



**MELIOR RESOURCES INC.**

**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**To be held December 2, 2015**

**NOTICE OF MEETING  
AND  
MANAGEMENT INFORMATION CIRCULAR**

**November 2, 2015**

## MELIOR RESOURCES INC.

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that an annual and special meeting (the "**Meeting**") of shareholders of Melior Resources Inc. (the "**Corporation**") will be held at 199 Bay Street, 53<sup>rd</sup> Floor, Commerce Court West, Toronto, Ontario on the 2nd day of December, 2015 at 10:00 a.m. (Toronto time), for the following purposes:

1. **TO RECEIVE** the audited consolidated financial statements of the Corporation for the financial year ended June 30, 2015, together with the auditor's report thereon;
2. **TO ELECT** the directors of the Corporation for the ensuing year;
3. **TO REAPPOINT** MNP LLP, Chartered Accountants, as independent auditor of the Corporation and to authorize the board of directors of the Corporation to fix the remuneration of the auditor;
4. **TO CONSIDER** and, if deemed advisable, approve an ordinary resolution to confirm effective the Corporation's stock option plan, as amended and restated, for the directors, senior officers, employees and consultants of the Corporation and its affiliated entities, as more particularly set out in Schedule "A" to the accompanying management information circular;
5. **TO CONSIDER** and, if deemed advisable, approve a special resolution to adopt new articles for the Corporation (the "**New Articles**") which would replace the Corporation's current articles, as more particularly set out in Schedule "B" to the accompanying management information circular;
6. **TO CONSIDER** and, if deemed advisable, approve a special resolution to include certain advance notice provisions for the nomination of directors by shareholders in certain circumstances in the New Articles, as more particularly set out in Schedule "C" to the accompanying management information circular; and
7. **TO TRANSACT** such further or other business as may properly come before the Meeting or any reconvened meeting following an adjournment thereof.

Details of the foregoing matters are contained in the accompanying management information circular of the Corporation.

The record date for entitlement to notice of the Meeting is November 2, 2015 (the "**Record Date**"). Each shareholder of the Corporation as at the Record Date shall be entitled to vote at the Meeting or any reconvened meeting following an adjournment thereof either in person or by proxy. A shareholder wishing to be represented by proxy at the Meeting or any reconvened meeting following an adjournment thereof must deposit his, her or its executed form of proxy with the Corporation's transfer agent and registrar, TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1 (Attention: Proxy Department), on or before 10:00 a.m. (Toronto time) on, November 30, 2015, or at least 48 hours, excluding Saturdays, Sundays and holidays, before any reconvened Meeting at which the proxy is to be used.

**DATED** at Toronto, Ontario, this 2nd day of November, 2015.

**BY ORDER OF THE BOARD OF DIRECTORS**

“Mark McCauley”

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**Mark McCauley**  
**Chief Executive Officer**

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MELIOR RESOURCES INC.

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES

This management information circular (the “Circular”) is furnished in connection with the solicitation by management of Melior Resources Inc. (the “Corporation”) of proxies to be used at the annual and special meeting of the shareholders of the Corporation (the “Meeting”) to be held at 199 Bay Street, 53<sup>rd</sup> Floor, Commerce Court West, Toronto, Ontario on the 2nd day of December, 2015 at 10:00 a.m. (Toronto time) and at any adjournment thereof for the purposes set forth in the enclosed notice of annual and special meeting of shareholders (the “Notice of Meeting”).

Proxies will be solicited primarily by mail but may also be solicited personally, by telephone or by facsimile by the directors or officers of the Corporation at nominal cost. The costs of proxy solicitation will be borne by the Corporation.

Pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of common shares of the Corporation (“Common Shares”). The Corporation will provide, without cost to such persons, upon request to the Chief Executive Officer (“CEO”) of the Corporation, additional copies of the foregoing documents required for this purpose.

Except where otherwise indicated, information contained in this Circular is given as of November 2, 2015.

In this Circular, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars and references to “\$” are to Canadian dollars. The average rates of exchange as at June 30, 2015 and October 30, 2015, based on the noon spot rate as published by the Bank of Canada were as follows:

June 30, 2015		October 30, 2015	
U.S.\$1.00 = \$1.25	\$1.00 = U.S.\$0.80	U.S.\$1.00 = \$1.31	\$1.00 = U.S.\$0.76
AUS\$1.00 = \$0.96	\$1.00=AUS\$1.04	AUS\$1.00= \$0.93	\$1.00 = AUS\$1.07

APPOINTMENT OF PROXYHOLDERS AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are representatives of management of the Corporation and are directors and/or officers of the Corporation. **A shareholder has the right to appoint a person or corporation (who need not be a shareholder of the Corporation) other than the persons designated in the accompanying form of proxy to represent the shareholder at the Meeting. Such right may be exercised by inserting the name of such person or company in the blank space provided in the form of proxy or by completing another proper form of proxy.**

A shareholder wishing to be represented by proxy at the Meeting or any reconvened meeting following an adjournment thereof must deposit his, her or its executed form of proxy with the Corporation’s transfer agent and registrar, TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1 (Attention: Proxy Department), on or before 10:00 a.m. (Toronto time) on November 30, 2015, or at least 48 hours, excluding Saturdays, Sundays and holidays, before any reconvened Meeting at which the proxy is to be used. A proxy submitted in paper form should be executed by the shareholder

or his or her attorney duly authorized in writing or, if the shareholder is a corporation, by a duly authorized officer or attorney.

In addition to any other manner permitted by law, a proxy may be revoked, before it is exercised, by an instrument in writing executed in the same manner as a proxy and deposited to the attention of the CEO of the Corporation at the head office of the Corporation at any time up to 10:00 a.m. (Toronto time) on the last business day before the day of the Meeting or any reconvened meeting following an adjournment thereof at which the proxy is to be used or with the Chair of the Meeting on the day of the Meeting or any reconvened meeting following an adjournment thereof and thereupon the proxy is revoked. The head office of the Corporation is located at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, M5H 1T1.

A shareholder attending the Meeting has the right to vote in person and, if the shareholder does so, his, her or its proxy is nullified with respect to the matters such person votes upon and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

### VOTING OF PROXIES

The Common Shares represented by proxies appointing proxy nominees will be voted for or against or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, if a shareholder specifies a choice with respect to any matter to be acted upon at the Meeting, the Common Shares represented by proxy shall be voted accordingly.

### EXERCISE OF DISCRETION BY PROXYHOLDERS

**If a specification is not made with respect to any matter, the proxy will confer discretionary authority and will be voted: (i) FOR the election of the nominees identified in this Circular as directors of the Corporation; (ii) FOR the reappointment of MNP LLP as independent auditor of the Corporation; and (iii) FOR the approval of the resolution readopting the Corporation's stock option plan attached to this Circular as Schedule "A".**

The enclosed form of proxy also confers discretionary authority upon the persons named therein to vote with respect to any amendments or variations to the matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting in such manner as the nominee in his or her judgment may determine. At the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

### ADVICE TO BENEFICIAL SHAREHOLDERS

**The information set forth in this section is of significant importance to many shareholders of the Corporation as a substantial number of shareholders do not hold their Common Shares in their own name and thus are considered non-registered shareholders.** Shareholders who do not hold their Common Shares in their own name ("**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon 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 Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker or another similar entity (an "**Intermediary**"). Common Shares held by an Intermediary can only be voted by the Intermediary upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting Common Shares.

**Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated in a timely manner and in accordance with the instructions provided by their Intermediary.** Applicable regulatory rules require Intermediaries to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. **Every Intermediary has its own mailing procedures and provides its own return instructions to clients, which instructions should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purpose of voting Common Shares registered in the name of their Intermediary, a Beneficial Shareholder may attend the Meeting as proxyholder for the Intermediary and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as a proxyholder should enter their own name in the blank space on the form of proxy provided to them by their Intermediary and return the same to their Intermediary, in accordance with the instructions provided by their Intermediary, well in advance of the Meeting.**

#### **NON-OBJECTING BENEFICIAL OWNERS**

These Meeting materials are being sent to both registered and non-registered owners of Common Shares. If you are a non-registered owner and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding Common Shares on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions or form of proxy delivered to you.

#### **RECORD DATE**

Persons registered on the Common Share records of the Corporation at the close of business on November 2, 2015 (the “**Record Date**”) are entitled to vote at the Meeting.

#### **QUORUM**

Two shareholders, present in person or represented by proxy, entitled to cast votes representing at least 5% of the issued and outstanding Common Shares will constitute a quorum at the Meeting or any reconvened meeting following an adjournment thereof. The Corporation’s list of shareholders as at the Record Date has been used to deliver to shareholders the Notice of Meeting and this Circular as well as to determine who is eligible to vote at the Meeting.

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

Except as otherwise set out in this Circular, no person who has been a director or officer of the Corporation at any time since the beginning of its last completed financial year, proposed nominee for election as a director of the Corporation, or any associate or affiliate of any such director, officer or proposed nominee, 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 and the confirmation of the effectiveness of the Corporation’s stock option plan.



## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. At the date hereof, the Corporation has 211,468,945 issued and outstanding Common Shares, each of which carries the right to one vote. No preferred shares are currently issued and outstanding.

To the knowledge of the directors and executive officers of the Corporation, no person or corporation beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Corporation, other than Pala Investments Limited ("**Pala**") and Takota Asset Management Inc. ("**Takota**"). Based on public filings made by Pala pursuant to applicable securities laws, Pala owns and controls an aggregate of 94,528,199 Common Shares representing approximately 44.7% of the issued and outstanding Common Shares. Based on public filings made by Takota pursuant to applicable securities laws, Takota owns and controls an aggregate of 28,744,930 Common Shares representing approximately 13.6% of the issued and outstanding Common Shares.

## PRESENTATION OF FINANCIAL STATEMENTS

The comparative financial statements of the Corporation for the financial year ended June 30, 2015, together with the auditor's report thereon, will be presented to the shareholders at the Meeting, but no vote by the shareholders with respect thereto is proposed to be taken. Receipt at the Meeting of the auditor's report and the Corporation's financial statements for its most recently completed financial year will not constitute approval or disapproval of any matters referred to therein. The audited financial statements of the Corporation for the financial year ended June 30, 2015, together with the auditor's report thereon, have been filed and are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## ELECTION OF DIRECTORS

The board of directors of the Corporation (the "**Board**") currently consists of five directors. The articles of the Corporation provide that the number of directors on the Board must be at least three. The number of directors to be elected at the Meeting has been set by the Board at four.

All of the nominees for election as directors of the Corporation are currently directors of the Corporation and have been directors since the date indicated below. Management does not contemplate that any of the following nominees will be unable to serve as a director of the Corporation; however, if that should occur for any reason before the Meeting, the persons named in the enclosed form of proxy shall have the right to vote for another nominee in their discretion. Each director elected at the Meeting will hold office until the next annual meeting of the shareholders of the Corporation or until his successor is duly elected or appointed.

The following table including the notes thereto sets out with respect to each nominee for election as a director of the Corporation: his name and location of residence, the date on which he first became a director of the Corporation, all positions and offices with the Corporation held, his principal occupation during the prior five year period and the number of Common Shares which he beneficially owns, or controls or directs, directly or indirectly. The Corporation has an Audit Committee and a Nomination and Compensation Committee, the proposed members of which are identified below.

Name and Residence of Nominee	Position or Office	Principal Occupation(s) During Past 5 Years	Director of Corporation Since	Number of Common Shares Beneficially Owned, or Controlled or Directed, Directly or Indirectly
Charles Entrekin <sup>(1)</sup> Pennsylvania, U.S.A.	Director	Independent Consultant since April 2008.	Mar 27, 2009	Nil
Martyn Buttenshaw <sup>(1)(2)</sup> Zug, Switzerland	Director	Vice President with Pala Investments Limited.	Mar 30, 2014	Nil <sup>(3)</sup>
Joseph Connolly <sup>(1)(2)</sup> Hertfordshire, United Kingdom	Director	Co-founder of Buckthorn Partners Limited. Previously CFO of Sierra Rutile Limited and Director of Business Development at Clipper Windpower.	Mar 30, 2014	Nil
Mark McCauley Queensland, Australia	Director and CEO	CEO of Melior Resources Inc. from May 2014. Previously Managing Director of RMM Capital and CFO and Company Secretary of Felix Resources.	May 15, 2014	1,020,339 <sup>(4)</sup>

The information as to residence, principal occupation(s) and Common Shares beneficially owned or controlled or directed is based on information furnished to the Corporation by the respective nominees as at the date of this Circular.

Notes:

- (1) The Audit Committee is and will be comprised of Joseph Connolly, Charles Entrekin and Martyn Buttenshaw and Joseph Connolly will continue to serve as the Chair of the Audit Committee.
- (2) The Nomination and Compensation Committee will be comprised of Martyn Buttenshaw and Joseph Connolly and Martyn Buttenshaw will serve as the Chair of the Nomination and Compensation Committee.
- (3) Although Martyn Buttenshaw holds no Common Shares, he is employed by Pala, the Corporation's largest shareholder. See "Voting Securities and Principal Holders of Voting Securities".
- (4) Mark McCauley indirectly beneficially owns or controls 1,020,339 Common Shares. He will also indirectly beneficially own or control up to an additional 1,000,339 Common Shares if the earn-out payment available for a period of four years from May 15, 2014 becomes payable pursuant to the terms of the share sale and purchase agreement among, inter alios, the Corporation and the former shareholders of Belridge Enterprises Pty Ltd (now Goondicum Resources Pty Ltd).

### Biographies of Proposed Directors

The following are short biographies of each nominee for election as a director of the Corporation:

*Charles Entrekin* – Charles Entrekin has over 30 years of experience in the mining and metals sector and possesses significant public company experience at the executive officer level. He formerly served as President and Chief Operating Officer of Titanium Metals Corporation, a \$1.3 billion NYSE listed producer of primary titanium and its alloys, as well as President and CEO of Timminco Limited (TIM-TSX), a producer of silicon metal for the chemical and aluminum industries. Mr. Entrekin is currently a director of Sierra Rutile Limited (SRX-AIM), a mineral sands company, operating assets in Sierra Leone. Through his career Mr. Entrekin has led and implemented many successful restructurings and turnarounds of mining and metals companies in North America and further afield. Mr. Entrekin holds a B.Sc. from Lehigh University, an MBA from the University of Delaware and a M.Sc. and Ph.D. from Drexel University.

*Martyn Buttenshaw* – Martyn Buttenshaw is currently a Vice President with Pala Investments Limited. Mr Buttenshaw has over twelve years of direct mining experience and is a former Senior Mining Engineer at Rio Tinto Mineral’s borax operations, overseeing all aspects of mine planning at its US and international mining operations. Mr. Buttenshaw has extensive experience advising Sierra Rutile Limited (a UK listed rutile and ilmenite producer) on strategic mine planning, business improvement and project feasibility studies. Mr. Buttenshaw holds an MBA (with distinction) from the London Business School and a MEng (First Class) in Mining Engineering from the Royal School of Mines, Imperial College, and London.

*Joseph Connolly* - Joseph Connolly is a Chartered Accountant and experienced finance professional with deep experience in the natural resource sector. Mr. Connolly was formerly the Chief Financial Officer of Sierra Rutile Limited (a UK-listed rutile and ilmenite producer), responsible for strategic business planning, financial reporting, budgeting and compliance. Mr. Connolly is currently co-founder of Buckthorn Partners Limited, a financial service advisory business, regulated by the UK Financial Conduct Authority. Prior to his role with Sierra Rutile Limited, Mr. Connolly held roles with Clipper Windpower, Morgan Stanley and Deloitte. Mr. Connolly is a Chartered Accountant and graduated from the University of Cambridge with an MA in Natural Science.

*Mark McCauley* – Mark McCauley was formerly Managing Director of Belridge Enterprises Pty Ltd, the former owner of the Goondicum project. Mr. McCauley has substantial mining experience and has been involved in the development of several major mining projects in Australia and Argentina, including turnaround and organizational restructuring. Mr. McCauley was a Non-Executive Director and Chair of the Audit Committee for Norton Goldfields Limited from September 2007 until June 2010 during which time he was also Managing Director for a nine month period of restructuring. Mr. McCauley served as Chief Financial Officer and Company Secretary of Felix Resources Ltd, an ASX listed coal mining company, from October 2003 to February 2007 during which time it went from a market cap of \$35 million to a market cap of over \$1 billion. Mr. McCauley has previously been a director of several AIM and ASX listed mining and exploration companies. Mr. McCauley completed an Advanced Management Programme at Harvard Business School in 2003, holds an MBA from Bond University in Australia (with Majors in Finance and Accounting) and has a Bachelor of Engineering from the University of Queensland.

### **Directorships with Other Reporting Issuers**

The following nominees for election as directors of the Corporation currently serve as directors of the reporting issuers (or the equivalent in a jurisdiction outside of Canada), other than the Corporation, listed below:

Name	Name of Reporting Issuer (or equivalent outside Canada)
Charles Entrekin	Sierra Rutile Limited (AIM)
Martyn Buttenshaw	Asian Mineral Resources Limited (TSX-V)

### **Corporate Cease Trade Orders**

Except as disclosed below, no proposed director of the Corporation is, or has been, within 10 years before the date of this Circular, a director, CEO or CFO of any company that: (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or (b) was subject to an order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO. For the purposes hereof, “order” means 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 that was in effect for a period of more than 30 consecutive days.

On October 19, 2009, the OSC issued a management cease trade order (“**MCTO**”) related to the securities of the Corporation against Joseph Belan, the CEO of the Corporation at such time, with respect to the delayed filing of the Corporation’s annual financial statements, the related managements’ discussion and analysis (“**MD&A**”) and the annual information form (“**AIF**”), each for the year ended June 30, 2009. The terms of the MCTO provided that trading in and all acquisitions of securities of the Corporation, whether direct or indirect, by Joseph Belan must cease until two full business days following the receipt by the OSC of all filings the Corporation was required to make under Ontario securities law.

In addition, on September 29, 2010, the OSC issued a cease trade order (the “**Temporary Order**”) for a period of 15 days against the Corporation for failure to file its audited annual financial statements, the related MD&A, and its AIF, each for the year ended June 30, 2010, and the certification of the foregoing filings. The Temporary Order provided that, if the default continued, a hearing would be held to consider whether an order should be made that all trading in the securities of the Corporation cease permanently or for such period as is specified in such order by reason of the continued default. In connection with the Temporary Order the Corporation’s securities were suspended from trading by NEX.

On September 29, 2010, the British Columbia Securities Commission issued a cease trade order (the “**BC Order**”) against the Corporation until such time as it filed the required documentation and the BC Order was revoked.

On October 12, 2010, the OSC issued a cease trade order (the “**ON Order**”) against the Corporation which provided that all trading in the securities of the Corporation, whether direct or indirect, must cease until the ON Order is revoked.

On October 15, 2010, the Manitoba Securities Commission issued a cease trade order (the “**MB Order**”, and together with the BC Order and the ON Order, the “**Cease Trade Orders**”) against the Corporation until such time as it filed the required documentation, paid the outstanding filing fees, if any, and the MB Order was revoked.

The Corporation applied to have the Cease Trade Orders revoked on October 29, 2010, immediately following the filing of its AIF, its annual financial statements and the related MD&A, each for the year ended June 30, 2010. Each of the Cease Trade Orders and the MCTO were revoked on November 15, 2010.

### **Bankruptcies**

Except as disclosed below, no proposed director of the Corporation: (a) is, or has been, within the 10 years before the date of this Circular, a director or executive officer of any company 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 the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Mark McCauley was a director of Monto Minerals Ltd until he tendered his resignation in June 2008. On August 29, 2008, Monto Minerals Ltd appointed administrators under the Corporations Act 2001 (Cth), following which the securities of Monto Minerals Ltd were suspended from trading on the Official List of the Australian Securities Exchange.

## **Penalties and Sanctions**

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 holder of Common Shares in deciding whether to vote for such proposed director.

**Management recommends that shareholders vote FOR the election of the proposed directors of the Corporation. Unless the shareholder directs that his, her or its Common Shares are to be withheld from voting in connection with the election of the proposed directors, the persons named in the enclosed form of proxy will vote FOR the election of the proposed directors of the Corporation.**

## **REAPPOINTMENT OF AUDITOR**

At the Meeting, the shareholders will be called upon to approve the reappointment of MNP LLP as independent auditor of the Corporation to hold office until the close of the next annual meeting of shareholders, and to authorize the Board to establish its remuneration. MNP LLP replaced Deloitte & Touche LLP, who commenced acting as the auditor of the Corporation in November 2005, at the annual and special meeting of the shareholders of the Corporation held on December 15, 2010.

**Management recommends that shareholders vote FOR the reappointment of MNP LLP as auditor of the Corporation and the authorization of the Board to fix the remuneration of the auditor. Unless the shareholder directs that his, her or its Common Shares are to be withheld from voting in connection with the reappointment of the auditor, the persons named in the enclosed form of proxy will vote FOR the reappointment of MNP LLP as auditor of the Corporation and the authorization of the Board to fix the remuneration of the auditor. A majority of the votes cast by shareholders at the Meeting is required to approve the reappointment of the auditor and to authorize the directors to fix the remuneration of the auditor.**

## **APPROVAL OF STOCK OPTION PLAN**

At the Meeting, shareholders will be asked to consider and, if thought appropriate, approve an ordinary resolution of shareholders to approve and confirm effective the Plan. The complete text of the resolution for approval, with or without modification, at the Meeting is set out in Schedule "A" to this Circular. Pursuant to the TSX Venture Exchange Corporate Finance Manual, rolling plans, such as the Plan, must receive shareholder approval yearly at the annual meeting of shareholders of the Corporation.

A summary of the terms of the Plan is set out below under "Securities Authorized for Issuance under Equity Compensation Plans – Description of Stock Option Plan". A copy of the complete text of the Plan is attached as Schedule "D" to the management information circular dated November 15, 2011 in respect of the annual and special meeting of the shareholders of the Corporation held on December 14, 2011.

**Management recommends that shareholders vote FOR the approval of the ordinary resolution to approve and confirm effective the Plan. Unless the shareholder directs that his, her or its Common Shares are to be voted against the ordinary resolution to approve and confirm effective the Plan, the persons named in the enclosed form of proxy will vote FOR the ordinary resolution to approve and confirm effective the Plan. A majority of the votes cast by shareholders at the Meeting is required to approve the ordinary resolution to approve and confirm effective the Plan.**

## ADOPTION OF NEW ARTICLES

The Board proposes to replace the Corporation's current articles (the "Existing Articles") with the new articles in substantially the form attached as Schedule "E" to this Circular (the "New Articles"). The primary reason for replacing the Existing Articles with the New Articles is to provide the Corporation with modernized articles which provide greater flexibility to the Board in carrying out the business of the Corporation.

The New Articles are substantially similar to the Existing Articles. The main differences between the New Articles and the Existing Articles are as follows:

- (a) The New Articles provide greater flexibility with respect to the documentation required for share transfers, directors determining share transfer fees, the acceptance of surrendered shares and the delivery of notices for shareholder meetings.
- (b) The New Articles include an advance notice provision with respect to the election of directors, the full text of which is set out at Section 10.10 of the New Articles attached to this Circular and described below.

The New Articles do not change the authorized share structure or the rights attached to the shares of the Corporation.

A copy of the New Articles is set out in Schedule "E" to this Circular and the New Articles are available for inspection by shareholders during normal business hours at any time up to the Meeting at the Corporation's head office located at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, M5H 1T1.

### Shareholder Approval

Under the *Business Corporations Act* (British Columbia) (the "BCBCA") and the Existing Articles, the replacement of the Existing Articles with the New Articles requires approval by special resolution of the shareholders and, as such, an affirmative vote of not less than two-thirds of the votes cast at the Meeting.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, approve a special resolution to adopt the New Articles for the Corporation in replacement of the Existing Articles. The complete text of the resolution for approval, with or without modification, at the Meeting is set out in Schedule "B" to this Circular.

The form of the proposed resolution set out in Schedule "B" to this Circular is subject to such amendments as management may propose at the Meeting but which do not materially affect the substance of the proposed resolution.

**The Board recommends that shareholders vote FOR the approval of the special resolution to replace the Existing Articles with the New Articles. Unless the shareholder directs that his, her or its Common Shares are to be voted against the special resolution to replace the Existing Articles with the New Articles, the persons named in the enclosed form of proxy will vote FOR the special resolution to replace the Existing Articles with the New Articles.**

## ADOPTION OF ADVANCE NOTICE PROVISION

The Board proposes to add the advance notice provision, the full text of which is set out at Section 10.10 of the New Articles attached as Schedule "E" to this Circular (the "Advance Notice Provision"). The

Board has determined that it is in the best interests of the Corporation to adopt and include the Advance Notice Provision in the New Articles as it:

- (a) facilitates orderly and efficient annual general or, where the need arises, special, meetings;
- (b) ensures that all shareholders receive adequate notice of director nominations and sufficient information with respect to all nominees; and
- (c) allows shareholders to register an informed vote.

At the Meeting, shareholders will be asked to consider, and if deemed advisable, pass a special resolution, the full text of which is set out in Schedule "C" to this Circular, to adopt and include the Advance Notice Provision in the New Articles.

### **Purpose of the Advance Notice Provision**

The purpose of the Advance Notice Provision is to provide shareholders, directors and management of the Corporation with direction on the procedure for shareholder nomination of directors. The Advance Notice Provision is the framework by which the Corporation seeks to fix a deadline by which shareholders of the Corporation must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form.

### **Effect of the Advance Notice Provision**

Subject only to the BCBCA and the New Articles, only persons who are nominated in accordance with the procedures set out in the Advance Notice Provision shall be eligible for election as directors of the Corporation. Nominations of persons for election to the Board may be made at any annual meeting of shareholders, or at any special meeting of shareholders (if one of the purposes for which the special meeting was called was the election of directors):

- (a) by or at the direction of the Board or an authorized officer of the Corporation, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the BCBCA, or a requisition of the shareholders made in accordance with the provisions of the BCBCA; or
- (c) by any person entitled to vote at such meeting (a "**Nominating Shareholder**"):
  - (i) who, at the close of business on the date of the giving of the notice provided for in the Advance Notice Provision and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and
  - (ii) who has given timely notice in proper written form as set forth in the Advance Notice Provision.

In order for a Nominating Shareholder to provide timely notice (a "**Timely Notice**") of its intention to nominate a person for election as a director, the Nominating Shareholder's notice must be received by the Corporate Secretary of the Corporation at the head office of the Corporation:

- (a) in the case of an annual meeting of shareholders, not later than 5:00 p.m. (Toronto time) on the 30<sup>th</sup> day before the date of the meeting; provided, however, if the first public announcement made by the Corporation with respect to the date of the annual meeting (each such date being the "**Notice Date**") is less than 50 days prior to the meeting date, not later than the close of business on the 10<sup>th</sup> day following the Notice Date; and
- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes the election of directors to the board, not later than the close of business on the 15<sup>th</sup> day following the Notice Date;

provided that, in either instance, if notice-and-access (as set out in applicable securities laws) is used for delivery of proxy related materials in respect of a meeting described above and the Notice Date in respect of the meeting is not less than 50 days before the date of the applicable meeting, the notice must be received not later than the close of business on the 40<sup>th</sup> day before the date of the applicable meeting.

To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set forth:

- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director:
  - (i) their name, age, business and residential address and principal occupation and/or employment for the past five years;
  - (ii) their direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, including the number or principal amount;
  - (iii) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Proposed Nominee or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Proposed Nominee or the Nominating Shareholder;
  - (iv) any other information relating to such Proposed Nominee that would be required to be included in a dissident proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the BCBCA or applicable securities law; and
  - (v) a written consent of each Proposed Nominee to being named as nominee and certifying that such Proposed Nominee is not disqualified from acting as director under the provisions of subsection 124(2) of the BCBCA; and
- (b) disclose or include, as applicable, as to each Nominating Shareholder giving the notice, and each beneficial owner, if any, on whose behalf the nomination is made:



- (i) their name, business and residential address, direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation, including the number or principal amount as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, including the number or principal amount;
- (ii) their interests in, or rights or obligations associated with, an agreement, arrangement or understanding, the purpose or effect of which is to alter, directly or indirectly, the person's economic interest in a security of the Corporation or the person's economic exposure to the Corporation;
- (iii) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Nominating Shareholder or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Nominating Shareholder and any Proposed Nominee;
- (iv) any proxy, contract, arrangement, agreement or understanding pursuant to which such person, or any of its affiliates or associates, or any person acting jointly or in concert with such person, has any interests, rights or obligations relating to the voting of any securities of the Corporation or the nomination of directors to the board;
- (v) a representation that the Nominating Shareholder is a holder of record of securities of the Corporation, or a beneficial owner, entitled to vote at such meeting, and intends to appear in person or by proxy at the meeting to propose such nomination (and in the case of a beneficial owner, provided such beneficial owner has provided the Corporation with evidence of such ownership acceptable to the Corporation in its sole discretion acting reasonably);
- (vi) a representation as to whether such person intends to deliver a proxy circular and/or form of proxy to any shareholder of the Corporation in connection with such nomination or otherwise solicit proxies or votes from shareholders of the Corporation in support of such nomination; and
- (vii) any other information relating to such person that would be required to be included in a dissident proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the BCBCA or by applicable securities law.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the Advance Notice Provision; provided, however, that nothing in the Advance Notice Provision shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the BCBCA.

The chair of any meeting shall have the power to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall not be considered at any meeting of shareholders.

For purposes of the Advance Notice Provision, “**public announcement**” shall mean disclosure in a press release disseminated by the Corporation through a national news service in Canada, or in a document filed by the Corporation for public access under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).

Notwithstanding any other provision of the Articles, notice given to the Corporate Secretary of the Corporation pursuant to the Advance Notice Provision may only be in writing, given by personal delivery, courier or facsimile (but not by email) to the corporate secretary at the address of the principal executive offices of the Corporation and shall be deemed to have been given and made:

- (a) if sent by personal delivery or courier, on the date of delivery if it is a business day and the delivery was made prior to 5:00 p.m. (Toronto time) and otherwise on the next business day; or
- (b) if sent by facsimile (provided that receipt of confirmation of such transmission has been received), on the business day following the date of confirmation of transmission by the originating facsimile.

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement of the Advance Notice Provision.

### **Shareholder Approval**

Under the BCBCA and the Existing Articles, the adoption of the Advance Notice Provision requires approval by special resolution of the shareholders and, as such, an affirmative vote of not less than two-thirds of the votes cast at the Meeting.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, approve a special resolution to adopt and include the Advance Notice Provision in the New Articles. The complete text of the resolution for approval, with or without modification, at the Meeting is set out in Schedule “C” to this Circular.

The form of the proposed resolution set out in Schedule “C” to this Circular is subject to such amendments as management may propose at the Meeting but which do not materially affect the substance of the proposed resolution.

**The Board recommends that shareholders vote FOR the approval of the special resolution to adopt and include the Advance Notice Provision in the New Articles. Unless the shareholder directs that his, her or its Common Shares are to be voted against the special resolution to adopt and include the Advance Notice Provision in the New Articles, the persons named in the enclosed form of proxy will vote FOR the special resolution to adopt and include the Advance Notice Provision in the New Articles.**

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The Corporation’s policies on executive compensation are intended to provide appropriate compensation for executives that is internally equitable, externally competitive and reflects individual achievements in the context of the Corporation’s achievements. The overriding principles in establishing executive compensation provide that compensation should reflect:

- (a) fair and competitive compensation commensurate with an individual’s experience and expertise in order to attract and retain highly qualified executives;

- (b) recognition and encouragement of leadership, entrepreneurial spirit and team work;
- (c) an alignment of the financial interests of the executives with the financial interests of the shareholders of the Corporation;
- (d) stock options and, in certain circumstances, bonuses to reward individual performance and contribution to the achievement of corporate performance and objectives; and
- (e) a contribution to enhancement of shareholder value.

Mark McCauley, the CEO of the Corporation, has the responsibility for recommending the level of salary and incentives for executive officers, including himself. The recommended salary and incentives are then reviewed and approved by the Nomination and Compensation Committee in accordance with the Charter of the Nomination and Compensation Committee. See "Compensation" in Schedule "D" "Corporate Governance Practices" for further details regarding the Nomination and Compensation Committee. The proposed Nomination and Compensation Committee is comprised of Martyn Buttenshaw and Joseph Connolly. Joseph Connolly is independent within the meaning of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101").

There are three elements to the Corporation's executive compensation program: (1) base salary; (2) short-term compensation incentives for annual and personal performance; and (3) long-term compensation incentives (primarily stock options) related to long-term increase in Common Share value. Officers and directors are not permitted to purchase financial instruments including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by such officers and directors.

#### *Base Salary*

The base salary for executive officers of the Corporation is reviewed and established annually, at or near the beginning of the financial year. Base salaries are based on the particular executive officer's personal performance and seniority, contribution to the business of the Corporation and the size and stage of development of the Corporation. Base salaries are also reviewed from time to time to ensure comparability with industry norms.

#### *Short-Term Compensation Incentives*

The Corporation may from time to time award discretionary bonuses; however, the Nomination and Compensation Committee does not place great emphasis on the awarding of annual bonuses. Bonuses may be awarded to certain executives where such executives meet personal objectives or where the Corporation achieves certain objectives as a direct or indirect result of such executive's efforts.

#### *Long-Term Compensation Incentives*

Long-term incentive compensation for executive officers is provided through grants of stock options pursuant to the Corporation's stock option plan. Stock option grants to executive officers are generally reviewed annually. The number of stock options granted is based on each executive's salary range, responsibility and performance and takes into account the number and terms of stock options that have been granted to that executive previously. See "Securities Authorized For Issuance Under Equity Compensation Plans – Description of Stock Option Plan" for further details relating to the Corporation's stock option plan.

The compensation of executive officers is set within guidelines developed by the Nomination and Compensation Committee and approved by the Board and is consistent with the principles set out above. No specific quantitative targets are set by the Nomination and Compensation Committee with respect to the compensation of executive officers. In addition, although the performance of the Corporation is a factor that the Nomination and Compensation Committee considers when determining or approving the compensation of executive officers, it is primarily the factors described above that determine the compensation of the executive officers. The Board has considered the implications of the risks associated with the Corporation's compensation policies and practices and has not identified any risks that are reasonably likely to have a material adverse effect on the Corporation.

### Summary Compensation Table

Form 51-102F6 of National Instrument 51-102 - *Continuous Disclosure Obligations* requires the disclosure of certain financial and other information relating to a reporting issuer's 'Named Executive Officers', which are defined as an issuer's CEO, CFO and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity whose total compensation was, individually, more than \$150,000 in the last fiscal year.

The following table sets forth the compensation earned in each of the Corporation's three most recently completed financial years by its Named Executive Officers.

Name and Principal Position	Year	Salary and Fees (\$)	Option-based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		All Other Compensation <sup>(1)</sup> (\$)	Total Compensation (\$)
				Annual Incentive Plans	Long-Term Incentive Plans		
Charles Entrekin <sup>(2)</sup> Chief Executive Officer	2015	51,546	Nil	Nil	Nil	Nil	51,546
	2014	284,495	Nil	Nil	Nil	Nil	284,495
	2013	215,592	Nil	Nil	Nil	Nil	215,592
Mark McCauley <sup>(3)</sup> Chief Executive Officer	2015	311,427	Nil	Nil	Nil	Nil	311,427
	2014	38,750	Nil	Nil	Nil	Nil	38,750
	2013	Nil	Nil	Nil	Nil	Nil	Nil
Thomas Masney <sup>(4)</sup> Chief Financial Officer and Corporate Secretary	2015	96,000	Nil	Nil	Nil	Nil	96,000
	2014	96,000	Nil	Nil	Nil	Nil	96,000
	2013	84,000	Nil	Nil	Nil	Nil	84,000

Notes:

- (1) Amounts for perquisites and other personal benefits, securities or property are not reported unless the aggregate amount is more than the lesser of \$50,000 or 10% of the total salary of the Named Executive Officer for the financial year.
- (2) Charles Entrekin was appointed CEO and Chairman of the Board on August 17, 2011, after serving as a director since March 27, 2009. His compensation in 2013 was U.S.\$12,000 per month plus Board and Committee fees of U.S.\$68,990 and in 2014 was U.S.\$12,000 per month until May 15, 2014 plus Board and Committee fees of U.S.\$58,500. His director fees in 2015 were U.S. \$43,000.
- (3) Mark McCauley was appointed CEO on May 15, 2014. His compensation as CEO of the Corporation is a base of \$2,500 plus \$231 Superannuation per month and as Managing Director of Goondicum Enterprises a base of AUS\$22,500 and AUS\$2,081 Superannuation per month plus use of company vehicle.
- (4) Thomas Masney was appointed CFO on October 2, 2012

The Corporation issued options to acquire Common Shares to certain directors and officers on September 21, 2011 pursuant to the terms of the Corporation's stock option plan. Each such option is exercisable for one Common Share at a price of \$0.17 per Common Share. The value in the "Option-based Awards" column in the table above represents the total number of options issued to Mr. Entrekin multiplied by the fair market value of such options as calculated using the Black Scholes method. The key assumptions used to calculate the fair market value of the options were a risk-free interest rate of 1.85%, an expected stock price annual volatility of 100% and an expected life of 6 years.

### Incentive Plan Awards

The following table provides, for each Named Executive Officer and director, a summary of all awards outstanding at the end of the fiscal year ended June 30, 2015.

#### *Outstanding Option-based Awards*

Name and Principal Position	Option-based Awards			
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options (\$)
Charles Entrekin Director	1,710,000	0.17	September 21, 2018	N/A
Mark McCauley Chief Executive Officer	Nil	-	-	N/A
Thomas Masney Chief Financial Officer and Corporate Secretary	Nil	-	-	N/A
Glenn Black Director	Nil	-	-	N/A
Martyn Buttenshaw Director	Nil	-	-	N/A
Joseph Connolly Director	Nil	-	-	N/A

#### *Incentive Plan Awards – Value Vested or Earned during Fiscal 2015*

There were no option-based awards granted to Named Executive Officers or directors that vested during the most recently completed financial year. No non-equity incentive plan compensation was earned by the Named Executive Officers and directors during such year.

### Pension Plan Benefits

The Corporation does not provide retirement or pension benefits for directors or executive officers.

### Termination and Change of Control Benefits

Thomas Masney, the CFO and Corporate Secretary, is employed pursuant to terms set out in an employment agreement. The agreement terms provide that Thomas Masney is entitled to the greater of one month's written notice or such period of notice required by employment standards legislation of termination without just cause or, at the Corporation's option, payment in lieu of such notice of one month's salary (or such period required by employment standards legislation) and accrued but unpaid salary, expenses and vacation pay. The Corporation can terminate Thomas Masney's employment at any

time for just cause without notice or payment in lieu thereof. The agreement does not contain any payment provisions in connection with any change of control of the Corporation.

Mark McCauley, the CEO, is employed pursuant to terms set out in an employment agreement. The agreement terms provide that Mark McCauley is entitled to twelve week's written notice or payment in lieu of such notice of twelve week's salary. The Corporation can terminate Mark McCauley's employment at any time if he commits any act of serious misconduct without notice or payment in lieu thereof. The agreement does not contain any payment provisions in connection with any change of control of the Corporation. The agreement also provides that Mark McCauley will not, during his employment with the Corporation and for twelve weeks after termination thereof, within Australia (i) engage in business that is similar to or competitive with the Corporation's business, (ii) solicit employees, contractors or agents of the Corporation, or (iii) do anything which might harm the Corporation's relationships with its customers, employees, contractors and agents.

If the CEO and CFO had been terminated on June 30, 2015 they would have been entitled to \$69,000 and \$8,000, respectively.

### Director Compensation

Effective March 30, 2014, the Corporation pays an annual retainer of US\$20,000 to directors (US\$40,000 to the Chair). In addition, members of the committees of the Board are paid an annual retainer of US\$3,000 (US\$5,000 to the Chair) in respect of each committee on which they sit.

Prior to March 30, 2014, the Corporation paid an annual retainer of US\$25,000 to directors (US\$45,000 to the Chair) and the Corporation also paid an annual retainer to members of the committees of the Board in their capacities as members of such committees as follows: Audit Committee US\$4,000 (US\$20,000 to the Chair); Compensation Committee US\$4,000 (US\$8,000 to the Chair); and Nomination and Corporate Governance Committee US\$4,000 (US\$8,000 to the Chair). Each director also received a fee of US\$500 for each meeting of the Board they attended and each member of the Audit Committee also received a fee of US\$500 for each Audit Committee meeting they attended.

Charles Entrekin's and Mark McCauley's compensation during the most recently completed financial year, ended June 30, 2015, is disclosed above under the heading "Summary Compensation Table". The other directors of the Corporation were compensated as follows:

Name	Fees Earned (\$)	Option Based Awards (\$)	Total (\$)
Martyn Buttenshaw <sup>(1)</sup>	29,969	Nil	29,969
Joseph Connolly <sup>(1)</sup>	33,565	Nil	33,565
Glenn Black <sup>(1)</sup>	31,168	Nil	31,168

Notes:

(1) Elected as a director on March 30, 2014

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth information concerning the Corporation's incentive stock option plan (the "Plan") as at June 30, 2015. The Corporation has no equity compensation plans other than the Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by shareholders	1,710,000	\$0.17	19,436,895
Equity compensation plans not approved by shareholders	N/A	N/A	N/A
<b>Total</b>	1,710,000	\$0.17	19,436,895

The aggregate number of Common Shares reserved for issuance upon the exercise of options pursuant to the Plan is such number of Common Shares as is equal to 10% of the number of issued and outstanding Common Shares from time to time. As at the date of this Circular, the maximum number of Common Shares which may be issued under the Plan is 21,146,894 (representing 10% of the 211,468,945 Common Shares currently issued and outstanding).

### Description of Stock Option Plan

The Plan provides for the grant of options to purchase Common Shares to eligible directors, senior officers, employees and consultants of the Corporation or any of its affiliates (“**Participants**”). The purpose of the Plan is to attract, retain, motivate and compensate persons who are integral to the growth and success of the Corporation. The Plan is administered by the Board. All of the powers exercisable by the Board under the Plan may, to the extent permitted by applicable law and as authorized by the Board, be exercised by the Nomination and Compensation Committee. The aggregate number of Common Shares currently reserved for issuance upon the exercise of options pursuant to the Plan is equal to 10% of the number of issued and outstanding Common Shares. The number of Common Shares reserved for issuance to any one participant upon the exercise of options pursuant to the Plan shall not exceed 5% of the total number of Common Shares issued and outstanding. The number of Common Shares reserved for issuance to any one non-employee director upon the exercise of options pursuant to the Plan shall not exceed 2% of the total number of Common Shares issued and outstanding.

The number of Common Shares issuable to insiders pursuant to options granted under the Plan and all other security based compensation arrangements of the Corporation shall not, at any time, exceed 10% of the total number of Common Shares then issued and outstanding. The number of Common Shares issued to insiders pursuant to options granted under the Plan and all other security based compensation arrangements shall not, within a one year period, exceed 10% of the total number of Common Shares then issued and outstanding. The number of Common Shares issued to any insider and such insider’s associates pursuant to options granted under the Plan and all other security based compensation arrangements shall not, within a one year period, exceed 5% of the total number of Common Shares then issued and outstanding.

The number of options granted to any one Participant under the Plan and all other security based compensation arrangements of the Corporation shall not result in the grant to such Participant of in excess of 5% of the number of Common Shares outstanding immediately prior to the grant of any such options within any 12 month period unless disinterested shareholder approval is obtained. The number of options granted to any one consultant under the Plan and all other security based compensation arrangements of the Corporation shall not result in the grant to such consultant of in excess of 2% of the number of Common Shares outstanding immediately prior to the grant of any such options within any 12 month period.

In addition to the limitations on the grant of options under the Plan described above, the number of shares reserved for issuance to any one person pursuant to options shall not exceed 5% of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance pursuant to options granted to directors who are not also employees of the Corporation, in the aggregate, shall not exceed 1% of the issued and outstanding Common Shares.

The exercise price of an option is set by the Board at the time of grant, but may not be less than the closing price of the Common Shares on the principal stock exchange on which the Common Shares are listed on the last trading day preceding the date on which the grant of the option is approved by the Board. The Plan provides for flexible vesting, at the discretion of the Board. Under the Plan, the Board determines the term of any options granted, which shall not exceed 10 years from the date of grant.

The expiration of any option will be accelerated if the Participant's employment or other relationship with the Corporation terminates. An optionee that ceases to be a Participant (for reasons other than termination for cause) has 90 days from the date of termination to exercise all existing vested options; provided that in no event shall such right extend beyond the option period. In the event of the death of a Participant, the options granted to the Participant shall be exercisable thereafter by the person or persons to whom the Participant's rights under the option shall pass by the Participant's will or the laws of descent and distribution; provided that in no event shall such right extend beyond the option period. If the date on which an option expires occurs during or within two business days after the last day of a trading black-out period imposed pursuant to the Corporation's insider trading policy (as it may be amended from time to time), the expiry date of such option shall be the date that is 10 business days following the date of expiry of the black-out period.

Any exercises of options will make new grants available under the Plan, effectively resulting in reloading of the number of options available to grant under the Plan. In the event that options granted are surrendered in accordance with the provisions of the Plan, or terminate or expire without being exercised in whole or in part, the Common Shares reserved for issuance but not purchased under such lapsed options shall be available for subsequent options to be granted under the Plan.

The benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan are not assignable or transferable by the Participant except: (a) from the Participant to an entity controlled by the Participant or the Participant's registered retirement savings plan ("RRSP") or registered retirement income fund ("RRIF") or from an entity controlled by the Participant or the Participant's RRSP or RRIF to the Participant and, in either such event, the provisions of the Plan shall apply *mutatis mutandis* as though they were originally issued to and registered in the name of the Participant; or (b) as otherwise specifically permitted under the Plan and in accordance with applicable laws.

The Plan further provides for the termination of options in connection with certain fundamental changes such as the dissolution, liquidation or merger of the Corporation, or in the event of a change of control of the Corporation and provides for accelerated vesting in such circumstances, at the discretion of the Board. Subject to the approval of any stock exchange on which the Corporation's securities are listed, the Board may suspend, amend or terminate the Plan.

The following types of amendments to the Plan or an option granted under the Plan require shareholder approval: (a) any increase in the maximum number of Common Shares issuable under the Plan; (b) any reduction in the exercise price of outstanding options; (c) the cancellation of any option for the purpose of exchange for re-issuance at a lower exercise price to the same person; (d) any extension of the expiry date of an outstanding option (other than in accordance with the Plan); (e) any increase in the term of options granted under the Plan beyond 10 years from the date of grant; (f) any amendment to transfer provisions applicable to options granted under the Plan; (g) any amendment for which applicable law or rules of the



TSX Venture Exchange require approval of the shareholders of the Corporation; (h) any change in the matters requiring shareholder approval under the Plan; and (i) any expansion in the class of Participants to whom options may be granted under the Plan. The Board may approve all other amendments to the Plan or options granted under the Plan.

The Plan has not been amended in any respect since it was approved by the shareholders at the last annual and special meeting of the Corporation. A copy of the Plan is attached as Schedule "D" to the management information circular dated November 15, 2011 in respect of the annual and special meeting of the shareholders of the Corporation held on December 14, 2011. Pursuant to the TSX Venture Exchange Corporate Finance Manual, rolling plans, such as the Plan, must receive shareholder approval yearly at the annual meeting of shareholders of the Corporation.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

NI 58-101 and National Policy 58-201 – *Corporate Governance Guidelines* ("NP 58-201") set out a series of guidelines for effective corporate governance. Each reporting issuer, including the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The Corporation's disclosure with respect to its corporate governance practices is attached to this Circular as Schedule "D".

## **AUDIT COMMITTEE INFORMATION**

### **Audit Committee Charter**

The charter of the Corporation's Audit Committee is attached to this Circular as Schedule "F".

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

The Audit Committee is comprised of Joseph Connolly, Charles Entrekin and Martyn Buttenshaw. The Corporation is relying on the exemption in section 6.1 of NI 52-110 for venture issuers with respect to the composition of the Audit Committee.

### **Relevant Education and Experience**

The relevant education and experience of each current and proposed Audit Committee member is disclosed above under "Election of Directors – Biographies of Proposed Directors". In addition, Charles Entrekin has served on the Audit Committee since his appointment to the Board on March 27, 2009.

### **Pre-approval Policies and Procedures**

The Audit Committee requires the Corporation to obtain Audit Committee approval for any non-audit services exceeding immaterial amounts. The Audit Committee has pre-approved certain non-audit services under prescribed limits; for all other services and services above these limits, specific consideration by, and approval of, the Audit Committee is required.

## External Auditor Service Fees

The following are the aggregate fees incurred by the Corporation for services provided by its external auditors during the financial years ended June 30, 2015 and June 30, 2014:

	2015	2014
	\$	\$
<b>Audit Fees</b>		
Annual audit	76,000	55,000
Total Audit Fees	76,000	55,000
<b>Tax Fees</b>		
Tax compliance	4,000	3,500
Total Tax Fees	4,000	3,500
<b>Other Fees</b>	-	17,500
<b>TOTAL FEES</b>	80,000	76,000

There were no "Audit-Related Fees" or "Other Fees" during the financial years ended June 30, 2015 and June 30, 2014. "Tax Fees" related to preparation of the Corporation's tax returns.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is, or at any time during the most recently completed financial year of the Corporation was, a director or executive officer of the Corporation, no proposed nominee for election as a director of the Corporation, or any associate of any one of them is, or at any time since the beginning of the most recently completed financial year of the Corporation has been, indebted to the Corporation or was indebted to another entity, which such indebtedness is, or was at any time during the most recently completed financial year of the Corporation, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

## DIRECTORS AND OFFICERS INSURANCE

The Corporation's directors and officers insurance policy was renewed on December 22, 2014 for twelve months. The amount of the premium paid by the Corporation was \$28,533; no amount was payable by the directors or officers in respect of such insurance. The insurance policy is subject to a \$5,000,000 limit, both per claim and in the aggregate. A \$20,000 deductible applies to each claim by the Corporation on its own behalf and on behalf of each director and officer insured for indemnity.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Corporation (i) no director, proposed nominee for election as a director or executive officer of the Corporation, (ii) no person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the Corporation's outstanding voting securities, (iii) no director or executive officer of a company referred to in (ii) above or of a subsidiary of the Corporation, and (iv) no associate or affiliate of the persons or companies referred to in (i), (ii) and (iii) above had any material interest, direct or indirect, in any transactions since the commencement of the Corporation's most recently completed financial year, or has any material interest, direct or indirect, in any proposed transactions, that materially affected or would materially affect the Corporation or any of its subsidiaries except as disclosed below.

## OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

Management of the Corporation knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote the same in accordance with their best judgment of such matters.

## ADDITIONAL INFORMATION

Additional information relating to the Corporation including its current Annual Information Form is available under its profile on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's comparative annual financial statements and MD&A for its most recently completed financial year. The Corporation's financial statements and MD&A for its most recently completed financial year, together with the auditor's report thereon, have been filed and are available on SEDAR. Shareholders of the Corporation may also request copies of the Corporation's financial statements and MD&A by contacting the Corporate Secretary of the Corporation at the Corporation's head office at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, M5H 1T1, telephone: (416) 644-1217.

## APPROVAL

The contents and sending of the Notice of Meeting and this Information Circular have been authorized and approved by the Board.

## BY ORDER OF THE BOARD

By: (Signed) Mark McCauley

Name: Mark McCauley

Title: Chief Executive Officer

**SCHEDULE "A"**  
**STOCK OPTION PLAN RESOLUTION**

**BE IT RESOLVED THAT:**

1. The Stock Option Plan attached as Schedule "B" to the management information circular dated November 15, 2011 in respect of the annual and special meeting of the shareholders of the Corporation held on December 14, 2011 is approved and readopted as the stock option plan of Melior Resources Inc. (the "**Corporation**"); and
2. Any one officer or director of the Corporation is authorized and directed, for and on behalf of the Corporation, to do, or cause to be done, all such acts and things and execute, whether under the corporate seal or otherwise, and deliver, or cause to be delivered, such other documents, agreements, certificates and statements, as any such director or officer of the Corporation may deem necessary or desirable in order to carry out the foregoing resolution, the authority for the execution of such documents, agreements, certificates and statements and the doing of such other acts or things to be conclusively evidenced thereby.

**SCHEDULE "B"**  
**ADOPTION OF NEW ARTICLES RESOLUTION**

**BE IT RESOLVED AS SPECIAL RESOLUTIONS THAT:**

1. The articles of Melior Resources Inc. (the "**Corporation**") be altered by deleting and canceling the existing articles in their entirety and that the form of articles presented to the meeting, and attached as Schedule "E" to the Corporation's circular dated November 2, 2015, be adopted as the articles of the Corporation in substitution for, and to the exclusion of, the existing articles of the Corporation;
2. The board of directors of the Corporation is hereby authorized, at any time in its absolute discretion, to determine whether or not to proceed with the foregoing without further approval, ratification or confirmation by the shareholders of the Corporation; and
3. Any one officer or director of the Corporation is authorized and directed, for and on behalf of the Corporation, to do, or cause to be done, all such acts and things and execute, whether under the corporate seal or otherwise, and deliver, or cause to be delivered, such other documents, agreements, certificates and statements, as any such director or officer of the Corporation may deem necessary or desirable in order to carry out the foregoing resolution, the authority for the execution of such documents, agreements, certificates and statements and the doing of such other acts or things to be conclusively evidenced thereby.

**SCHEDULE "C"**  
**ADOPTION OF ADVANCE NOTICE PROVISION RESOLUTION**

**BE IT RESOLVED AS SPECIAL RESOLUTIONS THAT:**

1. The Advance Notice Provision as more particularly described in the Melior Resources Inc. (the "**Corporation**") circular dated November 2, 2015 be approved and adopted and that the articles of the Corporation be amended to include the Advance Notice Provision;
2. The Corporation's board of directors is hereby authorized, at any time in its absolute discretion, to determine whether or not to proceed with the foregoing without further approval, ratification or confirmation by the shareholders of the Corporation; and
3. Any one officer or director of the Corporation is authorized and directed, for and on behalf of the Corporation, to do, or cause to be done, all such acts and things and execute, whether under the corporate seal or otherwise, and deliver, or cause to be delivered, such other documents, agreements, certificates and statements, as any such director or officer of the Corporation may deem necessary or desirable in order to carry out the foregoing resolution, the authority for the execution of such documents, agreements, certificates and statements and the doing of such other acts or things to be conclusively evidenced thereby.

**SCHEDULE "D"**  
**CORPORATE GOVERNANCE PRACTICES**

**1. Board of Directors**

The Board is proposed to be, comprised of four directors. Joseph Connolly is considered "independent" under NI 58-101. Charles Entrekin is the former CEO of the Corporation and Mark McCauley is the current CEO of the Corporation. Despite the fact Martyn Buttenshaw is not a current or former member of management, he is employed by the Corporation's significant shareholder. Charles Entrekin is the Chair of the Board. The Board believes that the current and proposed composition provides appropriate independent representation for the public shareholders of the Corporation.

In order to facilitate the exercise of independent judgment in carrying out the Board's responsibilities, the Board has established a mandate that sets forth in detail the responsibilities and obligations of the members of the Board, including the obligation to identify and declare conflicts of interest. Further, the responsibilities of the Board and management to act with due care in the best interests of the Corporation are well defined by law and both management and the Board recognize their respective duties and obligations. The independent directors meet in the absence of members of management as deemed appropriate and, at each Board meeting to which management is invited, the independent directors' policy is to hold an in camera session.

The primary functions of the Chair of the Board are to facilitate the operations and deliberations of the Board and the satisfaction of the Board's functions and responsibilities as set out in the Board mandate.

Corporate objectives are reviewed by the Board from time to time throughout the year. The Board has the responsibility to set the strategic direction of the Corporation and to oversee its implementation by management of the Corporation. To assist it in fulfilling this responsibility, the Board has specifically recognized its responsibility for several areas, including:

- (a) reviewing and approving the Corporation's strategic and operating plans;
- (b) reviewing and approving material proposed expenditures;
- (c) reviewing and approving significant operational and financial matters; and
- (d) providing direction to management on these matters.

Decisions regarding the ongoing day-to-day management are made by management of the Corporation. The Board meets regularly to discuss the Corporation's business and operations and to review financial statements of the Corporation. The Board also discharges, in part, its responsibility through the Audit Committee and the Nomination and Compensation Committee. The frequency of the meetings of the Board, as well as the nature of agenda items, changes depending upon the state of the Corporation's affairs and in light of opportunities which arise or risks which the Corporation faces. The Corporation holds a minimum of four meetings of the Board in each financial year.

The Board participates fully in assessing and approving strategic plans and prospective decisions proposed by management. In order to ensure that the principal business risks borne by the Corporation are appropriate, the directors receive and comment on periodic reports from management as to the Corporation's assessment and management of such risks. The Board regularly monitors the financial performance of the Corporation, including receiving and reviewing periodic management reports. The Board, directly and through its Audit Committee, assesses the integrity of the Corporation's internal control and management information systems.

Two of the current and proposed directors of the Corporation are presently a director of at least one other issuer that is a reporting issuer, or the equivalent thereof. All directorships with other public entities for each of the proposed Board members are set forth in the Circular under “Election of Directors – Directorships with Other Reporting Issuers” and in their biographies.

The attendance record of each director for all Board meetings held during the Corporation’s most recently completed financial year is set out below:

Director	Number of Meetings Attended	Attendance %
Charles Entrekin	13 of 13	100%
Glenn Black <sup>(1)</sup>	11 of 13	85%
Martyn Buttenshaw <sup>(1)</sup>	13 of 13	100%
Joseph Connolly <sup>(1)</sup>	13 of 13	100%
Mark McCauley <sup>(2)</sup>	13 of 13	100%

Notes:

- (1) Appointed to the Board on March 30, 2014.
- (2) Appointed to the Board on May 15, 2014.

## 2. Orientation and Continuing Education

The Corporation has not established a formal orientation and education program for Board members; however, the Corporation is committed to providing sufficient information so as to ensure that new directors are familiar with the Corporation’s business and the procedures of the Board. Information may include the Corporation’s corporate and organizational structure, recent filings and financial information, governance documents and important policies and procedures. The Board will ensure that every director possesses the capabilities, expertise, availability and knowledge required to fill his or her position adequately.

The Board ensures that all new directors receive a comprehensive orientation. All new directors should fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including, in particular, the commitment of time and resources that the Corporation expects from its directors). All new directors are expected to understand the nature and operations of the business.

The Board provides continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, and to ensure their knowledge and understanding of the Corporation’s business remains current.

## 3. Ethical Business Conduct

The Corporation is committed to conducting its affairs with integrity, honesty, fairness and professionalism. The Board has approved a Code of Ethics (the “Code”) intended to encourage and promote a culture of ethical business conduct. The Code is available on SEDAR at [www.sedar.com](http://www.sedar.com) or upon request to the Corporate Secretary of the Corporation at its office at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, M5H 1T1.

The Code applies at all levels of the organization, from major decisions to day-to-day transactions. The Code delineates the standards governing the relations between the Corporation and shareholders,



customers, suppliers and competitors, respectively. Within this framework, employees and directors are expected to exercise good judgment and to be accountable for their actions. All employees and directors are required to review and attest to compliance with the Code on an annual basis and the Board receives a report on compliance with the Code. Transactions and agreements in respect of which a director or executive officer has a material interest must be reviewed and approved by the Board in accordance with the Code.

In addition to its Corporate Governance Policy, the Board has also adopted an Insider Trading Policy and a Foreign Corrupt Practices Policy, both of which are available on SEDAR at [www.sedar.com](http://www.sedar.com) or upon request to the Corporate Secretary of the Corporation at its office at 120 Adelaide Street West, Suite 2500, Toronto, Ontario, M5H 1T1.

#### **4. Nomination of Directors**

The Board has the ultimate responsibility for the appointment, nomination and assessment of directors, but it performs this function with the assistance of the Nomination and Compensation Committee. The Board believes that this is a practical approach at this stage of the Corporation's development. While there are no specific criteria for Board membership, the Corporation attempts to attract and maintain directors with a wealth of business knowledge and particular knowledge of the Corporation's industry or other industries which provide relevant experience or which would assist in guiding the officers of the Corporation. As such, and in order to encourage an objective nomination process, nominations tend to be the result of recruitment efforts by management of the Corporation and members of the Nomination and Compensation Committee, but are subject to informal discussions among the directors prior to the consideration by the Board as a whole of the nominated director.

The Nomination and Compensation Committee is a committee of the Board which assists the Board by providing it with recommendations relating to corporate governance in general including, without limitation: (a) all matters relating to the stewardship role of the Board in respect of the management of the Corporation, (b) Board size and composition, including the candidate selection process and the orientation of new members, (c) Board compensation, and (d) such procedures as may be necessary to allow the Board to function independently of management. The Nomination and Compensation Committee also oversees compliance with policies associated with an efficient system of corporate governance.

#### **5. Compensation**

The Nomination and Compensation Committee reviews and approves salary and benefits for executives of the Corporation and compensation for the directors of the Corporation. The Corporation has developed policies for the compensation of its executives and directors. For specific disclosure regarding the compensation of executive officers including the CEO and the CFO, please see "Statement of Executive Compensation".

One of the proposed members of the Nomination and Compensation Committee is considered to be independent directors.

The Charter of the Nomination and Compensation Committee establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members or subcommittees) and the manner of reporting to the Board. In addition, the Nomination and Compensation Committee has the authority to engage and compensate any outside advisor that it determines to be necessary to permit it to carry out its duties.

The Nomination and Compensation Committee is responsible, among other things, for:

- (a) reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives, and determining (or making recommendations to the Board with respect to) the CEO's compensation level based on this evaluation;
- (b) making recommendations to the Board with respect to officer and director compensation, incentive compensation plans and equity-based plans; and
- (c) reviewing executive compensation disclosure before the Corporation publicly discloses this information.

The current and proposed members of the Nomination and Compensation Committee have the skills and experience necessary to enable the Nomination and Compensation Committee as a whole to make decisions on the suitability of the Corporation's compensation policies and practices. See above under "Election of Directors – Biographies of Proposed Directors".

#### **6. Other Board Committees**

The Corporation has the following standing committees: the Audit Committee and the Nomination and Compensation Committee.

#### **7. Assessments**

The Board monitors the effectiveness of the relationship between management of the Corporation and the Board, the effectiveness of Board operations, the operations of the committees of the Board and of individual directors, and recommends improvements as necessary. This is accomplished through an informal process in discussions between the directors at Board meetings and between the independent directors at in camera sessions. Individual directors are encouraged to raise any perceived issues before the Board.

**SCHEDULE "E"**  
**NEW ARTICLES**

Incorporation Number BC0497675

**ARTICLES**  
**OF**  
**MELIOR RESOURCES INC.**

**PROVINCE OF BRITISH COLUMBIA**  
***BUSINESS CORPORATIONS ACT***

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ARTICLES

MELIOR RESOURCES INC.

(the "Company")

PART 2  
INTERPRETATION

2.1 Definitions

In these Articles, unless the context otherwise requires:

- (1) *"appropriate person"* has the meaning assigned in the Securities Transfer Act;
- (2) *"board of directors", "directors" and "board"* mean the directors or sole director of the Company for the time being;
- (3) *"Business Corporations Act"* means the Business Corporations Act (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (4) *"Interpretation Act"* means the Interpretation Act (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (5) *"legal personal representative"* means the personal or other legal representative of a shareholder;
- (6) *"protected purchaser"* has the meaning assigned in the Securities Transfer Act;
- (7) *"registered address"* of a shareholder means the shareholder's address as recorded in the central securities register;
- (8) *"seal"* means the seal of the Company, if any;
- (9) *"Securities Act"* means 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;
- (10) *"securities legislation"* means statutes concerning the regulation of securities markets and trading in securities and the regulations, rules, forms and schedules under those statutes, all as amended from time to time, and the blanket rulings and orders, as amended from time to time, issued by the securities commissions or similar regulatory authorities appointed under or

pursuant to those statutes; "**Canadian securities legislation**" means the securities legislation in any province or territory of Canada and includes the Securities Act; and "**U.S. securities legislation**" means the securities legislation in the federal jurisdiction of the United States and in any state of the United States and includes the Securities Act of 1933 and the Securities Exchange Act of 1934;

- (11) "**Securities Transfer Act**" means the Securities Transfer Act (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act.

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

## **PART 3 SHARES AND SHARE CERTIFICATES**

### **3.1 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.

### **3.2 Form of Share Certificate**

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

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

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

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

### **3.5 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:

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

### **3.6 Replacement of Lost, Destroyed or Wrongfully Taken Certificate**

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

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

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

### **3.7 Recovery of New Share Certificate**

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

### **3.8 Splitting Share Certificates**

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

### **3.9 Certificate Fee**

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

### **3.10 Recognition of Trusts**

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

## **PART 4 ISSUE OF SHARES**

### **4.1 Directors Authorized**

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

### **4.2 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.

### **4.3 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.

#### **4.4 Conditions of Issue**

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

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

#### **4.5 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.

### **PART 5 SHARE REGISTERS**

#### **5.1 Central Securities Register**

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

#### **5.2 Closing Register**

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

## PART 6 SHARE TRANSFERS

### 6.1 Registering Transfers

The Company must register a transfer of a share of the Company if either:

- (1) *the Company or the transfer agent or registrar for the class or series of share to be transferred has received:*
  - (a) in the case where the Company has issued a share certificate in respect of the share to be transferred, that share certificate and a written instrument of transfer (which may be on a separate document or endorsed on the share certificate) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
  - (b) in the case of a share that is not represented by a share certificate (including an uncertificated share within the meaning of the *Business Corporations Act* and including the case where the Company has issued a non-transferable written acknowledgement of the shareholder's right to obtain a share certificate in respect of the share to be transferred), a written instrument of transfer, made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person; and
  - (c) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, that the written instrument of transfer is genuine and authorized and that the transfer is rightful or to a protected purchaser; or
- (2) *all the preconditions for a transfer of a share under the Securities Transfer Act have been met and the Company is required under the Securities Transfer Act to register the transfer.*

### 6.2 Waivers of Requirements for Transfer

The Company may waive any of the requirements set out in Article 5.1(1) and any of the preconditions referred to in Article 5.1(2).

### 6.3 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 Company or the transfer agent for the class or series of shares to be transferred.

#### **6.4 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.

#### **6.5 Signing of Instrument of Transfer**

If a shareholder or other appropriate person or an agent who has actual authority to act on behalf of that person, 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 but share certificates are deposited with the instrument of transfer, all the shares represented by such share certificates:

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

#### **6.6 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.

#### **6.7 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.

## **PART 7 TRANSMISSION OF SHARES**

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

In the case of the death of a shareholder, the legal personal representative of the shareholder, or in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the directors may require the original grant of probate or letters of administration or a court certified copy of them or the original or a court certified or



authenticated copy of the grant of representation, will, order or other instrument or other evidence of the death under which title to the shares or securities is claimed to vest.

## **7.2 Rights of Legal Personal Representative**

The legal personal representative of a shareholder has the rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, if appropriate evidence of appointment or incumbency within the meaning of the *Securities Transfer Act* has been deposited with the Company. This Article 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the shareholder's name and the name of another person in joint tenancy.

## **PART 8 ACQUISITION OF COMPANY'S SHARES**

### **8.1 Company Authorized to Purchase or Otherwise Acquire Shares**

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

### **8.2 No Purchase, Redemption or Other Acquisition When Insolvent**

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

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

### **8.3 Sale and Voting of Purchased, Redeemed or Otherwise Acquired Shares**

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

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

## **PART 9 BORROWING POWERS**

### **9.1 Borrowing Powers**

The Company, if authorized by the directors, may:

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

## **PART 10 ALTERATIONS**

### **10.1 Alteration of Authorized Share Structure**

Subject to Article 9.2, Part 26 and the *Business Corporations Act*, the Company may by directors' resolution or ordinary resolution, unless an alteration to the Company's Notice of Articles would be required, in which case by ordinary resolution:

- (1) *create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;*
- (2) *increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;*
- (3) *subdivide or consolidate all or any of its unissued, or fully paid issued, shares;*
- (4) *if the Company is authorized to issue shares of a class of shares with par value:*
  - (a) *decrease the par value of those shares; or*
  - (b) *if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;*

- (5) *change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;*
- (6) *alter the identifying name of any of its shares; or*
- (7) *otherwise alter its shares or authorized share structure when required or permitted to do so by the Business Corporations Act;*

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

## **10.2 Special Rights or Restrictions**

Subject to Part 26 and the *Business Corporations Act*, the Company may by ordinary resolution:

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

and alter its Articles and Notice of Articles accordingly.

## **10.3 Change of Name**

The Company may by directors' resolution or ordinary resolution authorize an alteration to its Notice of Articles in order to change its name.

## **10.4 Other Alterations**

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

# **PART 11 MEETINGS OF SHAREHOLDERS**

## **11.1 Annual General Meetings**

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company 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.

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

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this

Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

### **11.3 Calling of Meetings of Shareholders**

The directors may, at any time, call a meeting of shareholders, to be held at such time and at such place, either in or outside British Columbia, as may be determined by the directors.

### **11.4 Notice for Meetings of Shareholders**

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

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

### **11.5 Record Date for Notice**

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

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

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

### **11.6 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. 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.

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

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

### **11.8 Notice of Special Business at Meetings of Shareholders**

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

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

### **11.9 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:

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

### **11.10 Advance Notice Provisions**

#### **(1) Nomination of Directors**

Subject only to the *Business Corporations Act* and these Articles, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors to the board of directors of the Company. Nominations of persons for election to the board at an annual meeting of shareholders, or at a special meeting of shareholders called for any purpose which includes the election of directors to the board may only be made:

- (a) by or at the direction of the board or an authorized officer of the Company, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the *Business Corporations Act* or a requisition of shareholders made in accordance with the provisions of the *Business Corporations Act*; or
- (c) by any person entitled to vote at such meeting (a "Nominating Shareholder"), who:
  - (i) is, at the close of business on the date of giving notice provided for in this Article 11.10 and on the record date for notice of such meeting, either entered in the securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and
  - (ii) has given timely notice in proper written form as set forth in this Article 11.10.

**(2) Exclusive Means**

For the avoidance of doubt, this Article 11.10 shall be the exclusive means for any person to bring nominations for election to the board before any annual or special meeting of shareholders of the Company.

**(3) Timely Notice**

In order for a Nominating Shareholder to provide timely notice (a "Timely Notice") of its intention to nominate a person for election as a director (a "Proposed Nominee"), the Nominating Shareholder's notice must be received by the corporate secretary of the Company at the principal executive offices of the Company:

- (a) in the case of an annual meeting of shareholders, not later than 5:00 p.m. (Toronto time) on the 30<sup>th</sup> day before the date of the meeting; provided, however, if the first public announcement made by the Company with respect to the date of the annual meeting (each such date being the "**Notice Date**") is less than 50 days prior to the meeting date, not later than the close of business on the 10<sup>th</sup> day following the Notice Date; and
- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes the election of directors to the board, not later than the close of business on the 15<sup>th</sup> day following the Notice Date;

provided that, in either instance, if notice-and-access (as set out in applicable securities laws) is used for delivery of proxy related materials in respect of a meeting described in Article 1.1(1)(a) or 1.1(1)(b), and the Notice Date in respect of the meeting is not less than 50 days before the date

of the applicable meeting, the notice must be received not later than the close of business on the 40<sup>th</sup> day before the date of the applicable meeting.

**(4) Proper Form of Notice**

To be in proper written form, a Nominating Shareholder's notice to the corporate secretary must comply with all the provisions of this Article 11.10 and:

- (a) disclose or include, as applicable, as to each Proposed Nominee:
  - (i) their name, age, business and residential address and principal occupation and/or employment for the past five years;
  - (ii) their direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Company as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, including the number or principal amount;
  - (iii) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Proposed Nominee or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Proposed Nominee or the Nominating Shareholder;
  - (iv) any other information relating to such Proposed Nominee that would be required to be included in a dissident proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the *Business Corporations Act* or applicable securities law; and
  - (v) a written consent of each Proposed Nominee to being named as nominee and certifying that such Proposed Nominee is not disqualified from acting as director under the provisions of subsection 124(2) of the *Business Corporations Act*; and
- (b) disclose or include, as applicable, as to each Nominating Shareholder giving the notice, and each beneficial owner, if any, on whose behalf the nomination is made:
  - (i) their name, business and residential address, direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Company, including the number or principal amount as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, including the number or principal amount;

- (ii) their interests in, or rights or obligations associated with, an agreement, arrangement or understanding, the purpose or effect of which is to alter, directly or indirectly, the person's economic interest in a security of the Company or the person's economic exposure to the Company;
- (iii) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between the Nominating Shareholder or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Nominating Shareholder and any Proposed Nominee;
- (iv) any proxy, contract, arrangement, agreement or understanding pursuant to which such person, or any of its affiliates or associates, or any person acting jointly or in concert with such person, has any interests, rights or obligations relating to the voting of any securities of the Company or the nomination of directors to the board;
- (v) a representation that the Nominating Shareholder is a holder of record of securities of the Company, or a beneficial owner, entitled to vote at such meeting, and intends to appear in person or by proxy at the meeting to propose such nomination (and in the case of a beneficial owner, provided such beneficial owner has provided the Company with evidence of such ownership acceptable to the Company in its sole discretion acting reasonably);
- (vi) a representation as to whether such person intends to deliver a proxy circular and/or form of proxy to any shareholder of the Company in connection with such nomination or otherwise solicit proxies or votes from shareholders of the Company in support of such nomination; and
- (vii) any other information relating to such person that would be required to be included in a dissident proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* or by applicable securities law.

**(5) Ineligibility**

No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 11.10; provided, however, that nothing in this Article 11.10 shall be deemed to preclude discussion by a Shareholder (as distinct from the nomination of directors) at a meeting of Shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the *Business Corporations Act*.

**(6) Currency of Nominee Information**

All information to be provided in a Timely Notice pursuant to this Article 11.10 shall be provided as of the date of such notice. The Nominating Shareholder shall provide the Company



with an update to such information forthwith so that it is true and correct in all material respects.

(7) **Delivery of Information**

Any notice, or other document or information required to be given to the corporate secretary pursuant to this Article 11.10 may only be in writing, given by personal delivery, courier or facsimile (but not by email) to the corporate secretary at the address of the principal executive offices of the Company and shall be deemed to have been given and made:

- (a) if sent by personal delivery or courier, on the date of delivery if it is a business day and the delivery was made prior to 5:00 p.m. (Toronto time) and otherwise on the next business day; or
- (b) if sent by facsimile (provided that receipt of confirmation of such transmission has been received), on the business day following the date of confirmation of transmission by the originating facsimile.

(8) **Defective Nomination Determination**

The chair of any meeting of shareholders of the Company shall have the power to determine whether any proposed nomination is made in accordance with the provisions of this Article 10.10, and if any proposed nomination is not in compliance with such provisions, must declare that such defective nomination shall not be considered at any meeting of shareholders.

(9) **Failure to Appear**

Despite any other provision of this Article 11.10, if the Nominating Shareholder (or a qualified representative of the Nominating Shareholder) does not appear at the meeting of shareholders of the Company to present the nomination, such nomination shall be disregarded, notwithstanding that proxies in respect of such nomination may have been received by the Company.

(10) **Waiver**

The board may, in its sole discretion, waive any requirement in this Article 11.10.

(11) **Definitions**

*For the purposes of this Article 10.10, "public announcement" means disclosure in a press release disseminated by the Company through a national news service in Canada, or in a document filed by the Company for public access under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).*

**PART 12**  
**PROCEEDINGS AT MEETINGS OF SHAREHOLDERS**

**12.1 Special Business**

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

- (1) *at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;*
- (2) *at an annual general meeting, all business is special business except for the following:*
  - (a) business relating to the conduct of or voting at the meeting;
  - (b) consideration of any financial statements of the Company presented to the meeting;
  - (c) consideration of any reports of the directors or auditor;
  - (d) the setting or changing of the number of directors;
  - (e) the election or appointment of directors;
  - (f) the appointment of an auditor;
  - (g) the setting of the remuneration of an auditor;
  - (h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
  - (i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

**12.2 Special Majority**

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

**12.3 Quorum**

Subject to the special rights or restrictions attached to the shares of any class or series of shares and to Article 11.4, the quorum for the transaction of business at a meeting of shareholders 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.

**12.4 One Shareholder May Constitute Quorum**

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

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

### **12.5 Persons Entitled to Attend Meeting**

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

### **12.6 Requirement of Quorum**

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

### **12.7 Lack of Quorum**

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

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

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

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

### **12.9 Chair**

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

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

### **12.10 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.

### **12.11 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.

### **12.12 Notice of Adjourned Meeting**

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

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

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

### **12.14 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.

### **12.15 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.

## **12.16 Casting Vote**

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

## **12.17 Manner of Taking Poll**

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

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

## **12.18 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.

## **12.19 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.

## **12.20 Casting of Votes**

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

## **12.21 No Demand for Poll on Election of Chair**

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

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

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

### **12.23 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.

## **PART 13 VOTES OF SHAREHOLDERS**

### **13.1 Number of Votes by Shareholder or by Shares**

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

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

### **13.2 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.

### **13.3 Votes by Joint Holders**

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

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

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

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

### **13.5 Representative of a Corporate Shareholder**

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

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

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

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

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

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

### **13.7 When Proxy Provisions Do Not Apply to the Company**

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

### **13.8 Appointment of Proxy Holders**

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

### **13.9 Alternate Proxy Holders**

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

### **13.10 Deposit of Proxy**

A proxy for a meeting of shareholders must:

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

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

### **13.11 Validity of Proxy Vote**

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

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



### 13.12 Form of Proxy

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

[name of company]

(the "Company")

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

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

\_\_\_\_\_

\_\_\_\_\_  
Signed [month, day, year]

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

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

### 13.13 Revocation of Proxy

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

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

### 13.14 Revocation of Proxy Must Be Signed

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

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

### **13.15 Chair May Determine Validity of Proxy.**

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

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

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

## **PART 14 DIRECTORS**

### **14.1 Number of Directors**

The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (1) *if the Company is a public company, the greater of three and the most recently set of:*
  - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (b) the number of directors set under Article 14.4;
- (2) *if the Company is not a public company, the most recently set of:*
  - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (b) the number of directors set under Article 14.4.

### **14.2 Change in Number of Directors**

If the number of directors is set under Article 13.1(1)(a) or 13.1(2)(a):

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

### **14.3 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.

### **14.4 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.

### **14.5 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.

### **14.6 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.

### **14.7 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.

### **14.8 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.

## **PART 15 ELECTION AND REMOVAL OF DIRECTORS**

### **15.1 Election at Annual General Meeting**

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

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

### **15.2 Consent to be a Director**

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

- (1) *that individual consents to be a director in the manner provided for in the Business Corporations Act; or*
- (2) *that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director.*

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

If:

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

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

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

### **15.4 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.

### **15.5 Directors May Fill Casual Vacancies**

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

### **15.6 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 calling a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

### **15.7 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.

### **15.8 Additional Directors**

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed 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(1), but is eligible for re-election or re-appointment.

### **15.9 Ceasing to be a Director**

A director ceases to be a director when:

- (1) *the term of office of the director expires;*
- (2) *the director dies;*
- (3) *the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or*
- (4) *the director is removed from office pursuant to Articles 14.10 or 14.11.*

### **15.10 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.

### **15.11 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.

## **PART 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.

## **PART 17 INTERESTS OF DIRECTORS AND OFFICERS**

### **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.

**PART 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:

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

**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:

- (1) *in person;*
- (2) *by telephone; or*
- (3) *with the consent of all directors who wish to participate in the meeting, by other communications medium;*

if all directors participating in the meeting, whether in person, or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 17.4 is deemed for all purposes of the



*Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

### **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 17.1 or as provided in Article 17.7, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in Article 23.1 or orally or by telephone.

### **18.7 When Notice Not Required**

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

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

### **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 does not invalidate any proceedings at that meeting.

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

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

Attendance of a director at a meeting of the directors is a waiver of notice of the meeting, unless that director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

### **18.10 Quorum**

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at two 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 may be passed without a meeting:

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

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

## **PART 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 during the intervals between meetings of the board of directors all of the directors' powers are delegated to the executive committee, except:

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

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

The directors may, by resolution:

- (1) *appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;*
- (2) *delegate to a committee appointed under paragraph (1) any of the directors' powers, except:*
  - (a) *the power to fill vacancies in the board of directors;*
  - (b) *the power to remove a director;*
  - (c) *the power to change the membership of, or fill vacancies in, any committee of the directors; and*
  - (d) *the power to appoint or remove officers appointed by the directors; and*
- (3) *make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.*

## **19.3 Obligations of Committees**

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

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

## **19.4 Powers of Board**

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

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

## **19.5 Committee Meetings**

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

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

## **PART 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:

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

### **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 a 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.

## PART 21 INDEMNIFICATION

### 21.1 Definitions

In this Article 20:

- (1) *"eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;*
- (2) *"eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director or former director or an officer or former officer 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 officer of the Company:*
  - (a) is or may be joined as a party; or
  - (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (3) *"expenses" has the meaning set out in the Business Corporations Act;*
- (4) *"officer" means an officer appointed by the board of directors.*

### 21.2 Mandatory Indemnification of Directors and Officers

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

### 21.3 Permitted Indemnification

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

### 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:

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

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

## **PART 22 DIVIDENDS**

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

The provisions of this Part 21 are subject to Part 26 and 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 consider appropriate.

### **22.3 No Notice Required**

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

### **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. 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 in money or by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company or any other corporation, or in any one or more of those ways.

### **22.6 Settlement of Difficulties**

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

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

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

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

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

**PART 23**  
**ACCOUNTING RECORDS AND AUDITOR**

**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.

**23.3 Remuneration of Auditor**

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

**PART 24**  
**NOTICES**

**24.1 Method of Giving Notice**

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

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



- (3) *unless the intended recipient is the auditor of the Company, sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;*
- (4) *unless the intended recipient is the auditor of the Company, sending the record by e-mail to the e-mail address provided by the intended recipient for the sending of that record or records of that class;*
- (5) *physical delivery to the intended recipient;*
- (6) *as otherwise permitted by applicable securities legislation.*

#### **24.2 Deemed Receipt**

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

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

#### **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 capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with Article 23.1 is conclusive evidence of that fact.

#### **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 such record to the joint shareholder first named in the central securities register in respect of the share.

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

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

- (1) *mailing the record, addressed to them:*
  - (a) *by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and*

- (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) *if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.*

#### **24.6 Undelivered Notices**

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

### **PART 25 SEAL**

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

Except as provided in Articles 24.2 and 24.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (1) *any two directors;*
- (2) *any officer, together with any director;*
- (3) *if the Company only has one director, that director; or*
- (4) *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 24.1, the impression of the seal may be attested by the signature of any director or officer or the signature of any other person as may be determined by the directors.

#### **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 such persons as are authorized under Article 24.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

## **PART 26 PROHIBITIONS**

### **26.1 Definitions**

In this Part 25:

- (1) *"security"* has the meaning assigned in the Securities Act;
- (2) *"transfer restricted security"* means
  - (a) a share of the Company;
  - (b) a security of the Company convertible into shares of the Company;
  - (c) any other security of the Company which must be subject to restrictions on transfer in order for the Company to satisfy the requirement for restrictions on transfer under the "private issuer" exemption of Canadian securities legislation or under any other exemption from prospectus or registration requirements of Canadian securities legislation similar in scope and purpose to the "private issuer" exemption.

### **26.2 Application**

Article 25.3 does not apply to the Company if and for so long as it is a public company.

### **26.3 Consent Required for Transfer of Shares or Transfer Restricted Securities**

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

## **PART 27 SPECIAL RIGHTS AND RESTRICTIONS**

### **27.1 Special Rights and Restrictions**

The special rights and restrictions attached to the shares of the Company are as follows:

(1) **Common Shares:** *The Common Shares of the Company have attached thereto the rights, privileges, restrictions and conditions as set forth below:*

- (a) The holders of the Common Shares shall be entitled to receive notice of and to vote at every meeting of the shareholders of the Company and shall have one vote thereat for each Common Share so held;
- (b) Subject to the rights, privileges, restrictions and conditions attached to the Preferred Shares of the Company, the board of directors may from time-to-time declare a dividend, and the Company shall pay thereon out of the monies of the Company properly applicable to the payment of the dividends to the holders of Common Shares. For the purpose hereof, the holders of Common Shares receive dividends as shall be determined from time to time by the board of directors whose determination shall be conclusive and binding upon the Company and the holders of Common Shares; and
- (c) Subject to the rights, privileges, restrictions and conditions attached to the Preferred Shares of the Company, in the event of liquidation, dissolution or winding-up of the Company or upon any distribution of the assets of the Company among shareholders being made (other than by way of dividend out of the monies properly applicable to the payment of dividends) the holders of Common Shares shall be entitled to share equally.

(2) **Preferred Shares:** *The Preferred Shares of the Company have attached thereto the rights, privileges, restrictions and conditions as set forth below:*

- (a) The board of directors of the Company may from time to time issue the Preferred Shares in one or more series, each series to consist of such numbers of shares as may before issuance thereof be determined by the board of directors;
- (b) The board of directors of the Company may by resolution alter the Articles of the Company (subject as hereinafter provided) to create any series of Preferred Shares and to fix before issuance, the designation, rights, privileges, restrictions and conditions to attach to the Preferred Shares of each series, including, without limiting the generality of the foregoing, the rate, form, entitlement and payment of preferential dividends, the dates and place to payment thereof, the redemption price, terms, procedures and conditions of redemption, if any, voting rights and conversion rights (if any) and any sinking fund, purchase fund or other provisions attaching to the Preferred Shares of such series; and provided, however, that no shares of any series shall be issued until the Company has filed an alteration to the Notice of Articles with the Registrar of Companies, or such designated person in any other jurisdiction in which the Company may be continued;
- (c) If any cumulative dividends or amounts payable on return of capital in respect of a series of shares are not paid in full the shares of all series shall participate ratably in respect of accumulated dividends and return of capital;

- (d) The Preferred Shares shall be entitled to preference over the Common Shares of the Company and any other shares of the Company ranking junior to the Preferred Shares with respect to the payment of dividends, if any, and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs, and may also be given such other preferences over the Common Shares and any other shares of the Company ranking junior to the Preferred Shares as may be fixed by the resolution of the board of directors of the Company as to the respective series authorized to be issued;
- (e) The Preferred Shares of each series shall rank on a parity with the Preferred Shares of every other series with respect to priority and payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, exclusive of any conversion rights that may affect the aforesaid;
- (f) No dividends shall at any time be declared or paid on or set apart for payment on any shares of the Company ranking junior to the Preferred Shares unless all dividends, if any, up to and including the dividend payable for the last completed period for which such dividend shall be payable on each series of the Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such declaration or payment or setting apart for payment on such shares of the Company ranking junior to the Preferred Shares nor shall the Company call for redemption or redeem or purchase for cancellation or reduce or otherwise pay off any of the Preferred Shares (less than the total amount then outstanding) or any shares of the Company ranking junior to the Preferred Shares unless all dividends up to and including the dividend payable on each series of the Preferred Shares then issued and outstanding shall have been declared and paid or set apart for payment at the date of such call for redemption, purchase, reduction or other payment;
- (g) Preferred Shares of any series may be purchased for cancellation or made subject to redemption by the Company out of capital pursuant to the provisions of the *Business Corporations Act*, if the board of directors so provide in the resolution of the board of directors of the Company relating to the issuance of such Preferred Shares, and upon such other terms and conditions as may be specified in the designations, rights, privileges, restrictions and conditions attaching to the Preferred Shares of each such series as set forth in the said resolution of the board of directors and Articles of the Company relating to the issuance of such series;
- (h) The holders of the Preferred Shares shall not, as such, be entitled as of right to subscribe for or purchase or receive any part of any issue of shares or bonds, debentures or other securities of the Company now or hereafter authorized; and

No class of shares may be created or rights and privileges increased to rank in parity or priority with the Preferred Shares with regard to the rights and privileges thereof and without limiting

the generality of the foregoing, capital and dividends, , without the approval of the holders of the Preferred Shares

**SCHEDULE "F"**  
**CHARTER OF THE AUDIT COMMITTEE**

**MELIOR RESOURCES INC.**  
**(the "Corporation")**

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**I. Purpose**

The Audit Committee (the "Committee") is a committee of the Board of Directors (the "Board") which assists the Board in overseeing the Corporation's financial controls and reporting and in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation. The Committee's primary duties and responsibilities are to:

- Oversee: (i) the integrity of the Corporation's financial statements; (ii) the Corporation's compliance with legal and regulatory requirements with respect to financial controls and reporting; and (iii) the auditor's qualifications and independence.
- Serve as an independent and objective party to monitor the Corporation's financial reporting processes and internal control systems.
- Review and appraise the audit activities of the Corporation's independent auditor and its internal auditing functions.
- Provide open lines of communication among the independent auditor, financial and senior management and the Board for financial reporting and control matters.

**II. Composition**

Members of the Committee are appointed and removed by the Board. The Board shall designate annually the members of the Committee and a Chairman of the Committee. The Committee will be comprised of at least three directors, a majority of whom are not executive officers, employees or control persons of the Corporation or of an affiliate of the Corporation<sup>1</sup>. All members of the Committee should have skills and/or experience which are relevant to the mandate of the Committee, as determined by the Board. All members of the Committee shall be financially literate. "Financial literacy" shall be determined by the Board in the exercise of its business judgment, and shall include a working familiarity with basic finance and accounting practices and an ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that can reasonably be expected to be raised by the Corporation's financial statements. Committee members, if they or the Board deem it appropriate, may enhance their understanding of finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant or firm.

**III. Responsibilities**

The Board, in establishing the Committee, has acknowledged that the Corporation is a venture

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<sup>1</sup> Determined in accordance with National Instrument 52-110 – *Audit Committees*.

issuer and, as such, the responsibilities outlined herein are intended as general guidelines intended to be applied in the context of the size of the Corporation and its stage of development. The responsibilities of the Committee shall generally include, but shall not be restricted to, undertaking the following:

#### *Selection and Evaluation of Auditor*

- (a) Recommending to the Board the external auditor (subject to shareholder approval) to be engaged to prepare or issue an auditor's report or performing other audit, review or attest services for the Corporation and the compensation of such external auditor.
- (b) Overseeing the independence of the Corporation's auditor and taking such actions as the Committee may deem necessary to satisfy it that the Corporation's auditor is independent within the meaning of applicable securities laws by, among other things: (i) requiring the independent auditor to deliver to the Committee on a periodic basis a formal written statement delineating all relationships between the independent auditor and the Corporation; and (ii) actively engaging in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor and taking appropriate action to satisfy itself of the auditor's independence.
- (c) Instructing the Corporation's independent auditor that: (i) it is ultimately accountable to the Committee (as representatives of the shareholders of the Corporation); (ii) they must report directly to the Committee; and (iii) the Committee is responsible for the appointment (subject to shareholder approval), compensation, retention, evaluation and oversight of the Corporation's independent auditor.
- (d) Ensuring the respect of legal requirements regarding the rotation of applicable partners of the external auditor, on a regular basis, as required.
- (e) Reviewing and pre-approving all audit and permitted non-audit services or mandates to be provided by the independent auditor to the Corporation or any of its subsidiaries including tax services, and the proposed basis and amount of the external auditor's fees for such services, and determining which non-audit services the auditor is prohibited from providing (and, if deemed advisable, adopting specific policies and procedures related thereto).
- (f) Reviewing the performance of the Corporation's independent auditor and replacing or terminating the independent auditor (subject to required shareholder approvals) when circumstances warrant.

#### *Oversight of Annual Audit*

- (a) Reviewing and accepting, if appropriate, the annual audit plan of the Corporation's independent auditor, including the scope, extent and schedule of audit activities, and monitoring such plan's progress and results during the year.
- (b) Confirming through private discussions with the Corporation's independent auditor and the Corporation's management that no management restrictions are being placed on the scope of the independent auditor's work.



- (c) Reviewing with the external auditor any audit problems or difficulties and management's response thereto and resolving any disagreement between management and the external auditor regarding accounting and financial reporting.
- (d) Reviewing with management and the external auditor the results of the year-end audit of the Corporation including: (i) the annual financial statements and the audit report, the related management representation letter, the related "Memorandum Regarding Accounting Procedures and Internal Control" or similar memorandum prepared by the Corporation's independent auditor, any other pertinent reports and management's responses concerning such memorandum; and (ii) the qualitative judgments of the independent auditor about the appropriateness, and not just the acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the Corporation including any alternative treatments of financial information that have been discussed with management, the ramification of their use and the independent auditor's preferred treatment as well as any other material communications with management and, particularly, about the degree of aggressiveness or conservatism of its accounting principles and underlying estimates.

#### *Oversight of Financial Reporting Process and Internal Controls*

- (a) Reviewing with management and the external auditor the annual financial statements and accompanying notes, the external auditor's report thereon and the related press release, and obtaining explanations from management on all significant variances with comparative periods, before recommending approval by the Board and the release thereof.
- (b) Reviewing with management the quarterly financial statements, any auditor's review thereof and the related press release before recommending approval by the Board and the release thereof.
- (c) Reviewing and periodically assessing the adequacy of the Corporation's procedures for the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, including reviewing the financial information contained in the annual information form, management proxy circular, management's discussion and analysis, prospectuses and other documents containing similar financial information before their public disclosure or filing with regulatory authorities including any Committee report for inclusion in the Corporation's management information circular in accordance with applicable rules and regulations.
- (d) Periodically reviewing the Corporation's disclosure policy to ensure that it conforms with applicable legal and regulatory requirements.
- (e) Reviewing the adequacy and effectiveness of the Corporation's accounting and internal control policies and procedures through inquiry and discussions with the Corporation's independent auditor and management.
- (f) Monitoring the quality and integrity of the Corporation's disclosure controls and procedures and management information systems through discussions with management and the external auditor.
- (g) Overseeing management's reporting on internal controls and disclosure controls and procedures.

- (h) Reviewing on a regular basis and monitoring the Corporation's policies and guidelines which govern the Corporation's risk assessment and risk management including the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures including hedging policies through the use of financial derivatives, if any.
- (i) Establishing and maintaining free and open means of communication between and among the Board, the Committee, the Corporation's independent auditor and management.

#### ***Other Matters***

- (a) Assisting the Board with oversight of the Corporation's compliance with applicable legal and regulatory requirements including meeting with outside counsel when appropriate to review legal and regulatory matters including any matters that may have a material impact on the financial statements of the Corporation.
- (b) Reviewing and approving any transactions between the Corporation and members of management and/or the Board as well as policies and procedures with respect to officers' expense accounts and perquisites including the use of corporate assets. The Committee shall consider the results of any review of these policies and procedures by the Corporation's independent auditor.
- (c) Conducting or authorizing investigations into any matters within the Committee's scope of responsibilities including retaining outside counsel or other consultants or experts as the Committee determines necessary to carry out its duties and to set and pay the compensation for these advisors.
- (d) Establishing 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.
- (e) Establishing procedures for the review and approval of financial and related information of the Corporation.
- (f) Reviewing and approving the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation.
- (g) Performing such additional activities, and considering such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.

#### **IV. Meetings and Advisors**

The Committee will meet as often as it deems necessary or appropriate to perform its duties and carry out its responsibilities described above in a timely and efficient manner, but not less than quarterly. The quorum at any meeting of the Committee shall be a majority of its members. All such meetings shall be held pursuant to the by-laws of the Corporation with regard to notice and waiver thereof.

The Committee shall meet on a regular basis without management or the external auditor. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. As part of its mandate to foster open communications, the Committee shall meet at least annually, and more frequently as required, with

management and the Corporation's independent auditor in separate executive sessions to discuss any matters that the Committee or any of these groups or persons believe should be discussed privately. The independent auditor will have direct access to the Committee at its own initiative. The Chairman of the Committee shall work with the Chief Financial Officer and management to establish the agenda for Committee meetings.

Written minutes of each meeting of the Committee shall be filed in the Corporation's records. The Chairman of the Committee will report periodically to the Board.

The Committee shall, in appropriate circumstances and subject to advising the Chairman of the Board, have the authority to engage and obtain advice and assistance from such advisors including outside legal counsel and accountants, as it determines is necessary or appropriate to carry out its duties. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of the fees of (i) any independent auditor engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Corporation, and (ii) any independent advisors employed by the Committee.

## **V. Disclosure of Charter**

The charter shall be published in the Corporation's annual information form or information circular if required by applicable securities laws.

While the Committee has the duties and responsibilities set forth in this charter, the Committee is not responsible for planning or conducting the audit or for determining whether the Corporation's financial statements are complete and accurate and are in accordance with Canadian generally accepted accounting principles. Similarly, it is not the responsibility of the Committee to ensure that the Corporation complies with all laws and regulations.

Nothing contained in this charter is intended to expand applicable standards of conduct under statutory or regulatory requirements for the directors of the Corporation or the members of the Committee.