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British Columbia Registrar of Companies

Notice of Articles

BUSINESS CORPORATIONS ACT

CAROL PREST

This Notice of Articles was issued by the Registrar on: April 12, 2018 01:33 PM Pacific Time

Incorporation Number: C1070696

Recognition Date and Time: Continued into British Columbia on April 4, 2016 01:48 PM Pacific Time

NOTICE OF ARTICLES

Name of Company:

INVESQUE INC.

REGISTERED OFFICE INFORMATION

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UNITED STATES

RESOLUTION DATES:

Date(s) of Resolution(s) or Court Order(s) attaching or altering Special Rights and Restrictions attached to a class or a series of shares:

December 20, 2017

January 31, 2018

January 31, 2018

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	Common Shares	Without Par Value
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With Special Rights or
Restrictions attached

2.	No Maximum	Non-Voting Shares	Without Par Value
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With Special Rights or
Restrictions attached

3.	No Maximum	Class A Preferred Shares	Without Par Value
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With Special Rights or
Restrictions attached

1.	2,802,009	Series 1 Convertible Preferred	Special Rights or Restrictions are attached
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2.	3,172,086	Series 2 Convertible Preferred	Special Rights or Restrictions are attached
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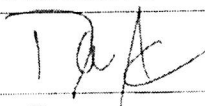
3.	1,586,042	Series 3 Convertible Preferred	Special Rights or Restrictions are attached
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INVESQUE INC.

~~MAINSTREET HEALTH INVESTMENTS INC.~~

(the "Company")

The Company has as its articles the following articles.

Full name and signature of a director	Date of signing
 Dante Amadori	April 4, 2016

Incorporation number: C1070696

INVESQUE INC.

~~MAINSTREET HEALTH INVESTMENTS INC.~~

(the "Company")

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1. INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

- (1) “**appropriate person**” has the meaning assigned in the Securities Transfer Act;
- (2) “**board of directors**”, “**directors**” and “**board**” mean the directors or sole director of the Company for the time being;
- (3) “**Business Corporations Act**” means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (4) “**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;
- (5) “**legal personal representative**” means the personal or other legal representative of a shareholder;
- (6) “**protected purchaser**” has the meaning assigned in the *Securities Transfer Act*;
- (7) “**registered address**” of a shareholder means the shareholder’s address as recorded in the central securities register;
- (8) “**securities legislation**” means statutes concerning the regulation of securities markets and trading in securities and the regulations, rules, forms and schedules under those statutes, all as amended from time to time, and the blanket rulings and orders, as amended from time to time, issued by the securities commissions or similar regulatory authorities appointed under or pursuant to those statutes; “**Canadian securities legislation**” means the securities legislation in any province or territory of Canada and includes the *Securities Act* (British Columbia); and “**U.S. securities legislation**” means the securities legislation in the federal jurisdiction of the United States and in any state of the United States and includes the Securities Act of 1933 and the Securities Exchange Act of 1934;
- (9) “**Securities Transfer Act**” means the *Securities Transfer 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.

1.2 Business Corporations Act and Interpretation Act Definitions Applicable

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

conflict or inconsistency between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

2. SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

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

2.3 Shareholder Entitled to Certificate or Acknowledgment

Unless the shares of which the shareholder is the registered owner are uncertificated shares, each shareholder is entitled, upon request and 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 (an "**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 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.

2.4 Delivery by Mail

Any share certificate or 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.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or Acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or Acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

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

2.6 Replacement of Lost, Destroyed or Wrongfully Taken Certificate

If a person entitled to a share certificate claims that the share certificate has been lost, destroyed or wrongfully taken, the Company must issue a new share certificate, if that person:

- (1) so requests before the Company has notice that the share certificate has been acquired by a protected purchaser;
- (2) provides the Company with an indemnity bond sufficient in the Company's judgment to protect the Company from any loss that the Company may suffer by issuing a new certificate; and
- (3) satisfies any other reasonable requirements imposed by the directors.

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

2.7 Recovery of New Share Certificate

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

2.8 Splitting Share Certificates

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

2.9 Certificate Fee

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

2.10 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as 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.

3. ISSUE OF SHARES

3.1 Directors Authorized

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

3.2 Commissions and Discounts

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

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

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

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

3.5 Share Purchase Warrants and Rights

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

4. SHARE REGISTERS

4.1 Central Securities Register

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

4.2 Closing Register

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

5. SHARE TRANSFERS

5.1 Registering Transfers

Subject to the *Business Corporations Act* and the *Securities Transfer Act*, a transfer of a share of the Company must not be registered unless the Company or the transfer agent or registrar for the class or series of share to be transferred has received:

- (1) in the case of a share certificate that has been issued by the Company in respect of the share to be transferred, that share certificate and a written instrument of transfer (which may be on a separate document or endorsed on the share certificate) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
- (2) in the case of an Acknowledgment as defined in Article 2.3, in respect of the share to be transferred, a written instrument of transfer that directs that the transfer of the shares be registered, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
- (3) in the case of a share that is an uncertificated share, a written instrument of transfer that directs that the transfer of the share be registered, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person; and
- (4) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, that the written instrument of transfer is genuine and authorized and that the transfer is rightful or to a protected purchaser.

5.2 Form of Instrument of Transfer

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

5.3 Transferor Remains Shareholder

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

5.4 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the Acknowledgment, as defined in Article 2.3, deposited with the instrument of transfer:

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

5.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any Acknowledgment, as defined in Article 2.3 in respect of a share certificate for such shares.

5.6 Transfer Fee

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

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In the 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 directors may require the original grant of probate or letters of administration or a court certified copy of them or the original or a court certified or authenticated copy of the grant of representation, will, order or other instrument or other evidence of the death under which title to the shares or securities is claimed to vest.

6.2 Rights of Legal Personal Representative

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, if appropriate evidence of appointment or incumbency within the meaning of s. 87 of the *Securities Transfer Act* has been deposited with the Company. This Article 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the shareholder's name and the name of another person in joint tenancy.

7. ACQUISITION OF COMPANY'S SHARES

7.1 Company Authorized to Purchase or Otherwise Acquire Shares

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

7.2 No Purchase, Redemption or Other Acquisition When Insolvent

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:

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

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

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

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

8. BORROWING POWERS

The Company, if authorized by the directors, may:

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

9. ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the Business Corporations Act, the Company may by special resolution:

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

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

9.2 Special Rights or Restrictions

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

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

and alter its Articles and Notice of Articles accordingly.

9.3 Change of Name

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

9.4 Other Alterations

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

10. MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

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

10.2 Resolution Instead of Annual General Meeting

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

10.3 Calling of Meetings of Shareholders

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

10.4 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders (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:

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

10.5 Notice of Resolution to Which Shareholders May Dissent

The Company must send to each of its shareholders, whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered specifying the date of the meeting and containing a statement advising of the right to send a notice of dissent together with a copy of the proposed resolution at least the following number of days before the meeting:

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

10.6 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the Business Corporations Act, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

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

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

10.7 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting

requisitioned by shareholders under the Business Corporations Act, by more than four months. If no record date is set, the record date is 5 p.m. (Vancouver time) on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.8 Failure to Give Notice and Waiver of Notice

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 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.

10.9 Notice of Special Business at Meetings of Shareholders

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

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

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

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

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

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

11.2 Special Majority

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

11.3 Quorum

Subject to the special rights or restrictions attached to the shares of any class or series of shares and to Article 11.4, the quorum for the transaction of business at a meeting of shareholders shall be shareholders who, in the aggregate, hold at least 10% of the issued shares entitled to be voted at the meeting, whether present in person or represented by proxy.

11.4 One Shareholder May Constitute Quorum

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

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

11.5 Persons Entitled to Attend Meeting

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 *Business Corporations 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.

11.6 Requirement of Quorum

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

11.7 Lack of Quorum

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

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

11.8 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.7(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.9 Chair

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

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

11.10 Selection of Alternate Chair

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

11.11 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any

adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.12 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting 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.

11.13 Decisions by Show of Hands or Poll

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

11.14 Declaration of Result

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

11.15 Motion Need Not be Seconded

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

11.16 Casting Vote

In the case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.17 Manner of Taking Poll

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

- (1) the poll must be taken:
 - (a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
 - (b) in the manner, at the time and at the place that the chair of the meeting directs;

- (2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (3) the demand for the poll may be withdrawn by the person who demanded it.

11.18 Demand for Poll on Adjournment

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

11.19 Chair Must Resolve Dispute

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

11.20 Casting of Votes

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

11.21 No Demand for Poll on Election of Chair

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

11.22 Demand for Poll Not to Prevent Continuance of Meeting

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

11.23 Retention of Ballots and Proxies

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

12. VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

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

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

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

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

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

- (1) any one of the joint shareholders may vote at any meeting of shareholders, personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (2) if more than one of the joint shareholders is present at any meeting 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.

12.4 Legal Personal Representatives as Joint Shareholders

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

12.5 Representative of a Corporate Shareholder

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

- (1) for that purpose, the instrument appointing a representative must be received:
 - (a) 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
 - (b) 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;

- (2) if a representative is appointed under this Article 12.5:
 - (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
 - (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

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

12.6 When Proxy Holder Need Not Be Shareholder

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

- (1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
- (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting;
- (3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting; or
- (4) the Company is a public company or is a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of these Articles or to which the Statutory Reporting Company Provisions apply.

12.7 When Proxy Provisions Do Not Apply to the Company

If and for so long as the Company is a public company or is a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of these Articles or to which the Statutory Reporting Company Provisions apply, Articles 12.8 to 12.16 apply only insofar as they are not inconsistent with any Canadian securities legislation applicable to the Company, any U.S. securities legislation applicable to the Company or any rules of an exchange on which securities of the Company are listed.

12.8 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint one or more proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.9 Alternate Proxy Holders

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

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

- (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting or any adjourned meeting; or
- (2) 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.

12.11 Validity of Proxy Vote

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

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

12.12 Form of Proxy

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

[name of company](the “**Company**”)

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

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

Signed [month, day, year]

[Signature of shareholder]

[Name of shareholder—printed]

12.13 Revocation of Proxy

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

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

12.14 Revocation of Proxy Must Be Signed

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

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

12.15 Chair May Determine Validity of Proxy

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

12.16 Production of Evidence of Authority to Vote

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

13. DIRECTORS

13.1 First Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the Business Corporations Act. The number of directors, excluding additional directors appointed under Article 14.9, is set at:

- (1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (2) if the Company is a public company, the greater of three and the most recently set of:
 - (a) the number of directors set by directors' resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.5;
- (3) if the Company is not a public company, the most recently set of:
 - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.5.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors, subject to Article 14.8, may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

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

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

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

13.7 Special Remuneration for Directors

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

13.8 Gratuity, Pension or Allowance on Retirement of Director

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

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

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

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

14.2 Nominations of Directors

- (1) Only persons who are nominated in accordance with the procedures set out in this Article 14.2 shall be eligible for election as directors of the Company. Nominations of persons for election to the board of directors of the Company may be made at any annual

general meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:

- (a) by or at the direction of the board, including pursuant to a notice of meeting;
 - (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the *Business Corporations Act* or pursuant to a requisition of the shareholders made in accordance with the *Business Corporations Act*; or
 - (c) by any shareholder:
 - (i) who, at the close of business on the date of the giving of the notice provided for below in this Article 14.2 and on the record date for notice of such meeting, is entered in the central securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting on the election of directors (a “**Nominating Shareholder**”); and
 - (ii) who complies with the notice procedures set forth in this Article 14.2.
- (2) In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof (in accordance with this Article 14.2) and in proper written form (in accordance with this Article 14.2) to the secretary of the Company at the principal executive offices of the Company.
- (3) To be timely, a Nominating Shareholder’s notice to the Company must be made:
- (a) in the case of an annual general meeting, not less than 30 days prior to the date of the annual general meeting of shareholders provided, however, in the event that the annual general meeting of shareholders is to be held on a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual general meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following the Notice Date; and
 - (b) in the case of a special meeting (which is not also an annual general meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

For greater certainty, any adjournment or postponement of a meeting of shareholders or the announcement thereof shall commence a new time period for the giving of a Nominating Shareholder’s notice as described above.

- (4) To be in proper written form, a Nominating Shareholder's notice to the Company must set forth:
- (a) if the Nominating Shareholder is not the beneficial owner of the shares, the identity of the beneficial owner and the number of shares held by that beneficial owner;
 - (b) as to each person whom the Nominating Shareholder proposes to nominate for election as a director:
 - (i) the name, age and address of the person;
 - (ii) the principal occupation or employment of the person;
 - (iii) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and
 - (c) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular or other filings to be made in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and applicable securities laws; and
 - (d) as to the Nominating Shareholder giving the notice, any proxy, contract, agreement, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Company on the election of directors and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular or other filings to be made in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and applicable securities laws.

The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company in accordance with applicable securities laws and the rules of any stock exchange on which the securities of the Company are then listed for trading or that could be material to a reasonable shareholder's understanding of such independence, or lack thereof, of such proposed nominee. All information furnished pursuant to this 14.2(4) shall be made publicly available to shareholders.

- (5) Except as otherwise provided by the special rights or restrictions attached to the shares of any class or series of the Company, no person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 14.2; provided, however, that nothing in this Article 14.2 shall be deemed to preclude discussion by a shareholder or proxy holder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled

to submit a proposal pursuant to the provisions of the Business Corporations Act. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded. A duly appointed proxy holder of a Nominating Shareholder shall be entitled to nominate at a meeting of shareholders the directors nominated by the Nominating Shareholder, provided that all of the requirements of this Article 14.2 have been satisfied.

- (6) If and for so long as the Company is not a public company, for the purposes of this Article 14.2 "public announcement" shall mean disclosure by notice to shareholders in accordance with Article 24 of these Articles. If and for long as the Company is a public company, for the purposes of this Article 14.2, "public announcement" shall mean disclosure in a news release reported by a national news service in Canada, or in a document publicly filed by the Company under its issuer profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com.
- (7) Notwithstanding any other provision of these Articles, notice given to the secretary of the Company pursuant to this Article 14.2 may only be given by personal delivery or facsimile transmission (at such contact information as set out on the Company's issuer profile on the System for Electronic Document Analysis and Retrieval, provided however, that so long as the Company is not a public company, the contact information for the Company shall be the registered office of the Company as set out in the most recent Notice of Articles filed with the Registrar of Companies), and shall be deemed to have been given and made only at the time it is served by personal delivery to the secretary of the Company at the principal executive offices of the Company or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or transmission is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or transmission shall be deemed to have been made on the next following day that is a business day.
- (8) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Article 14.2.

14.3 Consent to be a Director

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

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

14.4 Failure to Elect or Appoint Directors

If:

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

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

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

14.5 Places of Retiring Directors Not Filled

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

14.6 Directors May Fill Casual Vacancies

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

14.7 Remaining Directors' Power to Act

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

14.8 Shareholders May Fill Vacancies

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

14.9 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.9 must not at any time exceed:

- (1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.9.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.10 Ceasing to be a Director

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (4) the director is removed from office pursuant to Articles 14.11 or 14.12.

14.11 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.12 Removal of Director by Directors

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

15. POWERS AND DUTIES OF DIRECTORS

15.1 Powers of Management

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

15.2 Appointment of Attorney of Company

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

16. INTERESTS OF DIRECTORS AND OFFICERS

16.1 Obligation to Account for Profits

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

16.2 Restrictions on Voting by Reason of Interest

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

16.3 Interested Director Counted in Quorum

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

16.4 Disclosure of Conflict of Interest or Property

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

16.5 Director Holding Other Office in the Company

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

16.6 No Disqualification

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

16.7 Professional Services by Director or Officer

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

16.8 Director or Officer in Other Corporations

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

17. PROCEEDINGS OF DIRECTORS

17.1 Meetings of Directors

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

17.2 Voting at Meetings

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

17.3 Chair of Meetings

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

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

17.4 Meetings by Telephone or Other Communications Medium

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

- (1) in person;
- (2) by telephone; or
- (3) with the consent of all directors who wish to participate in the meeting, 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 Article 17.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

17.5 Calling of Meetings

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

17.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 17.1 or as provided in Article 17.7, 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 by any method set out in Article 23.1 or orally or by telephone.

17.7 When Notice Not Required

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

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

17.8 Meeting Valid Despite Failure to Give Notice

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

17.9 Waiver of Notice of Meetings

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

17.10 Quorum

The quorum necessary for the transaction of business at any meeting of the directors shall consist of a majority of the directors. If, however, the Company has fewer than three directors, all directors must be present at any meeting of the directors to constitute quorum.

17.11 Validity of Acts Where Appointment Defective

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

17.12 Consent Resolutions in Writing

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

- (1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or

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

A consent in writing under this Article 17.12 may be by any written instrument, fax, e-mail or any other method of transmitting legibly recorded messages in which the consent of the director is evidenced, whether or not the signature of the director is included in the record. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 17.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of the directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

18. EXECUTIVE AND OTHER COMMITTEES

18.1 Appointment and Powers of Executive Committee

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

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

18.2 Appointment and Powers of Other Committees

The directors may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
 - (a) the power to fill vacancies in the board of directors;
 - (b) the power to remove a director;

- (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
 - (d) the power to appoint or remove officers appointed by the directors; and
- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

18.3 Obligations of Committees

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

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

18.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 18.1 or 18.2:

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

18.5 Committee Meetings

Subject to Article 18.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 18.1 or 18.2:

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

19. OFFICERS

19.1 Directors May Appoint Officers

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

19.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

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

19.3 Qualifications

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

19.4 Remuneration and Terms of Appointment

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

20. INDEMNIFICATION

20.1 Definitions

In this Article 20:

- (1) “**eligible penalty**” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (2) “**eligible proceeding**” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director or former director of the Company (an “**eligible party**”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director of the Company:
 - (a) is or may be joined as a party; or

(b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

(3) “**expenses**” has the meaning set out in the Business Corporations Act.

20.2 Mandatory Indemnification of Directors

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

20.3 Permitted Indemnification

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

20.4 Non-Compliance with Business Corporations Act

The failure of a director or officer of the Company to comply with the *Business Corporations Act* or these Articles or, if applicable, any former *Companies Act* or former Articles, does not invalidate any indemnity to which he or she is entitled under this Article 20.

20.5 Company May Purchase Insurance

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

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

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

21. DIVIDENDS

21.1 Payment of Dividends Subject to Special Rights

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

21.2 Declaration of Dividends

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

21.3 No Notice Required

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

21.4 Record Date

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

21.5 Manner of Paying Dividend

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.

21.6 Settlement of Difficulties

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

- (1) set the value for distribution of specific assets;
- (2) determine that 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
- (3) vest any such specific assets in trustees for the persons entitled to the dividend.

21.7 When Dividend Payable

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

21.8 Dividends to be Paid in Accordance with Number of Shares

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

21.9 Receipt by Joint Shareholders

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

21.10 Dividend Bears No Interest

No dividend bears interest against the Company.

21.11 Fractional Dividends

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

21.12 Payment of Dividends

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.

21.13 Capitalization of Retained Earnings or Surplus

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.

22. ACCOUNTING RECORDS AND AUDITOR**22.1 Recording of Financial Affairs**

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

22.2 Inspection of Accounting Records

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

22.3 Remuneration of Auditor

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

23. NOTICES

23.1 Method of Giving Notice

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

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

23.2 Deemed Receipt

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

- (1) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 23.1 is deemed to be received by the person to whom it was mailed on the day (Saturdays, Sundays and holidays excepted) following the date of mailing;
- (2) faxed to a person to the fax number provided by that person referred to in Article 23.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and
- (3) e-mailed to a person to the e-mail address provided by that person referred to in Article 23.1 is deemed to be received by the person to whom it was e-mailed on the day it was e-mailed.

23.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with Article 23.1 is conclusive evidence of that fact.

23.4 Notice to Joint Shareholders

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

23.5 Notice to Legal Personal Representatives and Trustees

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

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

23.6 Undelivered Notices

If on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 23.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

24. SPECIAL RIGHTS OR RESTRICTIONS ATTACHING TO THE COMMON SHARES AND THE NON-VOTING SHARES

The rights, privileges, restrictions and conditions attaching to the Common Shares as a class and the Non-Voting Shares as a class shall be as follows:

24.1 Common Shares

(1) Voting

Subject to the provisions of the laws governing the Company, as now existing or hereafter amended, the holders of the Common Shares without par value (the “**Common Shares**”) shall be entitled to:

- (a) receive notice of and to attend all meetings of shareholders of the Company, except meetings at which only the holders of a specified class of shares (other than the Common Shares) or a specified series of shares are entitled to attend; and
- (b) vote on all matters submitted to a vote or consent of shareholders of the Company, except matters upon which only the holders of a specified class of shares (other than the Common Shares) or a specified series of shares are entitled to vote.

(2) Number of Votes

The holders of the Common Shares shall be entitled to one vote in respect of each Common Share held.

(3) Dividends

Subject to the Class A Shares (hereinafter defined), the holders of the Common Shares shall be entitled to receive dividends if, as and when any dividends are declared by the board of directors of the Company, *pari passu* with the holders of the Non-Voting Shares.

(4) Dissolution

In the event of the dissolution, liquidation or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, subject to the Class A shares (hereinafter defined), the holders of the Common Shares shall be entitled to receive, *pari passu* with the holders of the Non-Voting Shares, the remaining property and assets of the Company.

24.2 Non-Voting Common Shares

(1) Voting

Subject to the provisions of the laws governing the Company, as now existing or hereafter amended, the holders of the Non-Voting Common Shares without par value (the “**Non-Voting Shares**”) shall not be entitled to receive notice of or to attend any meeting of shareholders of the Company and shall not be entitled to vote their Non-Voting Shares at any such meeting.

(2) Dividends

Subject to the Class A Shares (hereinafter defined), the holders of the Non-Voting Shares shall be entitled to receive dividends if, as and when any dividends are declared by the board of directors of the Company, *pari passu* with the holders of the Common Shares.

(3) Right of Conversion

- (a) The holders of the Non-Voting Shares shall have the right, at the option of the holder, to convert such Non-Voting Shares into fully paid and non-assessable Common Shares on the basis of one Common Share for each Non-Voting Share converted, at any time and from time to time; provided, however, that for so long as the Common Shares are listed on the TSX Venture Exchange, any such conversion shall be subject to the Company meeting the TSX Venture Exchange’s public distribution requirements.
- (b) The right of conversion referred to above may be exercised by notice in writing given to the Company at its registered office, accompanied by the certificate or certificates, if any, representing the Non-Voting Shares in respect of which the holder thereof desires to exercise such right of conversion. The notice shall be signed by such holder or its duly authorized attorney, as applicable, and shall specify the number of Non-Voting Shares that the holder desires to convert. If less than all the Non-Voting Shares held by the holder providing such notice are to be converted, the holder shall be entitled to receive, at the expense of the Company, a new certificate representing the Non-Voting Shares comprised in the certificate or certificates surrendered as aforesaid which are not to be converted. On any conversion of Non-Voting Shares, the Common Shares resulting therefrom shall be registered in the name of the registered holder of the Common Shares converted or, subject to payment by the registered holder of any stock transfer or other applicable taxes, in such name or names as such registered holder may direct in writing. The right of a registered holder of Non-Voting Shares to convert such shares into Common Shares shall be deemed to have been exercised, and the registered holder of the Non-Voting Shares to be converted (or any person or persons in whose name or names such registered holder shall have directed Common Shares to be registered) shall be deemed to have become a holder of Common Shares of record for all purposes, on the date of notice in writing referred to above.

(4) Dissolution

In the event of the dissolution, liquidation or winding-up of the Company, whether voluntary or involuntary, or any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, subject to the Class A shares (hereinafter defined), the holders of the Non-Voting Shares shall be entitled to receive, pari passu with the holders of the Common Shares, the remaining property and assets of the Company.

25. SPECIAL RIGHTS OR RESTRICTIONS ATTACHING TO THE CLASS A PREFERRED SHARES

The Class A Preferred shares without par value (the “**Class A Shares**”) of the Company shall have attached thereto the following special rights or restrictions:

25.1 Issuable in Series

The Class A Shares may, at any time and from time to time, be issued in on or more series each series to consist of such number of shares as may, before the issue thereof, be fixed by the directors of the Company. The directors of the Company may, before issuance and subject as hereinafter provided, determine the designation, rights, privileges, restrictions and conditions attaching to the Class A Shares of each series including, without limiting the generality of the foregoing:

- (1) the rate, amount or method of calculation of any dividends, whether cumulative, non-cumulative or partially cumulative, and whether such rate, amount or method of calculation shall be subject to change or adjustment in the future the currency or currencies of payment, date or dates and place or places or payment thereof and the date or dates from which any such dividends shall accrue and any preferences of such dividends;
- (2) any rights of redemption and/or purchase and the redemption or purchase prices and terms and conditions of any such rights;
- (3) any rights of retraction vested in the holders of Class A Shares of such series and the prices and terms and conditions of any such rights and whether any other rights of retraction may be vested in such holders in the future;
- (4) any voting rights;
- (5) any conversion rights;
- (6) any rights to receive the remaining property of the Company upon dissolution, liquidation or winding-up and the amount and preference of any such rights;
- (7) any sinking fund or purchase fund; and
- (8) any other provisions attaching to any such series of the Class A Shares.

25.2 Class A Series 1 Convertible Preferred Shares

(1) Designation and Number

The first series of Class A Shares of the Company shall consist of an aggregate of 2,802,009 Class A Shares which shall be designated as Class A Series 1 Convertible Preferred Shares (hereinafter referred to as the “**Series 1 Preferred Shares**”) and which, in addition to the rights, privileges, restrictions and conditions attached to the Class A Shares as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

(2) Definitions

Where used in this Section 25.2, the following words and terms shall, unless there is something in the context otherwise inconsistent therewith, have the following meanings:

- (a) “**Business Day**” means a day (other than Saturday or Sunday) on which banks are generally open for business in Toronto, Ontario and New York, New York.
- (b) “**Conversion Right**” has the meaning set forth in Section 25.2(2)(h).
- (c) “**Current Market Price**” means, at any particular date, the volume weighted average price of the Common Shares on the Toronto Stock Exchange (or, as the case may be, any other Recognized Marketplace), for the five (5) consecutive trading days ending one (1) Business Day prior to the relevant date, *provided that* if the Common Shares are not listed at the relevant time on any Recognized Marketplace, then the Current Market Price shall be determined by the directors of the Company in good faith on the advice of a reputable independent investment dealer, acting reasonably. If the Shares are traded on more than one Recognized Marketplace, the volume and price information used to determine the Current Market Price shall be the volume and price information in respect of the Recognized Marketplace on which the aggregate trading volume was the highest over such five (5) consecutive trading day period.
- (d) “**Effective Date**” means the date on which Series 1 Preferred Shares are initially issued.
- (e) “**Initial Liquidation Amount**” means for each Series 1 Preferred Share, an amount equal to US\$9.75 (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Series 1 Preferred Shares).
- (f) “**Liquidation Event**” means any liquidation, dissolution or winding up of the Company.
- (g) “**Mandatory Conversion Price**” means, at any particular date, the lesser of (i) the Voluntary Conversion Price and (ii) the Current Market Price at such date.
- (h) “**Mandatory Conversion Ratio**” means for each Series 1 Preferred Share, with respect to any date, the number obtained by dividing (i) the Series 1 Liquidation

Amount as of such date by (ii) the Mandatory Conversion Price as of such date, *provided that*, if the Company exercises its right (a “**Conversion Right**”) under Section 25.2(7)(b) to convert the whole or any part of the Series 1 Preferred Shares held by a Series 1 Holder at any time prior to the four (4)-year anniversary of the Effective Date, then for purposes of computing the Mandatory Conversion Ratio in respect of such conversion, the following amount shall be added to the Series 1 Liquidation Amount:

- (i) if the Conversion Right is exercised before the one (1)-year anniversary of the Effective Date, an amount equal to 4% of the Initial Liquidation Amount;
 - (ii) if the Conversion Right is exercised on or after the one (1)-year anniversary of the Effective Date but prior to the two (2)-year anniversary of the Effective Date, an amount equal to 3% of the Initial Liquidation Amount;
 - (iii) if the Conversion Right is exercised on or after the two (2)-year anniversary of the Effective Date but prior to the three (3)-year anniversary of the Effective Date, an amount equal to 2% of the Initial Liquidation Amount; and
 - (iv) if the Conversion Right is exercised on or after the three (3)-year anniversary of the Effective Date but prior to the four (4)-year anniversary of the Effective Date, an amount equal to 1% of the Initial Liquidation Amount.
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- (i) “**Minimum Conversion Price**” means \$10.50 (as equitably adjusted pursuant to Section 25.2(7)(e)-(h) *mutatis mutandis*).
 - (j) “**Person**” means an individual, partnership, corporation, association, trust, joint venture, unincorporated organization and any government, governmental department or agency or political subdivision thereof.
 - (k) “**Recognized Marketplace**” means the Toronto Stock Exchange, the TSX Venture Exchange, an exchange registered as a “national securities exchange” under section 6 of the U.S. Securities and Exchange Act of 1934, or the Nasdaq Stock Market.
 - (l) “**Redemption Right**” has the meaning set forth in Section 25.2(6)(a).
 - (m) “**Series 1 Holders**” means the holders of Series 1 Preferred Shares.
 - (n) “**Series 1 Liquidation Amount**” means an amount per Series 1 Preferred Share initially equal to the Initial Liquidation Amount and, from and after the Effective Date, the Series 1 Liquidation Amount of each Series 1 Preferred Share shall automatically increase on a daily basis, on the basis of a 360 day year consisting of twelve 30 day months, at a rate per annum equal to the Series 1 Rate of the then applicable Series 1 Liquidation Amount, the amount of which increase shall

compound quarterly on each March 31, June 30, September 30 and December 31. The Series 1 Liquidation Amount shall be equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Series 1 Preferred Shares.

- (o) “**Series 1 Preferred Shares**” means Class A Series 1 Convertible Preferred Shares in the capital of the Company.
- (p) “**Series 1 Rate**” means a rate of 5.65% per annum, provided that in the event of any increase or decrease in the dividend payable per annum on the Common Shares in accordance with the Company’s regular dividend policy (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Common Shares), the Series 1 Rate shall be adjusted, as of the time such dividend on the Common Shares becomes payable, by multiplying the Series 1 Rate in effect immediately preceding the time of such adjustment by a fraction (i) the numerator of which is the dividend payable per annum on the Common Shares in accordance with the Company’s regular dividend policy immediately following the increase or decrease as a result of which such adjustment is made (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Common Shares), and (ii) the denominator of which is the dividend payable per annum on the Common Shares in accordance with the Company’s regular dividend policy immediately preceding such increase or decrease (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Common Shares); *provided that* the numerator and the denominator shall be deemed to be no less than US\$0.74 at any time (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Common Shares). For greater certainty, the Series 1 Rate shall never be less than 5.65% per annum.
- (q) “**Series 1 Redemption Amount**” has the meaning set forth in Section 25.2(6)(a).
- (r) “**Series 1 Redemption Date**” has the meaning set forth in Section 25.2(6)(b).
- (s) “**Special Distribution**” has the meaning set forth in Section 25.2(7)(i).
- (t) “**Subscription Agreements**” means the subscription agreements entered into in respect of the issuance of the Series 1 Preferred Shares.
- (u) “**Trigger Event**” means (i) reorganization of the Company pursuant to the *Companies’ Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), the *Business Corporations Act* (British Columbia) or any similar laws of Canada (other than in circumstances contemplated by (ii) or (iii) below), (ii) a third party acquiring beneficial ownership or control and direction over securities of the Company representing the majority of the total voting power attaching to securities of the Company (including by way of a take-over bid), (iii) any merger, amalgamation, arrangement or consolidation of the Company

into or with another entity, or (iv) a sale of all or substantially all of the assets of the Company, provided that, in the case of (iii) and (iv), the shareholders of the Company immediately prior to such event do not own after the event securities representing the majority of the total voting power attaching to securities of the Company, the surviving entity or the purchaser, as applicable.

- (v) “**Voluntary Conversion Price**” means the Initial Liquidation Amount, subject to any adjustments made in accordance with Section 25.2(7).
- (w) “**Voluntary Conversion Ratio**” means, for each Series 1 Preferred Share, with respect to any date, the number obtained by dividing (i) the Series 1 Liquidation Amount as of such date by (ii) the Voluntary Conversion Price.

(3) Non-Voting.

Subject to the provisions of the laws governing the Company, as now existing or hereafter amended, the Series 1 Holders shall not be entitled as such to receive notice of or to attend any meeting of shareholders of the Company and shall not be entitled to vote at any such meeting, except that the Series 1 Holders shall be entitled to notice of any meeting of the shareholders called for the purpose of authorizing any Liquidation Event or Trigger Event (including, without limitation, the dissolution of the Company or the sale, lease or exchange of all or substantially all of the property of the Company other than in the ordinary course of business of the Company).

(4) Liquidation Rights.

- (a) In the event of a Liquidation Event, subject to the prior rights of the holders of any shares ranking senior to the Series 1 Preferred Shares with respect to priority in the distribution of assets upon a Liquidation Event, but in priority to the holders of the Common Shares, Non-Voting Shares and any other class of shares ranking junior to the Series 1 Preferred Shares, the Series 1 Holders shall be entitled to receive (pro rata based upon relative liquidation entitlements with the holders of any other class of shares ranking *pari passu* with the Series 1 Preferred Shares) a sum per Series 1 Preferred Share equal to the greater of:
 - (i) the Series 1 Liquidation Amount *provided that*, in the event of a Liquidation Event prior to the four (4)-year anniversary of the Effective Date, the following amount shall be added to the Series 1 Liquidation Amount:
 - (A) in the event of a Liquidation Event before the one (1)-year anniversary of the Effective Date, an amount equal to 4% of the Initial Liquidation Amount;
 - (B) in the event of a Liquidation Event on or after the one (1)-year anniversary of the Effective Date but prior to the two (2)-year anniversary of the Effective Date, an amount equal to 3% of the Initial Liquidation Amount;

(C) in the event of a Liquidation Event on or after the two (2)-year anniversary of the Effective Date but prior to the three (3)-year anniversary of the Effective Date, an amount equal to 2% of the Initial Liquidation Amount; and

(D) in the event of a Liquidation Event on or after the three (3)-year anniversary of the Effective Date but prior to the four (4)-year anniversary of the Effective Date, an amount equal to 1% of the Initial Liquidation Amount.

(ii) the amount such holder would have received had they instead converted such Series 1 Preferred Share in accordance with Section 25.2(4)(b);

and after payment of such amounts so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Company.

(b) The Company shall give not less than 20 days' notice in writing of the effective date of any Liquidation Event to Series 1 Holders. For greater certainty, prior to any Liquidation Event, each Series 1 Holder shall be entitled, without payment of any additional consideration and notwithstanding the notice period set out in Section 25.2(7)(a), to cause all or any portion of the Series 1 Preferred Shares held by such Series 1 Holder to be converted into Common Shares in accordance with Section 25.2(7) prior to the effective date for such Liquidation Event.

(5) Dividends

(a) The Series 1 Holders shall be entitled to receive only such dividends on the Series 1 Preferred Shares, if, as and when any dividends are expressly declared thereon by the board of directors, and shall not be entitled to any other dividends. The Series 1 Holders Shares shall not have the right to receive any dividends that are declared only with respect to the Common Shares, and nothing in these Articles will restrict the declaration or payment of any dividends on the Common Shares.

(b) In addition, from and after a Trigger Event, Series 1 Holders shall be entitled to participate in all dividends and other distributions that are declared and paid on Common Shares on the same basis as if each Series 1 Preferred Share had been converted into that number of Common Shares (including fractions thereof) as equals the product of (i) the number of Series A Preferred Shares then held by such Series 1 Holder and (ii) the Mandatory Conversion Ratio. For greater certainty, any entitlement to participation under this Section 25.2(5)(b) shall be in addition to any adjustment or readjustment that may be effected pursuant to Section 25.2(7)(e)-(h) as a result of the Trigger Event, as the case may be.

(6) Redemption at the Option of the Company

(a) The Company may, at any time and from time to time, redeem the whole or any part of the Series 1 Preferred Shares then held by the Series 1 Holders (*pro rata* amongst the Series 1 Holders such that the number of Series 1 Preferred Shares to be redeemed from each Series 1 Holder shall be equal to the product of (i) a

fraction, the numerator of which shall be the number of Series 1 Preferred Shares held by such Series 1 Holder, and the denominator of which shall be the total number of Series 1 Preferred Shares outstanding, multiplied by (ii) the total number of Series 1 Preferred Shares to be redeemed by the Company), at a price per Series 1 Preferred Share equal to the Series 1 Liquidation Amount, *provided that* (i) the Company may only exercise its right (a “**Redemption Right**”) under this Section 25.2(6)(a) to redeem the whole or any part of the Series 1 Preferred Shares held by a Series 1 Holder if (A) at the time the Redemption Right is exercised the Current Market Price is at least \$9.75 (as equitably adjusted pursuant to Section 25.2(7)(e)-(h) *mutatis mutandis*) or (B) the Redemption Right is exercised in connection with or at any time following a Trigger Event, (ii) the Company shall redeem Series 1 Preferred Shares in an amount equal to or greater than \$5,000,000 per redemption event, and (iii) if the Company exercises its Redemption Right to redeem the whole or any part of the Series 1 Preferred Shares held by a Series 1 Holder at any time prior to the four (4)-year anniversary of the Effective Date, then the following amount shall be added to the Series 1 Liquidation Amount:

- (i) if the Redemption Right is exercised before the one (1)-year anniversary of the Effective Date, an amount equal to 4% of the Initial Liquidation Amount;
- (ii) if the Redemption Right is exercised on or after the one (1)-year anniversary of the Effective Date but prior to the two (2)-year anniversary of the Effective Date, an amount equal to 3% of the Initial Liquidation Amount;
- (iii) if the Redemption Right is exercised on or after the two (2)-year anniversary of the Effective Date but prior to the three (3)-year anniversary of the Effective Date, an amount equal to 2% of the Initial Liquidation Amount; and
- (iv) if the Redemption Right is exercised on or after the three (3)-year anniversary of the Effective Date but prior to the four (4)-year anniversary of the Effective Date, an amount equal to 1% of the Initial Liquidation Amount.

The amount payable per Series 1 Preferred Share on the redemption of such shares is hereinafter referred to as the “**Series 1 Redemption Amount**”.

- (b) Before redeeming any Series 1 Preferred Shares, the Company shall give not less than ten (10) days’ (but not more than 20 days’) notice in writing of such redemption to the registered holders of the shares to be redeemed; such notice shall set out the Series 1 Redemption Amount, the date on which the redemption is to take place (the “**Series 1 Redemption Date**”) and, if only part of the Series 1 Preferred Shares held by the Person to whom it is addressed is to be redeemed, the number thereof so to be redeemed. If, at least three (3) days prior to a Series 1 Redemption Date, a Series 1 Holder exercises its option in accordance with Section 25.2(7)(a) to convert Series 1 Preferred Shares that would otherwise be

redeemed on such Series 1 Redemption Date, the redemption of such shares shall be postponed for fifteen (15) days following notice of such exercise to allow for the conversion of such shares to instead be completed.

- (c) On or after the Series 1 Redemption Date the Company shall pay or cause to be paid to the registered holders of the shares to be redeemed the Series 1 Redemption Amount in respect of each Series 1 Preferred Share to be redeemed, on presentation and surrender of the certificates for the Series 1 Preferred Share(s) so called for redemption at the office of the Company or any transfer agent for the Series 1 Preferred Shares, and the certificates for such shares shall thereupon be cancelled, and the shares represented thereby shall thereupon be redeemed.
 - (d) The Company shall have the right, exercisable at any time, to deposit the aggregate Series 1 Redemption Amount of the Series 1 Preferred Shares called for redemption and not yet redeemed at the date on which such deposit is made, in a special account with any chartered bank or trust company in Canada in order for such amount to be paid, without interest, to or to the order of the respective holders of such Series 1 Preferred Shares called for redemption upon presentation and surrender of the certificates representing the same and, upon the later of the date on which such deposit is made and the Series 1 Redemption Date, the Series 1 Preferred Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof, after such deposit, shall be limited to receiving, out of the moneys so deposited, without interest, the aggregate Series 1 Redemption Amount applicable to their respective Series 1 Preferred Shares against presentation and surrender of the certificates representing such Series 1 Preferred Shares. Any amounts so deposited and not claimed by a Series 1 Holder entitled thereto within six (6) years from the date specified for redemption, shall be returned to the Company without prejudice to any right a shareholder may have to receive payment in respect thereof.
 - (e) From and after the Series 1 Redemption Date, the holders of each of the Series 1 Preferred Shares called for redemption shall cease to be entitled to dividends thereon and shall not be entitled to any rights in respect of such Series 1 Preferred Shares, except to receive the Series 1 Liquidation Amount, unless (i) the Company has fixed a record date for the determination of Series 1 Holders entitled to receive a dividend or other distribution prior to the Series 1 Redemption Date, in which case the rights of such Series 1 Holders shall remain unaffected in respect of such dividend or other distribution, or (ii) payment of the Series 1 Liquidation Amount shall not be made by the Company in accordance with the foregoing provisions, in which case the rights of the holders of such Series 1 Preferred Shares shall remain unaffected.
- (7) Conversion.
- (a) Voluntary Conversion. Each Series 1 Holder shall be entitled, at any time at such Series 1 Holder's option, and without payment of any additional consideration, to cause all or any portion of the Series 1 Preferred Shares held by such Series 1 Holder to be converted into, with respect to each such Series 1 Preferred Share

being converted, that number of Common Shares equal to the Voluntary Conversion Ratio as of the date of conversion. Before exercising its rights hereunder, a Series 1 Holder shall give the Company not less than ten (10) days' (but not more than 20 days') notice in writing of such conversion setting out the date on which the conversion is to take place, and the number of Series 1 Preferred Shares to be converted.

- (b) Mandatory Conversion. The Company may, at any time, and from time to time, cause the whole or any part of the Series 1 Preferred Shares held by the Series 1 Holders (*pro rata* amongst the Series 1 Holders such that the number of Series 1 Preferred Shares to be mandatorily converted from each Series 1 Holder shall be equal to the product of (i) a fraction, the numerator of which shall be the number of Series 1 Preferred Shares held by such Series 1 Holder, and the denominator of which shall be the total number of Series 1 Preferred Shares outstanding, multiplied by (ii) the total number of Series 1 Preferred Shares to be mandatorily converted by the Company) to be converted into, with respect to each such Series 1 Preferred Share being converted, that number of Common Shares equal to the Mandatory Conversion Ratio as of the date of conversion, *provided that* the Company shall not be permitted to cause any conversion of Series 1 Preferred Shares held by a Series 1 Holder pursuant to this Section 25.27)(b) unless (x) the Current Market Price both on the date notice of such conversion is provided in accordance therewith and on the date such conversion is effected is equal to or greater than the Minimum Conversion Price, or (y) such Series 1 Holder consents to such mandatory conversion in writing. Before exercising its rights hereunder, the Company shall give the relevant Series 1 Holder(s) not less than ten (10) days' (but not more than 20 days') notice in writing of such conversion setting out the date on which the conversion is to take place, and the number of Series 1 Preferred Shares to be converted, *provided that* a conversion pursuant to this Section 25.2(7)(b) shall not take place within ten (10) days of any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving Common Shares in respect of which Section 25.2(7)(e)-(h) would apply.
- (c) Limitation on Conversion. Notwithstanding anything to the contrary herein, unless the Company has obtained all requisite approvals in respect of such issuance from the Toronto Stock Exchange (including, if applicable, approval of the holders of Common Shares), to the extent that, at the time of a conversion pursuant to this Section 25.2(7), the aggregate number of Common Shares issuable upon a conversion of Series 1 Preferred Shares would equal or exceed 10% of the Common Shares outstanding on the day prior to the Effective Date (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Common Shares in compliance with any requirements of the Toronto Stock Exchange), the Company shall only convert a portion of the Series 1 Preferred Shares held by each converting Series 1 Holder (in accordance with their respective *pro rata* shares), such that the aggregate number of Common Shares issued under this Section 25.2(7) (including prior issuance under this Section 25.2(7)) would be less than 10% of the Common Shares outstanding on the day

prior to the Effective Date (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Common Shares in compliance with any requirements of the Toronto Stock Exchange).

- (d) Mechanics of Conversion. Each Series 1 Holder converting its Series 1 Preferred Shares into Common Shares pursuant to this Section 25.2(7) shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or any transfer agent for the Series 1 Preferred Shares. Thereupon, the Company will promptly issue and deliver at such office to such holder a certificate or certificates for the number of Common Shares to which such holder is entitled and for the number of Series 1 Preferred Shares not being converted. Such conversion will be deemed to have been made at the close of business on the date of such surrender of the certificates representing the Series 1 Preferred Shares to be converted, and the Person entitled to receive the Common Shares issuable upon such conversion will be treated for all purposes as the record holder of such Common Shares on such date.
- (e) Adjustment for Stock Splits and Consolidation. If the Company at any time or from time to time after the Effective Date effects a subdivision of the outstanding Common Shares such that the total number of Common Shares has increased or the Company effects a consolidation of outstanding Common Shares such that the total number of Common Shares has decreased, the Voluntary Conversion Price in effect immediately before such subdivision or consolidation (as applicable) will be adjusted by multiplying the Voluntary Conversion Price by a fraction (i) the numerator of which is the total number of Common Shares issued and outstanding immediately prior to the subdivision or consolidation (as applicable) and (ii) the denominator of which is the total number of Common Shares issued and outstanding immediately after the subdivision or consolidation (as applicable). Any adjustment under this Section 25.2(7)(e) will become effective at the close of business on the date the subdivision or consolidation becomes effective.
- (f) Adjustment for Common Share Dividends and Distributions. If the Company at any time or from time to time after the Effective Date makes, or fixes a record date for the determination of holders of Common Shares entitled to receive, a dividend or other distribution payable in additional Common Shares, in each such event the Voluntary Conversion Price then in effect will be adjusted as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Voluntary Conversion Price by a fraction (i) 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 (ii) 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; *provided, however, that* 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 Voluntary Conversion Price will be recomputed accordingly as of the close of business on

such record date and thereafter will be adjusted pursuant to this Section 25.2(7)(f) to reflect the actual payment of such dividend or distribution.

- (g) Adjustment for Reclassification, Exchange and Substitution. If at any time or from time to time after the Effective Date the Common Shares issuable upon the conversion of the Series 1 Preferred Shares are changed into the same or a different number of shares of any class or classes, whether by recapitalization, reclassification or otherwise (other than a subdivision or consolidation of shares or stock dividend provided for elsewhere in this Section 25.2(7)), in any such event each Series 1 Holder will have the right thereafter to convert such shares into the kind and amount of shares and other securities and property receivable upon such recapitalization or reclassification into which such Series 1 Preferred Shares could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.
- (h) Adjustment for Certain Rights, Options and Warrants. If the Company shall fix a record date for the issuance of options, rights or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible into Common Shares) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price on such record date, the Voluntary Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Voluntary Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible securities so offered) by such Current Market Price, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase (or into which the convertible securities so offered are convertible). Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such options, rights or warrants are not so issued or any such options, rights or warrants are not exercised prior to the expiration thereof, the Voluntary Conversion Price shall be re-adjusted to the Voluntary Conversion Price or which would then be in effect if such record date had not been fixed or to the Voluntary Conversion Price which would then be in effect based upon the number of Common Shares (or securities convertible into Common Shares) actually issued upon the exercise of such options, rights or warrants were included in such fraction, as the case may be.
- (i) Adjustment for Other Special Distributions. If the Company at any time or from time to time after the Effective Date makes, or fixes a record date for the determination of holders of Common Shares entitled to receive, a special dividend outside of the Company's dividend distribution policy then in effect or a

distribution (other than as contemplated in Section 25.2(7)(e), Section 25.2(7)(f) and Section 25.2(7)(h)) of Common Shares, shares of any class of the Company or securities convertible to or exchangeable for shares of any class of the Company, debt securities, property or other assets (any of these events being hereinafter referred to as a “**Special Distribution**”), in each such event the Voluntary Conversion Price then in effect will be adjusted as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Voluntary Conversion Price by a fraction (i) the numerator of which is the difference between (A) the product of the total number of Common Shares outstanding on such record date and the Current Market Price on such record date and (B) the fair market value, for the holders of Common Shares, determined by the directors of the Company acting reasonably and in good faith, of the securities, property or assets to be issued or distributed as part of the Special Distribution, and (ii) the denominator of which is the product of the total number of Common Shares outstanding on such record date and the Current Market Price on such record date; *provided, however, that* if such record date is fixed and such Special Distribution is not fully made on the date fixed therefor, the Voluntary Conversion Price will be recomputed accordingly as of the close of business on such record date and thereafter will be adjusted pursuant to this Section 25.2(7)(i) to reflect the actual payment of such Special Distribution.

- (j) Certificate of Adjustment. In each case of an adjustment or readjustment of the Voluntary Conversion Price, the Company, at its expense, will compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and will mail such certificate, by first class mail, postage prepaid, to each registered holder of Series 1 Preferred Shares at the holder’s address as shown in the Company’s books. The certificate will set forth (i) such adjustment or readjustment, (ii) the Voluntary Conversion Ratio after such adjustment, and (iii) a brief statement of the facts requiring such adjustment.
 - (k) Fractional Shares. No fractional Common Shares will be issued upon the conversion of Series 1 Preferred Shares. All Common Shares (including fractions thereof) issuable upon conversion of more than one share of Series 1 Preferred Shares by a holder thereof will be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional shares, and the Company shall pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Voluntary Conversion Price or Mandatory Conversion Price, as applicable.
- (8) Miscellaneous
- (a) Withholding Tax. Notwithstanding any other provision in these Articles, the Company may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to these Articles any amounts required (or permitted, in the event that the Series 1 Preferred Shares are or become “taxable Canadian property” at any relevant time for purposes of the *Income Tax Act* (Canada)) by applicable law to be deducted or withheld from any

such payment, distribution, issuance or delivery and the Company will timely remit any such amounts to the relevant tax authority as required, and will provide evidence thereof reasonably acceptable to the affected holder(s) of Series 1 Preferred Shares. All such remitted amounts shall be treated as having been paid to the relevant holder(s). If the cash component of any payment, distribution, issuance or delivery to be made pursuant to these Articles is less than the amount that the Company is so required (or permitted, in the event that the Series Preferred Shares are or become “taxable Canadian property” at any relevant time for purposes of the *Income Tax Act* (Canada)) to deduct or withhold, the Company shall be permitted to deduct and withhold from any noncash payment, distribution, issuance or delivery to be made pursuant to these Articles any amounts required (or permitted, in the event that the Series 1 Preferred Shares are or become “taxable Canadian property” at any relevant time for purposes of the *Income Tax Act* (Canada)) by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority.

- (b) Wire or Electronic Transfer of Funds. Notwithstanding any other right, privilege, restriction or condition attaching to the Series 1 Preferred Shares, the Company may, at its option, make any payment due to registered Series 1 Holders by way of a wire or electronic transfer of funds to such holders. If a payment is made by way of a wire or electronic transfer of funds, the Company shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company shall provide a notice. Such notice shall request that each applicable registered holder of Series 1 Preferred Shares provide the particulars of an account of such holder with a chartered bank in Canada, the United States or the Cayman Islands to which the wire or electronic transfer of funds shall be directed. If the Company does not receive account particulars from a registered holder of Series 1 Preferred Shares prior to the date such payment is to be made, the Company shall deposit the funds otherwise payable to such holder in a special account or accounts in trust for such holder.
- (c) U.S. Currency. Unless otherwise stated, all references herein to sums of money are expressed in the lawful money of the United States.
- (d) Specified Amount. The amount specified in respect of each Series 1 Preferred Share for the purposes of subsection 191(4) of the *Income Tax Act* (Canada) is an amount equal to \$9.4575.
- (e) Notice. All notices delivered hereunder shall be delivered to the Company and/or the applicable Series 1 Holder(s) in accordance with the notice provisions under the Subscription Agreement.

25.3 Class A Series 2 Convertible Preferred Shares

(1) Designation and Number

The second series of Class A Shares of the Company shall consist of an aggregate of 3,172,086 Class A Shares which shall be designated as Class A Series 2 Convertible Preferred Shares (hereinafter referred to as the “**Series 2 Preferred Shares**”) and which, in addition to the rights, privileges, restrictions and conditions attached to the Class A Shares as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

(2) Definitions

Where used in this Section 25.3, the following words and terms shall, unless there is something in the context otherwise inconsistent therewith, have the following meanings:

- (a) “**Business Day**” means a day (other than Saturday or Sunday) on which banks are generally open for business in Toronto, Ontario and New York, New York.
- (b) “**Conversion Right**” has the meaning set forth in Section 25.3(2)(h).
- (c) “**Current Market Price**” means, at any particular date, the volume weighted average price of the Common Shares on the Toronto Stock Exchange (or, as the case may be, any other Recognized Marketplace), for the five (5) consecutive trading days ending one (1) Business Day prior to the relevant date, *provided that* if the Common Shares are not listed at the relevant time on any Recognized Marketplace, then the Current Market Price shall be determined by the directors of the Company in good faith on the advice of a reputable independent investment dealer, acting reasonably. If the Shares are traded on more than one Recognized Marketplace, the volume and price information used to determine the Current Market Price shall be the volume and price information in respect of the Recognized Marketplace on which the aggregate trading volume was the highest over such five (5) consecutive trading day period.
- (d) “**Effective Date**” means the date on which Series 2 Preferred Shares are initially issued.
- (e) “**Initial Liquidation Amount**” means for each Series 2 Preferred Share, an amount equal to US\$9.75 (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Series 2 Preferred Shares).
- (f) “**Liquidation Event**” means any liquidation, dissolution or winding up of the Company.
- (g) “**Mandatory Conversion Price**” means, at any particular date, the lesser of (i) the Voluntary Conversion Price and (ii) the Current Market Price at such date.

- (h) “**Mandatory Conversion Ratio**” means for each Series 2 Preferred Share, with respect to any date, the number obtained by dividing (i) the Series 2 Liquidation Amount as of such date by (ii) the Mandatory Conversion Price as of such date, *provided that*, if the Company exercises its right (a “**Conversion Right**”) under Section 25.3(7)(b) to convert the whole or any part of the Series 2 Preferred Shares held by a Series 2 Holder at any time prior to the four (4)-year anniversary of the Effective Date, then for purposes of computing the Mandatory Conversion Ratio in respect of such conversion, the following amount shall be added to the Series 2 Liquidation Amount:
- (i) if the Conversion Right is exercised before the one (1)-year anniversary of the Effective Date, an amount equal to 4% of the Initial Liquidation Amount;
 - (ii) if the Conversion Right is exercised on or after the one (1)-year anniversary of the Effective Date but prior to the two (2)-year anniversary of the Effective Date, an amount equal to 3% of the Initial Liquidation Amount;
 - (iii) if the Conversion Right is exercised on or after the two (2)-year anniversary of the Effective Date but prior to the three (3)-year anniversary of the Effective Date, an amount equal to 2% of the Initial Liquidation Amount; and
 - (iv) if the Conversion Right is exercised on or after the three (3)-year anniversary of the Effective Date but prior to the four (4)-year anniversary of the Effective Date, an amount equal to 1% of the Initial Liquidation Amount.
- (i) “**Minimum Conversion Price**” means \$10.50 (as equitably adjusted pursuant to Section 25.3(7)(d)-(g) *mutatis mutandis*).
- (j) “**Person**” means an individual, partnership, corporation, association, trust, joint venture, unincorporated organization and any government, governmental department or agency or political subdivision thereof.
- (k) “**Recognized Marketplace**” means the Toronto Stock Exchange, the TSX Venture Exchange, an exchange registered as a “national securities exchange” under section 6 of the U.S. Securities and Exchange Act of 1934, or the Nasdaq Stock Market.
- (l) “**Redemption Right**” has the meaning set forth in Section 25.3(6)(a).
- (m) “**Series 2 Holders**” means the holders of Series 2 Preferred Shares.
- (n) “**Series 2 Liquidation Amount**” means an amount per Series 2 Preferred Share initially equal to the Initial Liquidation Amount and, from and after the Effective Date, the Series 2 Liquidation Amount of each Series 2 Preferred Share shall automatically increase on a daily basis, on the basis of a 360 day year consisting

of twelve 30 day months, at a rate per annum equal to the Series 2 Rate of the then applicable Series 2 Liquidation Amount, the amount of which increase shall compound quarterly on each March 31, June 30, September 30 and December 31. The Series 2 Liquidation Amount shall be equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Series 2 Preferred Shares.

- (o) “**Series 2 Preferred Shares**” means Class A Series 2 Convertible Preferred Shares in the capital of the Company.
- (p) “**Series 2 Rate**” means a rate of 5.65% per annum, provided that in the event of any increase or decrease in the dividend payable per annum on the Common Shares in accordance with the Company’s regular dividend policy (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Common Shares), the Series 2 Rate shall be adjusted, as of the time such dividend on the Common Shares becomes payable, by multiplying the Series 2 Rate in effect immediately preceding the time of such adjustment by a fraction (i) the numerator of which is the dividend payable per annum on the Common Shares in accordance with the Company’s regular dividend policy immediately following the increase or decrease as a result of which such adjustment is made (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Common Shares), and (ii) the denominator of which is the dividend payable per annum on the Common Shares in accordance with the Company’s regular dividend policy immediately preceding such increase or decrease (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Common Shares); *provided that* the numerator and the denominator shall be deemed to be no less than US\$0.74 at any time (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Common Shares). For greater certainty, the Series 2 Rate shall never be less than 5.65% per annum.
- (q) “**Series 2 Redemption Amount**” has the meaning set forth in Section 25.3(6)(a).
- (r) “**Series 2 Redemption Date**” has the meaning set forth in Section 25.3(6)(b).
- (s) “**Special Distribution**” has the meaning set forth in Section 25.3(7)(h).
- (t) “**Subscription Agreements**” means the subscription agreements entered into in respect of the issuance of the Series 2 Preferred Shares.
- (u) “**Trigger Event**” means (i) reorganization of the Company pursuant to the *Companies’ Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), the *Business Corporations Act* (British Columbia) or any similar laws of Canada (other than in circumstances contemplated by (ii) or (iii) below), (ii) a third party acquiring beneficial ownership or control and direction over securities of the Company representing the majority of the total voting power

attaching to securities of the Company (including by way of a take-over bid), (iii) any merger, amalgamation, arrangement or consolidation of the Company into or with another entity, or (iv) a sale of all or substantially all of the assets of the Company, provided that, in the case of (iii) and (iv), the shareholders of the Company immediately prior to such event do not own after the event securities representing the majority of the total voting power attaching to securities of the Company, the surviving entity or the purchaser, as applicable.

- (v) “**Voluntary Conversion Price**” means the Initial Liquidation Amount, subject to any adjustments made in accordance with Section 25.3(7).
- (w) “**Voluntary Conversion Ratio**” means, for each Series 2 Preferred Share, with respect to any date, the number obtained by dividing (i) the Series 2 Liquidation Amount as of such date by (ii) the Voluntary Conversion Price.

(3) Non-Voting.

Subject to the provisions of the laws governing the Company, as now existing or hereafter amended, the Series 2 Holders shall not be entitled as such to receive notice of or to attend any meeting of shareholders of the Company and shall not be entitled to vote at any such meeting, except that the Series 2 Holders shall be entitled to notice of any meeting of the shareholders called for the purpose of authorizing any Liquidation Event or Trigger Event (including, without limitation, the dissolution of the Company or the sale, lease or exchange of all or substantially all of the property of the Company other than in the ordinary course of business of the Company).

(4) Liquidation Rights.

- (a) In the event of a Liquidation Event, subject to the prior rights of the holders of any shares ranking senior to the Series 2 Preferred Shares with respect to priority in the distribution of assets upon a Liquidation Event, but in priority to the holders of the Common Shares, Non-Voting Shares and any other class of shares ranking junior to the Series 2 Preferred Shares, the Series 2 Holders shall be entitled to receive (pro rata based upon relative liquidation entitlements with the holders of any other class of shares ranking *pari passu* with the Series 2 Preferred Shares) a sum per Series 2 Preferred Share equal to the greater of:
 - (i) the Series 2 Liquidation Amount *provided that*, in the event of a Liquidation Event prior to the four (4)-year anniversary of the Effective Date, the following amount shall be added to the Series 2 Liquidation Amount:
 - (A) in the event of a Liquidation Event before the one (1)-year anniversary of the Effective Date, an amount equal to 4% of the Initial Liquidation Amount;
 - (B) in the event of a Liquidation Event on or after the one (1)-year anniversary of the Effective Date but prior to the two (2)-year anniversary of the Effective Date, an amount equal to 3% of the Initial Liquidation Amount;

(C) in the event of a Liquidation Event on or after the two (2)-year anniversary of the Effective Date but prior to the three (3)-year anniversary of the Effective Date, an amount equal to 2% of the Initial Liquidation Amount; and

(D) in the event of a Liquidation Event on or after the three (3)-year anniversary of the Effective Date but prior to the four (4)-year anniversary of the Effective Date, an amount equal to 1% of the Initial Liquidation Amount.

(ii) the amount such holder would have received had they instead converted such Series 2 Preferred Share in accordance with Section 25.3(4)(b);

and after payment of such amounts so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Company.

(b) The Company shall give not less than 20 days' notice in writing of the effective date of any Liquidation Event to Series 2 Holders. For greater certainty, prior to any Liquidation Event, each Series 2 Holder shall be entitled, without payment of any additional consideration and notwithstanding the notice period set out in Section 25.3(7)(a), to cause all or any portion of the Series 2 Preferred Shares held by such Series 2 Holder to be converted into Common Shares in accordance with Section 25.3(7) prior to the effective date for such Liquidation Event.

(5) Dividends

(a) The Series 2 Holders shall be entitled to receive only such dividends on the Series 2 Preferred Shares, if, as and when any dividends are expressly declared thereon by the board of directors, and shall not be entitled to any other dividends. The Series 2 Holders Shares shall not have the right to receive any dividends that are declared only with respect to the Common Shares, and nothing in these Articles will restrict the declaration or payment of any dividends on the Common Shares.

(b) In addition, from and after a Trigger Event, Series 2 Holders shall be entitled to participate in all dividends and other distributions that are declared and paid on Common Shares on the same basis as if each Series 2 Preferred Share had been converted into that number of Common Shares (including fractions thereof) as equals the product of (i) the number of Series A Preferred Shares then held by such Series 2 Holder and (ii) the Mandatory Conversion Ratio. For greater certainty, any entitlement to participation under this Section 25.3(5)(b) shall be in addition to any adjustment or readjustment that may be effected pursuant to Section 25.3(7)(d)-(g) as a result of the Trigger Event, as the case may be.

(6) Redemption at the Option of the Company

(a) The Company may, at any time and from time to time, redeem the whole or any part of the Series 2 Preferred Shares then held by the Series 2 Holders (*pro rata* amongst the Series 2 Holders such that the number of Series 2 Preferred Shares to be redeemed from each Series 2 Holder shall be equal to the product of (i) a

fraction, the numerator of which shall be the number of Series 2 Preferred Shares held by such Series 2 Holder, and the denominator of which shall be the total number of Series 2 Preferred Shares outstanding, multiplied by (ii) the total number of Series 2 Preferred Shares to be redeemed by the Company), at a price per Series 2 Preferred Share equal to the Series 2 Liquidation Amount, *provided that* (i) the Company may only exercise its right (a “**Redemption Right**”) under this Section 25.3(6)(a) to redeem the whole or any part of the Series 2 Preferred Shares held by a Series 2 Holder if (A) at the time the Redemption Right is exercised the Current Market Price is at least \$9.75 (as equitably adjusted pursuant to Section 25.3(7)(d)-(g) *mutatis mutandis*) or (B) the Redemption Right is exercised in connection with or at any time following a Trigger Event, (ii) the Company shall redeem Series 2 Preferred Shares in an amount equal to or greater than \$5,000,000 per redemption event, and (iii) if the Company exercises its Redemption Right to redeem the whole or any part of the Series 2 Preferred Shares held by a Series 2 Holder at any time prior to the four (4)-year anniversary of the Effective Date, then the following amount shall be added to the Series 2 Liquidation Amount:

- (i) if the Redemption Right is exercised before the one (1)-year anniversary of the Effective Date, an amount equal to 4% of the Initial Liquidation Amount;
- (ii) if the Redemption Right is exercised on or after the one (1)-year anniversary of the Effective Date but prior to the two (2)-year anniversary of the Effective Date, an amount equal to 3% of the Initial Liquidation Amount;
- (iii) if the Redemption Right is exercised on or after the two (2)-year anniversary of the Effective Date but prior to the three (3)-year anniversary of the Effective Date, an amount equal to 2% of the Initial Liquidation Amount; and
- (iv) if the Redemption Right is exercised on or after the three (3)-year anniversary of the Effective Date but prior to the four (4)-year anniversary of the Effective Date, an amount equal to 1% of the Initial Liquidation Amount.

The amount payable per Series 2 Preferred Share on the redemption of such shares is hereinafter referred to as the “**Series 2 Redemption Amount**”.

- (b) Before redeeming any Series 2 Preferred Shares, the Company shall give not less than ten (10) days’ (but not more than 20 days’) notice in writing of such redemption to the registered holders of the shares to be redeemed; such notice shall set out the Series 2 Redemption Amount, the date on which the redemption is to take place (the “**Series 2 Redemption Date**”) and, if only part of the Series 2 Preferred Shares held by the Person to whom it is addressed is to be redeemed, the number thereof so to be redeemed. If, at least three (3) days prior to a Series 2 Redemption Date, a Series 2 Holder exercises its option in accordance with Section 25.3(7)(a) to convert Series 2 Preferred Shares that would otherwise be

redeemed on such Series 2 Redemption Date, the redemption of such shares shall be postponed for fifteen (15) days following notice of such exercise to allow for the conversion of such shares to instead be completed.

- (c) On or after the Series 2 Redemption Date the Company shall pay or cause to be paid to the registered holders of the shares to be redeemed the Series 2 Redemption Amount in respect of each Series 2 Preferred Share to be redeemed, on presentation and surrender of the certificates for the Series 2 Preferred Share(s) so called for redemption at the office of the Company or any transfer agent for the Series 2 Preferred Shares, and the certificates for such shares shall thereupon be cancelled, and the shares represented thereby shall thereupon be redeemed.
 - (d) The Company shall have the right, exercisable at any time, to deposit the aggregate Series 2 Redemption Amount of the Series 2 Preferred Shares called for redemption and not yet redeemed at the date on which such deposit is made, in a special account with any chartered bank or trust company in Canada in order for such amount to be paid, without interest, to or to the order of the respective holders of such Series 2 Preferred Shares called for redemption upon presentation and surrender of the certificates representing the same and, upon the later of the date on which such deposit is made and the Series 2 Redemption Date, the Series 2 Preferred Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof, after such deposit, shall be limited to receiving, out of the moneys so deposited, without interest, the aggregate Series 2 Redemption Amount applicable to their respective Series 2 Preferred Shares against presentation and surrender of the certificates representing such Series 2 Preferred Shares. Any amounts so deposited and not claimed by a Series 2 Holder entitled thereto within six (6) years from the date specified for redemption, shall be returned to the Company without prejudice to any right a shareholder may have to receive payment in respect thereof.
 - (e) From and after the Series 2 Redemption Date, the holders of each of the Series 2 Preferred Shares called for redemption shall cease to be entitled to dividends thereon and shall not be entitled to any rights in respect of such Series 2 Preferred Shares, except to receive the Series 2 Liquidation Amount, unless (i) the Company has fixed a record date for the determination of Series 2 Holders entitled to receive a dividend or other distribution prior to the Series 2 Redemption Date, in which case the rights of such Series 2 Holders shall remain unaffected in respect of such dividend or other distribution, or (ii) payment of the Series 2 Liquidation Amount shall not be made by the Company in accordance with the foregoing provisions, in which case the rights of the holders of such Series 2 Preferred Shares shall remain unaffected.
- (7) Conversion.
- (a) Voluntary Conversion. Each Series 2 Holder shall be entitled, at any time at such Series 2 Holder's option, and without payment of any additional consideration, to cause all or any portion of the Series 2 Preferred Shares held by such Series 2 Holder to be converted into, with respect to each such Series 2 Preferred Share

being converted, that number of Common Shares equal to the Voluntary Conversion Ratio as of the date of conversion. Before exercising its rights hereunder, a Series 2 Holder shall give the Company not less than ten (10) days' (but not more than 20 days') notice in writing of such conversion setting out the date on which the conversion is to take place, and the number of Series 2 Preferred Shares to be converted.

- (b) Mandatory Conversion. The Company may, at any time, and from time to time, cause the whole or any part of the Series 2 Preferred Shares held by the Series 2 Holders (*pro rata* amongst the Series 2 Holders such that the number of Series 2 Preferred Shares to be mandatorily converted from each Series 2 Holder shall be equal to the product of (i) a fraction, the numerator of which shall be the number of Series 2 Preferred Shares held by such Series 2 Holder, and the denominator of which shall be the total number of Series 2 Preferred Shares outstanding, multiplied by (ii) the total number of Series 2 Preferred Shares to be mandatorily converted by the Company) to be converted into, with respect to each such Series 2 Preferred Share being converted, that number of Common Shares equal to the Mandatory Conversion Ratio as of the date of conversion, *provided that* the Company shall not be permitted to cause any conversion of Series 2 Preferred Shares held by a Series 2 Holder pursuant to this Section 25.37)(b) unless (x) the Current Market Price both on the date notice of such conversion is provided in accordance therewith and on the date such conversion is effected is equal to or greater than the Minimum Conversion Price, or (y) such Series 2 Holder consents to such mandatory conversion in writing and, in the case of (y), (A) the Current Market Price both on the date notice of such conversion is provided in accordance therewith and on the date such conversion is effected shall be equal to or greater than \$6.00 (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event), or (B) if the Current Market Price is less than \$6.00 (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event) on the applicable dates, the Company shall have obtained all requisite approvals in respect of the issuance of the Common Shares in connection with such conversion from the Toronto Stock Exchange. Before exercising its rights hereunder, the Company shall give the relevant Series 2 Holder(s) not less than ten (10) days' (but not more than 20 days') notice in writing of such conversion setting out the date on which the conversion is to take place, and the number of Series 2 Preferred Shares to be converted, *provided that* a conversion pursuant to this Section 25.3(7)(b) shall not take place within ten (10) days of any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving Common Shares in respect of which Section 25.3(7)(d)-(g) would apply.
- (c) Mechanics of Conversion. Each Series 2 Holder converting its Series 2 Preferred Shares into Common Shares pursuant to this Section 25.3(7) shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or any transfer agent for the Series 2 Preferred Shares. Thereupon, the Company will promptly issue and deliver at such office to such holder a certificate or certificates for the number of Common Shares to which such holder is entitled and for the

number of Series 2 Preferred Shares not being converted. Such conversion will be deemed to have been made at the close of business on the date of such surrender of the certificates representing the Series 2 Preferred Shares to be converted, and the Person entitled to receive the Common Shares issuable upon such conversion will be treated for all purposes as the record holder of such Common Shares on such date.

- (d) Adjustment for Stock Splits and Consolidation. If the Company at any time or from time to time after the Effective Date effects a subdivision of the outstanding Common Shares such that the total number of Common Shares has increased or the Company effects a consolidation of outstanding Common Shares such that the total number of Common Shares has decreased, the Voluntary Conversion Price in effect immediately before such subdivision or consolidation (as applicable) will be adjusted by multiplying the Voluntary Conversion Price by a fraction (i) the numerator of which is the total number of Common Shares issued and outstanding immediately prior to the subdivision or consolidation (as applicable) and (ii) the denominator of which is the total number of Common Shares issued and outstanding immediately after the subdivision or consolidation (as applicable). Any adjustment under this Section 25.3(7)(d) will become effective at the close of business on the date the subdivision or consolidation becomes effective.
- (e) Adjustment for Common Share Dividends and Distributions. If the Company at any time or from time to time after the Effective Date makes, or fixes a record date for the determination of holders of Common Shares entitled to receive, a dividend or other distribution payable in additional Common Shares, in each such event the Voluntary Conversion Price then in effect will be adjusted as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Voluntary Conversion Price by a fraction (i) 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 (ii) 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; *provided, however, that* 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 Voluntary Conversion Price will be recomputed accordingly as of the close of business on such record date and thereafter will be adjusted pursuant to this Section 25.3(7)(e) to reflect the actual payment of such dividend or distribution.
- (f) Adjustment for Reclassification, Exchange and Substitution. If at any time or from time to time after the Effective Date the Common Shares issuable upon the conversion of the Series 2 Preferred Shares are changed into the same or a different number of shares of any class or classes, whether by recapitalization, reclassification or otherwise (other than a subdivision or consolidation of shares or stock dividend provided for elsewhere in this Section 25.3(7)), in any such event each Series 2 Holder will have the right thereafter to convert such shares into the kind and amount of shares and other securities and property receivable

upon such recapitalization or reclassification into which such Series 2 Preferred Shares could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.

- (g) Adjustment for Certain Rights, Options and Warrants. If the Company shall fix a record date for the issuance of options, rights or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible into Common Shares) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price on such record date, the Voluntary Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Voluntary Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible securities so offered) by such Current Market Price, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase (or into which the convertible securities so offered are convertible). Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such options, rights or warrants are not so issued or any such options, rights or warrants are not exercised prior to the expiration thereof, the Voluntary Conversion Price shall be re-adjusted to the Voluntary Conversion Price or which would then be in effect if such record date had not been fixed or to the Voluntary Conversion Price which would then be in effect based upon the number of Common Shares (or securities convertible into Common Shares) actually issued upon the exercise of such options, rights or warrants were included in such fraction, as the case may be.
- (h) Adjustment for Other Special Distributions. If the Company at any time or from time to time after the Effective Date makes, or fixes a record date for the determination of holders of Common Shares entitled to receive, a special dividend outside of the Company's dividend distribution policy then in effect or a distribution (other than as contemplated in Section 25.3(7)(d), Section 25.3(7)(e) and Section 25.3(7)(g)) of Common Shares, shares of any class of the Company or securities convertible to or exchangeable for shares of any class of the Company, debt securities, property or other assets (any of these events being hereinafter referred to as a "**Special Distribution**"), in each such event the Voluntary Conversion Price then in effect will be adjusted as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Voluntary Conversion Price by a fraction (i) the numerator of which is the difference between (A) the product of the total number of Common Shares outstanding on such record date and the Current Market Price on such record date and (B) the fair market value, for the holders of

Common Shares, determined by the directors of the Company acting reasonably and in good faith, of the securities, property or assets to be issued or distributed as part of the Special Distribution, and (ii) the denominator of which is the product of the total number of Common Shares outstanding on such record date and the Current Market Price on such record date; *provided, however, that* if such record date is fixed and such Special Distribution is not fully made on the date fixed therefor, the Voluntary Conversion Price will be recomputed accordingly as of the close of business on such record date and thereafter will be adjusted pursuant to this Section 25.3(7)(h) to reflect the actual payment of such Special Distribution.

- (i) Certificate of Adjustment. In each case of an adjustment or readjustment of the Voluntary Conversion Price, the Company, at its expense, will compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and will mail such certificate, by first class mail, postage prepaid, to each registered holder of Series 2 Preferred Shares at the holder's address as shown in the Company's books. The certificate will set forth (i) such adjustment or readjustment, (ii) the Voluntary Conversion Ratio after such adjustment, and (iii) a brief statement of the facts requiring such adjustment.
 - (j) Fractional Shares. No fractional Common Shares will be issued upon the conversion of Series 2 Preferred Shares. All Common Shares (including fractions thereof) issuable upon conversion of more than one share of Series 2 Preferred Shares by a holder thereof will be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional shares, and the Company shall pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Voluntary Conversion Price or Mandatory Conversion Price, as applicable.
- (8) Miscellaneous
- (a) Withholding Tax. Notwithstanding any other provision in these Articles, the Company may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to these Articles any amounts required (or permitted, in the event that the Series 2 Preferred Shares are or become "taxable Canadian property" at any relevant time for purposes of the *Income Tax Act* (Canada)) by applicable law to be deducted or withheld from any such payment, distribution, issuance or delivery and the Company will timely remit any such amounts to the relevant tax authority as required, and will provide evidence thereof reasonably acceptable to the affected holder(s) of Series 2 Preferred Shares. All such remitted amounts shall be treated as having been paid to the relevant holder(s). If the cash component of any payment, distribution, issuance or delivery to be made pursuant to these Articles is less than the amount that the Company is so required (or permitted, in the event that the Series Preferred Shares are or become "taxable Canadian property" at any relevant time for purposes of the *Income Tax Act* (Canada)) to deduct or withhold, the Company shall be permitted to deduct and withhold from any noncash payment, distribution, issuance or delivery to be made pursuant to these Articles any

amounts required (or permitted, in the event that the Series 2 Preferred Shares are or become “taxable Canadian property” at any relevant time for purposes of the *Income Tax Act* (Canada)) by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority.

- (b) Wire or Electronic Transfer of Funds. Notwithstanding any other right, privilege, restriction or condition attaching to the Series 2 Preferred Shares, the Company may, at its option, make any payment due to registered Series 2 Holders by way of a wire or electronic transfer of funds to such holders. If a payment is made by way of a wire or electronic transfer of funds, the Company shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company shall provide a notice. Such notice shall request that each applicable registered holder of Series 2 Preferred Shares provide the particulars of an account of such holder with a chartered bank in Canada, the United States or the Cayman Islands to which the wire or electronic transfer of funds shall be directed. If the Company does not receive account particulars from a registered holder of Series 2 Preferred Shares prior to the date such payment is to be made, the Company shall deposit the funds otherwise payable to such holder in a special account or accounts in trust for such holder.
- (c) U.S. Currency. Unless otherwise stated, all references herein to sums of money are expressed in the lawful money of the United States.
- (d) Specified Amount. The amount specified in respect of each Series 2 Preferred Share for the purposes of subsection 191(4) of the *Income Tax Act* (Canada) is an amount equal to \$9.4575.
- (e) Notice. All notices delivered hereunder shall be delivered to the Company and/or the applicable Series 2 Holder(s) in accordance with the notice provisions under the Subscription Agreement.

25.4 Class A Series 3 Convertible Preferred Shares

(1) Designation and Number

The third series of Class A Shares of the Company shall consist of an aggregate of 1,586,042 Class A Shares which shall be designated as Class A Series 3 Convertible Preferred Shares (hereinafter referred to as the “**Series 3 Preferred Shares**”) and which, in addition to the rights, privileges, restrictions and conditions attached to the Class A Shares as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

(2) Definitions

Where used in this Section 25.4, the following words and terms shall, unless there is something in the context otherwise inconsistent therewith, have the following meanings:

- (a) “**Business Day**” means a day (other than Saturday or Sunday) on which banks are generally open for business in Toronto, Ontario and New York, New York.
- (b) “**Conversion Right**” has the meaning set forth in Section 25.4(2)(h).
- (c) “**Current Market Price**” means, at any particular date, the volume weighted average price of the Common Shares on the Toronto Stock Exchange (or, as the case may be, any other Recognized Marketplace), for the five (5) consecutive trading days ending one (1) Business Day prior to the relevant date, *provided that* if the Common Shares are not listed at the relevant time on any Recognized Marketplace, then the Current Market Price shall be determined by the directors of the Company in good faith on the advice of a reputable independent investment dealer, acting reasonably. If the Shares are traded on more than one Recognized Marketplace, the volume and price information used to determine the Current Market Price shall be the volume and price information in respect of the Recognized Marketplace on which the aggregate trading volume was the highest over such five (5) consecutive trading day period.
- (d) “**Effective Date**” means the date on which Series 3 Preferred Shares are initially issued.
- (e) “**Initial Liquidation Amount**” means for each Series 3 Preferred Share, an amount equal to US\$9.75 (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Series 3 Preferred Shares).
- (f) “**Liquidation Event**” means any liquidation, dissolution or winding up of the Company.
- (g) “**Mandatory Conversion Price**” means, at any particular date, the lesser of (i) the Voluntary Conversion Price and (ii) the Current Market Price at such date.
- (h) “**Mandatory Conversion Ratio**” means for each Series 3 Preferred Share, with respect to any date, the number obtained by dividing (i) the Series 3 Liquidation

Amount as of such date by (ii) the Mandatory Conversion Price as of such date, *provided that*, if the Company exercises its right (a “**Conversion Right**”) under Section 25.4(7)(b) to convert the whole or any part of the Series 3 Preferred Shares held by a Series 3 Holder at any time prior to the four (4)-year anniversary of the Effective Date, then for purposes of computing the Mandatory Conversion Ratio in respect of such conversion, the following amount shall be added to the Series 3 Liquidation Amount:

- (i) if the Conversion Right is exercised before the one (1)-year anniversary of the Effective Date, an amount equal to 4% of the Initial Liquidation Amount;
 - (ii) if the Conversion Right is exercised on or after the one (1)-year anniversary of the Effective Date but prior to the two (2)-year anniversary of the Effective Date, an amount equal to 3% of the Initial Liquidation Amount;
 - (iii) if the Conversion Right is exercised on or after the two (2)-year anniversary of the Effective Date but prior to the three (3)-year anniversary of the Effective Date, an amount equal to 2% of the Initial Liquidation Amount; and
 - (iv) if the Conversion Right is exercised on or after the three (3)-year anniversary of the Effective Date but prior to the four (4)-year anniversary of the Effective Date, an amount equal to 1% of the Initial Liquidation Amount.
- (i) “**Minimum Conversion Price**” means \$10.50 (as equitably adjusted pursuant to Section 25.4(7)(d)-(g) *mutatis mutandis*).
 - (j) “**Person**” means an individual, partnership, corporation, association, trust, joint venture, unincorporated organization and any government, governmental department or agency or political subdivision thereof.
 - (k) “**Recognized Marketplace**” means the Toronto Stock Exchange, the TSX Venture Exchange, an exchange registered as a “national securities exchange” under section 6 of the U.S. Securities and Exchange Act of 1934, or the Nasdaq Stock Market.
 - (l) “**Redemption Right**” has the meaning set forth in Section 25.4(6)(a).
 - (m) “**Series 3 Holders**” means the holders of Series 3 Preferred Shares.
 - (n) “**Series 3 Liquidation Amount**” means an amount per Series 3 Preferred Share initially equal to the Initial Liquidation Amount and, from and after the Effective Date, the Series 3 Liquidation Amount of each Series 3 Preferred Share shall automatically increase on a daily basis, on the basis of a 360 day year consisting of twelve 30 day months, at a rate per annum equal to the Series 3 Rate of the then applicable Series 3 Liquidation Amount, the amount of which increase shall

compound quarterly on each March 31, June 30, September 30 and December 31. The Series 3 Liquidation Amount shall be equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Series 3 Preferred Shares.

- (o) “**Series 3 Preferred Shares**” means Class A Series 3 Convertible Preferred Shares in the capital of the Company.
- (p) “**Series 3 Rate**” means a rate of 5.65% per annum, provided that in the event of any increase or decrease in the dividend payable per annum on the Common Shares in accordance with the Company’s regular dividend policy (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Common Shares), the Series 3 Rate shall be adjusted, as of the time such dividend on the Common Shares becomes payable, by multiplying the Series 3 Rate in effect immediately preceding the time of such adjustment by a fraction (i) the numerator of which is the dividend payable per annum on the Common Shares in accordance with the Company’s regular dividend policy immediately following the increase or decrease as a result of which such adjustment is made (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Common Shares), and (ii) the denominator of which is the dividend payable per annum on the Common Shares in accordance with the Company’s regular dividend policy immediately preceding such increase or decrease (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Common Shares); *provided that* the numerator and the denominator shall be deemed to be no less than US\$0.74 at any time (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving the Common Shares). For greater certainty, the Series 3 Rate shall never be less than 5.65% per annum.
- (q) “**Series 3 Redemption Amount**” has the meaning set forth in Section 25.4(6)(a).
- (r) “**Series 3 Redemption Date**” has the meaning set forth in Section 25.4(6)(b).
- (s) “**Special Distribution**” has the meaning set forth in Section 25.4(7)(h).
- (t) “**Subscription Agreements**” means the subscription agreements entered into in respect of the issuance of the Series 3 Preferred Shares.
- (u) “**Trigger Event**” means (i) reorganization of the Company pursuant to the *Companies’ Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), the *Business Corporations Act* (British Columbia) or any similar laws of Canada (other than in circumstances contemplated by (ii) or (iii) below), (ii) a third party acquiring beneficial ownership or control and direction over securities of the Company representing the majority of the total voting power attaching to securities of the Company (including by way of a take-over bid), (iii) any merger, amalgamation, arrangement or consolidation of the Company

into or with another entity, or (iv) a sale of all or substantially all of the assets of the Company, provided that, in the case of (iii) and (iv), the shareholders of the Company immediately prior to such event do not own after the event securities representing the majority of the total voting power attaching to securities of the Company, the surviving entity or the purchaser, as applicable.

- (v) “**Voluntary Conversion Price**” means the Initial Liquidation Amount, subject to any adjustments made in accordance with Section 25.4(7).
- (w) “**Voluntary Conversion Ratio**” means, for each Series 3 Preferred Share, with respect to any date, the number obtained by dividing (i) the Series 3 Liquidation Amount as of such date by (ii) the Voluntary Conversion Price.

(3) Non-Voting.

Subject to the provisions of the laws governing the Company, as now existing or hereafter amended, the Series 3 Holders shall not be entitled as such to receive notice of or to attend any meeting of shareholders of the Company and shall not be entitled to vote at any such meeting, except that the Series 3 Holders shall be entitled to notice of any meeting of the shareholders called for the purpose of authorizing any Liquidation Event or Trigger Event (including, without limitation, the dissolution of the Company or the sale, lease or exchange of all or substantially all of the property of the Company other than in the ordinary course of business of the Company).

(4) Liquidation Rights.

- (a) In the event of a Liquidation Event, subject to the prior rights of the holders of any shares ranking senior to the Series 3 Preferred Shares with respect to priority in the distribution of assets upon a Liquidation Event, but in priority to the holders of the Common Shares, Non-Voting Shares and any other class of shares ranking junior to the Series 3 Preferred Shares, the Series 3 Holders shall be entitled to receive (pro rata based upon relative liquidation entitlements with the holders of any other class of shares ranking *pari passu* with the Series 3 Preferred Shares) a sum per Series 3 Preferred Share equal to the greater of:
 - (i) the Series 3 Liquidation Amount *provided that*, in the event of a Liquidation Event prior to the four (4)-year anniversary of the Effective Date, the following amount shall be added to the Series 3 Liquidation Amount:
 - (A) in the event of a Liquidation Event before the one (1)-year anniversary of the Effective Date, an amount equal to 4% of the Initial Liquidation Amount;
 - (B) in the event of a Liquidation Event on or after the one (1)-year anniversary of the Effective Date but prior to the two (2)-year anniversary of the Effective Date, an amount equal to 3% of the Initial Liquidation Amount;

(C) in the event of a Liquidation Event on or after the two (2)-year anniversary of the Effective Date but prior to the three (3)-year anniversary of the Effective Date, an amount equal to 2% of the Initial Liquidation Amount; and

(D) in the event of a Liquidation Event on or after the three (3)-year anniversary of the Effective Date but prior to the four (4)-year anniversary of the Effective Date, an amount equal to 1% of the Initial Liquidation Amount.

(ii) the amount such holder would have received had they instead converted such Series 3 Preferred Share in accordance with Section 25.4(4)(b);

and after payment of such amounts so payable to them they shall not be entitled to share in any further distribution of the property or assets of the Company.

(b) The Company shall give not less than 20 days' notice in writing of the effective date of any Liquidation Event to Series 3 Holders. For greater certainty, prior to any Liquidation Event, each Series 3 Holder shall be entitled, without payment of any additional consideration and notwithstanding the notice period set out in Section 25.4(7)(a), to cause all or any portion of the Series 3 Preferred Shares held by such Series 3 Holder to be converted into Common Shares in accordance with Section 25.4(7) prior to the effective date for such Liquidation Event.

(5) Dividends

(a) The Series 3 Holders shall be entitled to receive only such dividends on the Series 3 Preferred Shares, if, as and when any dividends are expressly declared thereon by the board of directors, and shall not be entitled to any other dividends. The Series 3 Holders Shares shall not have the right to receive any dividends that are declared only with respect to the Common Shares, and nothing in these Articles will restrict the declaration or payment of any dividends on the Common Shares.

(b) In addition, from and after a Trigger Event, Series 3 Holders shall be entitled to participate in all dividends and other distributions that are declared and paid on Common Shares on the same basis as if each Series 3 Preferred Share had been converted into that number of Common Shares (including fractions thereof) as equals the product of (i) the number of Series 3 Preferred Shares then held by such Series 3 Holder and (ii) the Mandatory Conversion Ratio. For greater certainty, any entitlement to participation under this Section 25.4(5)(b) shall be in addition to any adjustment or readjustment that may be effected pursuant to Section 25.4(7)(d)-(g) as a result of the Trigger Event, as the case may be.

(6) Redemption at the Option of the Company

(a) The Company may, at any time and from time to time, redeem the whole or any part of the Series 3 Preferred Shares then held by the Series 3 Holders (*pro rata* amongst the Series 3 Holders such that the number of Series 3 Preferred Shares to be redeemed from each Series 3 Holder shall be equal to the product of (i) a

fraction, the numerator of which shall be the number of Series 3 Preferred Shares held by such Series 3 Holder, and the denominator of which shall be the total number of Series 3 Preferred Shares outstanding, multiplied by (ii) the total number of Series 3 Preferred Shares to be redeemed by the Company), at a price per Series 3 Preferred Share equal to the Series 3 Liquidation Amount, *provided that* (i) the Company may only exercise its right (a “**Redemption Right**”) under this Section 25.4(6)(a) to redeem the whole or any part of the Series 3 Preferred Shares held by a Series 3 Holder if (A) at the time the Redemption Right is exercised the Current Market Price is at least \$9.75 (as equitably adjusted pursuant to Section 25.4(7)(d)-(g) *mutatis mutandis*) or (B) the Redemption Right is exercised in connection with or at any time following a Trigger Event, (ii) the Company shall redeem Series 3 Preferred Shares in an amount equal to or greater than \$5,000,000 per redemption event, and (iii) if the Company exercises its Redemption Right to redeem the whole or any part of the Series 3 Preferred Shares held by a Series 3 Holder at any time prior to the four (4)-year anniversary of the Effective Date, then the following amount shall be added to the Series 3 Liquidation Amount:

- (i) if the Redemption Right is exercised before the one (1)-year anniversary of the Effective Date, an amount equal to 4% of the Initial Liquidation Amount;
- (ii) if the Redemption Right is exercised on or after the one (1)-year anniversary of the Effective Date but prior to the two (2)-year anniversary of the Effective Date, an amount equal to 3% of the Initial Liquidation Amount;
- (iii) if the Redemption Right is exercised on or after the two (2)-year anniversary of the Effective Date but prior to the three (3)-year anniversary of the Effective Date, an amount equal to 2% of the Initial Liquidation Amount; and
- (iv) if the Redemption Right is exercised on or after the three (3)-year anniversary of the Effective Date but prior to the four (4)-year anniversary of the Effective Date, an amount equal to 1% of the Initial Liquidation Amount.

The amount payable per Series 3 Preferred Share on the redemption of such shares is hereinafter referred to as the “**Series 3 Redemption Amount**”.

- (b) Before redeeming any Series 3 Preferred Shares, the Company shall give not less than ten (10) days’ (but not more than 20 days’) notice in writing of such redemption to the registered holders of the shares to be redeemed; such notice shall set out the Series 3 Redemption Amount, the date on which the redemption is to take place (the “**Series 3 Redemption Date**”) and, if only part of the Series 3 Preferred Shares held by the Person to whom it is addressed is to be redeemed, the number thereof so to be redeemed. If, at least three (3) days prior to a Series 3 Redemption Date, a Series 3 Holder exercises its option in accordance with Section 25.4(7)(a) to convert Series 3 Preferred Shares that would otherwise be

redeemed on such Series 3 Redemption Date, the redemption of such shares shall be postponed for fifteen (15) days following notice of such exercise to allow for the conversion of such shares to instead be completed.

- (c) On or after the Series 3 Redemption Date the Company shall pay or cause to be paid to the registered holders of the shares to be redeemed the Series 3 Redemption Amount in respect of each Series 3 Preferred Share to be redeemed, on presentation and surrender of the certificates for the Series 3 Preferred Share(s) so called for redemption at the office of the Company or any transfer agent for the Series 3 Preferred Shares, and the certificates for such shares shall thereupon be cancelled, and the shares represented thereby shall thereupon be redeemed.
 - (d) The Company shall have the right, exercisable at any time, to deposit the aggregate Series 3 Redemption Amount of the Series 3 Preferred Shares called for redemption and not yet redeemed at the date on which such deposit is made, in a special account with any chartered bank or trust company in Canada in order for such amount to be paid, without interest, to or to the order of the respective holders of such Series 3 Preferred Shares called for redemption upon presentation and surrender of the certificates representing the same and, upon the later of the date on which such deposit is made and the Series 3 Redemption Date, the Series 3 Preferred Shares in respect whereof such deposit shall have been made shall be redeemed and the rights of the holders thereof, after such deposit, shall be limited to receiving, out of the moneys so deposited, without interest, the aggregate Series 3 Redemption Amount applicable to their respective Series 3 Preferred Shares against presentation and surrender of the certificates representing such Series 3 Preferred Shares. Any amounts so deposited and not claimed by a Series 3 Holder entitled thereto within six (6) years from the date specified for redemption, shall be returned to the Company without prejudice to any right a shareholder may have to receive payment in respect thereof.
 - (e) From and after the Series 3 Redemption Date, the holders of each of the Series 3 Preferred Shares called for redemption shall cease to be entitled to dividends thereon and shall not be entitled to any rights in respect of such Series 3 Preferred Shares, except to receive the Series 3 Liquidation Amount, unless (i) the Company has fixed a record date for the determination of Series 3 Holders entitled to receive a dividend or other distribution prior to the Series 3 Redemption Date, in which case the rights of such Series 3 Holders shall remain unaffected in respect of such dividend or other distribution, or (ii) payment of the Series 3 Liquidation Amount shall not be made by the Company in accordance with the foregoing provisions, in which case the rights of the holders of such Series 3 Preferred Shares shall remain unaffected.
- (7) Conversion.
- (a) Voluntary Conversion. Each Series 3 Holder shall be entitled, at any time at such Series 3 Holder's option, and without payment of any additional consideration, to cause all or any portion of the Series 3 Preferred Shares held by such Series 3 Holder to be converted into, with respect to each such Series 3 Preferred Share

being converted, that number of Common Shares equal to the Voluntary Conversion Ratio as of the date of conversion. Before exercising its rights hereunder, a Series 3 Holder shall give the Company not less than ten (10) days' (but not more than 20 days') notice in writing of such conversion setting out the date on which the conversion is to take place, and the number of Series 3 Preferred Shares to be converted.

- (b) Mandatory Conversion. The Company may, at any time, and from time to time, cause the whole or any part of the Series 3 Preferred Shares held by the Series 3 Holders (*pro rata* amongst the Series 3 Holders such that the number of Series 3 Preferred Shares to be mandatorily converted from each Series 3 Holder shall be equal to the product of (i) a fraction, the numerator of which shall be the number of Series 3 Preferred Shares held by such Series 3 Holder, and the denominator of which shall be the total number of Series 3 Preferred Shares outstanding, multiplied by (ii) the total number of Series 3 Preferred Shares to be mandatorily converted by the Company) to be converted into, with respect to each such Series 3 Preferred Share being converted, that number of Common Shares equal to the Mandatory Conversion Ratio as of the date of conversion, *provided that* the Company shall not be permitted to cause any conversion of Series 3 Preferred Shares held by a Series 3 Holder pursuant to this Section 25.4(7)(b) unless (x) the Current Market Price both on the date notice of such conversion is provided in accordance therewith and on the date such conversion is effected is equal to or greater than the Minimum Conversion Price, or (y) such Series 3 Holder consents to such mandatory conversion in writing and, in the case of (y), (A) the Current Market Price both on the date notice of such conversion is provided in accordance therewith and on the date such conversion is effected shall be equal to or greater than \$6.00 (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event), or (B) if the Current Market Price is less than \$6.00 (as equitably adjusted to reflect any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event) on the applicable dates, the Company shall have obtained all requisite approvals in respect of the issuance of the Common Shares in connection with such conversion from the Toronto Stock Exchange. Before exercising its rights hereunder, the Company shall give the relevant Series 3 Holder(s) not less than ten (10) days' (but not more than 20 days') notice in writing of such conversion setting out the date on which the conversion is to take place, and the number of Series 3 Preferred Shares to be converted, *provided that* a conversion pursuant to this Section 25.4(7)(b) shall not take place within ten (10) days of any stock split, stock dividend, consolidation, reorganization, recapitalization, reclassification or other similar event involving Common Shares in respect of which Section 25.4(7)(d)-(g) would apply.
- (c) Mechanics of Conversion. Each Series 3 Holder converting its Series 3 Preferred Shares into Common Shares pursuant to this Section 25.4(7) shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or any transfer agent for the Series 3 Preferred Shares. Thereupon, the Company will promptly issue and deliver at such office to such holder a certificate or certificates for the number of Common Shares to which such holder is entitled and for the

number of Series 3 Preferred Shares not being converted. Such conversion will be deemed to have been made at the close of business on the date of such surrender of the certificates representing the Series 3 Preferred Shares to be converted, and the Person entitled to receive the Common Shares issuable upon such conversion will be treated for all purposes as the record holder of such Common Shares on such date.

- (d) Adjustment for Stock Splits and Consolidation. If the Company at any time or from time to time after the Effective Date effects a subdivision of the outstanding Common Shares such that the total number of Common Shares has increased or the Company effects a consolidation of outstanding Common Shares such that the total number of Common Shares has decreased, the Voluntary Conversion Price in effect immediately before such subdivision or consolidation (as applicable) will be adjusted by multiplying the Voluntary Conversion Price by a fraction (i) the numerator of which is the total number of Common Shares issued and outstanding immediately prior to the subdivision or consolidation (as applicable) and (ii) the denominator of which is the total number of Common Shares issued and outstanding immediately after the subdivision or consolidation (as applicable). Any adjustment under this Section 25.4(7)(d) will become effective at the close of business on the date the subdivision or consolidation becomes effective.
- (e) Adjustment for Common Share Dividends and Distributions. If the Company at any time or from time to time after the Effective Date makes, or fixes a record date for the determination of holders of Common Shares entitled to receive, a dividend or other distribution payable in additional Common Shares, in each such event the Voluntary Conversion Price then in effect will be adjusted as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Voluntary Conversion Price by a fraction (i) 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 (ii) 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; *provided, however, that* 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 Voluntary Conversion Price will be recomputed accordingly as of the close of business on such record date and thereafter will be adjusted pursuant to this Section 25.4(7)(e) to reflect the actual payment of such dividend or distribution.
- (f) Adjustment for Reclassification, Exchange and Substitution. If at any time or from time to time after the Effective Date the Common Shares issuable upon the conversion of the Series 3 Preferred Shares are changed into the same or a different number of shares of any class or classes, whether by recapitalization, reclassification or otherwise (other than a subdivision or consolidation of shares or stock dividend provided for elsewhere in this Section 25.4(7)), in any such event each Series 3 Holder will have the right thereafter to convert such shares into the kind and amount of shares and other securities and property receivable

upon such recapitalization or reclassification into which such Series 3 Preferred Shares could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.

- (g) Adjustment for Certain Rights, Options and Warrants. If the Company shall fix a record date for the issuance of options, rights or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible into Common Shares) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price on such record date, the Voluntary Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Voluntary Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible securities so offered) by such Current Market Price, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase (or into which the convertible securities so offered are convertible). Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such options, rights or warrants are not so issued or any such options, rights or warrants are not exercised prior to the expiration thereof, the Voluntary Conversion Price shall be re-adjusted to the Voluntary Conversion Price or which would then be in effect if such record date had not been fixed or to the Voluntary Conversion Price which would then be in effect based upon the number of Common Shares (or securities convertible into Common Shares) actually issued upon the exercise of such options, rights or warrants were included in such fraction, as the case may be.
- (h) Adjustment for Other Special Distributions. If the Company at any time or from time to time after the Effective Date makes, or fixes a record date for the determination of holders of Common Shares entitled to receive, a special dividend outside of the Company's dividend distribution policy then in effect or a distribution (other than as contemplated in Section 25.4(7)(d), Section 25.4(7)(e) and Section 25.4(7)(g)) of Common Shares, shares of any class of the Company or securities convertible to or exchangeable for shares of any class of the Company, debt securities, property or other assets (any of these events being hereinafter referred to as a "**Special Distribution**"), in each such event the Voluntary Conversion Price then in effect will be adjusted as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Voluntary Conversion Price by a fraction (i) the numerator of which is the difference between (A) the product of the total number of Common Shares outstanding on such record date and the Current Market Price on such record date and (B) the fair market value, for the holders of

Common Shares, determined by the directors of the Company acting reasonably and in good faith, of the securities, property or assets to be issued or distributed as part of the Special Distribution, and (ii) the denominator of which is the product of the total number of Common Shares outstanding on such record date and the Current Market Price on such record date; *provided, however, that* if such record date is fixed and such Special Distribution is not fully made on the date fixed therefor, the Voluntary Conversion Price will be recomputed accordingly as of the close of business on such record date and thereafter will be adjusted pursuant to this Section 25.4(7)(h) to reflect the actual payment of such Special Distribution.

- (i) Certificate of Adjustment. In each case of an adjustment or readjustment of the Voluntary Conversion Price, the Company, at its expense, will compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and will mail such certificate, by first class mail, postage prepaid, to each registered holder of Series 3 Preferred Shares at the holder's address as shown in the Company's books. The certificate will set forth (i) such adjustment or readjustment, (ii) the Voluntary Conversion Ratio after such adjustment, and (iii) a brief statement of the facts requiring such adjustment.
 - (j) Fractional Shares. No fractional Common Shares will be issued upon the conversion of Series 3 Preferred Shares. All Common Shares (including fractions thereof) issuable upon conversion of more than one share of Series 3 Preferred Shares by a holder thereof will be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional shares, and the Company shall pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Voluntary Conversion Price or Mandatory Conversion Price, as applicable.
- (8) Miscellaneous
- (a) Withholding Tax. Notwithstanding any other provision in these Articles, the Company may deduct or withhold from any payment, distribution, issuance or delivery (whether in cash or in shares) to be made pursuant to these Articles any amounts required (or permitted, in the event that the Series 3 Preferred Shares are or become "taxable Canadian property" at any relevant time for purposes of the *Income Tax Act* (Canada)) by applicable law to be deducted or withheld from any such payment, distribution, issuance or delivery and the Company will timely remit any such amounts to the relevant tax authority as required, and will provide evidence thereof reasonably acceptable to the affected holder(s) of Series 3 Preferred Shares. All such remitted amounts shall be treated as having been paid to the relevant holder(s). If the cash component of any payment, distribution, issuance or delivery to be made pursuant to these Articles is less than the amount that the Company is so required (or permitted, in the event that the Series Preferred Shares are or become "taxable Canadian property" at any relevant time for purposes of the *Income Tax Act* (Canada)) to deduct or withhold, the Company shall be permitted to deduct and withhold from any noncash payment, distribution, issuance or delivery to be made pursuant to these Articles any

amounts required (or permitted, in the event that the Series 3 Preferred Shares are or become “taxable Canadian property” at any relevant time for purposes of the *Income Tax Act* (Canada)) by law to be deducted or withheld from any such payment, distribution, issuance or delivery and to dispose of such property in order to remit any amount required to be remitted to any relevant tax authority.

- (b) Wire or Electronic Transfer of Funds. Notwithstanding any other right, privilege, restriction or condition attaching to the Series 3 Preferred Shares, the Company may, at its option, make any payment due to registered Series 3 Holders by way of a wire or electronic transfer of funds to such holders. If a payment is made by way of a wire or electronic transfer of funds, the Company shall be responsible for any applicable charges or fees relating to the making of such transfer. As soon as practicable following the determination by the Company that a payment is to be made by way of a wire or electronic transfer of funds, the Company shall provide a notice. Such notice shall request that each applicable registered holder of Series 3 Preferred Shares provide the particulars of an account of such holder with a chartered bank in Canada, the United States or the Cayman Islands to which the wire or electronic transfer of funds shall be directed. If the Company does not receive account particulars from a registered holder of Series 3 Preferred Shares prior to the date such payment is to be made, the Company shall deposit the funds otherwise payable to such holder in a special account or accounts in trust for such holder.
- (c) U.S. Currency. Unless otherwise stated, all references herein to sums of money are expressed in the lawful money of the United States.
- (d) Specified Amount. The amount specified in respect of each Series 3 Preferred Share for the purposes of subsection 191(4) of the *Income Tax Act* (Canada) is an amount equal to \$9.4575.
- (e) Notice. All notices delivered hereunder shall be delivered to the Company and/or the applicable Series 3 Holder(s) in accordance with the notice provisions under the Subscription Agreement.