

**KOOTENAY SILVER INC.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the Annual and Special Meeting (the “**Meeting**”) of Shareholders of **KOOTENAY SILVER INC.** (the “**Corporation**”) will be held at Suite 910 – 800 West Pender Street, Vancouver, British Columbia, on Wednesday, the 15th day of March, 2023 at 10:00 a.m. (Vancouver time), for the following purposes:

1. to receive the audited financial statements of the Corporation for the fiscal year ended December 31, 2021, together with the report of the auditors thereon;
2. to determine the number of directors at five;
3. to elect the directors of the Corporation for the ensuing year;
4. to re-appoint the auditor of the Corporation for the ensuing fiscal year and to authorize the directors of the Corporation to fix the auditor’s remuneration;
5. to consider and, if thought fit, to pass, with or without variation, an ordinary resolution to approve the adoption of a new 10% rolling equity incentive plan of the Corporation, as more particularly described in the accompanying information circular of the Corporation (the “**Information Circular**”);
6. to consider and, if thought fit, to pass a special resolution to approve alterations to the Corporation’s Notice of Articles and Articles to eliminate the class of Preferred Shares Without Par Value, none of which are outstanding, as more particularly described in the accompanying Information Circular;
7. to consider and, if thought fit, to pass a special resolution to approve the adoption of a new form of Articles of the Corporation, as more particularly described in the accompanying Information Circular; and
8. to transact such further or other business as may properly come before the Meeting and any adjournment(s) or postponement(s) thereof.

Accompanying this Notice of Meeting is an Information Circular and a form of proxy (or a voting instruction form if you hold common shares through a broker or other intermediary). The accompanying Information Circular provides information relating to the matters to be addressed at the Meeting and is incorporated into this Notice.

Shareholders are entitled to vote at the Meeting either in person or by proxy. If you are a registered shareholder of the Corporation and are unable to attend the Meeting in person, please complete, date and execute the accompanying form of proxy and deposit it with Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 (Fax: within North America 1-866-249-7775, outside North America 1-416-263-9524) by mail, fax or by following the procedure for telephone or internet voting provided in the accompanying form of proxy, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or any adjournment(s) or postponement(s) thereof, or with the Chairman of the Meeting on the day of the Meeting, prior to the commencement of the Meeting, or any adjournment(s) or postponement(s) thereof.

If you are a non-registered shareholder of the Corporation and received this Notice and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your security on your behalf (the “**Intermediary**”), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

Only holders of common shares of record as at the close of business on February 2, 2023 will be entitled to vote at the Meeting.

DATED at Vancouver, British Columbia, this 10th day of February, 2023.

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Kenneth E. Berry” (signed)*

**Kenneth E. Berry**  
**Chairman**

# **KOOTENAY SILVER INC.**

Suite 1125 - 595 Howe Street  
Vancouver, British Columbia V6C 2T5

## **INFORMATION CIRCULAR**

(containing information as at February 2, 2023 unless otherwise noted)

### **PERSONS MAKING THE SOLICITATION**

**This Information Circular is furnished in connection with the solicitation of proxies being made by the management of Kootenay Silver Inc. (the “Corporation”) for use at the Annual and Special Meeting of the Corporation’s shareholders (the “Meeting”) to be held on Wednesday, March 15, 2023 at the time and place and for the purposes set forth in the accompanying Notice of Meeting.** While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Corporation.

All costs of this solicitation will be borne by the Corporation.

### **APPOINTMENT AND REVOCATION OF PROXIES**

The individuals named in the accompanying form of proxy are directors or officers of the Corporation (the “**Management Proxyholders**”). **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR THE SHAREHOLDER AND ON THE SHAREHOLDER’S BEHALF AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKING OUT THE MANAGEMENT PROXYHOLDERS’ PRINTED NAMES, OR BY COMPLETING ANOTHER FORM OF PROXY.**

To be valid, a proxy must be dated and signed by the shareholder or by the shareholder’s attorney authorized in writing. In the case of a corporation, the proxy must be signed by a duly authorized officer of or an attorney for the corporation.

The completed proxy, together with the power of attorney or other authority, if any, under which the proxy was signed or a notarially certified copy of the power of attorney or other authority, must be delivered to Computershare Investor Services Inc. (“**Computershare**”), of 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 (Fax: within North America 1-866-249-7775, outside North America 1-416-263-9524) by mail, fax or by following the procedure for telephone or internet voting provided in the accompanying form of proxy at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting, or any adjournment(s) or postponement(s) thereof, or with the Chairman of the Meeting prior to the commencement of the Meeting, or any adjournment(s) or postponement(s) thereof.

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by the shareholder’s attorney authorized in writing or, if the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Corporation, at Suite 910 – 800 West Pender Street, Vancouver, British Columbia, V6C 2V6, at any time up to and including the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

### **ADVICE TO BENEFICIAL SHAREHOLDERS**

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Corporation are “non-registered” shareholders because the common shares of the Corporation they own are not registered in their names but are instead registered in the names of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their common shares in their own name (referred to herein as “Beneficial Shareholders”) should note that only registered shareholders may vote at the Meeting.**

If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in such shareholder’s name on the records of the Corporation. Such shares will

more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which company acts as nominee and custodian for many Canadian brokerage firms), and in the United States the vast majority of such shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many United States brokerage firms and custodian banks). Common shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of the Corporation do not know for whose benefit the common shares registered in the name of CDS & Co. and Cede & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings unless the Beneficial Shareholders have waived their right to receive Meeting materials. Every intermediary (broker) has its own mailing procedure and provides its own return instructions, which should be carefully followed in order to ensure that their common shares are voted at the Meeting. The voting instruction form supplied by intermediaries to Beneficial Shareholders is often identical to the form of proxy that is provided to registered shareholders. However, the purpose of the voting instruction form is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. Should a non-registered shareholder receiving such a voting instruction form wish to vote at the Meeting, the non-registered shareholder should strike out the names of the Management Proxyholders named in the voting instruction form and insert the name of the person designated by the non-registered shareholder in the blank provided and return the voting instruction form to the intermediary in accordance with the instructions contained in the form, well in advance of the Meeting.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **A Beneficial Shareholder who receives a voting instruction form cannot use that form to vote common shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of the common shares must be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted.** All references to shareholders in this Information Circular and the accompanying form of proxy and Notice of Meeting are to shareholders of record unless specifically stated otherwise.

Beneficial Shareholders fall into two categories – those who object to their names being made known to the issuers of securities which they own (called "**OBOs**" – for "**Objecting Beneficial Owners**") and those who do not object to the issuers of the securities they own knowing who they are (called "**NOBOs**" for "**Non-Objecting Beneficial Owners**"). In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), issuers may obtain and use the NOBO list for distribution of proxy-related materials directly (not via Broadridge) to such NOBOs.

The Corporation is taking advantage of NI 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* which permits the Corporation to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a scannable voting instruction form ("**VIF**") from the Corporation's transfer agent, Computershare. The VIF is to be completed and returned to Computershare in the envelope provided or by facsimile, or a NOBO has the option to submit their proxy vote either by telephone or via the internet in the manner described in the VIF. Computershare tabulates the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the common shares represented by those VIFs.

The Corporation's OBOs can expect to be contacted by Broadridge or their brokers or their broker's agents as set out above. The Corporation will not pay for intermediaries to deliver the Notice of Meeting, Information Circular and VIF to OBOs, and OBOs will not receive the Meeting materials unless their intermediary assumes the cost of the delivery.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its transfer agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send this Information Circular to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering the Information Circular to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

### EXERCISE OF DISCRETION

If the instructions in a proxy are certain, the shares represented thereby will be voted on any poll by the persons named in the proxy and, where a choice with respect to any matter to be acted upon has been specified in the proxy, the shares represented thereby will, on a poll, be voted or withheld from voting in accordance with the specifications so made.

**If no choice is specified and one of the Management Proxyholders is appointed by a registered shareholder as proxyholder, such person will vote in favour of each matter identified in the Notice of Meeting and for the nominees of management for directors and auditor.**

The enclosed form of proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the persons appointed proxyholders thereunder to vote with respect to any amendments or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of the printing of this Information Circular, the management of the Corporation knows of no such amendment, variation or other matter which may be presented to the Meeting.

### VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the date hereof, the Corporation has 415,472,991 fully paid and non-assessable common shares without par value issued and outstanding, each share carrying the right to one vote.

Any shareholder of record at the close of business on February 2, 2023 who either personally attends the Meeting or who has completed and delivered a proxy in the manner and subject to the provisions described above, shall be entitled to vote or to have such shareholder's shares voted at the Meeting.

The Articles of the Corporation provide that a quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the Meeting.

To the best of the knowledge of the directors and executive officers of the Corporation, no persons, beneficially own, directly or indirectly, or exercise control or direction over, shares carrying 10% or more of the voting rights attached to all outstanding shares of the Corporation.

### ELECTION OF DIRECTORS

The Board of Directors (the "**Board**") of the Corporation presently consists of five (5) directors, and it is intended to determine the number of directors at five (5) and to elect five (5) directors for the ensuing year.

Pursuant to the Advance Notice Policy adopted by the Board of Directors on May 16, 2013, which was ratified and confirmed by shareholders at the Annual and Special Meeting of shareholders held on July 24, 2013 and is filed on SEDAR under the Corporation's profile at [www.sedar.com](http://www.sedar.com), any additional director nominations for the Meeting must have been received by the Corporation, in compliance with the Advance Notice Policy, on or before the close of business on January 21, 2023. No additional director nominations were received by the Corporation.

The term of office of each of the present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next Annual General Meeting of the Corporation or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Corporation or within the provisions of the *Business Corporations Act* (British Columbia).

The following table sets out the names of the proposed nominees for election as directors, the province or state and country in which each is ordinarily resident, all offices of the Corporation now held by each of them, if any, their principal occupations or employments during the past five years if such nominee is not presently an elected director, the period of time each has been a director of the Corporation, and the number of common shares of the Corporation beneficially owned by each, directly or indirectly, or over which control or direction is exercised, as at the date hereof.

<b>Name, Province or State, Country of Residence, Position(s) with Corporation<sup>(1)</sup></b>	<b>Principal Occupation and, if not at Present an Elected Director, Employment for Last Five Years<sup>(1)</sup></b>	<b>Date(s) Served as a Director</b>	<b>Common Shares Held<sup>(1)</sup></b>
<b>Kenneth E. Berry</b> <sup>(3)(4)</sup> British Columbia, Canada <i>Chairman and Director</i>	Chairman of the Corporation, formerly President; self-employed consultant, providing finance and corporate communications services to various public companies; former Director, President and CEO of Elevation Gold Mining Corporation.	November 27, 2002	643,500
<b>James M. McDonald</b> <sup>(3)(4)</sup> Alberta, Canada <i>President, Chief Executive Officer and Director</i>	President and Chief Executive Officer of the Corporation; President of Makwa Exploration Ltd. (“ <b>Makwa</b> ”), a private geological consulting company; Director of Aldebaran Resources Inc. and former Director of Elevation Gold Mining Corporation.	March 7, 2005	4,038,200 <sup>(2)</sup>
<b>Jon Morda</b> <sup>(5)</sup> Ontario, Canada <i>Director</i>	Director of Kiboko Gold Inc. and of Besra Gold Inc. Retired in 2011 having been Chief Financial Officer for several mineral exploration and gold producing companies, including Alamos Gold Inc.	December 12, 2011	25,000
<b>Antonio Reda</b> <sup>(5)</sup> British Columbia, Canada <i>Director</i>	Director, President & CEO of Tectonic Metals Inc. 2018 to present. Former Vice President, Corporate Development for Kaminak Gold Corp., a TSXV listed junior natural resource mining company, from November 2005 to July 2016.	April 21, 2016	Nil
<b>Joseph P. Giuffre</b> <sup>(5)</sup> British Columbia, Canada <i>Director</i>	Self employed corporate lawyer January 2019 to present. Former Chief Legal Officer and Corporate Secretary of Nevsun Resources Ltd. from January 2012 to January 2019.	July 9, 2008 to December 10, 2018  January 13, 2023	333,333

(1) The information as to province or state and country of residence, principal occupation and number of shares beneficially owned by the nominees (directly or indirectly or over which control or direction is exercised) is not within the knowledge of management of the Corporation and has been furnished by the respective nominees.

(2) Of these shares, 814,700 are held by Makwa, a private company controlled by Mr. McDonald.

(3) Member of the Governance Committee.

(4) Member of the Nominating and Compensation Committee.

(5) Member of the Audit Committee.

Shareholders can vote for all of the proposed nominees for directors of the Corporation, vote for some of the proposed nominees and withhold for others, or withhold from voting for all or any of the proposed nominees. **Unless otherwise instructed, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as directors of the Corporation.**

The Board does not contemplate that any of its nominees will be unable to serve as a director. If any vacancies occur in the slate of nominees listed above before the Meeting, then the proxyholders named in the accompanying form of proxy intend to exercise discretionary authority to vote the shares represented by proxy for the election of any other persons as directors.

Except as set out below, no proposed director of the Corporation is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation), that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Except as set out below, no proposed director of the Corporation:

- (a) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Mr. Morda has been a director of Besra Gold Inc. (“**Besra**”) from August 16, 2005 to the present date. Besra was formerly listed on the Toronto Stock Exchange and the Australian Stock Exchange. On December 29, 2014, the Ontario Securities Commission (the “**OSC**”) issued a cease trade order (“**CTO**”) ceasing all trading in securities of Besra which superseded a temporary order issued by the OSC on December 17, 2014, in connection with Besra’s failure to file its financial statements, management’s discussion and analysis and certifications of the foregoing filings for the financial year ended June 30, 2014 and for the three-month interim period ended September 30, 2014. Similar cease trade orders were subsequently issued against Besra by the British Columbia Securities Commission, the Autorité des Marchés Financiers and the Alberta Securities Commission.

On October 19, 2015, Besra filed a Notice of Intention to Make a Proposal pursuant to section 50.4(1) of the Bankruptcy and Insolvency Act (Canada) and MNP Ltd. was appointed as proposal trustee. Besra subsequently filed a proposal on January 29, 2016. The amended proposal was considered and approved by Besra creditors during a meeting on April 7, 2016. Creditors of Besra needed to prove their claims by November 7, 2016. On November 16, 2016, the OSC issued an order amending an order it made on October 14, 2016, which partially revoked the CTO it issued on December 29, 2014. A Certificate of Full Performance under the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”), effectively releasing the Corporation from the BIA proceedings was issued in May 2017.

In September 2018, Besra filed the required continuous disclosure documents that would enable a revocation of the cease trade orders imposed by the Canadian securities regulators due to the failure of the Corporation to file required filings by the filing deadlines. Subsequently in November 2018 a full revocation of the CTOs was granted. A further CTO was issued by the OSC on November 1, 2019 and revoked on April 20, 2020.

No proposed director of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## STATEMENT OF EXECUTIVE COMPENSATION

### Director and Named Executive Officer Compensation

In this section, “**Named Executive Officer**” means (a) the Corporation’s chief executive officer (the “**CEO**”), including an individual performing functions similar to a CEO, (b) the Corporation’s chief financial officer (the “**CFO**”), including an individual performing functions similar to a CFO, (c) the most highly compensated executive officer of the Corporation, and its subsidiaries, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, for that financial year; and (d) each individual who would be a Named Executive Officer under (c) but for the fact that the individual was not an executive officer of the Corporation and was not acting in a similar capacity, at the end of that financial year.

During the Corporation’s fiscal year ended December 31, 2021, the following individuals were the Named Executive Officers of the Corporation:

- James M. McDonald, President and CEO
- Rajwant S. Kang, CFO and Corporate Secretary

### Director and Named Executive Officer Compensation, Excluding Compensation Securities

#### Table of Compensation Excluding Compensation Securities

The following table provides a summary of compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation or a subsidiary of the Corporation to each Named Executive Officer and director of the Corporation during the fiscal years ended December 31, 2021 and 2020:

<b>Name and Position</b>	<b>Year</b>	<b>Salary, Consulting Fee, Retainer or Commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or Meeting Fees (\$)</b>	<b>Value of Perquisites (\$)</b>	<b>Value of all other Compensation (\$)</b>	<b>Total Compensation (\$)</b>
<b>James M. McDonald</b> President, CEO and Director	2021	\$250,000	\$Nil	\$15,000	\$Nil	\$Nil	\$265,000 <sup>(1)</sup>
	2020	\$250,000	\$Nil	\$12,500	\$Nil	\$Nil	\$262,500 <sup>(2)</sup>
<b>Rajwant S. Kang</b> CFO and Corporate Secretary	2021	\$190,000	\$Nil	\$Nil	\$Nil	\$Nil	\$190,000 <sup>(3)</sup>
	2020	\$143,000	\$Nil	\$Nil	\$Nil	\$Nil	\$143,000 <sup>(3)</sup>
<b>Kenneth E. Berry</b> Chairman and Director	2021	\$Nil	\$Nil	\$19,000	\$Nil	\$Nil	\$19,000
	2020	\$Nil	\$Nil	\$16,500	\$Nil	\$Nil	\$16,500
<b>Brian Groves</b> <sup>(4)</sup> Former Director	2021	\$Nil	\$Nil	\$23,000	\$Nil	\$Nil	\$23,000
	2020	\$Nil	\$Nil	\$17,500	\$Nil	\$Nil	\$17,500
<b>Jon Morda</b> Director	2021	\$Nil	\$Nil	\$23,000	\$Nil	\$Nil	\$23,000
	2020	\$Nil	\$Nil	\$20,500	\$Nil	\$Nil	\$20,500
<b>Andrea Zaradic</b> <sup>(5)</sup> Former Director	2021	\$Nil	\$Nil	\$12,500	\$Nil	\$Nil	\$12,500
	2020	\$Nil	\$Nil	\$12,500	\$Nil	\$Nil	\$12,500
<b>Antonio Reda</b> Director	2021	\$Nil	\$Nil	\$19,000	\$Nil	\$Nil	\$19,000
	2020	\$Nil	\$Nil	\$16,500	\$Nil	\$Nil	\$16,500

- (1) Of this amount, Mr. McDonald received \$250,000 during the year in his capacity as President and CEO of the Corporation and \$15,000 in his capacity as a director. All payments were made to Makwa, a private company controlled by Mr. McDonald, which provides the services of Mr. McDonald as the Corporation's President and CEO. See "Employment, Consulting and Management Agreements".
- (2) Of this amount, Mr. McDonald received \$250,000 during the year in his capacity as President and CEO of the Corporation and \$12,500 in his capacity as a director. All payments were made to Makwa, a private company controlled by Mr. McDonald, which provides the services of Mr. McDonald as the Corporation's President and CEO. See "Employment, Consulting and Management Agreements".
- (3) This amount was paid to RSK Management Consulting Inc. ("RSK Management"), a private company controlled by Mr. Kang, which provides the services of Mr. Kang as the Corporation's CFO and Corporate Secretary. See "Employment, Consulting and Management Agreements".
- (4) Mr. Groves ceased to be a director of the Corporation on October 24, 2022.
- (5) Mrs. Zaradic ceased to be a director of the Corporation on September 15, 2021.

### ***Stock Options and Other Compensation Securities***

#### **Table for Compensation Securities**

The following table discloses all compensation securities granted or issued to each director and Named Executive Officer of the Corporation or any of its subsidiaries during the fiscal year ended December 31, 2021. The footnotes to the table disclose the number of stock options held by the directors and Named Executive Officers of the Corporation and its subsidiaries as at December 31, 2021:

<b>Name and Position</b>	<b>Type of Compensation Security</b>	<b>Number of Compensation Securities, Number of Underlying Securities and Percentage of Class</b>	<b>Date of Issue or Grant</b>	<b>Issue, Conversion or Exercise Price (\$)</b>	<b>Closing Price of Security or Underlying Security on Date of Grant (\$)</b>	<b>Closing Price of Security or Underlying Security at Year End (\$)</b>	<b>Expiry Date</b>
<b>James M. McDonald<sup>(1)</sup></b> President, CEO and Director	Stock Options	Nil	Nil	\$Nil	\$Nil	\$Nil	Nil
<b>Rajwant S. Kang<sup>(2)</sup></b> CFO and Corporate Secretary	Stock Options	Nil	Nil	\$Nil	\$Nil	\$Nil	Nil
<b>Kenneth E. Berry<sup>(3)</sup></b> Chairman and Director	Stock Options	Nil	Nil	\$Nil	\$Nil	\$Nil	Nil
<b>Brian Groves<sup>(4)</sup></b> Former Director	Stock Options	Nil	Nil	\$Nil	\$Nil	\$Nil	Nil
<b>Jon Morda<sup>(5)</sup></b> Director	Stock Options	Nil	Nil	\$Nil	\$Nil	\$Nil	Nil
<b>Andrea Zaradic<sup>(6)</sup></b> Former Director	Stock Options	Nil	Nil	\$Nil	\$Nil	\$Nil	Nil
<b>Antonio Reda<sup>(7)</sup></b> Director	Stock Options	Nil	Nil	\$Nil	\$Nil	\$Nil	Nil

- (1) As at December 31, 2021, Mr. McDonald held 3,000,000 stock options of the Corporation entitling him to acquire, upon exercise, 3,000,000 common shares in the capital of the Corporation. All options were vested as at December 31, 2021.
- (2) As at December 31, 2021, Mr. Kang held 1,800,000 stock options of the Corporation entitling him to acquire, upon exercise, 1,800,000 common shares in the capital of the Corporation. All options were vested as at December 31, 2021.
- (3) As at December 31, 2021, Mr. Berry held 2,000,000 stock options of the Corporation entitling him to acquire, upon exercise, 2,000,000 common shares in the capital of the Corporation. All options were vested as at December 31, 2021.
- (4) As at December 31, 2021, Mr. Groves held 525,000 stock options of the Corporation entitling him to acquire, upon exercise, 525,000 common shares in the capital of the Corporation. All options were vested as at December 31, 2021.



- (5) As at December 31, 2021, Mr. Morda held 660,000 stock options of the Corporation entitling him to acquire, upon exercise, 660,000 common shares in the capital of the Corporation. All options were vested as at December 31, 2021.
- (6) Mrs. Zaradic ceased to be a director of the Corporation on September 15, 2021. Any outstanding stock options held by Mrs. Zaradic were extended to March 15, 2022 under the terms of a independent consulting agreement. Mrs. Zaradic exercised 30,000 stock options during the year ended December 31, 2021 and 170,000 stock options on March 12, 2022.
- (7) As at December 31, 2021, Mr. Reda held 540,000 stock options of the Corporation entitling him to acquire, upon exercise, 540,000 common shares in the capital of the Corporation. All options were vested as at December 31, 2021.

*Exercises of Compensation Securities by Named Executive Officers and Directors*

The following table discloses all exercises of any stock options or compensation securities by the directors and the Named Executive Officers of the Corporation and its subsidiaries during the fiscal year ended December 31, 2021:

Name and Position	Type of Compensation Security	Number of Underlying Securities Exercised	Date of Exercise	Exercise Price Per Security (\$)	Closing Price of Security on Date of Exercise (\$)	Difference between Exercise Price and Closing Price on Date of Exercise (\$)	Total Value on Exercise Date (\$)
<b>James M. McDonald</b> President, CEO and Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Rajwant S. Kang</b> CFO and Corporate Secretary	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Kenneth E. Berry</b> Chairman and Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Brian Groves</b> Former Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Jon Morda</b> Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Andrea Zaradic</b> Former Director	Stock Options	30,000	March 12, 2021	\$0.14	\$0.36	\$0.22	\$6,600
<b>Antonio Reda</b> Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Stock Option Plans and other Incentive Plans**

*Stock Option Plan*

The Corporation's current stock option plan (the "**Option Plan**") was initially approved by the shareholders of the Corporation on August 18, 2004. The purpose of the Option Plan is to advance the interests of the Corporation by encouraging the directors, officers, employees and consultants of the Corporation and of its subsidiaries, if any, and employees of a person or company which provides management services to the Corporation or its subsidiaries (the "**Participants**") to acquire common shares, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation. The Option Plan is presently administered by the Board.

The Option Plan is a "rolling 10% plan" so the number of common shares reserved for issuance under the Option Plan shall not exceed 10% of the issued and outstanding common shares from time to time. The aggregate number of stock options granted to any Participant in a twelve month period must not exceed 5% of the issued and outstanding common shares, unless the Corporation has obtained disinterested shareholder approval of such grants as required by the TSX Venture Exchange (the "**TSXV**" or "**Exchange**"). The aggregate number of stock options granted to any one consultant of the Corporation must not exceed 2% of the issued and outstanding common shares. The aggregate number of stock options granted to persons employed to provide investor relations activities must not exceed 2% of the issued and outstanding common shares. Stock options granted to consultants performing investor relations activities are subject to vesting provisions. The exercise price of the stock options granted under the Option Plan is

determined by the Board, but shall not be less than the price permitted by the TSXV. Stock options are exercisable for a term fixed by the Board and shall not exceed 10 years, subject to earlier termination after certain events such as the Participant's ceasing to be a Participant, disability or death.

In accordance with the policies of the TSXV "rolling 10% plans" must be approved annually at the Corporation's annual meeting by the shareholders of the Corporation. The Option Plan was last ratified, confirmed and approved by the shareholders of the Corporation at the annual and special meeting of shareholders held on September 15, 2021 (the "**2021 Annual Meeting**"). The shareholders of the Corporation will be asked at the Meeting to approve the adoption of a new 10% rolling equity incentive plan (the "**Equity Incentive Plan**"), which was approved by the Board on February 10, 2023 and will replace the Option Plan, the Share Unit Plan (as defined below) and the DSU Plan (as defined below), subject to the approval of the shareholders of the Corporation and the final acceptance of the TSXV. See "*Particulars of Other Matters to be Acted Upon – Approval of New Equity Incentive Plan*" for details of the approval of the Equity Incentive Plan.

#### *Share Unit Plan and DSU Plan*

The Corporation currently has a share unit plan (the "**Share Unit Plan**"). The Share Unit Plan is administered by the Board or a committee thereof and permits the Board to grant awards of restricted share units ("**RSUs**") and performance share units ("**PSUs**", together with RSUs, "**Share Units**") to officers, employees and consultants of the Corporation or an affiliate of the Corporation (the "**Eligible Participants**") in respect of services rendered or to be rendered by the Eligible Participants. Subject to the terms of the Share Unit Plan, the Board may determine terms and conditions of any Share Units, including the number of RSUs or PSUs subject to a grant; the form of payout; the payment date of vested Share Units; whether and the extent to which any performance conditions and criteria applicable to the vesting of RSUs and PSUs have been satisfied or shall be waived and any other terms and conditions with respect to vesting or acceleration of vesting. Subsequent to the grant of a Share Unit, the Board may, in its discretion, waive any such term or condition or determine that such term or condition has been satisfied, subject to applicable law. Each Eligible Participant who continues in employment or service with the Corporation or an affiliate of the Corporation on a vesting date will receive a payout of their respective vested Share Units in cash, shares, or a combination of both, as determined by the Board, in an amount equal to the fair market value of their respective vested Share Units on the payment date, less any withholding taxes. Subject to adjustment, the maximum number of shares that may be reserved for issuance under the Share Unit Plan will be determined by the Board within the limits imposed by applicable securities law and stock exchange requirements. No Share Units have been awarded under the Share Unit Plan. The Share Unit Plan was approved by the shareholders of the Corporation at the 2021 Annual Meeting.

The Corporation currently has a deferred share unit plan (the "**DSU Plan**"). Pursuant to the DSU Plan, Eligible Directors may elect to receive all or a portion of their annual remuneration amount, which would otherwise be payable in cash, in deferred share units ("**DSUs**"), subject to such conditions as the Board may impose. Additionally, the Board may award such number of DSUs to an Eligible Director as the Board deems advisable to provide such Eligible Director with appropriate equity-based compensation for the services he renders to the Corporation. The Board may specify whether such DSUs will be settled in cash or shares, or a combination thereof. The Board shall determine the date on which such DSUs may be granted and the date as of which such DSUs shall be credited to the Eligible Director's Account, together with any terms of conditions with respect to the vesting of such DSUs. Subject to adjustment, the maximum number of shares that may be reserved for issuance under the DSU Plan will be determined by the Board within the limits imposed by applicable securities law and stock exchange requirements. No DSUs have been awarded under the DSU Plan. The DSU Plan was approved by the shareholders of the Corporation at the 2021 Annual Meeting.

The shareholders will be asked at the Meeting to approve the adoption of the Equity Incentive Plan, which was approved by the Board on February 10, 2023 and will replace the Option Plan, the Share Unit Plan and the DSU Plan, subject to the approval of the shareholders of the Corporation and the final acceptance of the TSXV. See "*Particulars of Other Matters to be Acted Upon – Approval of New Equity Incentive Plan*" for details of the approval of the Equity Incentive Plan.

#### **Employment, Consulting and Management Agreements**

Effective January 1, 2008, the Corporation entered into a consulting agreement with Makwa, which provides the services of James M. McDonald as the Corporation's President and CEO for a base fee of \$15,000 per month. The base monthly fee for Makwa was amended effective January 1, 2017 to \$20,833. All other terms of the consulting

agreement with Makwa remained unchanged. The consulting agreement with Makwa had an initial term of 24 months (the “**Initial Term**”) and automatically extend in increments of 24 months until terminated.

The consulting agreement with Makwa provides that:

- (a) if the Corporation terminates Makwa’s (the “**Consultant**”) engagement for cause (as defined in the consulting agreement) or if the Consultant voluntarily terminates its engagement, the Corporation’s obligation to compensate the Consultant shall in all respects cease as of the date of termination, except that the Corporation shall pay the Consultant the monthly base fee under their respective consulting agreements and any reimbursable expenses up to such date of termination (the “**Accrued Obligations**”);
- (b) if the Consultant’s engagement is terminated due to the death or the permanent disability of the Consultant, the Corporation’s obligation to compensate the Consultant shall in all respects cease as of the date of termination, except that within 30 days after the date of termination the Corporation shall pay the Consultant the Accrued Obligations and six months of the capped monthly base fee or such greater amount to the extent that the base fee has otherwise been increased; and
- (c) if the Consultant’s engagement is terminated by the Corporation without cause, the Corporation’s obligation to compensate the Consultant shall in all respects cease, except that within 30 days after the date of termination the Corporation shall pay the Consultant the Accrued Obligations and 12 months of the capped monthly base fee or such greater amount to the extent that the base fee has otherwise been increased.

If the Consultant’s engagement is terminated pursuant to a change of control (as defined in the consulting agreement) of the Corporation, the Corporation’s obligation to compensate the Consultant shall in all respects cease, except that concurrently with the date of termination the Corporation shall pay the Consultant the Accrued Obligations together with a termination fee equal to 24 months of the capped monthly base fee or such greater amount to the extent that the base fee has otherwise increased.

The Corporation and RSK Management, a private company controlled by Mr. Kang, have entered into a Management and Consulting Agreement dated January 1, 2013 (the “**RSK Management Agreement**”) to provide the services of Mr. Kang as the Corporation’s CFO. The RSK Management Agreement provides for, among other things, a base fee of \$11,917 per month to RSK Management. The base monthly fee for RSK Management was amended effective January 1, 2021 to \$15,833. The RSK Management Agreement renews each year until termination.

The RSK Management Agreement further provides that:

- (a) if the Corporation terminates RSK Management’s engagement for cause (as defined in the RSK Management Agreement) or if RSK Management voluntarily terminates its engagement, the Corporation’s obligation to compensate RSK Management shall in all respects cease as of the date of termination, except that the Corporation shall pay RSK Management the base fee of \$15,833 per month and any reimbursable expenses up to such date of termination (the “**Accrued Obligations**”);
- (b) if RSK Management’s engagement is terminated due to the death or the permanent disability of Mr. Kang, the Corporation’s obligation to compensate RSK Management shall in all respects cease as of the date of termination, except that within 30 days after the date of termination the Corporation shall pay RSK Management the Accrued Obligations and six months of the capped monthly base fee or such greater amount to the extent that the base fee has otherwise been increased; and
- (c) if RSK Management’s engagement is terminated by the Corporation without cause, the Corporation’s obligation to compensate RSK Management shall in all respects cease, except that within 5 days after the date of termination the Corporation shall pay RSK Management the Accrued Obligations and 24 months of the capped monthly base fee or such greater amount to the extent that the base fee has otherwise been increased.

If RSK Management’s engagement is terminated pursuant to a change of control (as defined in the RSK Management Agreement) of the Corporation, the Corporation’s obligation to compensate RSK Management shall in all respects cease, except that concurrently with the date of termination the Corporation shall pay RSK Management the Accrued

Obligations together with a termination fee equal to 24 months of the capped monthly base fee or such greater amount to the extent that the base fee has otherwise increased.

## Oversight and Description of Director and Named Executive Officer Compensation

### *Named Executive Officer Compensation*

The Board determines Named Executive Officer compensation based on the recommendation of the Nominating and Compensation Committee at the time of engagement of the Named Executive Officer and subsequently reviews compensation payable to a Named Executive Officer from time to time. For the Corporation’s fiscal year ended December 31, 2021, the significant elements of compensation paid and awarded to each Named Executive Officer were base salaries/management fees paid indirectly to Messrs. McDonald and Kang. See “*Table of Compensation Excluding Compensation Securities*”, “*Employment, Management and Consulting Agreements*”, and “*Table of Compensation Securities*”.

The components of the Corporation’s executive compensation program are described in the table below:

Compensation element	How it is paid	What it is designed to reward
Base salary/management fees	Cash	Rewards skills, capabilities, knowledge and experience, reflecting the level of responsibility, as well as the contribution expected from each executive.
Short-term Incentive	Cash	Rewards contribution to departmental performance and the Corporation’s overall performance. Rewards for achievements within the current financial year.
Long-term Incentive	Stock Options	Provides alignment between the interests of executives and shareholders. Rewards contribution to the long-term performance of the Corporation and demonstrated potential for future contribution. Aligns with long-term corporate performance and provides added incentive for executives to enhance shareholder value.

The Nominating and Compensation Committee considers a broad range of factors when setting compensation for Named Executive Officers, including but not limited to: i) market data, ii) recruiting and retaining executives critical to the success of the Corporation, iii) individual performance, iv) corporate performance and v) rewarding performance. The Nominating and Compensation Committee may request the executive officers to provide remuneration analysis for the sector for its review and also review the performance of certain individuals regarding long-term incentives namely, the grant of option based awards.

The Corporation uses public company market data to compare companies in the same or similar industry sector who are comparable in size and which have similar assets. Information relied upon includes executive compensation of comparable companies and current marketplace salaries being offered. The Corporation also relies on the Board and its collective experience in similar lines of business when assessing compensation levels. The purpose is to:

- understand the competitiveness of current pay levels for each executive position relative to companies with similar revenues and business characteristics;
- identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and
- establish as a basis for developing salary adjustments and option based compensation for the Board’s approval.

### *Base Salary*

The base salary provides an executive with basic compensation and reflects individual responsibility, knowledge and experience, market competitiveness and the contribution expected from each individual.

### *Short-term Incentive*

Short-term incentive compensation is based on annual results. The short-term incentive compensation ensures that a significant portion of an executive's compensation varies with actual results in a given year, while providing financial incentives to executives to achieve short-term financial and strategic objectives. It communicates to executives the key accomplishments the Nominating and Compensation Committee wishes to reward and ensures that overall executive compensation correlates with corporate objectives. The short-term incentive component is structured to reward not only increased value for shareholders but also performance with respect to key operational factors and non-financial goals important to long-term success.

### *Long-term Incentive*

The long-term incentive component of executive compensation is designed to ensure commonality of interests between management and shareholders. This is accomplished by connecting shareholder return and long-term compensation, motivating executives to achieve long-range objectives that directly benefit shareholders.

Stock options reward executives for growth in the value of the Corporation's shares over the long term. This is the high risk, high-return component of the executive compensation program because stock options deliver value to an executive only if the share price is above the grant price.

See "*Stock Option Plans and Other Incentive Plans*" for a discussion on incentive stock options that may be awarded to Named Executive Officers. No Stock Options were granted to the Named Executive Officers during the fiscal year ended December 31, 2021. See "*Table of Compensation Securities*" for details of outstanding Stock Options held by the Named Executive Officers.

### *Director Compensation*

The Board determines director compensation for the Corporation from time to time. Directors of the Corporation are currently paid quarterly fees of \$3,000 for serving on the Board. Additionally, directors are paid quarterly fees of \$1,000 for serving on the audit committee, \$500 for serving on other committees, and \$500 for attending each meeting of the Board. The chairperson of each of the Audit Committee, the Nominating and Compensation Committee and the Governance Committee also receives a quarterly fee of \$1,000. See "*Table of Compensation Excluding Compensation Securities*". Directors are entitled to receive compensation from the Corporation to the extent that they provide other services to the Corporation and any such compensation is based on rates that would be charged by such directors for such services to arm's length parities. Directors are also entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors. See "*Stock Option Plans and Other Incentive Plans*" for a discussion on incentive stock options that may be awarded to directors. No Stock Options were granted to the directors during the fiscal year ended December 31, 2021. See *Table of Compensation Securities*" for details of outstanding Stock Options held by the directors of the Corporation.

### *Recent Significant Changes to the Corporation's Compensation Policies*

There have been no significant changes to the Corporation's compensation policies during the fiscal year ended December 31, 2021 that could or will have an effect on director or Named Executive Officer compensation.

### **Pension Benefits**

Neither the Corporation nor any of its subsidiaries currently has a pension benefits arrangement under which the Corporation or any of its subsidiaries has made payments to the directors or Named Executive Officers of the Corporation during its fiscal year ended December 31, 2021 or intends to make payments to the Corporation's directors or Named Executive Officers upon their retirement (other than the payments made, if any, pursuant to the Canada Pension Plan or any government plan similar to it).

## **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

### **Equity Compensation Plan Information**

The following table provides information regarding the number of securities authorized for issuance under the Option Plan, as at the end of the Corporation's most recently completed financial year ended December 31, 2021:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))<sup>(1)</sup> (c)</b>
Equity compensation plans approved by securityholders	14,095,000	\$0.27	17,973,493
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
<b>Total</b>	<b>14,095,000</b>		<b>17,973,493</b>

(1) Based on the total number of common shares of the Corporation to be reserved and authorized for issuance as at December 31, 2021 pursuant to options granted under the Option Plan being 10% of the issued and outstanding Common Shares from time to time.

No awards were granted by the Corporation under the Share Unit Plan and DSU Plan.

See “*Statement of Executive Compensation – Stock Option Plans and Other Incentive Plans*” for a summary of the Option Plan, the Share Unit Plan and the DSU Plan.

On February 10, 2023, the Board approved the adoption of the Equity Incentive Plan. The Equity Incentive Plan shall become effective upon receipt of approval of the shareholders and the final acceptance of the Exchange (the “**Effective Date**”) and the Equity Incentive Plan will replace the Stock Option Plan, the Share Unit Plan and the DSU Plan. See “*Particulars of Other Matters to be Acted Upon – Approval of New Equity Incentive Plan*”.

#### **APPOINTMENT AND REMUNERATION OF AUDITOR**

The persons named in the accompanying proxy intend to vote for the re-appointment of MNP LLP, Chartered Professional Accountants, as auditor of the Corporation and to authorize the directors to fix their remuneration.

#### **AUDIT COMMITTEE**

Pursuant to the provisions of section 224 of the *Business Corporations Act* (British Columbia) the Corporation is required to have an Audit Committee, which, at the present time, is comprised of Antonio Reda (financially literate and an independent director), Jon Morda (financially literate and an independent director) and Joseph P. Giuffre (financially literate and an independent director).

The Corporation must also, pursuant to the provisions of National Instrument 52-110 *Audit Committees* (“**NI 52-110**”), have a written charter which sets out the duties and responsibilities of its audit committee.

#### **Audit Committee Charter**

The Corporation has a written charter (the “**Audit Committee Charter**”) which sets out the duties and responsibilities of the Audit Committee. The text of the Corporation’s Audit Committee Charter is attached as Schedule “A” hereto.

#### **Composition of the Audit Committee**

The Corporation’s Audit Committee is currently comprised of three directors, Antonio Reda, Jon Morda and Joseph P. Giuffre. As defined in NI 52-110, all members of the Audit Committee are independent.

#### **Relevant Education and Experience**

All Audit Committee members have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that

can reasonably be expected to be raised by the Corporation's financial statements and are therefore considered financially literate.

***Mr. Antonio Reda, Director:***

Mr. Reda is President & CEO and Director of Tectonic Metals Inc. He was formerly Vice President of Corporate Development of Kaminak Gold Corporation which was acquired by Goldcorp Inc. in 2016. Mr. Reda was integral in Kaminak's growth from a startup prospect generator to a resource development company with a +5 million ounce gold resource, which was ultimately acquired for approximately \$520 million by Goldcorp Inc. During his time at Kaminak, he was key member in orchestrating capital raises totaling over \$145 million, forming strategic alliances and joint venture agreements, and creating Kivalliq Energy Corp. (now named ValOre Metals Corp.), a publicly traded uranium company spun out of Kaminak. Mr. Reda was a former director of Northair Silver Corp, which was acquired by the Corporation in April 2016.

***Mr. Jon Morda, Director:***

Mr. Morda has over 20 years of experience in the mining industry, having served as Chief Financial Officer for several mineral exploration and gold producing companies, including Alamos Gold Inc. until he retired in June 2011. As a senior executive, Mr. Morda is highly adept in all areas of strategic corporate planning, operations, budgeting, accounting and taxation functions. Mr. Morda has been a Member of the Institute of Chartered Accountants of Ontario, Canada (Chartered Professional Accountants Ontario) since 1980. Mr. Morda currently serves as a Director of Besra Gold Inc.

***Mr. Joseph P. Giuffre, Director:***

Mr. Giuffre has over 30 years of legal experience in private practice with Vancouver and National law firms and as in-house general counsel. He has been a director of various public and private companies over the course of his 30-year career. Mr. Giuffre was previously the Chief Legal Officer of Nevsun Resources Ltd., which was acquired in 2019 for ~C\$1.8 billion by Zijin Mining Group Co., Ltd. He is also director, trustee, and a founder of some of the Avenue Living Group of Companies that manages over \$3 billion in assets in multifamily, agriculture, commercial and self-storage real estate assets in Western Canada and the United States. Mr. Giuffre holds Bachelor of Laws (LLB) from the University of Alberta, Bachelor of Arts (Econ) from the University of Calgary and holds an ICD.D designation from the Institute of Corporate Directors.

As a result of their respective business experience, each member of the audit committee (i) has an understanding of the accounting principles used by the Corporation to prepare its financial statements, (ii) has the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves, (iii) has experience in analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to that that can reasonably be expected to be raised by the Corporation's financial statements, and (iv) has an understanding of internal controls and procedures for financial reporting.

**Audit Committee Oversight**

Since the commencement of the Corporation's most recent completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

**Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year ended December 31, 2021, has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), the exemptions in Subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), Subsection 6.1.1(5) (*Events Outside Control of Member*), Subsection 6.1.1(6) (*Death, Incapacity or Resignation*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

## Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described under the heading “Accounting Systems, Internal Controls and Procedures” in the Corporation’s Audit Committee Charter attached as Schedule “A” hereto.

## External Auditor Service Fees (By Category)

The aggregate fees billed by the Corporation’s external auditors in each of the last two financial years for audit fees are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees <sup>(1)</sup>	Tax Fees <sup>(2)</sup>	All Other Fees <sup>3</sup>
2021	\$79,930	\$5,618	\$10,700	\$Nil
2020	\$72,400	\$18,000	\$6,000	\$Nil

<sup>(1)</sup> Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under “Audit Fees”.

<sup>(2)</sup> Fees charged for tax compliance, tax advice and tax planning services.

<sup>(3)</sup> Fees for services other than disclosed in any other column.

## Exemption

The Corporation is relying on the exemption in Section 6.1 of NI 52-110 which exempts venture issuers, as defined in NI 52-110, from certain reporting obligations under NI 52-110 for its most recently completed financial year ended December 31, 2021.

## CORPORATE GOVERNANCE

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”), the Corporation must disclose its approach to corporate governance which is as follows:

### Board of Directors

The Board currently consists of five directors: Kenneth E. Berry, James M. McDonald, Jon Morda, Antonio Reda and Joseph P. Giuffre.

Messrs. Berry, Morda, Reda and Giuffre are independent directors as defined in NI 58-101 and NI 52-110. James M. McDonald, as President and CEO of the Corporation, is an executive officer of the Corporation and therefore, not independent.

The Board meets for formal board meetings periodically on an ad hoc basis during the year on an as needed basis to review and discuss the Corporation’s business activities and to consider and, if thought fit, to approve matters presented to the Board for approval, and to provide guidance to management. Management informally provides updates to the Board at least once per quarter between formal Board meetings. In general, management consults with the Board when deemed appropriate to keep the Board informed regarding the Corporation’s affairs.

The Board facilitates the exercise of independent supervision over management through these various meetings. At present, the Board has the following formal committees: Audit Committee, Nominating and Compensation Committee and Governance Committee. When necessary, the Board will strike a special committee of independent directors to deal with matters requiring independence. The composition of the Board is such that the independent directors have significant experience in business affairs and one is a chartered accountant. As a result, these Board members are able to provide significant and valuable independent supervision over management.

In the event of a conflict of interest at a meeting of the Board, the conflicted director will in accordance with corporate law and in accordance with his fiduciary obligations as a director of the Corporation, disclose the nature and extent of his interest to the meeting and abstain from voting on or against the approval of such participation.



## Directorships

The following directors of the Corporation are also directors of other reporting issuers as set out below:

Name of Director	Name of Reporting Issuer
James M. McDonald	Aldebreran Resources Inc. and Kootenay Resources Inc.
Kenneth E. Berry	Kootenay Resources Inc.
Jon Morda	Kiboko Gold Inc. and Besra Gold Inc.
Antonio Reda	Tectonic Metals Inc.

## Orientation and Continuing Education

At present, the Corporation does not provide a formal orientation and education program for new directors. Prior to joining the Board, potential Board members are encouraged to meet with management and inform themselves regarding the affairs of management and the Corporation. After joining the Board, management and the Board chair provide orientation both at the outset and on an ongoing basis. The Corporation currently has no specific policy regarding continuing education for directors; requests for education are encouraged and dealt with on an ad hoc basis.

## Ethical Business Conduct

The primary step taken by the Corporation to encourage and promote a culture of ethical business conduct is to conduct appropriate due diligence on proposed directors to ensure that proposed directors are of the highest ethical standards.

## Nomination of Directors

The Corporation has a Nominating and Compensation Committee comprised of James M. McDonald, and Kenneth E. Berry to assist the Board in fulfilling its responsibilities with respect to the composition, compensation and operation of the Board and Board committees and the appointment of the CEO of the Corporation. Once a decision has been made to add or replace a director, the task of identifying new candidates falls on the Board and management. Proposals are put forth by the Board and management and considered and discussed. If a candidate looks promising, the Board and management will conduct due diligence on the candidate and if the results are satisfactory, the candidate is invited to join the Board.

## Compensation

The CEO's compensation is determined by the Board (excluding the CEO), based on the recommendation of the Nominating and Compensation Committee of the Board formed to conduct research into compensation matters and make a recommendation to the Board. Compensation for Board members is determined by the Board as a whole and in accordance with industry norms. See "*Statement of Executive Compensation – Oversight and Description of Directors and Named Executive Officer Compensation*".

## Other Board Committees

The Corporation has a Governance Committee comprised of Kenneth E. Berry and James M. McDonald. The Governance Committee assists the Board in fulfilling its responsibilities with respect to corporate governance standards, policies and practices. The Governance Committee identifies corporate governance standards and practices applicable to the Corporation and monitors new developments in corporate governance, and makes recommendations to the Board periodically. The Governance Committee assists the Board in reviewing and approving the disclosure with respect to corporate governance practices required to be included in the regulatory filings and the annual management information circular of the Corporation based on advice from legal and accounting advisors and assists the Board in reviewing and approving any other corporate governance practices disclosure before it is publicly disclosed by the Corporation based on advice from legal and accounting advisors.

## Assessments

At present, the Board does not have a formal process for assessing the effectiveness of the Board. These matters are dealt with on a case by case basis at the Board level.

## **INDEBTEDNESS OF DIRECTORS, EXECUTIVE AND SENIOR OFFICERS**

Since the beginning of the last completed financial year, no current or former director, executive officer, employee or proposed director of the Corporation or any associate of such persons, or of any of its subsidiaries, has been indebted to the Corporation or to any of its subsidiaries, nor have any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

## **MANAGEMENT CONTRACTS**

Management functions of the Corporation are substantially performed by directors or executive officers of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as set forth elsewhere in this Information Circular, no informed person of the Corporation, no proposed nominee for election as a director of the Corporation and no associate or affiliate of any such informed person or proposed nominee has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction that, in either case, has materially affected or would materially affect the Corporation or any of its subsidiaries.

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

Other than as disclosed elsewhere in this Information Circular, none of the directors or executive officers of the Corporation, no proposed nominee for election as a director of the Corporation, none of the persons who have been directors or executive officers of the Corporation since the commencement of the Corporation's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors, the appointment of the auditor, and the approval of the Equity Incentive Plan.

## **PARTICULARS OF OTHER MATTERS TO BE ACTED UPON**

### **Approval of New Equity Incentive Plan**

#### ***Background***

On November 24, 2021 the TSXV implemented a new Policy 4.4 – *Security Based Compensation*, which among other things, required listed companies to adopt new forms of plans for the issuance of security based compensation or equity compensation. The Corporation has elected to adopt a “10% rolling security based compensation plan” (the “**Equity Incentive Plan**”) to replace the Option Plan, the Share Unit Plan and the DSU Plan, which allows for the issuance of incentive stock options, deferred share units, performance share units, restricted share units, stock appreciation rights (“**SARs**”), and share purchase rights (collectively, “**Awards**”). Pursuant to the Equity Incentive Plan, a maximum of 10% of the issued shares of the Corporation, from time to time, may be reserved for issuance pursuant to the exercise of all Awards granted thereunder. Material terms of the Equity Incentive Plan are set out below. The Equity Incentive Plan is subject to the acceptance of the TSXV. If the TSXV finds the disclosure of the Equity Incentive Plan set out below to be inadequate, shareholder approval of the Equity Incentive Plan may not be accepted by the TSXV.

The purpose of the Equity Incentive Plan is to attract and retain directors, officers, employees and consultants and to motivate them to advance the interests of the Corporation by affording them with the opportunity to receive or acquire an equity interest in the Corporation through Awards granted under the Equity Incentive Plan.

#### ***Material Terms of the Equity Incentive Plan***

The Equity Incentive Plan is a 10% “rolling” equity incentive plan pursuant to which the maximum number of common shares reserved for issuance, together with all of the Corporation's other previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of common shares, shall not result in the number of common shares reserved for issuance pursuant to Awards exceeding 10% of the issued and outstanding common shares as at the date

of grant of any Award. Pursuant to the terms of the Equity Incentive Plan, in addition to the ability to award options (“**Options**”) to acquire common shares of the Corporation to Participants, the Corporation has the availability to award restricted share units (“**RSUs**”), deferred share units (“**DSUs**”), and performance share units (“**PSUs**”). Pursuant to the Equity Incentive Plan, the Corporation may provide financial assistance (which cannot involve lending funds to a Participant for the purposes of acquiring securities of the Corporation, whether from treasury or otherwise), or a Participant may be allowed to purchase securities of the Corporation (which may be at a discount to fair market value), or a Participant may be entitled to receive additional securities of the Corporation upon subscribing for a pre-established number of securities of the Corporation, which securities may be issued from the treasury or purchased on the secondary market. A copy of the Equity Incentive Plan is attached as a Schedule “B” hereto, and shareholders are encouraged to review the Equity Incentive Plan in its entirety. The summary of the Equity Incentive Plan is qualified in its entirety to the full copy of the Equity Incentive Plan attached as a Schedule “B” hereto. The Equity Incentive Plan is subject to the acceptance of the TSXV and modifications may be made to the Equity Incentive Plan if required by the TSXV.

The Equity Incentive Plan provides that:

1. All employees, officers, directors, consultants, management company employees, consultant companies and eligible charitable organizations (collectively, the **Participants**) are eligible to participate under the Equity Incentive Plan. Eligibility to participate does not confer any person any right to receive any grant of an Award pursuant to the Equity Incentive Plan. The extent to which any person is entitled to receive a grant of an Award pursuant to the Equity Incentive Plan will be determined in the sole and absolute discretion of the Board. Notwithstanding the foregoing, investor relations service providers may only be granted Options under the Equity Incentive Plan.
2. Awards of Options, RSUs, PSUs, DSUs, SARs, and share purchase rights may be made under the Equity Incentive Plan. All Awards are subject to the conditions, limitations, restrictions, exercise price, vesting, settlement and forfeiture provisions determined in the sole and absolute discretion of the Board, subject to such limitations provided in the Equity Incentive Plan, and will generally be evidenced by an award agreement. In addition, subject to the limitations of the Equity Incentive Plan and in accordance with applicable law or the policies of the TSXV, the Board may accelerate or defer the vesting or payment of Awards, cancel or modify outstanding Awards, and waive any condition imposed with respect to Awards or common shares issued pursuant to Awards.
3. No Awards granted under the Equity Incentive Plan or any right thereunder or in respect thereof shall be transferable or assignable (other than upon the death of the Participant).
4. The maximum number of common shares issuable under the Equity Incentive Plan shall not exceed 10% of the number of common shares of the Corporation issued and outstanding as of each Award date, inclusive of all common shares reserved for issuance pursuant to previously granted Awards.
5. Awards will vest as the Board may determine, subject to the policies of the TSXV and the provisions of the Equity Incentive Plan, such as the 12-month probation of vesting for Awards other than Options and the requirement that Options granted to investor relations service providers must vest in stages over a period of not less than 12 months, such that no more than 25% vest any sooner than three months after the date of grant and not more than 25% vest any sooner than every three months thereafter.
6. If a change of control shall be deemed to be imminent, or to have occurred, there shall be immediate full vesting of each outstanding Option; provided, however, no acceleration to the vesting schedule of an Option granted to a Participant performing investor relations services may be made without prior acceptance of the TSXV. Unless otherwise determined by the Board, or unless otherwise provided in a Participant’s service agreement or award agreement, if a change of control shall conclusively be deemed to be imminent, or to have occurred, then the Board shall have the discretion, without the prior approval of the Participants but subject to any required approval of the TSXV, to, among other things, determine that there will be immediate full vesting of each outstanding Award (other than Options) granted, which may be exercised or settled, in whole or in part, even if such Award is not otherwise exercisable or vested by its terms.
7. The exercise price of any Options will be determined by the Board and cannot be less than the greater of: (i) the minimum price established by the TSXV and (ii) the market value of the common shares on the day preceding the date of grant of the Options. Subject to approval from the Board and the common shares being traded on the

TSXV, a brokerage firm may be engaged to loan money to the Participant in order for the Participant to exercise the Options to acquire the common shares, subsequent to which the brokerage firm shall sell a sufficient number of common shares to cover the exercise price of such Options to satisfy the loan. The brokerage firm shall receive an equivalent number of common shares from the exercise of the Options, and the Participant shall receive the balance of the common shares or cash proceeds from the balance of such common shares. Subject to approval from the Board and the common shares being traded on the TSXV, consideration may also be paid by reducing the number of common shares otherwise issuable under the Options, in lieu of a cash payment to the Corporation, a Participant, excluding those providing investor relations services, only receives the number of common shares that is equal to the quotient obtained by dividing: (i) the product of the number of Options being exercised multiplied by the difference between the volume-weighted average trading price of the common shares and the exercise price of the Options, by (ii) the volume-weighted average trading price of the common shares.

8. The Corporation may grant SARs pursuant to the Equity Incentive Plan whereby Participants will have the right to receive common shares, a cash payment, or any combination thereof, as determined by the Board, from the Corporation in an amount equal to the number of SARs granted multiplied by the difference between the fair market value (as defined in the Equity Incentive Plan) at the exercise date (as defined in the Equity Incentive Plan) over the base price (as defined in the Equity Incentive Plan) fixed by the Board.
9. The term of any Options will be fixed by the Board at the time such Options are granted, provided that Options will not be permitted to exceed a term of ten years.
10. No more than (i) 5% of the issued common shares may be granted under Awards to any one individual in any 12 month period, unless disinterested shareholder approval is obtained in accordance with the policies of the TSXV; and (ii) 2% of the issued common shares may be granted under Awards to a consultant, or an employee performing investor relations activities, in any 12 month period.
11. Subject to the discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Corporation on the common shares, a Participant may be credited with additional RSUs, DSUs or PSUs.
12. Unless disinterested shareholder approval is obtained in accordance with the policies of the TSXV, the maximum number of common shares that may be issued to insiders (as a group) under the Equity Incentive Plan within a 12-month period, may not exceed 10% of the issued common shares calculated on the date of grant, and the maximum number of common shares that may be issued to insiders (as a group) under the Equity Incentive Plan may not exceed 10% of the issued common shares at any time.
13. All security based compensation granted or issued to any Participant who is a director, officer, employee, consultant or management company employee must expire within a reasonable period, not exceeding 12 months, following the date the Participant ceases to be an eligible Participant under the Equity Incentive Plan. If a Participant ceases to be employed or engaged by the Corporation for cause, no Options will be exercisable following the date of on which such Participant ceased to be so employed or engaged, unless otherwise determined by the Board and subject to the terms of the Equity Incentive Plan. In the event of the retirement or termination of a Participant during the restricted period (as defined in the Equity Incentive Plan), any RSUs held by the Participant shall immediately terminate. In the event of the retirement or termination of a Participant following the restricted period (as defined in the Equity Incentive Plan) and before the deferred payment date (as defined in the Equity Incentive Plan), the Participant shall be entitled to receive common shares or cash, as determined by the Board, in satisfaction of the RSUs then held. If a Participant ceases to be an employee or a director during the performance period (as defined in the Equity Incentive Plan) because of retirement or termination, all PSUs previously awarded to the Participant shall be forfeited, subject to the discretion of the Board.
14. Awards will be reclassified or amended in the event of any consolidation, subdivision, conversion or exchange of the Corporation's common shares, subject to any necessary approvals of the TSXV.

#### ***Shareholder Approval of the Equity Incentive Plan***

The TSXV requires listed companies that have a security based compensation plan like the Equity Incentive Plan to receive shareholder approval to such plan when adopted, and on a yearly basis thereafter at the Corporation's annual

general meeting. Accordingly, the shareholders of the Corporation will be asked at the Meeting to approve the following resolution:

“BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. subject to the acceptance of the TSX Venture Exchange (the “**Exchange**”), the equity incentive plan of Kootenay Silver Inc. (the “**Corporation**”), substantially in the form attached as Schedule “B” to the management information circular of the Corporation dated February 10, 2023, is hereby approved;
2. the board of directors of the Corporation (the “**Board**”) or any committee of the Board is hereby authorized to grant awards of stock options, deferred share units, restricted share units, performance share units, stock appreciation rights and stock purchase rights pursuant to the Equity Incentive Plan to those eligible to receive such awards thereunder;
3. the Board, or any committee created pursuant to the Equity Incentive Plan is authorized to make such amendments to the Equity Incentive Plan from time to time as are requested by the Exchange or as the Board may, in its discretion, consider to be appropriate, provided that such amendments will be subject to the approval of all applicable regulatory authorities and in certain cases, in accordance with the terms of the Equity Incentive Plan, the shareholders;
4. any one director or officer of the Corporation is hereby authorized to execute and deliver on behalf of the Corporation all such documents and instruments and to do all such other acts and things as in such director’s opinion may be necessary to give effect to the matters contemplated by these resolutions; and
5. notwithstanding that this resolution be passed by the shareholders of the Corporation, the Board is hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable to the Board.”

The form of the resolutions set forth above is subject to such amendments as management may propose prior to the Meeting, but which do not materially affect the substance of such resolutions.

The Board considers that the ability to grant incentives is an important component of its compensation strategy and is necessary to enable the Corporation to attract and retain qualified directors, officers, employees and consultants. **The Board therefore recommends that shareholders vote “For” the resolution approving the proposed new Equity Incentive Plan.** Unless otherwise instructed, the persons named in the enclosed form of Proxy will vote “IN FAVOUR” of the above resolutions.

#### **Alteration to Notice of Articles and Articles to Eliminate the Class of Preferred Shares Without Par Value**

The authorized capital of the Corporation currently consists of an unlimited number of Common Shares Without Par Value (“**Common Shares**”) and an unlimited number of Preferred Shares Without Par Value (“**Preferred Shares**”). At this time, the Corporation only has Common Shares outstanding. No Preferred Shares are outstanding and the Corporation does not anticipate that it will issue any in the near future. As a result, the Board has determined that it would be appropriate and in the best interests of the Corporation to alter the Corporation’s Notice of Articles and Articles to eliminate the class of Preferred Shares.

Under the BCBCA, an alteration of the Notice of Articles and Articles to eliminate the Preferred Shares requires approval by a special resolution of the shareholders at a meeting called to consider the resolution. The shareholders of the Corporation will be requested at the Meeting to approve a special resolution (the “**Preferred Share Elimination Resolution**”) to eliminate the Preferred Shares, which requires approval of not less than two-thirds (2/3) of the votes cast by shareholders who vote, in person or by proxy on the special resolution, at the Meeting:

“BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. the class of Preferred Shares Without Par Value of the Corporation, none of which are allotted or issued, be eliminated, and the special rights or restrictions attached thereto be deleted;

2. the Articles of the Corporation be altered by deleting section 26.2 of the Articles entitled “Special Rights and Restrictions Attaching to the Preferred Shares Without Par Value” which contains the special rights and restrictions attached to the Preferred Shares Without Par Value;
3. the Notice of Articles of the Corporation be altered to reflect the foregoing amendments, and the alteration to the Articles specified above does not take effect until the Notice of Articles of the Corporation is altered to reflect such alteration to the Articles;
4. the directors of the Corporation instruct its agent to file a Notice of Alteration to its Notice of Articles to reflect the amendments as approved by these resolutions;
5. any one director or officer of the Corporation be and is hereby authorized and directed, in the name of and on behalf of the Corporation, to take all such actions, do all such things, enter into, execute, affix the common seal of the Corporation to and deliver or caused to be delivered all such documents, agreements and writings, as such director or officer may in their sole discretion deem necessary or advisable in connection with any of the matters referred to in the preceding resolutions, or any of them, or in respect thereof, or in connection with any actions to be taken by the Corporation in the performance and fulfilment of its obligations as contemplated by the transactions described above and that any actions taken by such director or officer prior to the date of the resolutions adopted hereby are hereby ratified, confirmed and approved; and
6. any or all of these resolutions may be revoked by the directors of the Company in their discretion by resolution without further approval, ratification or confirmation by the shareholders at any time prior to the Notice of Alteration, as set out above, being filed and effected in respect of these amendments and in such case, the directors of the Company are hereby authorized to abandon these amendments without further approval, ratification or confirmation by the shareholders of the Company and these shareholder resolutions approving and adopting these amendments shall be deemed to have been rescinded.

**The Board considers the Preferred Share Elimination Resolution to be in the best interests of the Corporation and recommends that shareholders vote FOR the Preferred Shares Elimination Resolution. To be effective, the Preferred Shares Elimination Resolution must be approved by not less than two-thirds of the votes cast by the shareholders of the Corporation who vote in person or by proxy at the Meeting. In the absence of any contrary directions, it is the intention of management to vote proxies in the accompanying form FOR the Preferred Shares Elimination Resolution.**

#### **Adoption of New Articles**

The Board has determined that it would be appropriate and in the best interests of the Corporation to replace its current Articles in their entirety with a new form of Articles (the “**New Articles**”) attached hereto as Schedule “C”, subject to the acceptance of the Exchange, in order to bring the Articles in line with the current provisions of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) and good corporate governance policies. The adoption of the New Articles will ensure that the Corporation’s Articles are up to date with the current legislation and standard practices with respect to the management and administration of a reporting issuer. A complete copy of the New Articles is attached as Schedule “C” hereto.

The following is a summary of the material differences between the Articles and the New Articles, which is qualified in its entirety by the full text of the New Articles as set out in Schedule “C”:

1. The New Articles provide that the Corporation may by resolution of the Board or by ordinary resolution, as determined by the Board in its sole discretion: (i) create one or more classes or series of shares or, if none of the shares of a class or series are allotted or issued, eliminate that class or series; (ii) increase, reduce, or eliminate the maximum number of shares that the Corporation is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Corporation is authorized to issue out of any class or series of shares for which no maximum is established; (iii) subdivide or consolidate all or any of its unissued, or fully paid issued, shares; (iv) if the Corporation is authorized to issue shares of a class of shares with par value, decrease the par value of those shares; or if none of the shares of that class are allotted or issued, increase the par value of those shares; (v) 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; (vi) alter the identifying name of any of its shares; or (vii) otherwise alter its shares or authorized share structure when required or permitted to do so by the BCBCA. The New Articles provide that the Corporation may by resolution of the Board authorize and cause the Corporation to alter its Notice of Articles and Articles to reflect any change in its authorized share structure. The Articles currently provide that the aforementioned alterations to the Corporation's authorized share structure must be effected by special resolution of the shareholders of the Corporation; however, the BCBCA allows such alterations to be effected by resolution of the directors.
2. The New Articles state that the Corporation may, by resolution of the Board, provide that the shares of any or all of the classes and series of the Corporation's shares may be uncertificated shares or that any specified shares may be uncertificated shares. Currently, there is no equivalent provision in the Articles; however, the BCBCA provides that shares may be certificated or uncertificated.
  3. The New Articles provide that, subject to the BCBCA, the Corporation may by ordinary resolution or special resolution: (i) 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 share have been issued, or (ii) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued, and alter its Notice of Articles and Articles accordingly. Currently, the Articles provide that the Corporation may do the foregoing by special resolution. The New Articles state that no right or special right attached to issued shares of the Corporation may be prejudiced or interfered with unless the shareholders holding shares to which such right or special right is attached consent by a separate special resolution of those shareholders. Currently, there is no equivalent provision in the Articles.
  4. The New Articles provide that, if the BCBCA does not specify the type of resolution and the Articles do not specify another type of resolution, the Corporation may by resolution of the directors or by ordinary resolution authorize any act of the Corporation. If the BCBCA does not specify the type of shareholders' resolution and the Articles do not specify another type of shareholders' resolution, the Corporation may by ordinary resolution authorize any act of the Corporation. The Articles currently provide that if the BCBCA and the Articles do not specify the type of resolution, the Corporation may by special resolution alter the Articles.
  5. The New Articles include the annual ratification of a rolling stock option plan pursuant to the requirements of the Exchange as an item of business at an annual general meeting that is not considered special business. The current Articles do not contain this provision.
  6. The New Articles permit shareholders or proxy holders to participate in a meeting of shareholders in person, or by telephone or other communication medium, if all of shareholders and proxy holders participating in the meeting are able to communicate with each other. There is no equivalent provision in the Articles currently.
  7. The New Articles provide that, where a resolution entitling shareholders to dissent is to be considered at a shareholder meeting, the Corporation must send to all shareholders, whether or not their shares carry the right to vote, a notice specifying the date of such meeting and advising of the shareholder's right to send a notice of dissent to the Corporation. This is required under the BCBCA; however, there is no equivalent provision in the Articles currently.
  8. The New Articles state that a director may resign by providing notice in writing to the Corporation. The Articles currently provide that a director may resign by providing notice to the Corporation or its legal counsel.
  9. The New Articles permit the Corporation to provide notice to a person by making the notice available for public electronic access in accordance with the procedures referred to as "notice-and-access" under National Instrument 54-101 and National Instrument 51-102, as applicable of the Canadian Securities Administrators, or in accordance with any similar electronic delivery or access method permitted by applicable securities legislation. Currently, there is no equivalent provision in the Articles.
  10. The New Articles state that a notice that is faxed to a person is deemed to be received by such person on the day it was faxed. A notice that is e-mailed to a person is deemed to be received by such person on the day it was e-mailed. A notice that is made available for public electronic access in accordance with the "notice-

and-access” or similar delivery procedures is deemed to be received by a person on the day it was made available for public electronic access. Currently, there are no equivalent provisions in the Articles.

11. The New Articles provide that, while the Corporation is, or becomes, a corporation which is not a reporting issuer as defined in the *Securities Act* (British Columbia), no share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition. The current Articles do not contain a similar provision.

Under the Articles, the adoption of the New Articles requires approval by a special resolution of the shareholders at a meeting called to consider the resolution. The shareholders of the Corporation will be requested at the Meeting to approve the adoption of the New Articles by passing the following special resolution (the “**New Articles Resolution**”), which requires approval of not less than two-thirds (2/3) of the votes cast by shareholders who vote, in person or by proxy on the special resolution, at the Meeting:

“BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. the current Articles (the “**Current Articles**”) of Kootenay Silver Inc. (the “**Corporation**”) be cancelled;
2. subject to the acceptance TSX Venture Exchange, the form of articles (the “**New Articles**”) attached as Schedule “C” to the Corporation’s information circular dated February 10, 2023 be adopted as the articles of the Corporation in substitution for, and to the exclusion of, the Current Articles;
3. the directors are hereby authorized to determine the time at which the New Articles shall become effective and the time at which the Current Articles be cancelled;
4. any officer or director of the Corporation is hereby authorized and directed for and on behalf of and in the name of the Corporation to execute, under the seal of the Corporation or otherwise, and to deliver, all documents, agreements and instruments and to do all such other acts and things, including delivering such documents as are necessary or desirable to the Registrar of Companies (British Columbia), as such officer or director, in his absolute discretion, determines to be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of any such documents, agreements or instruments or doing of any such act or thing; and
5. notwithstanding that this special resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation be and are hereby authorized and empowered to revoke this resolution at any time and to determine not to proceed with the New Articles Resolution without further approval of the shareholders of the Corporation.”

**The Board considers the New Articles Resolution to be in the best interests of the Corporation and recommends that shareholders vote FOR the New Articles Resolution. To be effective, the New Articles Resolution must be approved by not less than two-thirds of the votes cast by the shareholders of the Corporation who vote in person or by proxy at the Meeting. In the absence of any contrary directions, it is the intention of management to vote proxies in the accompanying form FOR the New Articles Resolution.**

#### **OTHER BUSINESS**

Management is not aware of any matters to come before the Meeting other than those set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the proxy to vote the shares represented thereby in accordance with their best judgment on such matter.



## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation can be found on the SEDAR website at [www.sedar.com](http://www.sedar.com). Financial information concerning the Corporation is also provided in the Corporation's accompanying comparative financial statements and management's discussion and analysis for the most recently completed financial year.

Shareholders may obtain a copy of the Corporation's financial statements and management's discussion and analysis upon request to the Corporation by telephone at (604) 601-5650, or by facsimile at (604) 683-2249.

DATED this 10th day of February, 2023.

### **BY ORDER OF THE BOARD OF DIRECTORS**

*"Kenneth E. Berry" (signed)*

**Kenneth E. Berry**  
Chairman

## SCHEDULE “A”

### KOOTENAY SILVER INC. Audit Committee (the “Audit Committee”) of the Board of Directors

#### CHARTER

##### A. Composition and Process

1. The Audit Committee shall be composed of a minimum of three members of Board of Directors, a majority of whom are not officers or employees of the Corporation or any of its affiliates (as defined in the *Business Corporations Act* (British Columbia)).
2. Members shall serve one—year terms and may serve consecutive terms, which are encouraged to ensure continuity of experience.
3. The Chairperson shall be appointed by the Board of Directors for a one-year term, and may serve any number of consecutive terms.
4. All members of the Audit Committee shall be financially literate. Financial literacy is the ability to read and understand a balance sheet, income statement and cash flow statement that present a breadth and level of complexity comparable to the Corporation’s financial statements.
5. The Chairperson shall, in consultation with management and the external auditor and internal auditor (if any), establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting. The external auditor will also receive notice of all meetings of the Audit Committee. The Audit Committee may employ a list of prepared questions and considerations as a portion of its review and assessment process.
6. At the discretion of the Audit Committee Members, the Audit Committee shall meet at least four times per year and may call special meetings as required. A quorum at meetings of the Audit Committee shall be its Chairperson and one of its other members or the Chairman of the Board of Directors. The Audit Committee may hold its meetings, and members of the Audit Committee may attend meetings, by telephone conference if this is deemed appropriate.
7. The minutes of the Audit Committee meetings shall accurately record the decisions reached and shall be distributed to Audit Committee members with copies to the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and the external auditor.
8. The Audit Committee reviews, prior to their presentation to the Board of Directors and their release, all material financial information required by securities legislation and policies.
9. The Audit Committee enquires about potential claims, assessments and other contingent liabilities.
10. The Audit Committee periodically reviews with management, depreciation and amortization policies, loss provisions and other accounting policies for appropriateness and consistency.
11. The Charter of the Audit Committee shall be reviewed by the Board of Directors on an annual basis

##### B. Authority

1. Appointed by the Board of Directors pursuant to provisions of The Business Corporations Act (Alberta) and the bylaws of the Corporation.
2. Primary responsibility for the Corporation’s financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board of Directors. The Audit Committee is a standing

committee of the Board of Directors established to assist it in fulfilling its responsibilities in this regard. The Audit Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so.

3. In fulfilling its responsibilities, the Audit Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
4. The Audit Committee shall have direct communication channels with the internal auditor (if any) and the external auditor to discuss and review specific issues, as appropriate.
5. The Audit Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.
6. The Audit Committee shall establish the compensation to be paid to any advisors employed by the Audit Committee and such compensation shall be paid by the Corporation as directed by the Audit Committee.

**C. Relationship with External Auditors**

1. An external auditor must report directly to the Audit Committee.
2. The Audit Committee is directly responsible for overseeing the work of the external auditor including the resolution of disagreements between management and the external auditor regarding financial reporting.
3. The Audit Committee shall implement structures and procedures to ensure that it meets with the external auditor on at least annually in the absence of management.

**D. Accounting Systems, Internal Controls and Procedures**

1. Obtain reasonable assurance from discussions with and/or reports from management, and reports from external auditors that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Corporation and its subsidiaries and affiliates.
2. The Audit Committee shall review to ensure to its satisfaction that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements and will periodically assess the adequacy of those procedures.
3. Direct the external auditor's examinations to particular areas.
4. Review control weaknesses identified by the external auditor, together with management's response.
5. Review with the external auditor its view of the qualifications and performance of the key financial and accounting executives.
6. In order to preserve the independence of the external auditor the Audit Committee will:
  - (a) recommend to the Board of Directors the external auditor to be nominated; and
  - (b) recommend to the Board of Directors the compensation of the external auditor's engagement;
7. The Audit Committee shall review and pre-approve any engagements for non-audit services to be provided by the external auditor or its affiliates, together with estimated fees, and consider the impact on the independence of the external auditor.

8. Review with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.
9. The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and most recent former external auditor of the Corporation.
10. The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
11. The Audit Committee shall on an annual basis, prior to public disclosure of its annual financial statements, ensure that the external auditor has entered into a participation agreement and has not had its participant status terminated, or, if its participant status was terminated, has been reinstated in accordance with the Canadian Public Accountability Board ("CPAB") bylaws and is in compliance with any restriction or sanction imposed by the CPAB.

#### **E. Statutory and Regulatory Responsibilities**

1. Annual Financial Information — review the annual audited financial statements, including any letter to shareholders and related press releases and recommend their approval to the Board of Directors, after discussing matters such as the selection of accounting policies (and changes thereto), major accounting judgments, accruals and estimates with management and the external auditor.
2. Annual Report — review the management discussion and analysis ("MD & A") section and all other relevant sections of the annual report to ensure consistency of all financial information included in the annual report.
3. Interim Financial Statements — review the quarterly interim financial statements, including any letter to shareholders and related press releases and recommend their approval to the Board of Directors.
4. Earnings Guidance/Forecasts — review forecasted financial information and forward looking statements.
5. Review the Corporation's financial statements, MD & A and earnings press releases before the Corporation publicly discloses this information.

#### **F. Reporting**

1. Report, through the Chairperson of the Audit Committee, to the Board of Directors following each meeting on the major discussions and decisions made by the Audit Committee.
2. Report annually to the Board of Directors on the Audit Committee's responsibilities and how it has discharge them.
3. Review the Audit Committee's Charter annually and recommend the approval of any proposed amendments to the Board of Directors.

#### **G. Other Responsibilities**

1. Investigating fraud, illegal acts or conflicts of interest.

Discussing selected issues with corporate counsel or the external auditor or management.

**SCHEDULE "B"**  
**KOOTENAY SILVER INC.**  
**EQUITY INCENTIVE PLAN**

See attached.

**KOOTENAY SILVER INC.**  
(the “Corporation”)

**EQUITY INCENTIVE PLAN**

**(10% rolling Security Based Compensation Plan)**

**EFFECTIVE DATE: [●], 2023**

**KOOTENAY SILVER INC.**  
(the “Corporation”)

**EQUITY INCENTIVE PLAN**

**PART 1**  
**PURPOSE**

**1.1 Establishment of the Plan**

The Corporation hereby establishes this Plan to govern the grant, administration and exercise of Security Based Compensation which may be granted to eligible Participants. The maximum number of Shares issuable under this Plan shall not exceed 10% of the number of Issued Shares of the Corporation outstanding as of the date of each grant hereunder, inclusive of all Shares then reserved for issuance pursuant to previously granted stock options or security based compensation plans.

**1.2 Principal Purposes**

The principal purposes of this Plan are to provide the Corporation with the advantages of the incentive inherent in stock ownership on the part of Directors, Officers, Employees and Consultants responsible for the continued success of the Corporation; to create in such individuals a proprietary interest in, and a greater concern for, the welfare and success of the Corporation; to encourage such individuals to remain with the Corporation; and to attract new Directors, Officers, Employees and Consultants to the Corporation.

**1.3 Available Awards**

Awards that may be granted under this Plan include Stock Options; Deferred Share Units; Restricted Share Units; Performance Share Units; Share Appreciation Rights and Stock Purchase Rights.

**PART 2**  
**INTERPRETATION**

**2.1 Definitions**

“**Affiliate**” has the meaning set forth in Exchange Policy 1.1.

“**Applicable Laws**” means all legal requirements relating to the administration of equity compensation plans, if any, under applicable corporate laws, any applicable provincial securities laws and the rules and regulations promulgated thereunder, the requirements of the Exchange, and the laws of any foreign jurisdiction applicable to securities granted to residents therein.

“**Associate**” means, where used to indicate a relationship with any Person,

- (a) any relative, including the spouse, son or daughter, of that Person or a relative of that Person’s spouse, if the relative has the same address as that Person,
- (b) any partner, other than a limited partner, of that Person,
- (c) any trust or estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity, or
- (d) any corporation of which such Person beneficially owns, directly or indirectly, voting securities carrying more than ten percent of the voting rights attached to all outstanding voting securities of the corporation.

“**Award**” means any right granted under this Plan, including Stock Options, DSUs, RSUs, PSUs, SARs and SP Rights.

“**BCA**” means the *Business Corporations Act* (British Columbia).

“**Blackout Period**” means a period in which the trading of Shares or other securities of the Corporation is restricted pursuant to its internal trading policies, which has been formally imposed by the Corporation as a result of the bona fide

existence of undisclosed material information; and which expires following the general disclosure of the undisclosed material information (provided that, for clarity, the automatic extension of a Participant's Awards will not be permitted where the Participant or the Corporation is subject to a cease trade order (or similar order under Applicable Laws) in respect of the Corporation's securities).

**"Board"** means the board of directors of the Corporation or a committee of the Board to which a responsibility or power has been delegated pursuant to Section 12.1(b)(iv) hereto.

**"Change of Control"** means the occurrence and completion of an event where any person, entity or group of persons or entities acting jointly or in concert acquires or gains ownership or control (including, without limitation, the power to vote) of more than 50% of the Corporation's outstanding voting securities.

For the purposes of the foregoing, "voting securities" means Shares and any other shares entitled to vote for the election of directors and shall include any securities, whether or not issued by the Corporation, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors, including any options or rights to purchase such shares or securities.

**"Charitable Organization"** means "charitable organization" as defined in the Tax Act.

**"Charitable Stock Option"** means any Stock Option granted to an Eligible Charitable Organization.

**"Code"** means the United States Internal Revenue Code of 1986, as amended, and any applicable United States Treasury Regulations and other binding guidance thereunder.

**"Consultant"** means an individual (other than a Director, Officer or Employee of the Corporation or of any of its subsidiaries) or Consultant Company that:

- (a) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to any of its subsidiaries, other than services provided in relation to a distribution of securities;
- (b) provides the services under a written contract between the Corporation or any of its subsidiaries; and
- (c) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or of any of its subsidiaries.

**"Consultant Company"** means a Consultant that is a corporation.

**"Corporation"** means Kootenay Silver Inc., a company incorporated under the laws of British Columbia.

**"Date of Grant"** means, for any Stock Option, the date specified by the Board at the time it grants the Stock Option (which, for greater certainty, shall be no earlier than the date on which the Board meets or otherwise acts for the purpose of granting such Stock Option) or if no such date is specified, the date upon which the Stock Option was granted;

**"Deferred Payment Date"** for a Participant means the date after a Restricted Period which is the earlier of (i) the date which the Participant has elected to defer receipt of Shares under an RSU in accordance with Section 4.4 of this Plan; and (ii) the Participant's Separation Date.

**"Deferred Share Unit"** or **"DSU"** means a right granted to a Participant by the Corporation as compensation for employment or consulting services or services as a Director or Officer, to receive by way of a DSU Payment, for no additional cash consideration, securities of the Corporation on a deferred basis (which is typically after the earliest of the Retirement, termination of employment or death of the Participant), evidenced by a DSU Agreement.

**"Designated Affiliate"** means subsidiaries of the Corporation designated by the Board from time to time for purposes of this Plan.

**"Director"** means a director of the Corporation or an Affiliate.



**“Director Retirement”** in respect of a Participant, means the Participant ceasing to hold any directorships with the Corporation, any Designated Affiliate and any entity related to the Corporation for purposes of the Tax Act as a result of retirement in a manner or on such basis as acceptable to the Corporation.

**“Director Separation Date”** means the date that a Participant ceases to hold any directorships with the Corporation or any Designated Affiliate due to a Director Retirement or Director Termination and also ceases to serve as an Employee or Consultant with the Corporation, any Designated Affiliate or any entity related to the Corporation for the purposes of the Tax Act.

**“Director Termination”** means the removal of, resignation or failure to re-elect the Director (excluding a Director Retirement) as a director of the Corporation, a Designated Affiliate and any entity related to the Corporation for purposes of the Tax Act.

**“Disability”** means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months which causes an individual to be unable to engage in any substantial gainful activity.

**“Disinterested Shareholder Approval”** means approval by the shareholders of the Corporation in accordance with Exchange Policy 4.4.

**“DRS”** means Direct Registration System.

**“DSU Agreement”** means a written confirmation or agreement, in such form(s) adopted by the Board from time to time, in physical or electronic format (including by way of an entry in any electronic incentive compensation system maintained by the Corporation or a third party service provider on its behalf), setting out the terms and conditions relating to a Deferred Share Unit and entered into in accordance with Section 5.2.

**“DSU Payment”** means, subject to any adjustment in accordance with Section 5.4 of this Plan, the issuance to a Participant of one previously unissued Share for each whole DSU credited to such Participant.

**“Effective Date”** means the date this Plan becomes effective, which shall be upon receipt of all shareholder and regulatory approvals.

**“Eligible Charitable Organization”** means: (i) any Charitable Organization or Public Foundation which is a Registered Charity, but is not a Private Foundation; or (ii) a Registered National Arts Service Organization (as all of such terms are defined in the Tax Act).

**“Employee”** means a person (who may be an Officer or Director) who is:

- (a) an individual who is considered an employee of the Corporation or of its subsidiary under the Tax Act and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source;
- (b) an individual who works full-time for the Corporation or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and methods of work as an employee of the Corporation or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source; or
- (c) an individual who works for the Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and methods of work as an employee of the Corporation or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source,

whether or not they have a written employment contract with the Corporation or a subsidiary, determined by the Board as employees eligible for participation in this Plan. Employees also include Service Providers eligible for participation in this Plan as determined by the Board.

**“Exchange”** means the TSX Venture Exchange, or any successor entity, which is the principal stock exchange on which the Shares are listed for trading.

“**Exchange Policies**” mean the policies set forth in the Exchange’s Corporate Finance Manual, as amended from time to time.

“**Exchange Policy 1.1**” means Policy 1.1 – *Interpretation* of the Exchange’s Corporate Finance Manual, as amended from time to time.

“**Exchange Policy 4.4**” means Policy 4.4 – *Security Based Compensation* of the Exchange’s Corporate Finance Manual, as amended from time to time.

“**Fair Market Value**” with respect to Shares as of any date, means the closing market price of the Shares on the trading day prior to such date, and for the purposes of establishing the exercise price per Share of any Stock Option, or the value of any Share underlying a RSU, DSU or PSU on the grant date, the Fair Market Value means the closing market price of the Shares on the trading day prior to the date of grant of the applicable Award.

“**Insider**” means (a) a Director or Officer of the Corporation, (b) a director or Officer of a company that is an Insider or subsidiary of the Corporation; or (c) a Person that beneficially owns or controls, directly or indirectly, or a combination of beneficial ownership of, and control and direction over, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all outstanding Shares.

“**Investor Relations Activities**” has the meaning ascribed in Exchange Policy 1.1.

“**Investor Relations Service Provider**” includes any Consultant that performs Investor Relations Activities and any Director, Officer, Employee or Management Company Employee whose role and duties primarily consist of Investor Relations Activities.

“**Issued Shares**” means the number of Shares of the Corporation that are issued and outstanding on a non-diluted basis at a particular point in time.

“**Management Company Employee**” means an individual employed by a company providing management services to the Corporation, which services are required for the ongoing operation of the business enterprise of the Corporation.

“**Market Price**” means the market value of the Shares as determined in accordance with Section 3.2.

“**Multiplier(s)**” means the factor(s) by which a Participant’s PSUs may be multiplied, as determined by the Board and set out in the applicable PSU Agreement, commonly based on performance measures.

“**Officer**” means an officer (as defined under Securities Laws) of the Corporation or any of its subsidiaries.

“**Option Period**” means the period during which a Stock Option is outstanding.

“**Optionee**” means a Participant to whom a Stock Option has been granted under this Plan.

“**Participant**” means a Director, Officer, Employee, Management Company Employee, Consultant, Consultant Company, or Eligible Charitable Organization that is the recipient of an Award granted or issued by the Corporation.

“**Performance Period**” means the period provided for in Section 6.3.

“**Performance Share Unit**” or “**PSU**” means a right granted to a Participant by the Corporation as compensation for employment or consulting services or services as a Director or Officer, to receive, for no additional cash consideration, securities of the Corporation upon specified vesting criteria being satisfied (which are typically performance based) and which may provide that, upon vesting, the award may be paid in cash and/or Shares (at the option of the Board); represented by a PSU Agreement evidencing the right of such Participant to receive the value of one Share at the time of payment, multiplied by any applicable Multiplier(s).

“**Person**” includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator or other legal representative.

“**Plan**” means this Equity Incentive Plan, as it may be amended and restated from time to time.

“**Prior DSU Plan**” has the meaning given to such term in Section 11.22.

“**Prior Plan**” has the meaning given to such term in Section 11.22.

“**Prior Share Unit Plan**” has the meaning given to such term in Section 11.22.

“**PSU Agreement**” means a written confirmation or agreement, in such form(s) adopted by the Board from time to time, in physical or electronic format (including by way of an entry in any electronic incentive compensation system maintained by the Corporation or a third party service provider on its behalf), setting out the terms and conditions relating to a Performance Share Unit and entered into in accordance with Section 6.1.

“**Restricted Period**” means any period of time that a Restricted Share Unit is not vested and the Participant holding such Restricted Share Unit remains ineligible to receive the relevant Shares, determined by the Board in its absolute discretion, however, such period of time may be reduced or eliminated from time to time and at any time (subject to being not less than 12 months) and for any reason as determined by the Board, including, but not limited to, circumstances involving death or disability of a Participant.

“**Restricted Share Unit**” or “**RSU**” means a right granted to a Participant as compensation for employment or consulting services or services as a Director or Officer, to receive, for no additional cash consideration, securities of the Corporation upon specified vesting criteria being satisfied (which are typically time based) and which may provide that, upon vesting, the award may be paid in cash and/or Shares (at the option of the Board), represented by an RSU Agreement evidencing the right of such Participant to receive the value of one Share at the time of payment.

“**Retirement**” in respect of an Employee or Officer, means ceasing to hold any employment or engagement with the Corporation or any Designated Affiliate as a result of retirement in a manner or on such basis as acceptable to the Corporation.

“**RSU Agreement**” means a written confirmation or agreement, in such form(s) adopted by the Board from time to time, in physical or electronic format (including by way of an entry in any electronic incentive compensation system maintained by the Corporation or a third party service provider on its behalf), setting out the terms and conditions relating to a Restricted Share Unit and entered into in accordance with Section 4.2.

“**SAR**” or “**Stock Appreciation Right**” means a right granted to a Participant as compensation for employment or consulting services or services as a Director or Officer, to receive cash and/or Listed Shares (at the option of the Board) based wholly or in part on appreciation in the trading price of the Corporation’s Shares.

“**Securities Laws**” means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to a corporation.

“**Security Based Compensation**” has the meaning given to such term in Exchange Policy 4.4.

“**Separation Date**” means the date that a Participant ceases to be eligible to be a Participant under this Plan.

“**Service Agreement**” means any written agreement between a Participant and the Corporation or any subsidiary of the Corporation (as applicable), in connection with that Participant’s employment, service or engagement as a Director, Officer, Employee or Consultant or the termination thereof, as amended, replaced or restated from time to time.

“**Service Provider**” means any person or company engaged by the Corporation or a Designated Affiliate to provide services for an initial, renewable or extended period of 12 months or more.

“**Shareholder**” means a holder of Shares.

“**Shares**” means the common shares of the Corporation.

“**Specified Employee**” means a U.S. Taxpayer who meets the definition of “specified employee”, as defined in Section 409A(a)(2)(B)(i) of the Code.

“**Stock Option**” means a right granted to a Participant to acquire Shares at a specified price for a specified period of time.

“**Stock Option Agreement**” means a written certificate, confirmation or agreement, in such form(s) adopted by the Board from time to time, in physical or electronic format (including by way of an entry in any electronic incentive compensation system maintained by the Corporation or a third party service provider on its behalf), setting out the terms and conditions relating to a Stock Option and entered into in accordance with Part 3.

“**Stock Purchase Right**” or “**SP Right**” means the provision by the Corporation of financial assistance (which cannot involve lending funds to a Participant for the purposes of acquiring securities of the Corporation, whether from treasury or otherwise), or pursuant to which a Participant is allowed to purchase securities of the Corporation (often at a discount to Fair Market Value), or pursuant to which the Participant is entitled to receive additional securities of the Corporation upon subscribing for a pre-established number of securities of the Corporation, which securities may be issued from the treasury or purchased on the secondary market.

“**Tax Act**” means the *Income Tax Act* (Canada) as amended from time to time.

“**Termination**” means the termination of the employment or engagement (or consulting services) of an Employee or Officer with or without cause by the Corporation or a Designated Affiliate or the cessation of employment or engagement (or consulting services) of the Employee or Officer with the Corporation or a Designated Affiliate as a result of resignation or otherwise, other than as a Retirement.

“**U.S. Taxpayer**” means a Participant who is a U.S. citizen, U.S. permanent resident or other person who is subject to taxation on their income under the Code.

“**VWAP**” means the volume weighted average trading price of the Shares on the Exchange calculated by dividing the total value by the total volume of such securities traded for the five trading days immediately preceding the applicable date. Where appropriate, internal crosses and certain other special trades may be excluded from the calculation.

## 2.2 Interpretation

- (a) This Plan is created under and is to be governed, construed and administered in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
- (b) Whenever the Board (or Board committee, as the case may be) is to exercise discretion in the administration of the terms and conditions of this Plan, the term “**discretion**” means the sole and absolute discretion of the Board (or Board committee, as the case may be).
- (c) As used herein, the terms “**Part**” or “**Section**” mean and refer to the specified Part or Section of this Plan, respectively.
- (d) Where the word “**including**” or “**includes**” is used in this Plan, it means “including (or includes) without limitation”.
- (e) Words importing the singular include the plural and vice versa, and words importing any gender include any other gender.
- (f) Unless otherwise specified, all references to money amounts are to Canadian dollars.

## PART 3 STOCK OPTIONS

### 3.1 Participation

The Corporation may from time to time grant Stock Options to Participants pursuant to this Plan.

### 3.2 Exercise Price of a Stock Option

The exercise price at which a Participant may purchase a Share upon the exercise of a Stock Option shall be determined by the Board and shall be set out in the Stock Option Agreement issued in respect of the Stock Option. The Exercise Price shall not be less than the Market Price of the Shares as of the Date of Grant. The Market Price of the Shares for a particular Date of Grant shall be determined as follows:

- (a) for each organized trading facility on which the Shares are listed, Market Price will be:
- (i) the closing trading price of the Shares on the day immediately preceding the issuance of the news release announcing the grant of the Stock Option, or
  - (ii) if, in accordance with the policies of the Exchange, the Corporation is not required to issue a news release to announce the grant and exercise price of the Stock Option, the closing trading price of the Shares on the day immediately preceding the Date of Grant,
- and may be less than this price if it is within the discounts permitted by the applicable regulatory authorities;
- (b) if the Shares are listed on more than one organized trading facility, the Market Price shall be the Market Price as determined in accordance with subparagraph (a) above for the primary organized trading facility on which the Shares are listed, as determined by the Board, subject to any adjustments as may be required to secure all necessary regulatory approvals;
- (c) if the Shares are listed on one or more organized trading facilities but have not traded during the ten trading days immediately preceding the Grant Date, then the Market Price will be, subject to any adjustments as may be required to secure all necessary regulatory approvals, such value as is determined by the Board; and
- (d) if the Shares are not listed on any organized trading facility, then the Market Price will be, subject to any adjustments as may be required to secure all necessary regulatory approvals, such value as is determined by the Board to be the fair value of the Shares, taking into consideration all factors that the Board deems appropriate, including, without limitation, recent sale and offer prices of the Shares in private transactions negotiated at arms' length.

Notwithstanding anything else contained herein, in no case will the Market Price be less than the minimum prescribed by each of the organized trading facilities that would apply to the Corporation on the Date of Grant in question. Further, with respect to any Stock Option granted to a U.S. Taxpayer, the Market Price in no case will be less than the Fair Market Value on the date of grant of the Stock Option. If the Shares are not listed on any organized trading facility, then, with respect to any Stock Option granted to a U.S. Taxpayer, the Market Price shall be determined in a manner that avoids application of penalty taxes under Section 409A of the Internal Revenue Code.

### **3.3 Grant of Stock Options**

The Board may at any time authorize the granting of Stock Options to such Participants as it may select for the number of Shares that it shall designate, subject to the provisions of this Plan. The date of grant of a Stock Option shall be the date such grant was approved by the Board.

Each Stock Option granted to a Participant shall be evidenced by a Stock Option Agreement with terms and conditions consistent with this Plan and as approved by the Board (and in all cases which terms and conditions need not be the same in each case, and may be changed from time to time subject to any required approval of Disinterested Shareholders and the Exchange).

### **3.4 Terms of Stock Options**

The Option Period shall be for such term as the Board may determine at the date of grant, provided that:

- (a) Stock Options can be exercisable for a maximum of 10 years from the date of grant (subject to extension where the expiry date falls within a Blackout Period);
- (b) the term may thereafter be reduced with respect to any such Stock Option as provided for herein regarding termination of employment / engagement or death of the Optionee; and
- (c) should the expiry date of the Option Period in respect of any outstanding Stock Option be determined to occur either during a Blackout Period, the expiry date of such Option Period shall be deemed to be the date that is the tenth business day following the expiry of the Blackout Period. Notwithstanding the foregoing, with respect to any Stock Option granted to a U.S. Taxpayer, no Stock Option shall be extended beyond its maximum expiry date provided in the applicable Stock Option Agreement, to the extent such extension would trigger application of penalty taxes under Section 409A of the Internal Revenue Code.

### **3.5 Vesting**

Subject to the limitations in Part 11 and all Applicable Laws, the vesting schedule for a Stock Option, if any, shall be determined by the Board and shall be set out in the Stock Option Agreement issued in respect of the Stock Option. The Board may elect, at any time, to accelerate the vesting schedule of one or more Stock Options including, without limitation, on a Change of Control, and such acceleration will not be considered an amendment to the Stock Option in question requiring the consent of the Participant under Part 12 of the Plan. Notwithstanding the foregoing, if the Corporation is listed on the Exchange, no acceleration to the vesting schedule of one or more Stock Options granted to an Investor Relations Service Provider can be made without the prior written acceptance of the Exchange.

### **3.6 Other Restrictions**

Except as set forth in Section 3.10, no Stock Option may be exercised unless the Optionee is at the time of such exercise:

- (a) in the case of an Employee or Officer, engaged or in the employ (or retained as a Service Provider) of the Corporation or a Designated Affiliate and shall have been continuously so engaged, employed or retained since the grant of the Stock Option; or
- (b) in the case of a Director, a director of the Corporation or a Designated Affiliate and shall have been such a director continuously since the grant of the Stock Option.

The exercise of any Stock Option will be contingent upon the Optionee having entered into a Stock Option Agreement with the Corporation on such terms and conditions as have been approved by the Board and which incorporates by reference the terms of this Plan. The exercise of any Stock Option will, subject to Sections 3.10 and 3.11, also be contingent upon receipt by the Corporation of cash payment of the full purchase price of the Shares being purchased.

### **3.7 Exercise of Stock Options**

Subject to any limitations or conditions imposed upon an Optionee pursuant to the Stock Option Agreement or this Plan, an Optionee may exercise a Stock Option, prior to the expiry date thereof, by giving written notice thereof to the Corporation at its principal place of business or as otherwise indicated by the Corporation in writing. The notice shall be accompanied by full payment of the Option Price to the extent the Stock Option is so exercised, and full payment of any amounts the Corporation determines must be withheld for tax purposes from the Optionee pursuant to the Stock Option Agreement. Such payment shall be in lawful money in the currency as stated in the Stock Option Agreement, in cash, wire transfer or certified cheque. As soon as practicable after exercise of a Stock Option in accordance herewith, the Corporation shall issue a certificate or DRS statement evidencing the Shares with respect to which the Stock Option has been exercised. Upon due exercise of a Stock Option, the Optionee shall be entitled to all rights to vote or receive dividends or any other rights as a shareholder with respect to such Shares.

### **3.8 Cashless Exercise**

Subject to the approval of the Board or a Board committee designated by the Board, and further subject to the Shares being traded on the Exchange, consideration may be paid by a Participant as follows: (i) a brokerage firm loans money to the Participant in order for the Participant to exercise Stock Options to acquire the underlying Shares (the "Loan"); (ii) the brokerage firm then sells a sufficient number of Shares to cover the Option Price of the Stock Options that were exercised by the Participant in order to repay the Loan; and (iii) the brokerage firm receives an equivalent number of Shares from the exercise of the Stock Options and the Participant receives the balance of the Shares or the cash proceeds from the balance of such Shares.

### **3.9 Net Exercise**

Subject to the approval of the Board or a Board committee designated by the Board, and further subject to the Shares being traded on the Exchange, consideration may be paid by reducing the number of Shares otherwise issuable under the Stock Options such that, in lieu of a cash payment to the Corporation, a Participant, excluding Investor Relations Service Providers, only receives the number of Shares that is equal to the quotient obtained by dividing: (i) the product of the number of Stock Options being exercised multiplied by the difference between the VWAP of the underlying Shares and the Option Price of the subject Stock Options, by (ii) the VWAP of the underlying Shares. The number of Shares delivered to the Participant may be further reduced to satisfy applicable tax withholding obligations pursuant to Section 9.1. In the event of a net exercise, the number of Stock Options exercised, surrendered or converted, and not the number of Shares issued, must be included in calculating the limits set forth in Sections 11.1, 11.3, 11.4, 11.5, 11.6 and 11.7.

### 3.10 Effect of Termination of Employment or Death

If an Optionee:

- (a) dies while employed or engaged by, or while a director of, the Corporation or a Designated Affiliate, any Stock Option held by him or her at the date of death, then eligible to be exercised, shall become exercisable in whole or in part, but only by the person or persons to whom the Optionee's rights under the Stock Option shall pass by the Optionee's will or applicable laws of descent and distribution. Unless otherwise determined by the Board but subject to Section 11.10, all such Stock Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Stock Option at the date of his or her death and only for 12 months after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner;
- (b) ceases to be employed or engaged by, or a director of, the Corporation or a Designated Affiliate, for cause, no Stock Option held by such Optionee will, unless otherwise determined by the Board but subject to Section 11.10, be exercisable following the date on which such Optionee ceases to be so engaged; or
- (c) ceases to be employed or engaged by, or a director of, the Corporation or a Designated Affiliate, for any reason other than cause then, unless otherwise determined by the Board but subject to Section 11.10, any Stock Option held by such Optionee which was then eligible to be exercised at the effective date thereof shall become exercisable for a period of up to 90 days thereafter or prior to the expiration of the Option Period in respect thereof, whichever is sooner.

### 3.11 Effect of Amalgamation or Merger

If the Corporation amalgamates or otherwise completes a plan of arrangement or merges with or into another corporation, any Shares receivable on the exercise of a Stock Option shall, subject to the prior acceptance of the Exchange, be adjusted to give the Participant the ability to acquire, upon exercise of the Stock Option, including payment, the securities, property or cash which the Participant would have received upon such amalgamation, arrangement or merger if the Participant had exercised his or her Stock Option immediately prior to the record date applicable to such amalgamation, arrangement or merger, and the option price shall, subject to the prior acceptance of the Exchange, be adjusted appropriately by the Board and such adjustment shall be binding for all purposes of this Plan.

### 3.12 Amendments

Disinterested Shareholder approval must be obtained for any reduction in the exercise price of a Stock Option, or the extension of the term of a Stock Option, if the Participant is an Insider of the Corporation at the time of the proposed amendment.

## PART 4 RESTRICTED SHARE RIGHTS

### 4.1 Participants

Subject to Section 11.6, the Corporation has the right to grant, in its sole and absolute discretion, to any Participant, rights to receive any number of fully paid and non-assessable Shares ("**Restricted Share Units**") as a discretionary payment in consideration of past services to the Corporation or as an incentive for future services, subject to this Plan and with such additional provisions and restrictions as the Board may determine. For purposes of calculating the number of Restricted Share Units to be granted, the Corporation shall be obligated to value the Shares underlying such RSUs at not less than the Fair Market Value.

#### **4.2 RSU Agreement**

Each grant of a RSU under this Plan shall be evidenced by a RSU Agreement between the Participant and the Corporation. Such RSU Agreement shall be subject to all applicable terms and conditions of this Plan and may be subject to any other terms and conditions (including without limitation any recoupment, reimbursement or claw-back compensation policy as may be adopted by the Board from time to time) which are not inconsistent with this Plan and which the Board deems appropriate for inclusion in a RSU Agreement. The provisions of the various RSU Agreements issued under this Plan need not be identical.

#### **4.3 Restricted Period**

Concurrent with the determination to grant RSUs to a Participant, the Board shall determine the Restricted Period applicable to such RSUs, which in any event will not be less than 12 months. In addition, at the sole discretion of the Board, at the time of grant, the RSUs may be subject to performance conditions to be achieved by the Corporation or a class of Participants or by a particular Participant on an individual basis, within a Restricted Period, for such RSUs to entitle the holder thereof to receive the underlying Shares or cash. Upon expiry of the applicable Restricted Period (or on the Deferred Payment Date, as applicable) and upon satisfaction of any performance criteria or other terms set out in the RSU Agreement, a RSU shall be automatically settled, and without the payment of additional consideration or any other further action on the part of the holder of the RSU, the underlying Shares shall be issued or cash paid to the holder of such RSUs, which RSUs shall then be cancelled. Subject to the terms of this Plan, the Board, in its sole discretion, may pay earned RSUs in the form of cash or in Shares issued from treasury (or in a combination thereof) equal to the value of the RSUs at the end of the applicable Restricted Period (or on the Deferred Payment Date, as applicable) and upon satisfaction of any performance criteria or other terms set out in the RSU Agreement. The determination of the Board with respect to the form of payout of such RSUs shall be set out in the RSU Agreement for the grant of the RSU or reserved for later determination.

#### **4.4 Deferred Payment Date**

Participants who are residents of Canada for the purposes of the Tax Act (and for greater certainty, who are not U.S. Taxpayers), may elect to defer to receive all or any part of the Shares underlying Restricted Share Units until one or more Deferred Payment Dates. No other Participants may elect a Deferred Payment Date. Participants who elect to set a Deferred Payment Date must, in respect of each such Deferred Payment Date, give the Corporation written notice of the Deferred Payment Date(s) not later than thirty (30) days prior to the expiration of the applicable Restricted Period (or such lesser period of time as the Board may approve).

#### **4.5 Retirement or Termination during Restricted Period**

In the event and to the extent of the Retirement or Termination and/or, as applicable, the Director Retirement or Director Termination of a Participant from all such roles with the Corporation during the Restricted Period, any Restricted Share Units held by the Participant shall immediately terminate and be of no further force or effect; provided, however, that the Board shall have the absolute discretion to modify the grant of the Restricted Share Units to provide that the Restricted Period shall terminate immediately prior to the date of such occurrence.

#### **4.6 Retirement or Termination after Restricted Period**

Subject to Section 11.10, in the event and to the extent of the Retirement or Termination and/or, as applicable, the Director Retirement or Director Termination of the Participant from all such roles with the Corporation following the Restricted Period and prior to a Deferred Payment Date, the Participant shall be entitled to receive, and the Corporation shall issue forthwith, Shares or cash, as determined by the Board, in satisfaction of the Restricted Share Units then held by the Participant.

#### **4.7 Acceleration of Vesting**

Notwithstanding Sections 4.5 and 4.6 above, in the event of the death or total disability of a Participant, Shares represented by RSUs held by the Participant, calculated on a *pro-rata* basis as to the number of days passed under the vesting restrictions, shall then be immediately issued by the Corporation to the Participant or legal representative of the Participant.



#### **4.8 Payment of Dividends**

Subject to the absolute discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Corporation on its Shares, a Participant may be credited with additional Restricted Share Units. The number of such additional RSUs, if any, will be calculated by dividing (a) the total amount of the dividends that would have been paid to the Participant if the RSUs (including RSUs in which the Restricted Period has expired but the Shares have not been issued due to a Deferred Payment Date) in the Participant's account on the dividend record date had been outstanding Shares (and the Participant held no other Shares) by (b) the Fair Market Value of the Shares on the date on which such dividends were paid. Where the proposed issuance of Shares in settlement of such additional RSUs would result the Corporation having insufficient Shares available for issuance or in the limits in Sections 11.1, 11.3, 11.4, 11.5, 11.6 and 11.7 being exceeded, the additional RSUs should instead be settled in cash.

### **PART 5 DEFERRED SHARE UNITS**

#### **5.1 Deferred Share Unit Grants**

The Board may from time to time determine to grant Deferred Share Units to one or more Directors in a lump sum amount or on regular intervals, based on such formulas or criteria as the Board may from time to time determine. DSUs will be credited to the Director's account when designated by the Board. For purposes of calculating the number DSUs to be granted, the Corporation shall be obligated to value the Shares underlying such Deferred Share Units at not less than the Fair Market Value. In no event will a DSU vest or be redeemable or contemplate a Separation Date of less than 12 months from the date of grant.

#### **5.2 DSU Agreement**

Each grant of a DSU under this Plan shall be evidenced by an agreement between the Director and the Corporation (a "DSU Agreement"). Such DSU Agreement shall be subject to all applicable terms and conditions of this Plan and may be subject to any other terms and conditions (including without limitation any recoupment, reimbursement or claw-back compensation policy as may be adopted by the Board from time to time) which are not inconsistent with this Plan and the policies of the Exchange and which the Board deems appropriate for inclusion in a DSU Agreement. The provisions of each DSU Agreement issued under this Plan need not be identical.

#### **5.3 Redemption of Deferred Share Units and Issuance of Deferred Shares**

Except as provided below, the DSUs held by each Director shall be redeemed automatically and with no further action by the Director on the 20<sup>th</sup> business day following the Separation Date for that Director. For U.S. Taxpayers, (i) the Separation Date must constitute a "separation from service" within the meaning of Section 409A of the Internal Revenue Code, and (ii) DSUs held by a Director who is a Specified Employee will be automatically redeemed with no further action by the Director on the date that is six months following the Separation Date for the Director, or if earlier, upon such Director's death. Upon redemption, the former Director shall be entitled to receive and the Corporation shall issue, the number of Shares issued from treasury equal to the number of DSUs in the Director's account, subject to any applicable deductions and withholdings. In the event a Separation Date, including by death of the Director, occurs during a year and Deferred Share Units have been granted to such Director for that entire year, the Director will only be entitled to a pro-rated Deferred Share Unit Payment in respect of such Deferred Share Units based on the number of days that he or she was an Director in such year.

No amount will be paid to, or in respect of, a Director under this Plan or pursuant to any other arrangement, and no other additional DSUs will be granted to compensate for a downward fluctuation in the value of the Shares of the Corporation nor will any other benefit be conferred upon, or in respect of, a Director for such purpose.

#### **5.4 Payment of Dividends**

Subject to the absolute discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Corporation on its Shares, a Director may be credited with additional Deferred Share Units. The number of such additional Deferred Share Units, if any, will be calculated by dividing (a) the total amount of the dividends that would have been paid to the Director if the Deferred Share Units in the Director's account on the dividend record date had been outstanding Shares (and the Director held no other Shares), by (b) the Fair Market Value of the Shares on the date on which such dividends were paid. Where the proposed issuance of Shares in settlement of such additional Deferred Share Units would result the Corporation having insufficient Shares available for issuance or in the limits in Sections 11.1, 11.3, 11.4, 11.5, 11.6 and 11.7 being exceeded, the additional Deferred Share Units should instead be settled in cash.

### **PART 6 PERFORMANCE SHARE UNITS**

#### **6.1 Performance Share Units**

Subject to Section 11.6, the Board may from time to time determine to grant Performance Share Units to one or more Participants with the specific terms and conditions thereof to be as provided in this Plan and in the PSU Agreement entered into in respect of such grant. The PSU Agreement in respect of the PSUs granted will set out, at a minimum, the number of PSUs granted, the Performance Period, the performance-based criteria and any Multiplier(s). Subject to the provisions of this Part 6, each PSU awarded to a Participant for services performed during the year in which the PSU is granted shall entitle the Participant to receive payment in an amount equal to the Fair Market Value on the day immediately prior to the last day of the applicable Performance Period multiplied by the applicable Multiplier(s), to be determined on the last day of the Performance Period. In no event will a PSU vest or be redeemable or contemplate a Separation Date of less than 12 months from the date of grant

#### **6.2 Distributions.**

The Board, in its sole discretion, may determine that if and when distributions are paid on any Shares, additional PSUs shall be credited to the Participant as of such distribution payment date. The number of additional PSUs (including fractional PSUs) to be credited to the Participant shall be determined by dividing the dollar amount of the distribution payable in respect of the Shares underlying the Performance Share Units by the Fair Market Value on the date the distribution is paid. Fractional PSUs to two decimal places shall be credited to the Participant. For greater certainty, the Performance Period and Multiplier(s), if any, shall be the same as the Performance Period and Multiplier(s), if any, for the Performance Share Units.

#### **6.3 Performance Period**

Subject to Sections 6.5 and 6.6, which could result in shortening any such period, the Performance Period in respect of a particular award shall be at least one year from the date of grant of the applicable Performance Share Unit, provided that the Board may, in its sole discretion, determine the Performance Period to be greater than one year, to a maximum of three years from the date of grant of the applicable Performance Share Unit.

#### **6.4 Performance-Based Criteria and Multipliers**

The Board may establish performance-based criteria which, if met by the Corporation, will entitle the Participant to be paid an amount in excess of or less than the Fair Market Value of one Share for each PSU at the end of the applicable Performance Period. The Board, in its sole discretion, may waive the performance-based criteria if the Board determines there were material unusual circumstances that occurred during the Performance Period (as an example only, if take-over speculation significantly affects the Fair Market Value at the end of the Performance Period).

#### **6.5 Retirement or Termination During Performance Period**

If a Participant ceases to be an Employee or Director, as applicable, during the Performance Period because of retirement or Termination of the Participant, all PSUs previously awarded to the Participant shall be forfeited and cease to be credited to the Participant on the date of the Retirement or Termination, as the case may be; however, the Board shall have the absolute discretion to modify the grant of the PSUs to provide that the Performance Period would end at the end of the calendar quarter immediately before the date of the Retirement or Termination, as the case may be, and the amount payable to the Participant shall be calculated as of such date.

## **6.6 Death or Disability**

In the event of the death or total disability of a Participant during the Performance Period, the Performance Period shall be deemed to end at the end of the calendar quarter immediately before the date of death or total disability of the Participant and the amount payable to the Participant or its executors, as the case may be, shall be calculated as of such date.

## **6.7 Payment to Participants**

Subject to the terms of this Plan, the Board, in its sole discretion, may pay earned PSUs in the form of cash or in Shares issued from treasury (or in a combination thereof) equal to the value of the PSUs at the end of the applicable Performance Period. The determination of the Board with respect to the form of payout of such PSUs shall be set out in the Performance Share Unit Agreement for the grant of the PSU or reserved for later determination. In no event will delivery of such Shares or payment of any cash amounts be made later than two and a half months after the end of the year in which such conditions or restrictions were satisfied or lapsed.

## **6.8 Payment of Dividends**

Subject to the absolute discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Corporation on the Shares, a Participant may be credited with additional PSUs. The number of such additional PSUs, if any, will be calculated by dividing (a) the total amount of the dividends that would have been paid to the Participant if the PSUs in his or her account on the dividend record date had been outstanding Shares (and the Participant held no other Shares), by (b) the Fair Market Value of the Shares on the date on which such dividends were paid. Where the proposed issuance of Shares in settlement of such additional PSUs would result in the Corporation having insufficient Shares available for issuance or in the limits in Sections 11.1, 11.3, 11.4, 11.5, 11.6 and 11.7 being exceeded, the additional PSUs should instead be settled in cash.

# **PART 7 STOCK APPRECIATION RIGHTS**

## **7.1 Grant of SARs**

Subject to Section 11.6, the Corporation may from time to time grant Stock Appreciation Rights to Participants pursuant to this Plan whereby Participants will have the right to receive Shares, a cash payment, or any combination thereof, as determined by the Board, from the Corporation in an amount equal to the number of SARs granted multiplied by the difference between the Fair Market Value of a Share at the Exercise Date (as defined below) over the Base Price fixed by the Board (the "Exercise Value").

## **7.2 Base Price**

The Base Price per Share of any SAR shall be not less than the Fair Market Value at the time of grant.

## **7.3 Grant of SARs**

Subject to Section 11.6, the Board may at any time authorize the granting of SARs to such Participants as it may select for the number of Shares that it shall designate, subject to the provisions of this Plan. The date of grant of a SAR shall be the date such grant was approved by the Board.

Each SAR granted to a Participant shall be evidenced by a Stock Appreciation Right Agreement with terms and conditions consistent with this Plan and as approved by the Board and which incorporates by reference the terms of this Plan (and in all cases which terms and conditions need not be the same in each case, and may be changed from time to time subject to any required approval of Disinterested Shareholders and the Exchange).

## **7.4 Terms of SARs**

The term of each SAR shall be for such term as the Board may determine at the date of grant, provided that:

- (a) SARs can be exercisable for a maximum of 10 years from the date of grant; and
- (b) the term may thereafter be reduced with respect to any such SAR as provided for herein regarding termination of employment / engagement or death of the Participant.

### **7.5 Vesting**

SARs shall vest and may be exercised (in each case to the nearest full Share) during the term in the manner determined by the Board at the time of grant, provided that the minimum vesting period shall be 12 months.

### **7.6 Other Restrictions**

Except as set forth in Section 7.9, no SAR may be exercised unless the Participant is at the time of such exercise:

- (a) in the case of an Employee or Officer, engaged or in the employ (or retained as a Service Provider) of the Corporation or a Designated Affiliate and shall have been continuously so engaged, employed or retained since the grant of the SAR; or
- (b) in the case of a Director, a director of the Corporation or a Designated Affiliate and shall have been such a Director, Officer, Employee or Consultant continuously since the grant of the SAR.

### **7.7 Exercise of SARs**

Subject to any limitations or conditions imposed upon a Participant pursuant to a Stock Appreciation Rights Agreement or this Plan, a Participant may exercise an SAR, prior to the expiry date thereof, by giving written notice thereof to the Corporation at its principal place of business specifying the number of vested SARs being exercised and the date on which such exercise is to be effective (the "Exercise Date"). As soon as practicable after exercise of a SAR in accordance herewith, the Corporation shall pay the Participant an amount equal to the product of (i) the number of vested SARs exercised, multiplied by (ii) the Exercise Value. Such payment will be made, in the Board's discretion, in (a) cash, (b) Shares with a Fair Market Value equal to the amount of the payment, or (c) a combination of cash and Shares.

### **7.8 Transferability of SARs**

SARs granted hereby shall not be transferable other than upon the death or disablement of the Participant as follows:

- (a) During the Participant's lifetime, all SARs shall be exercisable only by the Participant or by the legal guardian of a disabled Participant.
- (b) A Participant shall have the right, by notice to the Corporation, to designate a beneficiary who shall be entitled to exercise the Participant's SARs (subject to their terms and conditions) following the Participant's death, and to whom any amounts payable following the Participant's death shall be paid.

### **7.9 Effect of Termination of Employment or Death**

If the holder of a SAR:

- (a) dies while employed or engaged by, or while a Director of, the Corporation or a Designated Affiliate, any SAR held by him or her at the date of death, then eligible to be exercised, shall become exercisable in whole or in part, but only by the person or persons designated under section 7.8(b) above, or to whom the Participant's rights under the SAR shall pass by the Participant's will or applicable laws of descent and distribution. Unless otherwise determined by the Board, all such SARs shall be exercisable only to the extent that the Participant was entitled to exercise the SARs at the date of his or her death and only for 12 months after the date of death or prior to the expiration of the term in respect thereof, whichever is sooner;
- (b) ceases to be employed or engaged by, or a Director of, the Corporation or a Designated Affiliate, for cause, no SAR held by such Participant will, unless otherwise determined by the Board, be exercisable following the date on which such Participant ceases to be so engaged; or
- (c) ceases to be employed or engaged by, or a Director of, the Corporation or a Designated Affiliate, for any reason other than cause then, unless otherwise determined by the Board, any SAR held by such Participant which was then eligible to be exercised at the effective date thereof shall become exercisable for a period of up to 90 days thereafter or prior to the expiration of the term in respect thereof, whichever is sooner.

### **7.10 Effect of Amalgamation or Merger**

If the Corporation amalgamates or otherwise completes a plan of arrangement or merges with or into another corporation, any payment receivable on the exercise of a SAR shall, subject to the prior acceptance of the Exchange, be

adjusted to give the Participant the ability to receive the same which the Participant would have received upon completion of such amalgamation, arrangement or merger using as the Fair Market Value of a Share the amount equal to the deemed price under such amalgamation, arrangement or merger.

#### **7.11 Amendments**

Disinterested Shareholder approval must be obtained for any reduction in the Base Price of a SAR, or the extension of the term of a SAR, if the Participant is an Insider of the Corporation at the time of the proposed amendment.

### **PART 8 STOCK PURCHASE RIGHTS**

#### **8.1 Types of SP Rights**

The Corporation may provide financial assistance (which cannot involve lending funds to a Participant for the purposes of acquiring securities of the Corporation, whether from treasury or otherwise), or a Participant may be allowed to purchase securities of the Corporation (which may be at a discount to Fair Market Value), or a Participant may be entitled to receive additional securities of the Corporation upon subscribing for a pre-established number of securities of the Corporation, which securities may be issued from the treasury or purchased on the secondary market. For U.S. Taxpayers, any stock purchase right or option-like right shall contain such terms and limitations as are necessary to avoid application of penalty taxes under Section 409A of the Internal Revenue Code.

#### **8.2 Limitations**

The Corporation shall not provide SP Rights that could materially prejudice the interests of the Corporation or its shareholders, or if the assistance would affect the Corporation's ability to pay its creditors.

#### **8.3 Grant of Rights**

Subject to Section 11.6, the Board may at any time authorize the granting of Stock Purchase Rights to such Participants as it may select for the dollar amount or number of Shares that it shall designate, subject to the provisions of this Plan. The date of grant of an SP Right shall be the date such grant was approved by the Board.

Each SP Right granted to a Participant shall be evidenced by an agreement of applicable nature with terms and conditions consistent with this Plan and as approved by the Board and which incorporates by reference the terms of this Plan (and in all cases which terms and conditions need not be the same in each case, and may be changed from time to time subject to any required approval of Disinterested Shareholders and the Exchange).

#### **8.4 Vesting Requirements of SP Rights**

No SP Right may vest before the date that is one year following the date that it is granted or issued. Notwithstanding the foregoing, the Board shall have the discretion to accelerate the vesting of a SP Right for a Participant who dies or ceases to be an eligible Participant under this Plan in connection with a Change of Control or similar transaction.

### **PART 9 WITHHOLDING TAXES**

#### **9.1 Withholding Taxes**

The Corporation or any Designated Affiliate may take such steps as are considered necessary or appropriate for the withholding of any taxes or other amounts which the Corporation or any Designated Affiliate is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Award including, without limiting the generality of the foregoing, the withholding of all or any portion of any payment or the withholding of the issue of any Shares to be issued under this Plan, until such time as the Participant has paid the Corporation or any Designated Affiliate for any amount which the Corporation or Designated Affiliate is required to withhold by law with respect to such taxes or other amounts. Without limitation to the foregoing, the Board may adopt administrative rules under this Plan, which provide for the automatic sale of Shares (or a portion thereof) in the market upon the issuance of such Shares under this Plan on behalf of the Participant to satisfy withholding obligations under an Award.

**PART 10**  
**CHANGE OF CONTROL**

**10.1 Change of Control.**

- (a) If a Change of Control shall conclusively be deemed to be imminent, or to have occurred, there shall be immediate full vesting of each outstanding Stock Option granted, which may be exercised and settled, in whole or in part, even if such Stock Option is not otherwise exercisable or vested by its terms but subject to any required approval of the Exchange. Notwithstanding the foregoing, if the Corporation is listed on the Exchange, no acceleration to the vesting schedule of one or more Stock Options granted to an Investor Relations Service Provider can be made without the prior written acceptance of the Exchange.
- (b) Unless otherwise determined by the Board, or unless otherwise provided in a Participant's Service Agreement or Award Agreement, if a Change of Control shall conclusively be deemed to be imminent, or to have occurred, then the Board shall have the discretion, without the prior approval of the Participants but subject to any required approval of the Exchange, to any one or more of the following:
- (i) determine that there shall be immediate full vesting of each outstanding Award (other than Stock Options) granted, which may be exercised and settled, in whole or in part, even if such Award is not otherwise exercisable or vested by its terms;
  - (ii) subject to the prior acceptance of the Exchange, the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the settlement of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Board determines in good faith that no amount would have been attained upon the settlement of such Award or realization of the Participant's rights, then such Award may be terminated by the Corporation without payment);
  - (iii) subject to the prior acceptance of the Exchange, cause the Corporation to offer to acquire from each Award holder his or her Awards for a cash payment, and any Awards not so acquired, surrendered or exercised by the effective time of the Change of Control will be deemed to have expired;
  - (iv) subject to the prior acceptance of the Exchange, cause a Stock Option granted under this Plan to be exchanged for an option to acquire for the same exercise price, the number and type of securities as would be distributed to the Stock Option holder in respect of the Shares to be issued to the Stock Option holder had he or she exercised the Stock Option prior to the effective time of the Change of Control, provided that any such replacement option must provide that it survives for a period of not less than one year from the effective time of the Change of Control regardless of the continuing directorship, officership or employment of the holder;
  - (v) permit each Participant, within a specified period of time prior to the completion of the Change in Control as determined by the Board, to exercise all of the Participant's outstanding Stock Options and to settle all of the Participant's outstanding PSUs, RSUs and DSUs (to the extent then vested and exercisable, including by reason of acceleration by the Board pursuant to Section 10.1 or in accordance with the Award Agreement) but subject to and conditional upon the completion of the Change in Control;
  - (vi) accelerate the dates upon which any or all outstanding Awards shall vest and be exercisable or settled, without regard to whether such Awards have otherwise vested in accordance with their terms; or
  - (vii) make no change to any of the terms or provisions of any Award.

**10.2 Awards Need Not be Treated Identically.**

In taking any of the actions contemplated by this Part 10, the Board shall not be obligated to treat all Awards held by any Participant, or all Awards in general, identically.

**PART 11**  
**GENERAL TERMS**

**11.1 Number of Shares**

The aggregate number of Shares that may be issued under this Plan shall not exceed 10% of the number of Issued Shares outstanding in the capital of the Corporation from time to time as of the date of each grant (inclusive of the Shares reserved for issuance pursuant to stock options granted under the Prior Plan, restricted share units or performance share units awarded under the Prior Share Unit Plan or deferred share units awarded under the Prior DSU Plan), such Shares to be allocated among Awards and Participants in amounts and at such times as may be determined by the Board from time to time.

**11.2 NEX Corporation**

In the event the Corporation is listed on or is on notice to have its listing transferred to the NEX branch of the Exchange, then it will be precluded from granting any Awards under this Plan other than Stock Options (and may only grant Stock Options once it has publicly disclosed that it is on notice to have its listing transferred to the NEX).

**11.3 Limits for Individuals**

Unless Disinterested Shareholder Approval is obtained in accordance with the policies of the Exchange (or unless permitted otherwise by the policies of the Exchange), the maximum number of Shares that may be issued to any one Participant (and where permitted pursuant to the policies of the Exchange, any company that is wholly-owned by the Participant) under this Plan, together with all of the Corporation's other Security Based Compensation plans, within a 12-month period, may not exceed 5% of the Issued Shares of the Corporation, calculated as at the date any Security Based Compensation is granted or issued to the Person.

**11.4 Limits for Insiders**

Unless Disinterested Shareholder Approval is obtained in accordance with the policies of the Exchange (or unless permitted otherwise by the policies of the Exchange), the maximum number of Shares that are issuable pursuant to all the Corporation's Security Based Compensation plans granted or issued in any 12-month period to Insiders (as a group) must not exceed 10% of the Issued Shares, calculated as at the date any Security Based Compensation of the Corporation is granted or issued to any Insider.

Unless Disinterested Shareholder Approval is obtained in accordance with the policies of the Exchange (or unless permitted otherwise by the policies of the Exchange), the maximum number of Shares that are issuable pursuant to all of the Corporation's Security Based Compensation plans granted or issued to Insiders (as a group) must not exceed 10% of the issued Shares at any point in time.

**11.5 Limits for Consultants**

The maximum number of Shares that may be issued to any one Consultant under this Plan, together with all of the Corporation's other Security Based Compensation plans, within a 12-month period, may not exceed 2% of the Issued Shares calculated on the date such Security Based Compensation is granted or issued to the Consultant.

**11.6 Limits for Investor Relations Service Providers**

Notwithstanding any other provision of this Plan, Investor Relations Service Providers may only be granted Stock Options (and no other forms of Security Based Compensation) under this Plan.

The maximum aggregate number of Shares that are issuable pursuant to all Stock Options granted in any 12 month period to all Investor Relations Service Providers in aggregate must not exceed 2% of the Issued Shares, calculated as at the date any Stock Option is granted to any such Investor Relations Service Provider.

Stock Options granted to any Investor Relations Service Provider must vest in stages over a period of not less than 12 months, such that not more than 25% vest any sooner than three months after the date of grant, and not more than 25% vest any sooner than every three months thereafter.

The Board (or any committee thereof) must, through the establishment of appropriate procedures, monitor the trading in the securities of the Corporation by all Investor Relations Service Providers. These procedures may include the

establishment of a designated brokerage account through which the Participant conducts all trades in the securities of the Corporation or a requirement for such Participants to file reports of their trades with the Board on a timely basis.

#### **11.7 Limits for Charitable Organizations**

The only Security Based Compensation that may be granted or issued to a Charitable Organization is Charitable Stock Options. The maximum aggregate number of Shares that are issuable pursuant to all outstanding Charitable Stock Options must not exceed 1% of the Issued Shares, calculated as at the date each Charitable Stock Option is granted to a Charitable Organization. A Charitable Stock Option must expire on or before the earlier of: (i) the date that is 10 years from the date of grant of the Charitable Stock Option; and (ii) the 90<sup>th</sup> day following the date that the holder of the Charitable Stock Option ceases to be a Charitable Organization. Any Charitable Stock Option granted to a Charitable Organization under this Plan will not be included within the limits prescribed by Section 11.1 of the Plan.

#### **11.8 Limitation on Rights as a Shareholder**

No Security Based Compensation entitles the holder thereof to any Shareholder rights (including without limitation voting rights, dividend entitlement or rights on liquidation) until such time as underlying Shares are issued to such Participant; provided, however, that the accrual of dividend entitlements on a DSU, PSU, RSU or SAR where such dividend entitlements vest and are redeemed, as applicable, along with the underlying award. Where the proposed issuance of Shares in settlement of such additional DSUs, PSUs, RSUs or SARs would result in the Corporation having insufficient Shares available for issuance or in the limits in Sections 11.1, 11.3, 11.4, 11.5, 11.6 and 11.7 being exceeded, the additional DSUs, PSUs, RSUs or SARs should instead be settled in cash.

#### **11.9 Lapsed Awards or Awards Settled in Cash**

If Awards are settled in cash, cancelled, surrendered, terminated or forfeited or expire without being exercised in whole or in part and pursuant to which no securities have been issued, new Awards may be granted covering the Shares not issued under such lapsed Awards, subject to any restrictions that may be imposed by the Exchange.

#### **11.10 Expiration of Security Based Compensation**

Notwithstanding any other provision of this Plan, any Security Based Compensation granted or issued to any Participant who is a Director, Officer, Employee, Consultant or Management Company Employee must expire within a reasonable period, not exceeding 12 months, following the date the Participant ceases to be an eligible Participant under this Plan.

#### **11.11 Payment in Cash**

The Corporation may settle any Award by making payment in cash if it does not have a sufficient number of Shares available under this Plan to satisfy its obligations under a Multiplier or any other provision.

#### **11.12 Adjustment in Shares Subject to this Plan**

If there is any change in the Shares through (i) the declaration of stock dividends of Shares, (ii) any consolidations, subdivisions or reclassification or recapitalization of Shares, or (iii) adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, the number of Shares available under this Plan, then the Shares subject to any Award, and the exercise price of any Stock Option shall be adjusted as determined to be appropriate by the Board, and such adjustment shall be effective and binding for all purposes of this Plan, provided any such change (other than in connection with a share consolidation or a security split) is subject to the prior acceptance of the Exchange.

#### **11.13 Transferability**

Any Awards accruing to any Participant in accordance with the terms and conditions of this Plan shall not be transferable. During the lifetime of a Participant all Awards may only be exercised by the Participant. Awards are non-transferable except by will or by the laws of descent and distribution.

#### **11.14 Employment**

Nothing contained in this Plan shall confer upon any Participant any right with respect to employment or continuance of employment with the Corporation or any Affiliate, or interfere in any way with the right of the Corporation or any Affiliate to terminate the Participant's employment at any time. Participation in this Plan by a Participant is voluntary.



### 11.15 Record Keeping

The Corporation shall maintain a register in which shall be recorded:

- (a) the name and address of each Participant;
- (b) the number of Awards granted to each Participant and relevant details regarding such Awards; and
- (c) such other information as the Board may determine.

### 11.16 Resale Restrictions

If required by Applicable Laws, any Award will be subject to a hold period expiring on the date that is four months and a day after the Date of Grant, and the confirmations, agreements or certificates representing such Awards and any Shares issued prior to the expiry of such hold period will bear the following legends in substantially the following forms:

“Unless permitted under securities legislation, the holder of this security must not trade the security before *[insert the date that is four months and one day after the date of grant]*.”

“Without prior written approval of TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until *[insert the date that is four months and one day after the date of grant]*.”

### 11.17 No Representation or Warranty

The Corporation makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of this Plan.

### 11.18 Section 409A

It is intended that any payments under this Plan to U.S. Taxpayers shall be exempt from or comply with Section 409A of the Code, and all provisions of this Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes and penalties under Section 409A of the Code.

### 11.19 Awards Granted to U.S. Residents

The Awards and the Shares issuable upon exercise, vesting or settlement of the Awards have not been registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any applicable securities law of any state of the United States and may not be granted to, or exercised by or on behalf of, any person in the United States, any U.S. person or any person acting for the account or benefit of a U.S. person or person in the United States unless exempt from the registration requirements of the U.S. Securities Act and any applicable securities law of any state of the United States.

- (a) No Stock Options shall be granted to any Participant in the United States unless the Plan Administrator has determined that such grant and the future exercise, vesting or settlement of the Award by the Participant is exempt from the registration requirements of the U.S. Securities Act pursuant to Rule 701 of the U.S. Securities Act or another available exemption from such registration requirements and is being made in compliance with all applicable securities laws of any state of the United States.
- (b) All Participants in the United States will be notified that (i) the Awards and the Shares issuable upon exercise, vesting or settlement of the Awards have not been and will not be registered under the U.S. Securities Act and may be offered and sold only pursuant to an exemption from such registration requirements and in accordance with all applicable securities laws of each state of the United States, (ii) the Corporation may require additional certifications from the Participant resident in the United States in relation to the grant of the Awards and the issuance of Shares to the Participant in the United States upon exercise, vesting or settlement of the Awards, and (iii) the Awards and the Shares issuable upon exercise, vesting or settlement of the Awards are “restricted securities” within the meaning of Rule 144 under the U.S. Securities Act and may not be offered or sold absent an exemption from the registration requirements of the U.S. Securities Act and the Corporation may require additional certifications from the Participant in the United States in connection with any proposed offer or sale of the Shares.

- (c) In addition to any legends required by Canadian securities laws, the agreement representing the Awards granted to Participants in the United States, and all certificates issued in exchange for or in substitution of such certificates, shall bear the following legend upon the original issuance of any such Awards and until the legend is no longer required under applicable requirements of the U.S. Securities Act:

THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. [FOR STOCK OPTIONS: THIS SECURITY MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON OR A PERSON IN THE UNITED STATES AND] THE SHARES ISSUABLE UPON EXERCISE, VESTING OR SETTLEMENT HEREOF MAY NOT BE DELIVERED TO AN ADDRESS IN THE UNITED STATES UNLESS THE COMMON SHARES HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT.

- (d) In addition to any legends required by Canadian securities laws, the certificates representing the Shares issuable upon exercise, vesting or settlement of the Awards granted to Participants in the United States, and all certificates issued in exchange for or in substitution of such certificates, shall bear the following legend upon the original issuance of any such Shares and until the legend is no longer required under applicable requirements of the U.S. Securities Act:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF KOOTENAY SILVER INC. (THE "CORPORATION") THAT THE SECURITIES REPRESENTED HEREBY MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; (C) PURSUANT TO THE EXEMPTIONS FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 THEREUNDER, IF AVAILABLE OR (II) RULE 144A, IF AVAILABLE AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES AND, IN THE CASE OF CLAUSES (C)(I) OR (D) ABOVE, OR IF OTHERWISE REASONABLY REQUIRED BY THE CORPORATION, THE SELLER HAS FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT.

- (e) Beginning on the date that the Corporation is required to deliver information to Participants in the United States pursuant to Rule 701 under the U.S. Securities Act, and until such time as the Corporation becomes subject to the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, or is no longer required to deliver information to Participants in the United States pursuant to Rule 701 under the U.S. Securities Act, the Corporation shall provide to each Participant in the United States the information described in paragraphs (e)(3), (4), and (5) of Rule 701 under the U.S. Securities Act not less frequently than every six (6) months with the financial statements being not more than 180 days old and with such information provided either by physical or electronic delivery to the Participants in the United States or by written notice to the Participants in the United States of the availability of the information on an Internet site that may be password-protected and of any password needed to access the information. The Corporation may request that Participants in the United States agree to keep the information to be provided pursuant to this section confidential. If a Participant in the United States does not agree to keep the information to be provided

pursuant to this section confidential, then the Corporation will not be required to provide the information unless otherwise required pursuant to Rule 701 of the U.S. Securities Act.

- (f) If the aggregate number of Participants in the United States resident in California granted Awards under this Plan and/or issued securities under all purchase and bonus plans and agreements of the Corporation exceeds 35, this Plan must be approved by a majority of the outstanding securities entitled to vote by the later of (1) within 12 months before or after the date this Plan is adopted or (2) prior to or within 12 months of the granting of any Award under this Plan in California. Any Award granted to any person in California that is exercised before security holder approval is obtained must be rescinded if security holder approval is not obtained in the manner described in the preceding sentence.

#### **11.20 Compliance with Applicable Law, etc.**

If any provision of this Plan or any agreement entered into pursuant to this Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Corporation or this Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

#### **11.21 Term of the Plan**

This Plan shall remain in effect until it is terminated by the Board.

#### **11.22 Effective Date and Replacement**

This Plan shall become effective upon the receipt of all required shareholder and regulatory approvals, being the Effective Date, and will replace the Corporation's prior 10% rolling stock option plan (the "Prior Plan"), the Corporation's prior performance share unit and restricted share unit plan (the "Prior Share Unit Plan") and the Corporation's prior deferred share unit plan (the "Prior DSU Plan"). All awards granted under the Prior Plan, the Prior Share Unit Plan and the Prior DSU Plan and which remain outstanding at the Effective Date will remain in full force and effect in accordance with their terms; however, following the Effective Date, no additional grants or awards shall be made under the Prior Plan, the Prior Share Unit Plan or the Prior DSU Plan, and the Prior Plan, the Prior Share Unit Plan and the Prior DSU Plan will each terminate on the date upon which no further awards remain outstanding.

### **PART 12 ADMINISTRATION AND AMENDMENT OF THIS PLAN**

#### **12.1 Administration by the Board**

- (a) Unless otherwise determined by the Board, this Plan shall be administered by the Board or a Board committee designated by the Board.
- (b) Subject to Section 12.6 and the approval of the Exchange, as required, the Board (or committee, as applicable) shall have the power, where consistent with the general purpose and intent of this Plan and subject to the specific provisions of this Plan, to:
- (i) adopt and amend rules and regulations relating to the administration of this Plan and make all other determinations necessary or desirable for the administration of this Plan. The interpretation and construction of the provisions of this Plan and related agreements by the Board (or committee, as applicable) shall be final and conclusive. The Board (or committee, as applicable) may correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any related agreement in the manner and to the extent it shall deem expedient to carry this Plan into effect and it shall be the sole and final judge of such expediency;
  - (ii) determine and designate from time to time the individuals to whom Awards shall be made, the amounts of the Awards and the other terms and conditions of the Awards;
  - (iii) correct any defect, supply any information, or reconcile any inconsistency in this Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of this Plan;
  - (iv) delegate any of its responsibilities or powers under this Plan to a Board committee; and
  - (v) otherwise exercise the powers under this Plan as set forth herein.

## **12.2 Regulatory and Shareholder Approvals**

In administering this Plan, the Administrator will obtain any regulatory approvals which may be required pursuant to Exchange Policies; and this Plan is subject to such approvals.

## **12.3 Use of Administrative Agent**

The Board (or committee, as applicable) may in its sole discretion appoint from time to time one or more entities to act as administrative agent to administer Awards granted under the Plan and to act as trustee to hold and administer the Plan and the assets that may be held in respect of Awards granted under the Plan, the whole in accordance with the terms and conditions determined by the Board (or committee, as applicable) in its sole discretion.

## **12.4 Limitation of Liability and Indemnification.**

No member of the Board or a committee of the Board will be liable for any action or determination taken or made in good faith with respect to the Plan or any Awards granted thereunder and each such member shall be entitled to indemnification by the Corporation with respect to any such action or determination in the manner provided for by the Board or a committee of the Board.

## **12.5 Amendments to Plan**

Subject to sections 12.2 and 12.6, the Board shall have the power, at any time and from time to time, either prospectively or retrospectively, to amend, suspend or terminate this Plan or any Award granted under this Plan without shareholder approval, regarding (i) amendments to fix typographical errors; and (ii) amendments to clarify existing provisions of this Plan that do not have the effect of altering the scope, nature and intent of such provisions; provided however that:

- (a) any amendment, suspension or termination is in accordance with applicable laws and Exchange Policies; and
- (b) no amendment to this Plan or to an Award granted hereunder will have the effect of impairing, derogating from or otherwise adversely affecting the terms of an Award which is outstanding at the time of such amendment without the written consent of the holder of such Award.

If this Plan is terminated, the provisions of this Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Award or any rights pursuant thereto remain outstanding and, notwithstanding the termination of this Plan, the Board shall remain able to make such amendments to this Plan or the Award as they would have been entitled to make if this Plan were still in effect.

## **12.6 Shareholder Approval**

Any amendment to this Plan is subject to Shareholder approval as a condition to Exchange acceptance of the amendment. For clarity, certain amendments to the provisions of this Plan may be subject only to approval by a majority of Shareholders instead of Disinterested Shareholder approval, pursuant to Exchange Policies and, if applicable, subject to Exchange approval.

**SCHEDULE "C"**  
**KOOTENAY SILVER INC.**  
**NEW ARTICLES**

See attached.

**KOOTENAY SILVER INC.**

(the “Company”)

*Incorporation number: C0774274*

The Company has as its articles the following articles.

Full name and signature of a director or officer of the Company	Date of signing
<hr/> <i>[Signature of Director or Officer]</i> <hr/> <i>[Please Print Full name of Director or Officer]</i> <hr/> <i>[Please Print Relationship to Company]</i>	<hr/> _____, 2023

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## **1. INTERPRETATION**

### **1.1 Definitions**

In these Articles, unless the context otherwise requires:

- (a) “board of directors”, “directors” and “board” mean the directors or sole director of the Company for the time being;
- (b) “*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;
- (c) “*Interpretation Act*” means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (d) “legal personal representative” means the personal or other legal representative of the shareholder;
- (e) “registered address” of a shareholder means the shareholder’s address as recorded in the central securities register; and
- (f) “seal” means the seal of the Company, if any.

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

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

## **2. SHARES AND SHARE CERTIFICATES**

### **2.1 Authorized Share Structure**

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

### **2.2 Form of Share Certificate**

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

### **2.3 Shareholder Entitled to Certificate or Acknowledgment**

Each shareholder is entitled, without charge, to:

- (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name; or
- (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate;

provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

### **2.4 Delivery by Mail**

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

### **2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement**

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

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

### **2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment**

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

- (a) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
- (b) any indemnity the directors consider adequate.

### **2.7 Splitting Share Certificates**

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

## **2.8 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 2.7, the amount if any, determined by the directors, which must not exceed the amount prescribed under the *Business Corporations Act*.

## **2.9 Recognition of Trusts**

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

## **2.10 Shares May be Uncertificated**

Notwithstanding any other provisions of this Part, the Company may, by resolution of the board of directors, provide that:

- (a) the shares of any or all of the classes and series of the Company's shares may be uncertificated shares; or
- (b) any specified shares may be uncertificated shares.

## **3. ISSUE OF SHARES**

### **3.1 Directors Authorized**

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

### **3.2 Commissions and Discounts**

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

### **3.3 Brokerage**

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

### **3.4 Conditions of Issue**

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

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

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

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

## **4. SHARE REGISTERS**

### **4.1 Central Securities Register**

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

### **4.2 Closing Register**

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

## **5. SHARE TRANSFERS**

### **5.1 Registering Transfers**

A transfer of a share of the Company must not be registered unless:

- (a) a duly signed instrument of transfer in respect of the share has been received by the Company;
- (b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company or if such certificate has been lost, stolen or destroyed, the documents required under Article 2.6 have been provided to the Company; and
- (c) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company or if such acknowledgement has

been lost, stolen or destroyed, the documents required under Article 2.6 have been provided to the Company.

## **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 from time to time.

## **5.3 Transferor Remains Shareholder**

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

## **5.4 Signing of Instrument of Transfer**

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

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

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

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

## **5.6 Transfer Fee**

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

## **5.7 Definitions**

In this Article 5:

- (a) "designated security" means:
  - (i) a voting security of the Company;



- (ii) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or
  - (iii) a security of the Company convertible, directly or indirectly, into a security described in paragraph 5.7(a)(i) or 5.7(a)(ii);
- (b) “security” has the meaning assigned in the *Securities 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;
- (c) “voting security” means a security of the Company that:
- (i) is not a debt security, and
  - (ii) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

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

Notwithstanding any other provision of these Articles, while the Company is, or becomes, a company which is not a reporting issuer as defined in the *Securities Act* (*British Columbia*), no share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

## **6. TRANSMISSION OF SHARES**

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

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder’s interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

### **6.2 Rights of Legal Personal Representative**

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

## **7. ACQUISITION OF SHARES**

### **7.1 Company Authorized to Acquire Shares**

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

## **7.2 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:

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

## **7.3 Sale and Voting of Acquired Shares**

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

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

## **8. BORROWING POWERS**

The Company, if authorized by the directors, may:

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

## **9. ALTERATIONS**

### **9.1 Alteration of Authorized Share Structure**

Subject to Article 9.2 and the *Business Corporations Act*, the Company may by resolution of the board of directors or by ordinary resolution, as determined by the board in its sole discretion:

- (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;

- (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (d) if the Company is authorized to issue shares of a class of shares with par value:
  - (i) decrease the par value of those shares; or
  - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (e) change all or any of the unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (f) alter the identifying name of any of its shares; or
- (g) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

The Company may, by resolution of the board of directors, authorize and cause the Company to alter its Notice of Articles and Articles, as applicable, to reflect any change in the authorized share structure of the Company pursuant to Article 9.1 or otherwise.

## **9.2 Special Rights and Restrictions**

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

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

and alter its Notice of Articles and Articles accordingly.

## **9.3 No Alteration Without Class or Series Consent**

Notwithstanding anything else contained in this Part 9, no right or special right attached to issued shares may be prejudiced or interfered with unless the shareholders holding shares of the class or series of shares to which the right or special right is attached consent by a separate special resolution of those shareholders.

## **9.4 Change of Name**

The Company may by resolution of the board of directors or by ordinary resolution, as determined by the board in its sole discretion, authorize an alteration of its Notice of Articles in order to change its name and may, by resolution of the board of directors, adopt or change any translation of that name.

## **9.5 Other Alterations**

If the *Business Corporations Act* does not specify:

- (a) the type of resolution and these Articles do not specify another type of resolution, the Company may by resolution of the directors or by ordinary resolution authorize any act of the Company, including without limitation, an alteration of these Articles; or
- (b) the type of shareholders' resolution and these Articles do not specify another type of shareholders' resolution, the Company may by ordinary resolution authorize any act of the Company.

## **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 Location of Meetings of Shareholders**

The directors may, by directors' resolution, approve a location outside British Columbia for the holding of a meeting of shareholders of the Company.

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

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.3, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

### **10.4 Calling of Meetings of Shareholders**

The directors may, whenever they think fit, call a meeting of shareholders.

### **10.5 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:

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

#### **10.6 Notice of Dissent Rights**

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:

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

#### **10.7 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:

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

If no record date is set, the record date is 5 p.m. Pacific Standard 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 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. Pacific Standard 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.

#### **10.9 Failure to Give Notice and Waiver of Notice**

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

### **10.10 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:

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

## **11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS**

### **11.1 Special Business**

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

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

## **11.2 Special Majority**

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

## **11.3 Quorum**

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares of the Company entitled to be voted at the meeting.

## **11.4 One Shareholder May Constitute Quorum**

If the Company has only one shareholder:

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

## **11.5 Other Persons May Attend**

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

## **11.6 Requirement of Quorum**

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present in person or by proxy 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:

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

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

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

### **11.9 Chair**

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

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

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

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

### **11.11 Adjournments**

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

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

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

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

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

### **11.14 Declaration of Result**

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

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

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



### **11.16 Casting Vote**

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

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

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

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

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

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

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

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

### **11.20 Casting of Votes**

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

### **11.21 Demand for Poll**

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

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

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

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

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

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

A shareholder or proxy holder who is entitled to participate in a meeting of shareholders may do so in person, or by telephone or other communications medium, if all shareholders and proxy holders participating in the meeting are able to communicate with each other; provided, however, that nothing in this Section shall obligate the Company to take any action or provide any facility to permit or facilitate the use of any communications medium at a meeting of shareholders. If one or more shareholders or proxy holders participate in a meeting of shareholders in a manner contemplated by this Article 11.24:

- (a) each such shareholder or proxy holder shall be deemed to be present at the meeting; and
- (b) the meeting shall be deemed to be held at the location specified in the notice of the meeting.

### **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:

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

#### **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:

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

#### **12.4 Legal Personal Representatives as Joint Shareholders**

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

## **12.5 Representative of a Corporate Shareholder**

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

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

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

## **12.6 Proxy Provisions Do Not Apply to All Companies**

Articles 12.7 to 12.14 do not apply to the Company if and for so long as it is:

- (a) a public company; or
- (b) a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

## **12.7 Appointment of Proxy Holders**

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

## **12.8 Alternate Proxy Holders**

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

### **12.9 When Proxy Holder Need Not Be Shareholder**

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

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

### **12.10 Deposit of Proxy**

A proxy for a meeting of shareholders must:

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

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

### **12.11 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 shareholder): \_\_\_\_\_

Signed [month, day, year]

\_\_\_\_\_  
[Signature of shareholder]

\_\_\_\_\_  
[Name of shareholder—printed]

**12.12 Revocation of Proxy**

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

- (a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) provided, at the meeting, to the chair of the meeting.

**12.13 Revocation of Proxy Must Be Signed**

An instrument referred to in Article 12.12 must be signed as follows:

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

**12.14 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:

- (a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

- (b) by the chair of the meeting, before the vote is taken.

### **12.15 Production of Evidence of Authority to Vote**

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

## **13. DIRECTORS**

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

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

- (a) subject to paragraphs 13.1(b) and (c), the number of directors that is equal to the number of the Company's first directors;
- (b) if the Company is, or becomes, a public company, the greater of three and the most recent set of:
  - (i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (ii) the number of directors set under Article 14.4.
- (c) if the Company is, or becomes, a company which is not a public company the most recent set of:
  - (i) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (ii) the number of directors set under Article 14.4.

### **13.2 Change in Number of Directors**

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

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

### **13.3 Directors' Acts Valid Despite Vacancy**

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

### **13.4 Qualifications of Directors**

A director is not required to hold a share 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 10.3:

- (a) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and
- (b) all the directors cease to hold office immediately before the election or appointment of directors under paragraph 14.1(a), but are eligible for re-election or re-appointment.

### **14.2 Consent to be a Director**

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

- (a) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;

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

#### **14.3 Failure to Elect or Appoint Directors**

If:

- (a) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.3, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.3, to elect or appoint any directors;

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

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

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

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

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

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

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

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



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

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

#### **14.8 Additional Directors**

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.3, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

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

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

#### **14.9 Ceasing to be a Director**

A director ceases to be a director when:

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

#### **14.10 Removal of Director by Shareholders**

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

#### **14.11 Removal of Director by Directors**

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

### **15. ALTERNATE DIRECTORS**

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

Any director (an “appointor”) may by notice in writing received by the Company appoint any person (an “appointee”) who is qualified to act as a director to be his or her alternate to act in his or her place at

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

### **15.2 Notice of Meetings**

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

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

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

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

### **15.4 Consent Resolutions**

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

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

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

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

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

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

The appointment of an alternate director ceases when:

- (a) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (b) the alternate director dies;

- (c) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (d) the alternate director ceases to be qualified to act as a director; or
- (e) his or her appointor revokes the appointment of the alternate director.

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

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

## **16. POWERS AND DUTIES OF DIRECTORS**

### **16.1 Powers of Management**

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

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

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

### **16.3 Setting Remuneration of the Auditor**

The directors, or if the directors delegate this responsibility to an audit committee of the directors, the audit committee, may from time to time determine the remuneration to be paid by the Company to the auditor, in such manner and upon such terms and conditions, as the directors or the audit committee, in their absolute discretion, may determine.

## **17. DISCLOSURE OF INTEREST OF DIRECTORS**

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

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

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

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

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

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

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

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

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

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

### **17.6 No Disqualification**

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

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

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

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

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

## **18. PROCEEDINGS of Directors**

### **18.1 Meetings of Directors**

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

### **18.2 Voting at Meetings**

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

### **18.3 Chair of Meetings**

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

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

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

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

### **18.5 Calling of Meetings**

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

## **18.6 Notice of Meetings**

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

## **18.7 When Notice Not Required**

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

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

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

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

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

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

## **18.10 Quorum**

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

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

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

## **18.12 Consent Resolutions in Writing**

A resolution of the directors or of any committee of the directors consented to in writing by all of the directors entitled to vote on it, whether by signed document, fax, email or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors duly called and held. Such resolution may be in two or more counterparts which together are deemed to constitute one resolution in writing. A resolution passed in that manner is effective on the date stated in the resolution or on the latest date stated on any counterpart. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective

as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

## **19. EXECUTIVE AND OTHER COMMITTEES**

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

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

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

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

The directors may, by resolution:

- (a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (b) delegate to a committee appointed under paragraph 19.2(a) any of the directors' powers, except:
  - (i) the power to fill vacancies in the board of directors;
  - (ii) the power to remove a director;
  - (iii) the power to change the membership of, or fill vacancies in, any committee of the directors; and
  - (iv) the power to appoint or remove officers appointed by the directors; and
- (c) make any delegation referred to in paragraph 19.2(b) subject to the conditions set out in the resolution or any subsequent directors' resolution.

### **19.3 Obligations of Committees**

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

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

#### **19.4 Powers of Board**

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

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

#### **19.5 Committee Meetings**

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

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

### **20. OFFICERS**

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

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

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

The directors may, for each officer:

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

#### **20.3 Qualifications**

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as



the chair of the board or as the managing director must be a director. Any other officer need not be a director.

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

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors 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.

### **21. INDEMNIFICATION**

#### **21.1 Definitions**

In this Article 21:

- (a) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (b) “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an “eligible party”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:
  - (i) is or may be joined as a party; or
  - (ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding; and
- (c) “expenses” has the meaning set out in the *Business Corporations Act*.

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

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

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

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

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

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

## **21.5 Company May Purchase Insurance**

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

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

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

## **22. DIVIDENDS**

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

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

### **22.2 Declaration of Dividends**

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

### **22.3 No Notice Required**

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

### **22.4 Record Date**

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

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

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

## **22.6 Settlement of Difficulties**

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

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

## **22.7 When Dividend Payable**

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

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

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

## **22.9 Receipt by Joint Shareholders**

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

## **22.10 Dividend Bears No Interest**

No dividend bears interest against the Company.

## **22.11 Fractional Dividends**

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

## **22.12 Payment of Dividends**

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

## **22.13 Capitalization of Surplus**

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

**23. DOCUMENTS, RECORDS AND REPORTS**

**23.1 Recording of Financial Affairs**

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

**23.2 Inspection of Accounting Records**

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

**24. NOTICES**

**24.1 Method of Giving Notice**

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

- (a) mail addressed to the person at the applicable address for that person as follows:
  - (i) for a record mailed to a shareholder, the shareholder's registered address;
  - (ii) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
  - (iii) in any other case, the mailing address of the intended recipient;
- (b) delivery at the applicable address for that person as follows, addressed to the person:
  - (i) for a record delivered to a shareholder, the shareholder's registered address;
  - (ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
  - (iii) in any other case, the delivery address of the intended recipient;
- (c) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (d) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (e) making the record available for public electronic access in accordance with the procedures referred to as "notice-and-access" under National Instrument 54-101 and National Instrument 51-102, as applicable, of the Canadian Securities Administrators, or in

accordance with any similar electronic delivery or access method permitted by applicable securities legislation from time to time; and

- (f) physical delivery to the intended recipient.

#### **24.2 Deemed Receipt**

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

- (a) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day (Saturdays, Sundays and holidays excepted) following the date of mailing;
- (b) faxed to a person to the fax number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed;
- (c) e-mailed to a person to the e-mail address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was e-mailed on the date it was e-mailed; and
- (d) made available for public electronic access in accordance with the “notice-and-access” or similar delivery procedures referred to in Article 24.1(e) is deemed to be received by a person on the date it was made available for public electronic access.

#### **24.3 Certificate of Sending**

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent as permitted by Article 24.1 is conclusive evidence of that fact.

#### **24.4 Notice to Joint Shareholders**

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

#### **24.5 Notice to Trustees**

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

- (a) mailing the record, addressed to them:
  - (i) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
  - (ii) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or

- (b) if an address referred to in paragraph 24.5(a)(ii) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

## **25. SEAL**

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

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

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

### **25.2 Sealing Copies**

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

### **25.3 Mechanical Reproduction of Seal**

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

## **26. SPECIAL RIGHTS AND RESTRICTIONS ATTACHING TO COMMON SHARES**

### **26.1 Special Rights and Restrictions Attaching to the Common Shares Without Par Value**

The Common Shares Without Par Value (the "**Common Shares**"), as a class, shall confer on the holders thereof and shall be subject to the following special rights and restrictions:

- (a) **Voting:** The holders of the Unlimited Common Shares Without Par Value (the "**Common Shares**") shall be entitled to receive notice of and to attend all meetings of the shareholders of the Company and to one vote in respect of each Common Share held at all such meetings.

- (b) Dividends. Subject to the prior rights of the holders of the Preferred Shares and any other shares ranking senior to the Common Shares with respect to priority in the payment of dividends, the holders of Common Shares shall be entitled to receive dividends and the Company shall pay dividends thereon, as and when declared by the directors of the Company out of moneys properly applicable to the payment of dividends, in such amount and in such form as the directors of the Company may from time to time determine and all dividends which the directors of the Company may declare on the Common Shares shall be declared and paid in equal amounts per share on all Common Shares at the time outstanding.
- (c) Liquidation, Dissolution or Winding-Up: In the event of the liquidation, dissolution or winding- up of the Company or any other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs or upon a reduction of capital, the holders of the Common Shares shall, subject to the prior rights of the holders of the Preferred Shares and any other shares ranking senior to the Common Shares in respect of priority in the distribution of assets upon liquidation, dissolution, winding-up or any other distribution of assets for the purpose of winding- up or a reduction of capital, be entitled to share equally, share for share, in the remaining assets and property of the Company.