2, the remaining assets of the Company available for distribution to its shareholders or, in the case of a Deemed Liquidation Event, the consideration not payable to the holders of Series 1 Preferred Shares and the Common Shares pursuant to Article 28.2 or the remaining Available Proceeds, as the case may be, shall be distributed among the holders of Common Shares, pro rata based on the number of shares held by each such holder.
- 28.4 **Deemed Liquidation Events.** Each of the following events is a “**Deemed Liquidation Event**” unless the holders of Series 1 Preferred Shares representing at least seventy-five percent (75%) of the outstanding Series 1 Preferred Shares (voting separately and on an as-

converted basis) (a “**Preferred Majority**”) elect otherwise by written notice sent to the Company at least 10 days prior to the effective date of any such event:

- (a) an amalgamation, arrangement, merger, reorganization or similar transaction in which
  - (i) the Company is a constituent party, or
  - (ii) a subsidiary of the Company is a constituent party and the Company issues shares under such amalgamation, arrangement, merger, reorganization or similar transaction,

except any such amalgamation, arrangement, merger, reorganization or similar transaction involving the Company or a subsidiary in which the shares of the Company outstanding immediately before such amalgamation, arrangement, merger, reorganization or similar transaction continue to represent, or are converted into or exchanged for shares that represent, immediately following such amalgamation, arrangement, merger, reorganization or similar transaction, at least a majority, by voting power, of the shares of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly-owned subsidiary of another corporation immediately following such amalgamation, arrangement, merger, reorganization, the parent corporation of such surviving or resulting corporation; or

- (b) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Company or any subsidiary of the Company of all or substantially all the assets of the Company and its subsidiaries taken as a whole, or the sale or disposition (whether by amalgamation, arrangement, merger, reorganization or otherwise and whether in a single transaction or a series of related transactions) of one or more subsidiaries of the Company if substantially all of the assets of the Company and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a subsidiary of the Company.

28.5 **Effecting a Deemed Liquidation Event.** The Company shall not have the power to effect a Deemed Liquidation Event referred to in Article 28.4 unless the agreement or plan of amalgamation, arrangement, merger or reorganization for such transaction (the “**Amalgamation Agreement**”) provides that the consideration payable to the shareholders of the Company in such Deemed Liquidation Event shall be paid to the holders of shares of the Company in accordance with Articles 28.2 and 28.3.

28.6 **Amount Deemed Paid or Distributed.** The amount deemed paid or distributed to the shareholders of the Company upon any such amalgamation, consolidation, arrangement, merger, reorganization, sale, transfer, exclusive license, other disposition or redemption shall be the cash or the value of the property, rights or securities to be paid or distributed to such holders pursuant to such Deemed Liquidation Event. The value of such property, rights or securities shall be the fair market value as determined in good faith by the Board.

- 28.7 **Allocation of Escrow and Contingent Consideration.** In the event of a Deemed Liquidation Event pursuant to Article 28.4, if any portion of the consideration payable to the shareholders of the Company is placed into escrow or payable subject to contingencies (the “**Additional Consideration**”), the Amalgamation Agreement shall provide that (a) the portion of such consideration that is not Additional Consideration (such portion, the “**Initial Consideration**”) shall be allocated among the shareholders of the Company in accordance with Articles 28.2 and 28.3 as if the Initial Consideration were the only consideration payable in connection with such Deemed Liquidation Event; and (b) any Additional Consideration which becomes payable to the shareholders of the Company upon satisfaction of such contingencies shall be allocated among the shareholders of the Company in accordance with Articles 28.2 and 28.3 after taking into account the previous payment of the Initial Consideration as part of the same transaction. For the purposes of this Article 28.7, consideration placed into escrow or retained as a holdback to be available for satisfaction of indemnification or similar obligations in connection with such Deemed Liquidation Event shall be deemed to be Additional Consideration.
- 28.8 **Non-Voting - General.** Except as otherwise provided in the Act, the holders of Series 1 Preferred Shares shall not be entitled to receive notice of or to attend or to vote at, any meeting of the shareholders of the Company.
- 28.9 **Optional Right to Convert.** The holders of Series 1 Preferred Shares have conversion rights as follows (the “**Conversion Rights**”):
- (a) **Conversion Ratio.** Each Series 1 Preferred Share shall be convertible, at the option of its holder, at any time and from time to time, subject to the receipt by the Company of all necessary approvals from applicable stock exchanges and regulatory authorities permitting such conversion (collectively, the “**Exchange Consent**”), and without the payment of additional consideration by its holder, into such number of fully paid and non-assessable Common Shares as is determined by dividing the Original Issue Price by the Conversion Price (as defined below) in effect at the time of conversion. The “**Conversion Price**” shall initially be equal to the Original Issue Price. Such initial Conversion Price, and the rate at which Series 1 Preferred Shares may be converted into Common Shares, are subject to adjustment as provided below.
  - (b) **Termination of Conversion Rights.** In the event of a liquidation, dissolution or winding up of the Company or a Deemed Liquidation Event, the Conversion Rights shall terminate at the close of business on the last full day preceding the date fixed for the payment of any such amounts distributable on such event to the holders of Series 1 Preferred Shares.
- 28.10 **Fractional Shares.** No fractional Common Shares shall be issued upon conversion of any Series 1 Preferred Shares. In lieu of any fractional shares to which the holder would otherwise be entitled, the Company shall pay cash equal to such fraction multiplied by the fair market value of a Common Share as determined in good faith by the Board. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of Series 1 Preferred Shares the holder is at the time converting

into Common Shares and the aggregate number of Common Shares issuable upon such conversion.

#### 28.11 **Mechanics of Conversion.**

- (a) Notice of Conversion. In order for a holder of Series 1 Preferred Shares to voluntarily convert any such shares into Common Shares, such holder shall provide written notice to the Company that it wishes to convert such shares and, if such shares are certificated, surrender the certificate or certificates to the Company (or, if the registered holder alleges that the certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Company to indemnify the Company against any claim that may be made against the Company on account of the alleged loss, theft or destruction of the certificate). Upon receipt of such notice and certificates (or affidavit and agreement of loss), as applicable, by the Company and provided the Exchange Consent has been received with respect to such conversion, the Company shall provide written notice to the Company's transfer agent at the office of the transfer agent for the Series 1 Preferred Shares (or at the principal office of the Company if the Company has not appointed a transfer agent) that the holder elects to convert all or any number of the holder's Series 1 Preferred Shares and, if applicable, any event on which the conversion is contingent and, if the holder's shares are certificated, and, if applicable, the Company shall provide the transfer agent with the certificate or certificates for such Series 1 Preferred Shares (or, if applicable, the affidavit and agreement of loss), at the office of the transfer agent for the Series 1 Preferred Shares (or at the principal office of the Company if the Company has not appointed a transfer agent). Such notice shall state the holder's name or the names of the nominees in which the holder wishes the Common Shares to be issued. If required by the Company, any certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Company, duly signed by the registered holder or the registered holder's attorney duly authorized in writing. The close of business on the day that the Company of such notice and, if applicable, certificates (or affidavit and agreement of loss) shall be the time of conversion (the "**Conversion Time**"), and the Common Shares issuable upon conversion of the specified shares shall be deemed to be outstanding of record as of that date. The Company shall, as soon as practicable after the Conversion Time (i) if the Company's securities are certificated, issue and deliver to the converting holder of Series 1 Preferred Shares, or to the holder's nominees, a certificate or certificates for the number of full Common Shares issuable upon such conversion in accordance with these provisions and a certificate for the number (if any) of Series 1 Preferred Shares represented by the surrendered certificate that were not converted into Common Shares, (ii) pay in cash such amount as provided in Article 28.10 in lieu of any fraction of a Common Share otherwise issuable upon such conversion and (iii) pay all declared but unpaid dividends on the Series 1 Preferred Shares converted.
- (b) Reservation of Shares. The Company shall at all times when Series 1 Preferred Shares are outstanding, reserve and keep available out of its authorized but unissued shares, for the purpose of effecting the conversion of the Series 1 Preferred Shares,

such number of its duly authorized Common Shares as are from time to time sufficient to effect the conversion of all outstanding Series 1 Preferred Shares; and if at any time the number of authorized but unissued Common Shares is not sufficient to effect the conversion of all then outstanding Series 1 Preferred Shares, the Company shall take such corporate action as may be necessary to increase its authorized but unissued Common Shares to such number of shares as is sufficient for such purposes, including, without limitation, engaging in reasonable commercial efforts to obtain the requisite shareholder approval of any necessary amendment to the Articles.

- (c) Effect of Conversion. All Series 1 Preferred Shares duly surrendered for conversion will no longer be deemed to be outstanding and all rights with respect to such shares will immediately cease and terminate at the Conversion Time, except only the right of their holders to receive Common Shares in exchange therefor, to receive payment in lieu of any fraction of a share otherwise issuable upon such conversion as provided in Article 28.10 and to receive payment of any dividends declared but unpaid thereon.
- (d) No Further Adjustment. Upon any such conversion, no adjustment to the Conversion Price shall be made for any declared but unpaid dividends on the Series 1 Preferred Shares surrendered for conversion or on the Common Shares delivered upon conversion.

28.12 **Adjustments to Conversion Price for Diluting Issues.** The following definitions shall apply:

- (a) **“Additional Common Shares”** means all Common Shares issued (or, pursuant to Article 28.14 below, deemed to be issued) by the Company after the Original Issue Date, other than (1) the following Common Shares; and (2) Common Shares deemed issued pursuant to the following Options and Convertible Securities (clauses (1) and (2), collectively, **“Exempted Securities”**):
  - (i) Common Shares, Options or Convertible Securities issued as a dividend or distribution on the Series 1 Preferred Shares, including, for greater certainty, any PIK Shares;
  - (ii) Common Shares, Options or Convertible Securities issued by reason of a dividend, subdivision or other distribution on Common Shares that is covered by Articles 28.19, 28.20, 28.21 or 28.22;
  - (iii) Common Shares or Options issued to employees or directors of, or consultants or advisors to, the Company or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board, including the director nominated by the holders of Series 1 Preferred Shares (the **“Preferred Director”**);
  - (iv) Common Shares or Convertible Securities actually issued upon the exercise of Options, or Common Shares actually issued upon the conversion or

exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security;

- (v) Common Shares, Options or Convertible Securities issued to banks, equipment lessors or other financial institutions, or to real property lessors, pursuant to a debt financing, equipment leasing or real or immovable property leasing transaction approved by the Board, including the Preferred Director;
  - (vi) Common Shares, Options or Convertible Securities issued to suppliers or third party service providers in connection with the provision of goods or services pursuant to transactions approved by the Board, including the Preferred Director;
  - (vii) Common Shares subject to a proportional adjustment on any stock dividend, subdivision, consolidation or other similar event affecting the Common Shares issued to employees or directors of, or consultants or advisors to, the Company or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the Board, including the Preferred Director;
  - (viii) Common Shares, Options or Convertible Securities issued as acquisition consideration pursuant to the acquisition of another corporation by the Company by amalgamation, purchase of substantially all of the assets or other reorganization or to a joint venture agreement, provided that such issuances are approved by the Board, including the Preferred Director;
  - (ix) Common Shares, Options or Convertible Securities issued in connection with sponsored research, collaboration, technology license, development, marketing or other similar agreements or strategic partnerships approved by the Board, including the Preferred Director; or
  - (x) Common Shares issued in connection with the exercise of outstanding Options, warrants or other Convertible Securities of the Company that are issued and outstanding as of the Original Issue Date.
- (b) “**Convertible Securities**” means any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Shares, but excluding Options.
  - (c) “**Option**” means rights, options or warrants to subscribe for, purchase or otherwise acquire Common Shares or Convertible Securities.
  - (d) “**Original Issue Date**” means, for the Series 1 Preferred Shares, the date on which shares of such series are first issued by the Company.

28.13 **No Adjustment of Conversion Price.** No adjustment in the Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Common Shares if the Company receives written notice from the holders of at least a Preferred Majority agreeing

that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Common Shares.

**28.14 Deemed Issue of Additional Common Shares.**

- (a) If the Company at any time or from time to time after the Original Issue Date issues any Options or Convertible Securities (excluding Options or Convertible Securities which are Exempted Securities) or fixes a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities (excluding Options or Convertible Securities which are Exempted Securities), then the maximum number of Common Shares issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any of its provisions for a subsequent adjustment of such number), shall be deemed to be Additional Common Shares issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.
- (b) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Conversion Price pursuant to the terms of Article 28.15 are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase or decrease in the number of Common Shares issuable upon the exercise, conversion and/or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Company upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Conversion Price as would have been obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no readjustment pursuant to this clause (b) shall increase the Conversion Price to an amount which exceeds the lower of (i) the Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Option or Convertible Security, or (ii) the Conversion Price that would have resulted from any issuances of Additional Common Shares (other than deemed issuances of Additional Common Shares as a result of the issuance of such Option or Convertible Security) between the original adjustment date and such readjustment date.
- (c) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which are themselves Exempted Securities), the issuance of which did not result in an adjustment to the Conversion Price pursuant to the terms of Article 28.15 (either because the consideration per share (determined pursuant to Article 28.16) of the Additional Common Shares subject thereto was equal to or greater than the Conversion Price then in effect, or because such Option or

Convertible Security was issued before the Original Issue Date), are revised after the Original Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Option or Convertible Security (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Option or Convertible Security) to provide for either (1) any increase in the number of Common Shares issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any decrease in the consideration payable to the Company upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended or adjusted, and the Additional Common Shares subject thereto (determined in the manner provided in Article 28.14(a)) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

- (d) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Conversion Price pursuant to the terms of Article 28.15, the Conversion Price shall be readjusted to such Conversion Price as would have obtained had such Option or Convertible Security (or portion thereof) never been issued.
- (e) If the number of Common Shares issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Company upon such exercise, conversion and/or exchange, is calculable at the time such Option or Convertible Security is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Conversion Price provided for in this Article 28.14 shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (b) and (c) of this Article 28.14). If the number of Common Shares issuable upon the exercise, conversion and/or exchange of any Option or Convertible Security, or the consideration payable to the Company upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Option or Convertible Security is issued or amended, any adjustment to the Conversion Price that would result under the terms of this Article 28.14 at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

**28.15 Adjustment of Conversion Price Upon Issuance of Additional Common Shares.** If the Company, at any time after the Original Issue Date, issues Additional Common Shares (including Additional Common Shares deemed to be issued pursuant to Article 28.14), without consideration or for a consideration per share less than the Conversion Price in effect immediately prior to such issue, then the Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP2 = CP1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

- (a) “CP<sub>2</sub>” means the Conversion Price in effect immediately after such issue of Additional Common Shares;
- (b) “CP<sub>1</sub>” means the Conversion Price in effect immediately prior to such issue of Additional Common Shares;
- (c) “A” means the number of Common Shares outstanding immediately prior to such issue or deemed issue of Additional Common Shares (treating for this purpose as outstanding all Common Shares issuable upon exercise of Options outstanding immediately prior to such issue or deemed issue or upon conversion or exchange of Convertible Securities (including the Series 1 Preferred Shares) outstanding (assuming exercise of any outstanding Options therefor) immediately prior to such issue);
- (d) “B” means the number of Common Shares that would have been issued if such Additional Common Shares had been issued or deemed issued at a price per share equal to CP<sub>1</sub> (determined by dividing the aggregate consideration received by the Company in respect of such issue by CP<sub>1</sub>); and
- (e) “C” means the number of such Additional Common Shares issued in such transaction.

28.16 **Determination of Consideration.** For purposes of Articles 28.12 to 28.15, the consideration received by the Company for the issue or deemed issue of any Additional Common Shares shall be computed as follows:

- (a) Cash and Property. Such consideration shall:
  - (i) if it consists of cash, be computed at the aggregate amount of cash received by the Company, excluding amounts paid or payable for accrued interest;
  - (ii) if it consists of property other than cash, be computed at its fair market value at the time of such issue, as determined in good faith by the Board; and
  - (iii) if Additional Common Shares are issued together with other shares or securities or other assets of the Company for consideration that covers both, be the proportion of such consideration so received, computed as provided in clauses (i) and (ii) above, as determined in good faith by the Board.
- (b) Options and Convertible Securities. The consideration per share received by the Company for Additional Common Shares deemed to have been issued pursuant to Article 28.14, relating to Options and Convertible Securities, shall be determined by dividing:
  - (i) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in

the instruments relating thereto, without regard to any of its provision for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

- (ii) the maximum number of Common Shares (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities.

**28.17 Multiple Closing Dates.** If the Company issues on more than one date Additional Common Shares that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Conversion Price of Series 1 Preferred Shares pursuant to the terms of Article 28.15 then, upon the final such issuance, the Conversion Price shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without giving effect to any additional adjustments as a result of any subsequent issuances within such period).

**28.18 Exchange Approvals.** Notwithstanding anything else in these Articles, the Conversion Price shall not be adjusted or in any way altered unless and until the Company receives necessary approvals from applicable stock exchanges and regulatory authorities.

**28.19 Adjustment for Subdivisions and Consolidations.** If the Company, at any time or from time to time after the Original Issue Date, subdivides the outstanding Common Shares, the Conversion Price of Series 1 Preferred Shares in effect immediately before the subdivision shall be proportionately decreased so that the number of Common Shares issuable on conversion of each such Series 1 Preferred Share shall be increased in proportion to such increase in the aggregate number of Common Shares outstanding. If the Company, at any time or from time to time after the Original Issue Date, consolidates the outstanding Common Shares, the Conversion Price of Series 1 Preferred Shares in effect immediately before the consolidation shall be proportionately increased so that the number of Common Shares issuable on conversion of each such Series 1 Preferred Share shall be decreased in proportion to such decrease in the aggregate number of Common Shares outstanding. Any adjustment under this Article 28.18 shall become effective at the close of business on the date the subdivision or consolidation becomes effective.

**28.20 Adjustment for Certain Dividends and Distributions.** If the Company, at any time or from time to time after the Original Issue Date, makes or issues, or fixes a record date for the determination of holders of Common Shares entitled to receive, a dividend or other distribution payable on the Common Shares in additional Common Shares, then and in each such event the Conversion Price of Series 1 Preferred Shares in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a

record date is fixed, as of the close of business on such record date, by multiplying such Conversion Price then in effect by a fraction:

- (a) the numerator of which is the total number of Common Shares issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and
- (b) the denominator of which is the total number of Common Shares issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of Common Shares issuable in payment of such dividend or distribution.

Notwithstanding the foregoing (i) if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Conversion Price of Series 1 Preferred Shares shall be recomputed accordingly as of the close of business on such record date and thereafter the Conversion Price shall be adjusted pursuant to this clause as of the time of actual payment of such dividends or distributions; and (ii) no such adjustment shall be made if the holders of the Series 1 Preferred Shares simultaneously receive a dividend or other distribution of Common Shares in a number equal to the number of Common Shares as they would have received if all outstanding Series 1 Preferred Shares had been converted into Common Shares on the date of such event.

**28.21 Adjustments for Other Dividends and Distributions.** If the Company, at any time or from time to time after the Original Issue Date, makes or issues, or fixes a record date for the determination of holders of Common Shares entitled to receive, a dividend or other distribution payable in securities of the Company (other than a distribution of Common Shares in respect of outstanding Common Shares) or in other property and Article 28.1 and Article 28.20 do not apply to such dividend or distribution, then and in each such event the holders of Series 1 Preferred Shares shall receive, simultaneously with the distribution to the holders of Common Shares, a dividend or other distribution of such securities or other property in an amount equal to the amount of such securities or other property as they would have received if all outstanding Series 1 Preferred Shares had been converted into Common Shares on the date of such event. For the avoidance of doubt, nothing in this Article 28.21 prevents the holders of Series 1 Preferred Shares from seeking any dissent rights to which they are otherwise entitled under law in connection with an amalgamation triggering an adjustment, nor is this Article 28.21 conclusive evidence of the fair value of the Series 1 Preferred Shares in any such dissent right proceeding.

**28.22 Adjustment for Amalgamation or Reorganization, etc.** Subject to Article 28.4, if any reorganization, recapitalization, reclassification, consolidation, amalgamation or merger occurs involving the Company in which the Common Shares (but not the Series 1 Preferred Shares) are converted into or exchanged for securities, cash or other property (other than a transaction covered by Articles 28.2, 28.12, 28.20 or 28.21), then, following any such reorganization, recapitalization, reclassification, consolidation or amalgamation, each Series 1 Preferred Share shall thereafter be convertible in lieu of the Common Shares into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of Common Shares of the Company issuable upon conversion of one such Series 1 Preferred Share immediately prior to such reorganization, recapitalization, reclassification, consolidation, amalgamation or merger

would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board) shall be made in the application of this Article 28.22 with respect to the rights and interests thereafter of the holders of such Series 1 Preferred Shares, to the end that this Article 28.22 (including provisions with respect to changes in and other adjustments of the Conversion Price of such Series 1 Preferred Shares) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of such Series 1 Preferred Shares.

**28.23 Certificate as to Adjustments.** Upon the occurrence of each adjustment or readjustment of the Conversion Price of Series 1 Preferred Shares pursuant to this Article 28.23, the Company at its expense shall, as promptly as reasonably practicable but in any event not later than 10 days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of such Series 1 Preferred Shares a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which such Series 1 Preferred Shares are convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, as promptly as reasonably practicable after the written request at any time of any holder of Series 1 Preferred Shares (but in any event not later than 10 days thereafter), furnish or cause to be furnished to the holder a certificate setting forth (i) the Conversion Price of such Series 1 Preferred Shares then in effect, and (ii) the number of Common Shares and the amount, if any, of other securities, cash or property which then would be received upon the conversion of such Series 1 Preferred Shares.

**28.24 Notice of Record Date.** If the Company shall take a record of the holders of Common Shares (or other shares or securities at the time issuable upon conversion of the Series 1 Preferred Shares) for the purpose:

- (a) of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of any class or any other securities, or to receive any other security; or
- (b) of any capital reorganization of the Company, any reclassification of the Common Shares of the Company, or any Deemed Liquidation Event; or
- (c) of the voluntary or involuntary dissolution, liquidation or winding-up of the Company,

then, and in each such case, the Company shall send or cause to be sent to the holders of Series 1 Preferred Shares a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, amalgamation, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Shares (or such other securities at the time issuable upon the conversion of the Series 1 Preferred Shares) are entitled to exchange their Common Shares (or such other securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, amalgamation, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Series 1 Preferred Shares and the Common Shares. Such notice shall be sent at least 10 days prior to the

record date or effective date for the event specified in such notice provided that such notice period may be shortened or waived with the affirmative vote of a Preferred Majority.

#### 28.25 **Mandatory Conversion.**

- (a) Trigger Events. Upon the earliest of (a) the Company (i) having received an Exchange Consent with respect to such conversion, (ii) maintaining an average daily trading volume of at least 50,000 Common Shares, calculated by dividing the total number of Common Shares traded during the immediately preceding six months by the total number of trading days during that period, on the Toronto Stock Exchange or the Nasdaq Capital Market LLC, and (iii) having the Common Shares trade at a price above CAD\$15.00 per Common Share during the same period as (ii); and (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of at least a Preferred Majority (provided that at such date and time, or upon the occurrence of such event, the Company shall have received an Exchange Consent with respect to such conversion) (the time of such closing or the date and time specified or the time of the event specified in such vote or written consent is referred to herein as the “**Mandatory Conversion Time**”), then (i) all outstanding Series 1 Preferred Shares shall automatically be converted into Common Shares at the then effective conversion rate as calculated pursuant to Article 28.9(a) and (ii) no additional Series 1 Preferred Shares may be issued by the Company.
- (b) Procedural Requirements. All holders of record of Series 1 Preferred Shares shall be sent written notice of the Mandatory Conversion Time and the place designated for mandatory conversion of all such Series 1 Preferred Shares pursuant to this Article 28.25. Such notice need not be sent in advance of the occurrence of the Mandatory Conversion Time. Upon receipt of such notice, each holder of Series 1 Preferred Shares in certificated form, if any, shall surrender that holder’s certificate or certificates for all such shares (or, if such holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Company to indemnify the Company against any claim that may be made against the Company on account of the alleged loss, theft or destruction of such certificate) to the Company at the place designated in such notice. If so required by the Company, any certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Company, duly signed by the registered holder or by the registered holder’s attorney duly authorized in writing. All rights with respect to the Series 1 Preferred Shares converted pursuant to Article 28.25(a), including the rights, if any, to receive notices and vote (other than as a holder of Common Shares), will terminate at the Mandatory Conversion Time (notwithstanding the failure of the holder or holders thereof to surrender any certificates at or prior to such time), except only the rights of the holders thereof, upon surrender of any certificate or certificates of such holders (or lost certificate affidavit and agreement) therefor, to receive the items provided for in the next sentence of this Article 28.25(b). As soon as practicable after the Mandatory Conversion Time and, if applicable, the surrender of any certificate or certificates (or lost certificate affidavit and agreement) for Series 1 Preferred Shares, the Company shall pay cash as

provided in Article 28.10 in lieu of any fraction of a share of Common Shares otherwise issuable upon such conversion and the payment of any declared but unpaid dividends on the Series 1 Preferred Shares converted. Such converted Series 1 Preferred Shares shall be retired and cancelled and may not be reissued as shares of the Company.

28.26 **Waiver.** Any of the rights, powers, preferences and other terms of the Series 1 Preferred Shares may be waived on behalf of all holders of Series 1 Preferred Shares by the affirmative written consent or vote of a Preferred Majority.

28.27 **Notices.** Any notice required or permitted by these provisions to be given to a holder of Series 1 Preferred Shares shall be given in accordance with Article 24.