CYPRESS HILLS RESOURCE CORP.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON JUNE 19, 2020

AND

MANAGEMENT INFORMATION CIRCULAR

DATED MAY 6, 2020

CYPRESS HILLS RESOURCE CORP.

Suite 1703, 595 Burrard Street
Vancouver, British Columbia V7X 1J1
Telephone: 604-689-1428/ Fax: 604-681-4692

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Common Shares**") of Cypress Hills Resource Corp. (the "**Corporation**") will be held at Suite 1703, 595 Burrard Street, Vancouver, British Columbia on Friday, June 19, 2020 at 9:30 a.m. (Vancouver time), for the following:

1. To receive and consider the audited financial statements of the Corporation for the year ended December 31, 2019 together with the auditor's report thereon.

2. To fix the number of directors to be elected at the Meeting at four (4). See "Fixing Number of Directors" in the Circular (as defined below).

3. To elect the board of directors of the Corporation (the "**Board**") for the ensuing year. See "Election of Directors" in the Circular.

4. To appoint Davidson & Company LLP, Chartered Professional Accountants, as auditors of the Corporation for the ensuing year, at a remuneration to be fixed by the Board. See "Appointment of Auditor" in the Circular.

5. To consider, and if thought advisable, approve, with or without variation, an ordinary resolution approving the Corporation's stock option plan for the ensuing year. See "Approval of Stock Option Plan" in the Circular.

6. To consider and, if deemed advisable, to pass, with or without variation, a special resolution, the full text of which is set forth in the Circular, to approve the continuance (the "**Continuance**") of the Corporation from the Province of Alberta into the Province of British Columbia and to adopt Articles, pursuant to the provisions of the *Business Corporations Act* (British Columbia), and repeal the existing by-law of the Corporation in connection with the Continuance. See "The Continuance under the *Business Corporations Act* (British Columbia)" in the Circular.

7. To transact such other business as may properly come before the Meeting or any adjournment(s) or postponement thereof.

The details of all matters proposed to be put before Shareholders at the Meeting are set forth in the management information circular dated May 6, 2020 prepared for the purposes of this Meeting (the "**Circular**").

If you are unable to attend the Meeting in person we request that you date, sign and return the accompanying form of proxy ("Proxy") to the Corporation's transfer agent, Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 Attention: Proxy Department, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of British Columbia) prior to the time set for the Meeting or any adjournment of the Meeting.

If you are a non-registered holder of Common Shares and have received these materials from your broker or another intermediary, please complete and return the voting instruction form or other authorization form provided to you by your broker or intermediary in accordance with the instructions provided. Failure to do so may result in your Common Shares not being eligible to be voted at the Meeting.

The Proxy confers discretionary authority with respect to: (i) amendments or variations to the matters of business to be considered at the Meeting; and (ii) other matters that may properly come before the Meeting. As of the date hereof, management of the Corporation knows of no amendments, variations or other matters to come before the Meeting other than the matters set forth in this Notice of Annual and Special Meeting. Shareholders who are planning on returning the accompanying Proxy are encouraged to review the Circular carefully before submitting the Proxy.

Registered Shareholders have a right to dissent with respect to the Continuance resolution and to be paid the fair value of their Common Shares. This dissent right and the dissent procedures are described in the Circular. The dissent procedures require that a registered Shareholder who wishes to dissent send a written notice of objection to the Continuance Resolution to the President of the Corporation, at 1900, 520 – 3rd Avenue S.W., Calgary, Alberta T2P 0R3, to be received by no later than 9:30 a.m. (Vancouver time) on the date that is two business days prior to the date of the Meeting, and must otherwise strictly comply with the dissent procedures described in the Circular. Failure to strictly comply with the dissent procedures will result in loss of the right to dissent. See the section entitled "The Continuance under the *Business Corporations Act* (British Columbia) – Dissent Rights" in the Circular.

Persons who are beneficial owners of Common Shares registered in the name of a broker, custodian, nominee, or other intermediary who wish to dissent should be aware that only registered holders of Common Shares are entitled to dissent. Accordingly, a beneficial owner of Common Shares who desires to exercise the right of dissent must make arrangements for the Common Shares beneficially owned by such holder to be registered in the holder's name prior to the time written objection to the Continuance resolution is required to be received by the Corporation or, alternatively, make arrangements for the registered holder of such Common Shares to dissent on the holder's behalf.

Notice-and-Access

The details of all matters proposed to be put before Shareholders at the Meeting are set forth in the Circular. The Corporation has decided to use the notice-and-access model for delivery of meeting materials to its registered and beneficial shareholders. Under notice-and-access, Shareholders still receive a proxy or voting instruction form enabling them to vote at the Meeting. However, instead of a paper copy of the Circular, the Corporation's annual financial statements for the year ended December 31, 2019 ("**Annual Financial Statements**") and associated management's discussion and analysis ("**Annual MD&A**") and additional materials, Shareholders receive this notice with information on how they may access such materials electronically. The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and also will reduce the cost of printing and mailing materials to shareholders. **SHAREHOLDERS ARE REMINDED TO REVIEW THE CIRCULAR PRIOR TO VOTING.** Shareholders with questions about notice-and-access can call the Corporation at 1-604-689-1428.

Websites Where Materials are Posted

The Circular, Annual Financial Statements, Annual MD&A and additional materials can be viewed online on the Corporation's pages on SEDAR at www.sedar.com and at www.cypresshillsresource.com.

Obtaining Paper Copies of Materials

Shareholders may obtain paper copies of the meeting materials by postal delivery at no cost to them. Requests may be made up to one year from the date the Circular was filed on SEDAR by: (a) calling the Corporation at 1-604-689-1428; (b) mailing a request to the Corporation, Suite 1703, 595 Burrard Street, Vancouver, British Columbia V7X 1J1, Canada Attention: Corporate Secretary; or (c) sending a request to lee@earlston.ca. In order to receive the Circular, Annual Financial Statements and Annual MD&A in sufficient time to allow for review and return of the proxy by the due date, a request for paper copies should be sent so that it is received by no later than the end of business on June 5, 2020.

COVID 19

Amid ongoing concerns about the Coronavirus (COVID-19) outbreak, the Corporation remains mindful of the well-being of our Shareholders and their families, our industry partners and other stakeholders as well as the communities in which we operate. The Corporation currently intends on holding an in person Meeting and encourages Shareholders not to attend the Meeting in person but via teleconference at:

DIAL-IN NUMBERS	CONFERENCE ID CODE
1.866.895.5510 (Toll Free North America) 1.858.384.5500 (Outside of US and Canada)	2815808# 2815808#

However, as COVID-19 is a rapidly evolving situation, the Corporation will continue to monitor and review provincial and federal governmental guidance in order to assess and implement measures to reduce the risk of spreading the virus at the Meeting, which may include potentially adjourning or postponing the Meeting. The Corporation will provide updates to any arrangements in respect of the Meeting by way of news release. Shareholders are encouraged to monitor the Corporation's website at www.cypresshillsresource.com or the Corporation's SEDAR profile at www.sedar.com, where copies of such news releases, if any, will be posted.

In light of current provincial recommendations regarding gatherings, at this time, only registered Shareholders or their duly appointed proxy holders will be allowed to attend the Meeting. In the event that such number of Shareholders attending exceeds current gathering guidelines, the Meeting, by necessity, will be rescheduled to a later date at the discretion of the Chairman of the Meeting.

In addition, in view of current and potential future guidance regarding social distancing and further restrictions on gatherings, in order to ensure as many Common Shares as possible are represented at the Meeting, Shareholders are strongly encouraged to complete the enclosed Instrument of Proxy and return it as soon as possible in the envelope provided for that purpose. Shareholders who do not hold their Common Shares in their own name are strongly encouraged to complete the voting instruction forms received from their broker as soon as possible and to follow the instructions set out under "Advice to Beneficial Shareholders" in the Circular.

In accordance with the by-laws of the Corporation, all proxies, to be valid, must be deposited at the office of the Registrar and Transfer Agent of the Corporation, Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 Attention: Proxy Department, no later than 9:30 a.m. (Vancouver time) on June 17, 2020, or not less than 48 hours (excluding Saturdays and holidays) preceding any adjournment of the Meeting.

DATED as of the 6th day of May, 2020

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) "*Ted J. Fostey*"
Ted J. Fostey
President and Chief Executive Officer

CYPRESS HILLS RESOURCE CORP.

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON FRIDAY, JUNE 19, 2020

MANAGEMENT INFORMATION CIRCULAR

GENERAL INFORMATION RESPECTING THE MEETING

Solicitation of Proxies

This management information circular ("**Circular**") is furnished in connection with the solicitation of proxies by the management of Cypress Hills Resource Corp. (the "**Corporation**"), to be used at the annual and special meeting (the "**Meeting**") of holders ("**Shareholders**") of common shares ("**Common Shares**") of the Corporation, to be held on June 19, 2020 9:30 a.m. (Vancouver time) at the offices of the Corporation located at Suite 1703, 595 Burrard Street, Vancouver, British Columbia V7X 1J1 or at any adjournment thereof for the purposes set out in the notice of meeting (the "**Notice of Meeting**"). References in this Circular to the Meeting include any adjournment or postponement thereof. It is expected that the solicitation will be primarily by mail; however, proxies may also be solicited by certain officers, directors and regular employees of the Corporation by telephone, electronic mail, telecopier or personally. These individuals will receive no compensation for such solicitation other than their regular fees or salaries, if any. The cost of solicitation by management will be borne directly by the Corporation.

The board of directors of the Corporation (the "**Board**") has fixed the close of business on May 6, 2020 as the record date (the "**Record Date**"), being the date for the determination of the registered holders of Common Shares entitled to receive notice of and vote at the Meeting.

Unless otherwise stated, the information contained in this Information Circular is as of May 6, 2020. Shareholders should not construe the contents of this Information Circular as legal, tax or financial advice and should consult with their own professional advisors in considering the relevant legal, tax, financial or other matters contained in this Information Circular.

Notice-And-Access

The Canadian Securities Administrators have adopted amendments to NI 54-101, which allow for the use of the "notice-and-access" regime for the delivery of meeting materials.

Under the notice-and-access regime, reporting issuers are permitted to deliver the meeting materials by posting them on SEDAR as well as a website other than SEDAR and sending a notice package to each shareholder receiving the meeting materials under this regime. The notice package must include: (i) the relevant form of proxy or voting instruction form; (ii) basic information about the meeting and the matters to be voted on; (iii) instructions on how to obtain a paper copy of the meeting materials; and (iv) a plain-language explanation of how the notice-and-access system operates and how the meeting materials can be accessed online. Where prior consent has been obtained, a reporting issuer can send this notice package to Shareholders electronically. This notice package must be mailed to Shareholders from whom consent to electronic delivery has not been received.

The Corporation has elected to send its meeting materials to Beneficial Shareholders (as defined herein) using the notice-and-access regime. Accordingly, the Corporation will send the above-mentioned notice package to Beneficial Shareholders which includes instructions on how to access the Corporation's meeting materials online and how to request a paper copy of these materials. Distribution of the Corporation's meeting materials pursuant to the notice-and-access regime has the potential to substantially reduce printing and mailing costs.

Notwithstanding the notice-and-access regime, the *Business Corporations Act* (Alberta) ("**ABCA**") requires the Corporation to deliver a paper copy of the meeting materials to a Registered Shareholder unless such shareholder provides written consent to electronic delivery. In order to ensure compliance with the ABCA, Registered Shareholders will be mailed a copy of the meeting materials this year, together with a mail card soliciting a Registered Shareholders consent to electronic delivery in future years.

COVID 19

Amid ongoing concerns about the Coronavirus (COVID-19) outbreak, the Corporation remains mindful of the well-being of our Shareholders and their families, our industry partners and other stakeholders as well as the communities in which we operate. The Corporation currently intends on holding an in person Meeting and encourages Shareholders not to attend the Meeting in person but via teleconference at:

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However, as COVID-19 is a rapidly evolving situation, the Corporation will continue to monitor and review provincial and federal governmental guidance in order to assess and implement measures to reduce the risk of spreading the virus at the Meeting, which may include potentially adjourning or postponing the Meeting. The Corporation will provide updates to any arrangements in respect of the Meeting by way of news release. Shareholders are encouraged to monitor the Corporation's website at www.cypresshillsresource.com or the Corporation's SEDAR profile at www.sedar.com, where copies of such news releases, if any, will be posted.

In light of current provincial recommendations regarding gatherings, at this time, only registered Shareholders or their duly appointed proxy holders will be allowed to attend the Meeting. In the event that the number of Shareholders attending exceeds current gathering guidelines, the Meeting, by necessity, will be rescheduled to a later date at the discretion of the Chairman of the Meeting.

In addition, in view of current and potential future guidance regarding social distancing and further restrictions on gatherings, in order to ensure as many Common Shares as possible are represented at the Meeting, Shareholders are strongly encouraged to complete the enclosed Instrument of Proxy and return it as soon as possible in the envelope provided for that purpose. Shareholders who do not hold their Common Shares in their own name are strongly encouraged to complete the voting instruction forms received from their broker as soon as possible and to follow the instructions set out under "Advice to Beneficial Shareholders" in this Circular.

Advice to Beneficial Shareholders

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name. Shareholders who do not hold their Common Shares in their own name (referred to herein as "**Beneficial Shareholders**") are advised that only proxies from Shareholders of record can be recognized and voted 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. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depositary for Securities Limited, which acts as nominee for many Canadian brokerage firms). Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity.

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Instrument of Proxy provided directly to Registered Shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions

respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the Registered Shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the Registered Shareholder, should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance. All references to Shareholders in this Circular and the accompanying Instrument of Proxy and Notice of Meeting are to Shareholders of record, unless specifically stated otherwise.

Revocability of Proxy

In addition to revocation in any other manner permitted by law, a registered Shareholder who has given a proxy may revoke it by:

(a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered Shareholder or the registered Shareholder's authorized attorney in writing, or, if the registered Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering such proxy or notice of revocation to Computershare at the address specified above, at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the City of Vancouver, in the Province British Columbia) before the Meeting or the adjournment or postponement thereof, or to the chairman of the Meeting prior to commencement of the Meeting, or

(b) personally attending the Meeting and voting the registered Shareholder's Common Shares.

Exercise of Discretion by Proxy

All Common Shares represented at the Meeting by properly executed proxies will be voted, or withheld from voting as applicable, in accordance with the indicated specifications included therein. **In the absence of any such specifications, the persons named in the instrument of proxy (the "Management Designees"), if named as proxy, will vote in favour of all the matters set out herein.** The enclosed Instrument of Proxy confers discretionary authority upon the Management Designees, or other persons named as proxy, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. At the date of this Circular, the Corporation is not aware of any amendments to, or variations of, or other matters which may come before the Meeting. In the event that other matters come before the Meeting, then the Management Designees, if named as proxyholder, intend to vote in accordance with their best judgement.

Appointment of Proxy

Registered Shareholders may vote in person at the Meeting or they may appoint another person, who does not have to be a Shareholder, as their proxy to attend and vote in their place. **A shareholder submitting a proxy has the right to appoint a person or company to represent him or her at the Meeting other than the persons designated in the form of proxy furnished by the corporation. To exercise this right the shareholder should insert the name of the desired representative in the blank space provided in the form of proxy and strike out the other names or submit another appropriate proxy.** In order to be effective, the enclosed Instrument of Proxy must be received by Computershare Trust Company of Canada ("**Computershare**"): (a) by mail to Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1; or (b) by Fax at 1-866-249-7775, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment(s) thereof. No instrument appointing a proxy shall be valid after the expiration of

twelve (12) months from the date of its execution. The instrument of proxy shall be in writing under the hand of the Shareholder or his attorney, or, if such Shareholder is a corporation, under its corporate seal, and executed by a director, officer or attorney thereof duly authorized.

Dissent Rights

Registered Shareholders have a right to dissent with respect to the resolution to approve the continuance of the Corporation from the Province of Alberta into the Province of British Columbia (the "**Continuance Resolution**") and to be paid an amount equal to the fair value of their Common Shares. The dissent procedures require that a registered Shareholder who wishes to dissent send a written notice of objection to the Continuance Resolution to the President of the Corporation, at 1900, 520 – 3rd Avenue S.W., Calgary, Alberta T2P 0R3, to be received at or before the commencement of the Meeting, and must otherwise strictly comply with the dissent procedures described in this Information Circular. In the event the Continuance becomes effective, each Shareholder who properly dissents and becomes a Dissenting Shareholder will be entitled to be paid the fair value of the Common Shares in respect of which such holder dissents in accordance with Section 191 of the ABCA. Shareholders who vote in favour of the Continuance shall not be entitled to dissent.

The statutory provisions covering the right to dissent are technical and complex. Failure to strictly comply with such requirements set forth in Section 191 of the ABCA may result in the loss of any right to dissent. **A Beneficial Shareholder of Common Shares registered in the name of an intermediary who wishes to dissent should be aware that only registered Shareholders are entitled to dissent**. Accordingly, a Beneficial Shareholder desiring to exercise Dissent Rights must make arrangements for the Common Shares beneficially owned by such holder to be registered in such holder's name prior to the time the written objection to the Continuance Resolution is required to be received by the Corporation, or alternatively, make arrangements for the registered holder of such Common Shares to dissent on such Beneficial Shareholder's behalf. Pursuant to Section 191 of the ABCA, a Shareholder is only entitled to dissent in respect of all of the Common Shares held by such Dissenting Shareholder or on behalf of any one Beneficial Shareholder and registered in the name of the Dissenting Shareholder.

See Schedule "D" for a copy of the provisions of Section 191 of the ABCA, respectively. See also "The Continuance under the *Business Corporations Act* (British Columbia) – Dissent Rights".

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share capital of the Corporation consists of an unlimited number of Common Shares without nominal or par value and an unlimited number of preferred shares. As at the date hereof, there are 9,961,965 Common Shares issued and outstanding and no preferred shares are issued and outstanding. Each Common Share entitles the holder thereof to one (1) vote on all matters to be acted upon at the Meeting. The record date for the determination of Shareholders entitled to receive notice of the Meeting has been fixed as the close of business on May 6, 2020. Only Shareholders of record as of the Record Date are entitled either to attend and vote at the Meeting unless, after the Record Date, a registered holder transferred their Common Shares and that transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that they own such shares, requests, not later than 10 days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to Vote, in which case such transferee shall be entitled to vote at the Meeting.

The by-laws of the Corporation provide that the quorum for the transaction of business at any meeting of the Shareholders shall consist of at least two (2) persons present in person or by proxy, being Shareholders entitled to vote thereat or a duly appointed proxy holder or representative for a shareholder so entitled and holding or representing by proxy not less than five percent (5%) of the outstanding Common Shares entitled to vote at such meeting.

To the knowledge of the Board and the executive officers of the Corporation, no person or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation except as set forth in the following table:

Name of Shareholder	Number of Common Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly	Percentage of Common Shares Beneficially Owned, or over which Control or Direction is Exercised, Directly or Indirectly[(1)]
Ted J. Fostey Calgary, Alberta	3,411,146	34.24%
Brian E. Bayley Vancouver, British Columbia	1,580,525	15.86%
A. Murray Sinclair Vancouver, British Columbia	1,219,235	12.23%

Note:

(1) Percentage of the Common Shares beneficially owned, controlled or directed is calculated based on an aggregate of 9,961,965 Common Shares outstanding as of the date of this Circular.

MATTERS TO BE CONSIDERED AT THE MEETING

At the Meeting, Shareholders will consider the following items of business:

1. Financial Statements

The audited financial statements of the Corporation for the year ended December 31, 2019, the auditor's report thereon and management's discussion and analysis ("**Financial Statements**") will be tabled at the Meeting. A copy of the Financial Statements are available at the request of Shareholders. No vote will be taken at the Meeting in respect of the Financial Statements.

2. Fixing the Number of Directors

At the Meeting, Shareholders will be asked to consider passing an ordinary resolution fixing the number of directors to be elected at the Meeting at four (4).

The text of the ordinary resolution which management intends to place before the Meeting for the approval of the fixing of the number of directors is as follows:

"**BE IT HEREBY RESOLVED** as an ordinary resolution of shareholders of Cypress Hills Resource Corp. (the "**Corporation**") that:

1. the number of directors to be elected at the Meeting is hereby fixed at four (4); and

2. any one director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution."

In order to be effective, the foregoing resolution must be approved by a simple majority of the votes cast at the Meeting by the Shareholders voting in person or by proxy.

Unless otherwise directed, the Management Designees, if named as proxyholders, intend to vote proxies IN FAVOUR of the resolution fixing the number of directors to be elected at the Meeting at four (4).

3. Election of Directors

The Corporation currently has four (4) directors, all of whom are being nominated for re-election.

Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies held by management designees will be voted for another nominee in their discretion unless the Shareholder has specified in his Instrument of Proxy that his Common Shares are to be withheld from voting in the election of directors. Each

director elected will hold office until the next annual meeting of Shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws of the Corporation or the provisions of the ABCA to which the Corporation is subject.

Unless otherwise directed the Management Designees, if named as proxyholders, intend to vote proxies IN FAVOUR of the election of each nominee identified below as directors of the Corporation.

The following table sets forth the name of each of the persons proposed to be nominated for election as a director, their province and country of residence, all positions and offices with the Corporation presently held by their, principal occupation within the preceding five years, their membership on any Board committee, and the number of Common Shares beneficially owned by them, or over which control or direction is exercised, directly or indirectly. The information contained herein is based upon information furnished by the respective nominees.

Name, Province and Country of Residence	Position With the Corporation	Director Since	Principal Occupation for the Past Five Years	Number of Common Shares Beneficially Owned, or over which Control or Directed, Directly or Indirectly[1]
Ted J. Fostey Alberta, Canada	President, Chief Executive Officer and Director	May 1, 2003	President of JDL Capital Canada Ltd. (private holding and consulting company).	3,411,146[3]
Brian E. Bayley[2] British Columbia, Canada	Director	March 21, 1996	President of Earlston Management Corp., a private management company since December 1996 and Executive Chairman of Earlston Investments Corp., a private merchant bank since January 1, 2018.	1,580,525
Timothy Collins[2] Colorado, United States of America	Director	January 19, 1998	Owner/Manager of Collins Land & Cattle Company LLC and Collins Mountain Ranch LLC. Previously, Mr. Collins was the President and CEO of Blacksand Energy Inc., President of Blacksand Energy LLC and President of the General Partner for Blacksand Partners LP.	Nil
Michael A. Thackray, Q.C.[2] British Columbia, Canada	Director	July 17, 2003	Since September 2018, a partner at Dentons Canada LLP. Previously Mr. Thackray was a lawyer with the firm McMillan LLP, practising primarily in the area of oil and gas law.	77,550

Notes:

(1) Information as to the number of Common Shares beneficially owner or over which they exercise control or direction, has been furnished by the respective nominees.

(2) Member of the Audit Committee.

(3) Includes 2,363,895 Common Shares owned by JDL Capital Canada Ltd., a private company wholly-owned by Mr. Fostey.

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of the Corporation no proposed director of the Corporation is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any issuer (including the Corporation) that was subject to a cease trade order, or similar 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, that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, was subject to a cease trade order, or similar 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, that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director or executive officer of any issuer (including the Corporation), that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or has (including with respect to any personal holding companies), 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 its assets.

Penalties or Sanctions

None of those persons who are proposed directors of the Corporation (or any personal holding companies) have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

The above information has been furnished by the respective nominees.

4. Appointment of Auditor

At the Meeting, Shareholders will be asked to consider an ordinary resolution appointing Davidson & Company LLP, Chartered Professional Accountants, Vancouver, British Columbia as the auditor of the Corporation at a remuneration to be approved by the Board and to hold such office until the next annual meeting of the Corporation. Davidson & Company LLP has served as auditor of the Corporation since November 14, 2013.

In order to be effective, the resolution appointing Davidson & Company LLP as auditors of the Corporation must be approved by a simple majority of the votes cast at the Meeting by the Shareholders voting in person or by proxy.

Unless otherwise directed, the Management Designees, if named as proxyholders, intend to vote IN FAVOUR of the resolution appointing Davidson & Company LLP, Chartered Professional Accountants, as auditor for the Corporation for the next ensuing year at a remuneration to be set by the Board.

5. Approval of Stock Option Plan

Pursuant to the policies of the TSX Venture Exchange (the "**Exchange**"), listed issuers are permitted to have "rolling" stock option plans reserving a maximum of 10% of the issued shares of the Corporation at the time of the stock option grant. Pursuant to the policies of the Exchange, such stock option plans must be approved annually by the shareholders of the listed issuer.

The stock option plan of the Corporation (the "**Stock Option Plan**") is considered to be a "rolling" stock option plan and, pursuant to the policies of the Exchange, the Stock Option Plan must be approved annually by the Shareholders. That approval is being sought at the Meeting and accordingly the Shareholders will be asked to consider and, if thought appropriate, approve an ordinary resolution approving the Stock Option Plan for the ensuing year. A copy of the Stock Option Plan is attached to this Circular as Schedule "A".

The Stock Option Plan provides that the Board may from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, officers, employees and technical consultants to the Corporation, non-transferable options to purchase Common Shares ("**Options**"), provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares. Options are exercisable for a period of up to 10 years from the date of grant. The number of Common Shares reserved for issuance to any one person in any twelve month period will not exceed five percent (5%) of the issued and outstanding Common Shares unless the

Corporation has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements. In addition: (i) the number of Common Shares reserved for issuance to any one consultant will not exceed two percent (2%) of the issued and outstanding Common Shares; and (ii) the number of Common Shares reserved for issuance to persons providing investor relations activities will not exceed two percent (2%) of the issued and outstanding Common Shares. Options must be exercised within a reasonable period following cessation of the optionee's position with the Corporation, provided that if the cessation was by reason of death, the Option may be exercised within a maximum period of one year after such death, subject to the expiry date of such Option.

The exercise price of the Options shall be determined by the Board, subject to applicable Exchange approval, at the time any Option is granted. In no event shall such exercise price be lower than the "Discounted Market Price" (as such term is defined in Exchange policies). Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting or that no vesting restriction shall exist.

The text of the ordinary resolution which management intends to place before the Meeting for approval of the Stock Option Plan is as follows:

"**BE IT RESOLVED** as an ordinary resolution of shareholders of Cypress Hills Resource Corp. (the "**Corporation**") that:

1. the stock option plan (the "**Stock Option Plan**") of the Corporation, substantially in the form attached as Schedule "A" to the management information circular of the Corporation dated May 6, 2020, is hereby approved and adopted as the stock option plan of the Corporation;

2. the Stock Option Plan may be amended by the board of directors, in its sole discretion, in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval from the shareholders of the Corporation; and

3. any one director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this ordinary resolution."

In order to be effective the foregoing resolution must be approved by a simple majority of the votes cast at the Meeting by Shareholders voting in person or by proxy.

Unless otherwise directed, the Management Designees, if named as proxyholders, intend to vote IN FAVOUR of the resolution approving the Stock Option Plan for the ensuing year.

6. The Continuance under the *Business Corporations Act* (British Columbia)

The Corporation is currently governed by the ABCA. Management of the Corporation is proposing to move the Corporation's governing jurisdiction to British Columbia. Accordingly, the Corporation intends to apply for the discontinuance of the Corporation from the Province of Alberta and for the continuance of the Corporation under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") to the Province of British Columbia (the "**Continuance**"). At the Meeting, Shareholders will be asked to pass a special resolution, the text of which is set out below, authorizing the board of directors, in its sole discretion, to continue the Corporation from the Province of Alberta into the Province of British Columbia. The Continuance, if approved, will change the legal domicile of the Corporation and will affect certain rights of the Shareholders as they currently exist under the ABCA. Accordingly, Shareholders should consult their own independent legal advisors regarding implications of the Continuance which may be of particular importance to them.

The Board has determined it is in the best interests of the Corporation to be governed by the BCBCA. Notwithstanding the approval of the Shareholders, the Board may, in its discretion, revoke or abandon the Continuance without further approval or action from the Shareholders.

The text of the special resolution which management intends to place before the Meeting to approve the Continuance is as follows:

"**BE IT RESOLVED** as a special resolution of the shareholders of Cypress Hills Resource Corp. (the "**Corporation**") that:

1. the Corporation be and is hereby authorized to (a) make an application for the discontinuance of the Corporation from the Province of Alberta and obtain a Certificate of Discontinuance in respect thereof (the "**Certificate of Discontinuance**"), (b) continue the Corporation into the Province of British Columbia, and (c) file a Continuation Application and obtain a Certificate of Continuation and all such other applicable certificates and writings, as required in connection with such continuance resulting in the Corporation becoming governed under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") and subject to the laws of the Province of British Columbia (the "**Continuance**");

2. subject to the issuance of the Certificate of Discontinuance and without affecting the validity of the Corporation and the existence of the Corporation by or under its charter documents and of any act done thereunder, any officer or director of the Corporation be and is hereby authorized to: (a) amend or replace the existing Articles of Incorporation in or with a form to be approved by any director or officer of the Corporation and as may be authorized under the BCBCA; and (b) after the Continuance to repeal the existing by-law of the Corporation and adopt articles complying with the BCBCA and relating generally to the affairs of the Corporation, such Articles to be substantially in the form attached as Schedule "C" to the management information circular of the Corporation dated May 6, 2020;

3. notwithstanding the approval of the shareholders of these resolutions, the directors of the Corporation are authorized and empowered, without further approval of the shareholders of the Corporation, to abandon, revoke or terminate this resolution if the directors of the Corporation decide not to proceed with the Continuance;

4. any one or more directors or officers of the Corporation are hereby authorized and directed, for and on behalf of the Corporation, to take all necessary steps and proceedings, and to execute, deliver and file any and all applications, declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to the foregoing resolutions; and

5. the directors of the Corporation are hereby authorized and granted with absolute discretion and without further approval of the shareholders, to revoke, rescind, or abandon the foregoing resolution before it is acted upon."

In order to be effective, the foregoing special resolution must be passed by not less than 66⅔% of the votes cast by Shareholders who vote in person or by proxy in respect of this special resolution. **Unless otherwise directed, it is the intention of the Management Designees, if named as proxyholder, to vote proxies IN FAVOUR of the special resolution approving the Continuance.**

Procedure to Effect the Continuance

In order to effect the Continuance, the following steps must be taken:

(a) the Shareholders must approve the Continuance resolution at the Meeting which authorizes the Corporation to, among other things, file an application for continuance with the registrar appointed under the BCBCA (the "**BC Registrar**") requesting that the Corporation be continued as if it had been incorporated under the laws of the Province of British Columbia;

(b) the Registrar of Corporations under the ABCA (the "**AB Registrar**") must approve the proposed Continuance under the BCBCA, upon being satisfied that the Continuance will not adversely affect creditors or shareholders of the Corporation;

(c) the Corporation must apply to the BC Registrar for a Certificate of Continuance under the BCBCA; and

(d) the Corporation must file a notice of continuance with the AB Registrar, who will then issue a certificate of discontinuance.

Pursuant to the ABCA, the Corporation is deemed to cease to be a corporation within the meaning of the ABCA on and after the date on which it is deemed to be continued under the laws of the BCBCA pursuant to the issuance of the Certificate of Continuance from the BC Registrar.

Effect of the Continuance

Assuming that the Continuance Resolution is approved at the Meeting, it is expected that an application will be filed with the BC Registrar for the continuance of the Corporation under the BCBCA and the procedures outlined above will begin as soon as practicable thereafter, as determined by the Board in its sole discretion, in order to give effect to the Continuance.

The Continuance, if approved, will effect a change in the legal domicile of the Corporation on the effective date thereof to the Province of British Columbia, but the Corporation will not change its business or operations as a result of the Continuance.

On the effective date of the Continuance, shareholders will continue to hold one share of the Corporation domiciled in the new jurisdiction for each share of the Corporation currently held. The existing share certificates representing Common Shares will not be cancelled. Holders of convertible securities of the Corporation on the effective date of the Continuance will continue to hold convertible securities to purchase an identical number of Common Shares on substantially the same terms.

As of the effective date of the Continuance, the election, duties, resignation and removal of the Corporation's directors and officers shall be governed by the BCBCA.

By operation of law applicable under the laws of the Province of British Columbia, as of the effective date of the Continuance:

(a) the property of Corporation prior to the Continuance continues to be the property of the Corporation;

(b) the Corporation continues to be liable for its obligations prior to the Continuance;

(c) an existing cause of action, claim or liability to prosecution is unaffected;

(d) a civil, criminal or administrative action or proceeding pending by or against the Corporation prior to the Continuance may continue to be prosecuted by or against the Corporation; and

(e) a conviction against, or ruling, order or judgment in favour of or against, the Corporation prior to the Continuance may be enforced by or against the Corporation.

Certain Corporate Differences between the ABCA and the BCBCA

The following is a summary comparison of certain differences and similarities between the ABCA and the BCBCA that pertain to the rights of shareholders.

In approving the Continuance, Shareholders will be approving the adoption of the continuance application and all matters collateral thereto, including the certificate of continuance, and Shareholders will be agreeing to hold securities in a corporation governed by the BCBCA. This summary is not exhaustive and Shareholders are advised to review the full text of the BCBCA and consult their legal advisors regarding the implications of the Continuance.

Notwithstanding the alteration of shareholders' rights and obligations under the BCBCA resulting from the proposed Continuance, the Corporation will still be bound by the rules and policies of the TSXV, the British Columbia Securities Commission, the Alberta Securities Commission and the Office of the Yukon Superintendent of Securities, as well as any other applicable securities legislation.

Nothing that follows should be construed as legal advice to any particular Shareholder, all of whom are advised to consult their own legal advisors respecting all of the implications of the Continuance. The following is a

summary only. Reference should be made to the full text of the both BCBCA and the ABCA, and the regulations thereunder for particulars of the differences between them.

Constating Documents

Under the ABCA, the charter documents consist of "articles", which sets forth the name of the Corporation and the amount and type of authorized capital. The articles are filed with the Registrar of Alberta. Under the BCBCA, a corporation's charter documents consist of notice of articles. Notice of articles under the BCBCA are substantially similar to "articles" under the ABCA.

Upon the completion of the Continuance, the Corporation will have unlimited authorized capital consisting of the Common Shares and the Preferred Shares, which is the same as the capitalization that the Corporation currently has under the ABCA.

If Shareholders approve the Continuance, the Corporation's articles must conform to the requirements of the BCBCA. Therefore, as part of the Continuance Resolution, Shareholders will be asked to authorize the Board to amend the Corporation's articles, to repeal the existing by-law of the Corporation and to adopt new articles which comply with the requirements of the BCBCA. The full text of the new articles is set out in Schedule "C" attached hereto (the "**New Articles**"). Although the Continuance and the adoption of the New Articles will not result in any substantive changes to the constitution, powers or management of the Corporation the New Articles contain a provision that requires advance notice to the Corporation in circumstances where nominations of persons for election to the Board are made by Shareholders (the "**Advance Notice Provision**").

Among other things, the Advance Notice Provision fixes a deadline by which holders of record of common shares 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.

In the case of an annual meeting of shareholders, notice to the Corporation must be made not less than 30 nor more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of shareholders (which is not also an annual meeting) called for the purpose of electing directors (whether or not called for other purposes), notice to the Corporation must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

The Advance Notice Provision provides a clear process for Shareholders to follow to nominate directors and sets out a reasonable time frame for nominee submissions along with a requirement for accompanying information. The purpose of the Advance Notice Provision is to treat all Shareholders fairly by ensuring that all Shareholders, including those participating in a meeting by proxy rather than in person, receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. In addition, the Advance Notice Provision should assist in facilitating an orderly and efficient meeting process.

Directors

The ABCA requires that at least 25% of the directors of a corporation be resident Canadians. The BCBCA provides that a reporting corporation must have a minimum of three directors but there is no residency requirement for directors.

Under the ABCA, directors may be removed by ordinary resolution whereas under the BCBCA, directors may be removed by a special resolution or, if the articles of a corporation provide, by a resolution passed by less than a special majority of the shareholders entitled to vote at general meetings.

Place of Meetings

Under the ABCA, meetings of shareholders may be held at the place provided in the bylaws, whether inside or outside Alberta. In the absence of such provision, a meeting of shareholders must be held at a place within Alberta as determined by the directors. Notwithstanding the foregoing, a meeting of shareholders may be held outside of Alberta if all of the shareholders entitled to vote at that meeting agree. The Corporation's articles currently provide that meetings of the Corporation may be held at such place or places as the directors may determine from time to time.

The BCBCA requires all meetings of shareholders to be held in British Columbia unless a location outside British Columbia is provided for in the articles. Nevertheless, even where the articles do not provide for a shareholders' meeting location outside British Columbia a shareholders meeting may still be held outside British Columbia so long as the articles do not restrict the corporation from approving a location outside of British Columbia and a location outside of British Columbia is approved by the resolution required by the articles for that purpose or the location for the meeting is approved in writing by the BC Registrar.

Requisition of Meetings

The ABCA permits the holders of not less than 5% of the issued shares that carry the right to vote at a meeting to require the directors to call and hold a meeting of shareholders of a corporation for the purposes stated in the requisition. If the directors do not call a meeting within 21 days of receiving the requisition, any shareholder who signed the requisition may call the meeting.

The BCBCA provides that one or more shareholders of a corporation holding not less than 5% of the issued voting shares of the corporation may give notice to the directors requiring them to call and hold a general meeting within four months.

Requisite Approvals

The ABCA does not provide flexibility with respect to the level of shareholder approval required for ordinary resolutions and special resolutions. Under the ABCA, an ordinary resolution must be passed by no less than a majority of the votes cast by shareholders entitled to vote with respect to the resolution and a special resolution must be passed by not less than two-thirds of the votes cast by the shareholders entitled to vote with respect to the resolution.

Under the BCBCA, a corporation can establish in its articles the levels for various shareholder approvals, other than those levels that are prescribed by the BCBCA. The percentage of votes required for a special resolution can be specified in the articles and may be no less than two-thirds and no more than three-quarters of the votes cast.

Shareholders' Proposals

A shareholder of a corporation incorporated under the ABCA who is entitled to vote may submit notice of a shareholder proposal. To be eligible to make a proposal, a person must:

(a) be a registered holder or beneficial owner of a prescribed number of shares for a prescribed period. Under the regulations currently in effect, the prescribed number of shares is the number of voting shares (i) that is equal to at least 1% of all issued voting shares of the corporation as of the day on which the registered holder or beneficial owner of the shares submits a proposal, or (ii) whose fair market value as determined as of the close of business on the day before the registered holder or beneficial owner of the shares submits the proposal is at least $2,000. Under the regulations currently in effect, the prescribed period is the 6-month period immediately before the day on which the registered holder or beneficial owner of the shares submits the proposal;

(b) have the prescribed level of support of other registered holders or beneficial owners of shares. Under the regulations currently in effect, the prescribed level of support for the proposal by other registered holders or beneficial owners of shares is at least 5% of the issued voting shares of the corporation;

(c) provide to the corporation his or her name and address and the names and addresses of those registered holders or beneficial owners of shares who support the proposal; and

(d) continue to hold or own the prescribed number of shares up to and including the day of the meeting at which the proposal is to be made.

In comparison, a person submitting a proposal under the BCBCA must have been a registered owner or beneficial owner of one or more shares carrying the right to vote at general meetings and must have owned such shares for an uninterrupted period of at least two years before the date of signing the proposal. Similar to the requirements of the ABCA, the proposal must be signed by shareholders who, together with the submitter, are registered or beneficial owners of: (a) at least 1% of the issued shares of the corporation that carry the right to vote at general meetings; or (b) shares with a fair market value exceeding an amount prescribed by regulation (currently $2,000).

Giving Financial Assistance

The ABCA provides that a corporation may give financial assistance to any person for any purpose, subject to certain disclosure obligations. Under the BCBCA, a corporation may give financial assistance to any person for any purpose subject to disclosure obligations where the assistance is material and given to certain prescribed persons. The corporation is not, however, required to make a disclosure in respect of financial assistance that is given in its ordinary course of business or to prescribed affiliates.

Dissent Rights

The ABCA provides that shareholders who dissent to certain actions being taken by a corporation may exercise a right of dissent and require the corporation to purchase the shares held by such shareholders at the fair value of such shares. This dissent right is available when a corporation proposes to: (a) amend its articles to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class; (b) amend its articles to add, change or remove any restrictions on the business or businesses that the corporation may carry on; (c) amend its articles to add or remove an express statement establishing the unlimited liability of shareholders; (d) amalgamate with another corporation pursuant to certain statutory provisions; (e) be continued under the laws of another jurisdiction; or (f) sell, lease or exchange all or substantially all its property.

The BCBCA provides a similar dissent remedy. Under the BCBCA a shareholder is entitled to dissent where the corporation proposes to: (a) amend the corporation's articles to alter restrictions on the powers of the corporation or on the business the corporation is permitted to carry on; (b) adopt an amalgamation agreement; (c) approve an amalgamation under Division 4 Part 9 of the BCBCA; (d) approve an arrangement, where the terms of the arrangement permit dissent; (e) authorize the sale, lease or other disposition of all or substantially all the corporation's undertaking; (f) authorize the continuation of the corporation into a jurisdiction other than British Columbia; (g) adopt any other resolution, if dissent is authorized by the resolution; and (h) in respect of any court order that permits dissent.

Sale of Undertaking

Under the ABCA and the BCBCA, the sale, lease or disposition by a corporation of all or substantially all of its assets, outside the ordinary course of business, is permitted only if authorized by special resolution. Unlike the ABCA, however, the BCBCA exempts certain dispositions by way of security interest, certain limited leases and certain transactions involving affiliates.

Oppression Remedies

The ABCA contains rights that are substantially broader than the BCBCA in that they are available to a larger class of complainants. Under the ABCA, a shareholder, former shareholder, director, former director, officer, former officer and certain creditors of a corporation or any of its affiliates, or any other person who, in the discretion of the court, is a proper person to seek an oppression remedy may apply to the court for an order to rectify the matters complained of where, in respect of a corporation or any of its affiliates, any act or omission of the corporation or its affiliates effects a result, the business or affairs of the corporation or any of its affiliates are or have been carried on or conducted in a manner, or the powers of the directors of the corporation or its affiliates are or have been exercised in a manner, that is oppressive or unfairly prejudicial to, or that unfairly disregards the interests of, any security holder, creditor, director, or officer.

Under the BCBCA, a shareholder (which term includes beneficial shareholders and any person whom the court considers to be an appropriate person to make an application under section 227) of a corporation has the right to apply to the court for an order on the grounds that the affairs of the corporation are being or have been conducted, or that the powers of the directors are being exercised, in a manner oppressive to one or more of the shareholders, including the applicant, or that some act of the corporation has been done or is threatened, or that some resolution of the

shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial to one or more shareholders, including the applicant. In response to such application, the court may make such order as it considers appropriate, including an order to direct or prohibit any act proposed by the corporation.

Shareholder Derivative Actions

The ABCA contains similar provisions for derivative actions but the right to bring a derivative action is available to a broader group. In addition to shareholders and directors, the right under the ABCA is available to former shareholders, former directors, officers, former officers, any affiliate of the foregoing, and any person who, in the discretion of the court, is a proper person to make an application to the court to bring a derivative action.

Under the BCBCA, a shareholder (which term includes beneficial shareholders and any person whom the court considers to be an appropriate person to make an application under section 232 of the BCBCA) or director of a corporation may, with leave of the court, and after having made reasonable efforts to cause the directors of the corporation to prosecute a legal proceeding, prosecute such proceeding in the name of and on behalf of the corporation to enforce a right, duty or obligation owed to the corporation that could be enforced by the corporation itself or to obtain damages for any breach of such right, duty or obligation. There is a similar right of a shareholder or director, with leave of the court, and in the name and on behalf of the corporation, to defend a legal proceeding brought against the corporation.

Indemnification

The ABCA allows a corporation to indemnify a director or former director or officer or former officer of a corporation or its affiliates against all liability and expenses reasonably incurred by him or her in a proceeding to which he or she is made party by reason of being or having been a director or officer if he or she acted honestly and in good faith with a view to the best interests of the corporation and, in cases where an action is or was substantially successful on the merits of his or her defence of the action or proceeding against him or her in his capacity as a director or officer.

Similar to the ABCA the BCBCA also provides mechanism by which a corporation may indemnify a director or former director or officer or former officer of a corporation or its affiliates. The BCBCA permits the corporation to indemnify a director where the director has acted honestly and in good faith with a view to the best interests of the corporation, and the director has reasonable grounds for believing that his or her conduct was lawful.

Rights of Dissent to the Continuance

Shareholders are entitled to dissent in respect of the Continuance in accordance with section 191 of the ABCA. Strict compliance with the provisions of section 191 is required in order to exercise the right to dissent. Provided the Continuance becomes effective, each dissenting shareholder will be entitled to be paid the fair value of his, her or its Common Shares in respect of which such shareholder dissents in accordance with section 191 of the ABCA. **Persons who are beneficial owners of Common Shares registered in the name of a broker, custodian, nominee or other Intermediary who wish to dissent should be aware that only the registered holders of such Common Shares are entitled to dissent.**

Accordingly, a beneficial owner of Common Shares desiring to exercise his, her or its right to dissent must make arrangements for the Common Shares beneficially owned by such person to be registered in his, her or its name, or, alternatively, make arrangements for the registered holder of his, her or its Common Shares to dissent on his, her or its behalf. **See Schedule "D" to this Circular for the full text of section 191.**

In order to be effective, a written notice of objection to the Continuance Resolution must be received by the President of the Corporation, at 1900, 520 – 3rd Avenue S.W., Calgary, Alberta T2P 0R3, prior to the commencement of the Meeting, or at the Meeting to be held at the foregoing address. The foregoing summary does not purport to provide a comprehensive statement of the procedures to be followed by a dissenting shareholder who seeks payment of the fair value of their Common Shares. **The complete dissent provisions of the ABCA are set forth in Schedule "D" herein. The ABCA requires strict adherence to the procedures established therein and failure to do so may result in the loss of all dissenters' rights. Accordingly, each shareholder who might desire to exercise the dissenters' rights should carefully consider and comply with the provisions of the section and consult such shareholder's legal advisor.**

The Board may elect not to proceed with the transactions contemplated in the Continuance Resolution if any notices of dissent are received.

OTHER MATTERS

Management of the Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matter properly comes before the Meeting, the Instrument of Proxy furnished by the Corporation will be voted on such matters in accordance with the best judgment of the persons voting the proxy.

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation Discussion and Analysis

Compensation Objectives and Process

The Board is responsible for reviewing and setting executive and director compensation. The Board, in arriving at its compensation decisions, considers the long term interest of the Corporation and its stakeholders, and its historical and current stage of development.

The Corporation is actively seeking opportunities to acquire or participate in new assets or businesses, and the Board has decided that until the Corporation completes an acquisition (an "**Acquisition**"), no compensation will be provided to the Corporation's directors or officers, other than by way of stock options issued pursuant to the Stock Option Plan. The objective and purpose of any stock option reward is to encourage the Corporation's officers and directors to find an Acquisition that is in the best interests of the Corporation and the shareholders. However, in the future, the Board may decide that, prior to completing an Acquisition, the Corporation should pay compensation to its directors or executive officers other than solely by way of stock options.

No compensation whatsoever was paid or granted to the directors and officers of the Corporation during the most recently completed financial year.

Risks of Compensation Policies and Practices

The Corporation's compensation program is designed to provide executive officers incentives for the achievement of near-term and long-term objectives, without motivating them to take unnecessary risk. As part of its review and discussion of executive compensation, the Board noted the following facts that discourage the Corporation's executives from taking unnecessary or excessive risk:

- the Corporation's operating strategy and related compensation philosophy; and
- the Corporation's approach to performance evaluation and compensation provides greater rewards to an executive officer achieving both near-term and long-term agreed upon objectives.

Based on this review, and given that no compensation whatsoever was paid or granted to the directors and officers of the Corporation during the most recently completed financial year, the Board believes that the Corporation's total executive compensation program does not encourage executive officers to take unnecessary or excessive risk.

Role of Executive Officers in Compensation Decisions

With respect to the grant of Options, the Chief Executive Officer recommends to the Board the individual equity incentive awards for each executive officer and director. The Board then takes these recommendations into consideration when making final decisions on compensation for those executive officers. The Board does not use formulas for each grant, but is restricted by the policies of the Exchange and the Stock Option Plan in how many Options it may grant. Options under the Stock Option Plan are awarded based upon the level of responsibility and contribution of the individuals towards the Corporation's goals and objectives. See *"Incentive Plan Awards – The Stock Option Plan*" below, for a detailed description of the Stock Option Plan. Previous grants of Options to a particular individual will be taken into account when considering future grants of Options to that particular individual. At this time, none of the directors or executive officers of the Corporation have been awarded any Options.

Financial Instruments

The Corporation has not implemented any policies which restrict its executive officers and directors from purchasing financial instruments, including 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 the executive officer or director.

Elements of Compensation

The executive compensation program is comprised of three principal components: base salaries, a bonus plan and a stock option plan which are designed to provide a combination of cash and equity-based compensation to effectively retain and motivate the executive officers to achieve the corporate goals and objectives.

Base Salaries

The Corporation completed a re-organization and financing in 2013 and continues to look for a new investment opportunities. In May 2014, the Corporation was transferred to the NEX board of the TSX Venture Exchange. Until such time as a new investment opportunity is identified and a transaction completed, it was decided that it was in the best interest of the Corporation to discontinue the payment of salaries.

Historically, executive officers were paid a base salary to compensate them for providing the leadership and specific skills needed to fulfill their responsibilities. The payment of base salaries is an important component of the Corporation's compensation program and serves to attract and retain qualified individuals. The base salaries for the executive officers are reviewed annually by the Board and are determined by considering the contributions made by the executive officers, how their compensation levels related to compensation packages that would be achievable by such officers from other opportunities and publicly available salary data. Salaries of the executive officers are not determined based on benchmarks or a specific formula.

Bonus Plan

The Board approves bonus payments to reward executive officers for their contribution to the achievement of annual corporate goals and objectives. Bonuses also serve as a retention incentive for executive officers so that they remain in the employ of the Corporation. The payment of bonuses is consistent with the overall objective of the Corporation to reward performance. Bonuses were not awarded for 2019.

Compensation Governance

The policies and practices adopted by the Board to determine the compensation of the Corporation's executive officers and directors is described under "*Compensation of Executive Officers and Directors – Compensation Discussion and Analysis*".

The Board has determined that due to the size and stage of development of the Corporation, all compensation matters would be reviewed by the Board and the Board has the authority to retain independent advisors as it may deem necessary or appropriate to allow it to discharge its responsibilities.

The Board reviews succession plans for key management positions within the Corporation, human resources policies and plans and the performance and development of the Chief Executive Officer. The Board reviews and recommends the compensation philosophy, guidelines and plans for the Corporation's employees and executives. In consultation with the Chief Executive Officer, the Board also approves the Corporation's compensation plans, including stock options, incentives, bonuses and benefit plans, for the executive team including the Chief Executive Officer.

Pension Disclosure

The Corporation currently has no defined benefit, defined contribution, pension, retirement, deferred compensation or actuarial plans for its Named Executive Officers (as defined below) or directors of the Corporation.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

Securities legislation requires the disclosure of compensation received by each "Named Executive Officer" of the Corporation for the two most recently completed financial years. The following table sets forth information concerning the compensation by the Corporation's directors and the Named Executive Officer, namely Ted J. Fostey, President and Chief Executive Officer and John Downes, Chief Financial Officer.

The following table provides compensation information for the past two financial years in accordance with Form 51-102F6V in respect of Ted J. Fostey, President and Chief Executive Officer and John Downes, current Chief Financial Officer, being the Named Executive Officers of the Corporation, and the directors. As at the date hereof, Mr. Fostey and Mr. Downes have not received any salary, share-based awards, non-equity incentive plan compensation, pension value or other compensation other than option-based awards.

TABLE OF COMPENSATION, EXCLUDING COMPENSATION SECURITIES

Name and Position	Year	Salary, consulting fee, retainer or commission ($)	Bonus ($)	Committee or meeting fees ($)	Value of perquisites ($)	Value of all other compensation ($)	Total compensation ($)
Ted J. Fostey President, CEO and Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
John Downes Chief Financial Officer	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Brian E. Bayley Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Timothy Collins Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Michael Thackray Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil

Stock Options and Other Compensation Securities

No compensation securities were granted or issued to any Named Executive Officers or directors by the Corporation in the financial year ended December 31, 2019 for services provided or to be provided, directly or indirectly, to the Corporation.

No compensation securities were exercised by the Named Executive Officers and the directors during the financial year ended December 31, 2019.

Incentive Plan Awards

The Stock Option Plan

The Corporation established the Stock Option Plan for its directors, officers, employees, and consultants, a copy of which is attached hereto as Schedule "A." The number of authorized but unissued Common Shares that may be subject to options granted to optionees under the Stock Option Plan shall not exceed 10% of the Common Shares issued and outstanding at the date of grant. Rolling 10% stock option plans such as the Stock Option Plan require annual shareholder approval.

The purpose of the Stock Option Plan is to provide directors, officers, employees and consultants of the Corporation with an opportunity to purchase Common Shares and benefit from the appreciation thereof. This proprietary interest in the Corporation provides an incentive to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Common Shares for the benefit of all Shareholders and increasing the ability of the Corporation to attract and retain persons of experience by aligning the interests of executives and employees with the growth and profitability of the Corporation. The longer-term focus of the Stock Option Plan complements and balances the short-term elements of the compensation program of the Corporation.

The Stock Option Plan is administered by the Board and all decisions and interpretations of the Board respecting the Stock Option Plan or stock options granted thereunder shall be conclusive and binding on the Corporation and on the optionees. The Board may, at any time and from time to time, grant options under the Stock Option Plan on terms and conditions to be determined by the Board from time to time, subject to the conditions contained in the Stock Option Plan and subject to the policies of the Exchange.

The exercise price of the stock options shall be fixed by the Board at the date of grant, provided that such price shall not be less than that permitted by any stock exchange upon which the Common Shares are then listed and posted for trading. The maximum for which stock options may be exercisable is five years, but such term may be shortened by the Board in any stock option agreement, and all stock options will be subject to early termination in accordance with the provisions of the Plan relating to the cessation of the optionee as a director, officer, employee or consultant, either due to termination of employment or due to death or permanent disability. The aggregate number of Common Shares reserved for issuance pursuant to stock options granted to any one individual in any 12 month period may not exceed five percent of the issued and outstanding Common Shares at the date of grant. The aggregate number of Common Shares reserved for issuance pursuant to stock options granted to any one consultant or granted to employees conducting investor relations activities in any 12 month period may not exceed two percent of the issued and outstanding Common Shares at the date of grant. In addition, the issuance to any one insider and such insider's associates pursuant to the Stock Option Plan and other share compensation arrangements within a 12 month period may not exceed five percent of the outstanding Common Shares at the date of grant.

During the year ended December 31, 2019, the Corporation did not grant any options under the Stock Option Plan pursuant to which Common Shares are issuable; and (ii) there remains for issuance 996,196 Common Shares under the Stock Option Plan, representing 10% of the currently outstanding Common Shares.

Option-Based Awards

The process that the Corporation uses to grant option-based awards to executive officers, including the Named Executive Officers, is for the Board to approve option grants based on recommendations made by the Chief Executive Officer from time to time. Option awards are determined based on the factors described above under the heading "Stock Option Plan".

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth the Corporation's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected herein)
Equity Compensation plans approved by securityholders	Nil	N/A	996,196
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	Nil	NA	996,196

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer or proposed director of the Corporation or any associate of the foregoing is, or at any time since the beginning of the Corporation's most recently completed financial year has been, indebted to the Corporation, nor were any of these individuals indebted to any other entity which indebtedness was the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Corporation, including under any securities purchase or other program.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Other than as disclosed herein, no person who has been a director or executive officer of the Corporation at any time since the beginning of the last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing, has or had 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. The directors and officers of the Corporation hold options to acquire Common Shares pursuant to the Option Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The Corporation is not aware of any material transaction involving any informed person of the Corporation, any proposed director of the Corporation, or any associate or affiliate of any of informed person or proposed director other than as set forth in this Circular, including the following:

> Ted J. Fostey and Brian E. Bayley, directors and shareholders of the Corporation, provided loans to the Corporation which included $30,000, $53,500 and $30,000 in the years ended December 31, 2019, 2018 and 2017, respectively, to fund expenses incurred as a public company such as audit and legal fees, NEX listing and filing fees, and transfer agent fees. Subsequent to the year ended December 31, 2019, an additional loan of $40,000 was provided by Ted Fostey and Brian Bayley.

There are potential conflicts of interest to which the directors and officers of the Corporation may be subject in connection with the operations of the Corporation. Some of the directors and officers of the Corporation are engaged and will continue to be engaged in other business opportunities on their own behalf and on behalf of other corporations, and situations may arise where such directors and officers will be in competition with the Corporation. Individuals concerned shall be governed in any conflicts or potential conflicts by applicable law and internal policies of the Corporation.

For the purposes of the above, "informed person" means: (a) a director or executive officer of the Corporation; (b) a director or executive officer of a company that is itself an informed person or subsidiary of the Corporation; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation or who exercises control or direction over voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the company other than voting securities held by the person or Corporation as underwriter in the course of a distribution; and (d) the Corporation after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

CORPORATE SERVICES AGREEMENT

The Corporation has entered into a corporate services agreement dated effective June 1, 2013 (the "**Corporate Services Agreement**") with Earlston Management Corp. ("**Earlston Management**"), whereby Earlston Management provides to the Corporation various administrative and related corporate services for $1,500 per month. Due to the Corporation's financial condition, Earlston has suspended its fees and did not bill the Corporation for services provided in 2019.

Earlston Management is a private company owned by Earlston Investments Corp., a British Columbia corporation. None of the persons who were directors or executive officers of the Corporation or a subsidiary of the Corporation at any time during the Corporation's last financial year, the proposed nominees for election to the Board, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding Common Shares, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in Earlston Management or Earlston Investments Corp., other than Brian E. Bayley, a director of the Corporation, who is also a

director and officer of Earlston Management and a director and shareholder of Earlston Investments Corp., John Downes, Chief Financial Officer of the Corporation, who is also an officer of Earlston Management and Earlston Investments Corp. and A. Murray Sinclair, 10% shareholder of the Corporation, who is also a director of Earlston Management and an officer of Earlston Investments.

The term of the Corporate Services Agreement commenced on June 1, 2013 and will be in force for two years from the date thereof, with automatic renewal on an annual basis, unless notice is given by either party prior to sixty days of the annual anniversary date of the Corporate Services Agreement, and is subject to earlier termination in certain circumstances, which include: (i) written notice to the other party of termination if the other party (the "Defaulting Party") is in default of any covenant, condition or requirement under the Corporate Services Agreement and the Defaulting Party has not remedied such default within ten business days of receipt of notice of such default; (ii) by written notice to the other party if the other party becomes insolvent, is unable to discharge its obligations as they become due, makes an assignment for the benefit of creditors, or a petition in bankruptcy is filed against it; or (iii) by two months' written notice to the other party. The Corporate Services Agreement also provides a mechanism for Earlston Management to change its fee in the event that services required by the Corporation differ than those provided for currently under the Corporate Services Agreement. Pursuant to the Corporate Services Agreement, Earlston Management is reimbursed for all reasonable expenses incurred in the performance of its services.

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), sets out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation's required annual disclosure of its corporate governance practices in accordance with Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers).*

In establishing its corporate governance practices, the Board has been guided by applicable Canadian securities legislation and the guidelines of the TSX-V for effective corporate governance, including National Policy 58-201 – *Corporate Governance Guidelines*. The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interests of its Shareholders, but that it also promotes effective decision making at the Board level.

Board of Directors

The Board is currently composed of four members of which Brian E. Bayley, Timothy Collins and Michael Thackray are considered independent as such term is defined by National Instrument 52-110 Audit Committees ("**NI 52-110**"). Ted J. Fostey, President and Chief Executive Officer, is not independent as he is an executive officer of the Corporation. The Board approves all significant decisions that affect the Corporation before they are implemented and the Board supervises their implementation and reviews the results.

The Board is actively involved in the Corporation's strategic planning process. The Board discusses and reviews all materials relating to strategic and operating plans with management. The Board is responsible for reviewing and approving strategic and operating plans and budgets. Management must seek the Board's approval for any transaction that would have a significant impact on the strategic plan.

The Board is also responsible for selecting the President and appointing senior management and for monitoring their performance. The Board delegates to management responsibility for, among other things, meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Corporation's business, evaluating new business opportunities and complying with applicable regulatory requirements.

The Board periodically reviews the Corporation's business and implementation of appropriate systems to manage any associated risks, communications with investors and the financial community and the integrity of the Corporation's internal control and management information systems. The Board also monitors the Corporation's compliance with its timely disclosure obligations and reviews material disclosure documents prior to distribution.

Other Public Company Directorships

The following members of the Board currently hold directorships in other reporting issuers as set forth below:

Name of Director	Name of Reporting Issuer	Exchange
Brian E. Bayley	Monitor Ventures Inc.	NEX
	EMX Royalty Corp.	TSXV
	NervGen Pharma Corp.	TSXV
	Quendale Capital Corp.	TSXV

Orientation and Continuing Education of Board Members

The Corporation does not currently have any formal orientation and education programs for new directors as the changes in Board membership have been limited. The Board briefs all new directors on the corporate policies of the Corporation and other relevant corporate and business information. Board members are encouraged to communicate with management, auditors and technical consultants, to keep themselves current with industry trends and developments and changes in legislation with management's assistance and to attend related industry seminars. If there is a change in the number of directors required by the Corporation, this policy will be reviewed. Board members have full access to the Corporation's records.

Ethical Business Conduct

The Board consults regularly with legal, accounting and auditing advisors to ensure compliance with all applicable legal, accounting and other applicable regulatory requirements. The Board has an Audit Committee Charter regarding the collection and dissemination of accounting information, and a Whistleblower Policy with respect to reporting accounting and auditing irregularities. The Board believes that the Corporation has in place corporate governance practices that are both effective and appropriate to the Corporation's size and its business operations. Because of its size and composition, the Board does not find it necessary to appoint many committees or to have in place many formal processes in order to ensure effective corporate governance. For these reasons the Board has not adopted a formal Code of Conduct.

Nomination of Directors

The Board as a whole remains responsible for nominating new members of the Board and assessing members of the Board on an on-going basis. If it becomes necessary, a nomination committee will be created which in turn will develop relevant criteria for suitable candidates including the independence of the individual, financial acumen and availability to devote sufficient time to the duties of the Board. The Board encourages all directors to participate in considering the need for and in identifying and recruiting new candidates for the Board.

Compensation of Directors and Officers

The Board has the responsibility to review compensation matters and review appropriate levels of compensation for all of the directors and all officers of the Corporation, including the Chief Executive Officer. To determine compensation payable, the Board reviews compensation paid to directors and Chief Executive Officers of companies of similar size and stage of development and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Corporation. In setting the compensation, the independent Directors review the performance of the Chief Executive Officer in light of the Corporation's objectives and consider other factors that may have impacted the success of the Corporation in achieving its objectives. See the discussions under the headings *"Compensation of Executive Officers and Directors – Compensation Discussion and Analysis"*, *"– Compensation Governance"* and *"Director and Named Executive Officer Compensation, Excluding Compensation Securities"*, which sections are incorporated by reference herein

Other Board Committees

Other than the Audit Committee, the Board does not have any other committees. For further information regarding the Audit Committee, see the description under the heading "*Audit Committee Disclosure*".

Assessments

To date, given the small size of the Board, the Board has not found it necessary to institute any formal process in order to satisfy itself that the Board, its committees and its individual directors are performing effectively.

AUDIT COMMITTEE DISCLOSURE

Audit Committee Charter

The Audit Committee is a committee of the Board established for the purpose of overseeing the accounting and financial reporting processes of the Corporation and annual external audits of the consolidated financial statements. The Audit Committee has formally set out its responsibilities and composition requirements in fulfilling its oversight in relation to the Corporation's internal accounting standards and practices, financial information, accounting systems and procedures. See Schedule "B" hereto for a copy of the Audit Committee Charter of the Corporation.

Composition of the Audit Committee

The Audit Committee currently consists of Brian E. Bayley, Timothy Collins and Michael A. Thackray, Q.C. Brian E. Bayley is the Chair of the Audit Committee. All members of the Audit Committee are considered independent and financially literate.

Relevant Education and Experience of Audit Committee Members

Brian E. Bayley

Mr. Bayley serves as the President and a director of Earlston Management Corp., a private management company and Executive Chairman of Earlston Investments Corp., a private merchant bank. Previously, Mr. Bayley was a director and Resource Lending Advisor for Sprott Resource Lending Corp. (formerly Quest Capital Corp.), a TSX and NYSE Amex listed resource lending corporation. He has held active senior management positions in both private and public natural resource companies and has over 30 years of public issuer experience, both as an officer and a director. Mr. Bayley holds an MBA from Queen's University. He is also a director and officer of several other public companies (see "*Corporate Governance Disclosure*").

Timothy Collins

Mr. Collins is currently owner/manager of Collins Land & Cattle Company LLC and Collins Mountain Ranch LLC. Mr. Collins was previously the President and Chief Executive Officer of Blacksand Energy Inc., President of Blacksand Energy LLC and President of the General Partner for Blacksand Partners LP. He has held senior management positions in both private and public oil and gas companies for over 40 years and has over 10 years of public issuer experience, both as an officer and a director.

Michael A. Thackray, QC

Mr. Thackray is a partner at Dentons Canada LLP since September, 2018 practising in the firms energy law group, based in Vancouver. Previously, he was a senior partner at McMillan LLP, a law firm in which his practice included representing public and private companies, all aspects of oil and gas law and corporate, commercial and securities transactions. He also has over 15 years of public issuer experience.

Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-Audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

Pre-Approval Policies and Procedures

The Audit Committee will review and pre-approve any engagements for non-audit services to be provided by the external auditor, together with estimated fees. The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees (By Category)

The following table discloses the approximate aggregate fees paid by the Corporation to the external auditors of the Corporation in each of the last two financial years of the Corporation for audit fees.

Financial Year Ended	Audit fees[(1)]	Audit related fees[(2)]	Tax fees[(3)]	All other fees[(4)]
December 31, 2019	$15,183	Nil	$4,000	Nil
December 31, 2018	$16,575	Nil	$2,000	Nil

Notes:

(1) The aggregate fees billed for audit services.

(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the 'Audit Fees' column.

(3) The aggregate fees billed for tax compliance, tax advice, and tax planning services.

(4) The aggregate fees billed for professional services other than those listed in the other three columns.

Exemption

As a "venture issuer" (as such term is defined under NI 51-102 – *Continuous Disclosure Obligations*), the Corporation is relying upon the exemption provided for in section 6.1 of NI 52-110.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.sedar.com under the Corporation's profile. Additional financial information is provided in the Corporation's audited consolidated financial statements for the financial year ended December 31, 2019, a copy of which, together with MD&A thereon, can be found on SEDAR and the Corporation's website at www.cypresshillsresource.com. To request copies of the Corporation's financial statements, MD&A, Circular and any document to be approved at the Meeting, Shareholders may contact the Corporate Secretary of the Corporation as follows:

E-mail:	Telecopier:	Telephone:
lee@earlston.ca	(+1) 604-681-4692	(+1) 604-689-1428 (collect calls accepted)

Mail: Suite 1703, 595 Burrard Street, Vancouver, British Columbia V7X 1J1, Canada

SCHEDULE "A"

STOCK OPTION PLAN
CYPRESS HILLS RESOURCE CORP.

I. INTERPRETATION

1. Definitions In this Plan the following words and phrases shall have the following meanings, namely:

(a) "**Board**" means the board of directors of the Company or, if the Board so elects, a committee (which may consist of only one person) appointed by the Board from its members to administer the Plan**.**

(b) "**Company**" means Cypress Hills Resource Corp**.**

(c) "**Consultant**" means an individual (or a Company or partnership (a "**Consultant Company**") of which the individual is an employee, shareholder or partner) who:

(i) is engaged to provide, on an ongoing bona fide basis, consulting, technical, management or other services to the Company or a subsidiary of the Company other than in relation to a distribution of the Company's securities;

(ii) provides the services under a written contract between the Consultant or Consultant Company and the Company or subsidiary;

(iii) in the Company's reasonable opinion, spends or will spend a significant amount of time and attention on the business and affairs of the Company or a subsidiary of the Company; and

(iv) has a relationship with the Company or a subsidiary of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.

(d) "**Director**" means a director, senior officer or Management Company Employee of an Issuer, or of an unlisted Company seeking a listing on the Exchange, or a director, senior officer or Management Company Employees of an Issuer's or an unlisted Company's subsidiaries.

(e) "**Disinterested Shareholder**" means a holder of Shares that is not an Insider nor an associate (as defined in the *Securities Act* (British Columbia)) of an Insider.

(f) "**Employee**" means:

(i) an individual who is considered an employee of the Issuer or its subsidiary under the *Income Tax Act* (Canada) (and for whom income tax, employment insurance and CPP deductions must be made at source);

(ii) an individual who works full-time for an Issuer or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Issuer over the details and methods of work as an employee of the Issuer, but for whom income tax deductions are not made at source; or

(iii) an individual who works for an Issuer or its subsidiary on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Issuer over the details and methods of work as an employee of the Issuer, but for whom income tax deductions are not made at source.

(g) "**Exchange**" means the TSX Venture Exchange or any other stock exchange on which the Shares are listed for trading.

(h) "**Insider**" means an insider of the Company as defined in the *Securities Act* (British Columbia).

(i) "**Market Price**" means the price at which the last recorded sale of a board lot of Shares took place on the Exchange during the trading day immediately preceding the date of granting the option or, if there was no such sale, on the preceding trading day during which there was such a sale. It is the intention of this Plan that Market Price is the Company's best estimate made in good faith of the fair market value of the Shares at the time of granting of the option.

(j) "**Management Company Employee**" means an individual employed by a Company providing management services to the Issuer, which are required for the ongoing successful operation of the business enterprise of the Issuer, but excluding a person engaged in investor relations activities.

(k) "**Officer**" means a senior officer of the Company (as defined in the *Securities Act* (British Columbia)) or any of its subsidiaries.

(l) "**Plan**" means this stock option plan as from time to time amended.

(m) "**Shares**" means common shares of the Company.

2. Gender Throughout this Plan, words importing the masculine gender shall be interpreted as including the female gender.

II. PURPOSE OF PLAN

1. Purpose The purpose of this Plan is to attract and retain Employees, Consultants, Officers and Directors to the Company and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through options granted under this Plan to purchase Shares.

III. GRANTING OF OPTIONS

1. Administration This Plan shall be administered by the Board.

2. Grant by Resolution The Board may determine by resolution those Employees, Consultants, Officers and Directors to whom options should be granted under the Plan and grant to them such options as the Board determines to be appropriate. As a condition precedent to the grant of an option, the Company and optionee must be able to represent to the Exchange as of the date of grant that the optionee is a bona fide Executive, Employee or Consultant of the Company or any Subsidiary.

3. Terms of Option The Board shall determine and specify in its resolution the number of Shares that should be placed under option to each such Employee, Consultant, Officer or Director, the price per Share to be paid for such Shares upon the exercise of each such option, and the period during which such option may be exercised.

4. Written Agreement Every option granted under this Plan shall be evidenced by a written agreement between the Company and the optionee and where not expressly set out in the agreement the provisions of such agreement shall conform to and be governed by this Plan. If there is any inconsistency between the terms of the agreement and this Plan the terms of this Plan shall govern.

IV. CONDITIONS GOVERNING THE GRANTING & EXERCISING OF OPTIONS

1. Different Exercise Periods, Prices and Number In granting an option under this Plan the Board may specify, in its absolute discretion, a particular time period or periods during which the option may be exercised and designate the exercise price and number of Shares in respect of which the option may be exercised during each such time period.

2. Exercise Price The exercise price of an option granted under this Plan shall not be less than the Market Price at the time of granting the option. If the optionee is subject to the tax laws of the United States of America

and owns (as determined in accordance with such laws) greater than 10% of the Shares at the time of granting of the option the exercise price shall be at least 110% of the Market Price. In any event, no options shall be granted which are exercisable at a price of less than Cdn$ 0.10 per Share.

3. Number of Shares The number of Shares reserved for issuance to an optionee pursuant to an option granted under this Plan, together with all other options granted to the optionee in a 12 month period, shall not exceed, at the time of granting of the option, 5% of the outstanding Shares (2% of the issued Shares if the optionee is a Consultant) but if the optionee is engaged in providing investor relations services to the Company the aggregate number of Shares reserved for issuance to all such optionees providing such investor relations services shall not exceed 2% of the issued Shares in any 12 month period.

4. Vesting of Options if Optionee is Providing Investor Relations Services If the optionee is a Consultant providing investor relations services to the Company the option must vest in stages over of not less than 12 months with no more than one quarter of the option vesting in any three month period.

5. Vesting of Options if Plan Exceeds 10% Not Applicable.

6. Exercise of Options if Specified Value Exceeds US$ 100,000 If the optionee is an Employee subject to the tax laws of the United States of America that part of any option entitling the optionee to purchase Shares having a value of US$ 100,000 or less shall be treated as an "Incentive Stock Option" under United States Internal Revenue Code so that the optionee may defer the payment of tax on such Shares until the year in which such Shares are disposed of by the optionee. For the purposes hereof value is determined by multiplying the number of shares which are subject to the option times the Market Price (at the time of granting of the options). That part of any option on Shares having a value in excess of US$ 100,000 shall be treated as a non-qualifying option for the purposes of the Code and shall not entitle the optionee to such tax deferral.

7. Expiry Date Unless sooner terminated, the duration of an option shall not exceed the maximum term permitted by the Exchange. For greater certainty, if the Company is listed on the TSX Venture Exchange, the maximum term may not exceed 10 years if the Company is classified as a "Tier 1" issuer by the TSX Venture Exchange, and the maximum term may not exceed 5 years if the Company is classified as a "Tier 2" issuer by the TSX Venture Exchange.

8. Extension of Expiry of Time During Blackout Periods Notwithstanding the provisions contained herein for the expiry of options, and subject to the rules of the Exchange, in the event that the expiry date of an option occurs during a blackout period that is formally self-imposed by the Company pursuant to its policies ("**Blackout Period**"), the expiry date of such option shall be automatically extended for a period of 10 business days following the end of the Blackout Period provided that the Blackout period was imposed as a result of the bona fide existence of undisclosed Material Information and the Blackout Period expires upon the general disclosure of the undisclosed Material information..

9. Death of Optionee In the event of the death of an optionee, the option previously granted to him or her shall be exercisable only within one (1) year after such death and then only:

   (a) 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; and

   (b) if and to the extent that such Participant was entitled to exercise the option at the date of his death.

10. Termination of Optionee (Voluntary) If an optionee voluntarily ceases to be a Director, Officer, Consultant, Employee or Management Company Employee any option granted under this Plan to the optionee must terminate:

   (a) within one (1) year after the optionee ceased to be the last of a Director, Officer, Consultant, Employee or Management Company Employee;

   (b) on the 30th day after the optionee ceased to be an Employee or Consultant if the optionee was engaged in providing investor relations services for the Company; or

(c) on the earlier of the 90th day and the third month after the optionee ceased to be an Employee or Officer if the optionee is subject to the tax laws of the United States of America.

11. Termination of Optionee (Involuntary or for Cause) If an optionee ceases to be any of a Director, Officer, Consultant, Employee or Management Company Employee whether through removal as a director, dismissal as an employee or officer for cause or termination as consultant for breach of their consulting agreement then, notwithstanding the optionee continuing to fall within another of such categories, any option granted under this Plan to the optionee shall terminate immediately on such removal, dismissal or termination and shall not be exercisable by the optionee.

12. Vesting on Change of Control If there is a Change of Control of the Company while any stock options granted under this Plan are outstanding such options, subject to the Exchange's approval, shall vest immediately and be fully exercisable notwithstanding the terms thereof. For the purposes hereof "Change of Control" shall mean:

(a) any transaction or series of related transactions as a result of which any person, entity or group acquires ownership, before or after the date of the Plan, of at least 20% of the voting shares of the Company and they or their representatives become a majority of the Board of Directors or assume control or direction over the management or day-to-day operations of the Company; or

(b) an amalgamation, merger, consolidation or other reorganization of the Company with another entity as a result of which the Company ceases to exist or be publicly traded and the management or Board of Directors of the Company do not comprise substantially all of the management or a majority of the board of directors, respectively, of the resulting entity**.**

13. Assignment No option granted under this Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than by will or pursuant to the laws of succession except that, if permitted by the rules and policies of the Exchange, an optionee shall have the right to assign any option granted to them under this Plan to a Company wholly-owned by them.

14. Restriction on Resale of Shares Issued All Shares issued upon the exercise of an option shall be subject to a four month hold period from the time the option was granted during which period they cannot be sold and, in accordance with the Exchange's policies, the certificates representing such Shares shall be legended accordingly.

15. Notice Options shall be exercised only in accordance with the terms and conditions of the agreements under which they are respectively granted and shall be exercisable only by notice in writing to the Company.

16. Payment Options may be exercised in whole or in part at any time prior to their lapse or termination. Shares purchased by an optionee on exercise of an option shall be fully paid for in cash at the time of their purchase.

V. RESERVATION OF SHARES FOR OPTIONS

1. Sufficient Authorized Shares to be Reserved Whenever the constating documents of the Company limit the number of authorized Shares, a sufficient number of Shares shall be reserved by the Board to satisfy the exercise of options granted under this Plan. Shares that were the subject of options that have lapsed or terminated shall thereupon no longer be in reserve and may once again be subject to an option granted under this Plan.

2. Maximum Number of Shares to be Reserved Under Plan The aggregate number of Shares which may be subject to issuance pursuant to options granted under this Plan shall be 10% of the outstanding Shares less any Shares subject to issuance pursuant to outstanding options granted before the establishment of this Plan.

3. Maximum Number of Shares Reserved for Insiders Unless the Disinterested Shareholders have approved this Plan at a meeting of holders of Shares, under no circumstances shall options granted under this Plan, together with all of the Company's other previously granted stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, result, at any time, in:

(a) the number of Shares reserved for issuance pursuant to stock options granted to Insiders exceeding 10% of the Shares outstanding at the time of granting; or

(b) the issuance to Insiders, within a one year period, of Shares totalling in excess of 10% of the Shares outstanding at the time of granting.

VI. CHANGES IN SHARES

1. Share Consolidation or Subdivision If the Shares are at any time subdivided or consolidated, the number of Shares reserved for option under this Plan shall be similarly increased or decreased and the price payable for any Shares that are then subject to option shall be decreased or increased proportionately, as the case may require, so that upon exercising each option the same proportionate shareholdings at the same aggregate purchase price shall be acquired after such subdivision or consolidation as would have been acquired before.

2. Stock Dividend If the Shares are at any time changed as a result of the declaration of a stock dividend thereon, the number of Shares reserved for option and the price payable for any Shares that are then subject to option may be adjusted by the Board to such extent as they deem proper in their absolute discretion.

VII. EXCHANGE'S RULES & POLICIES APPLY

1. Exchange's Rules and Policies Apply This Plan and the granting and exercise of any options hereunder are also subject to such other terms and conditions as are set out from time to time in the rules and policies on stock options of the Exchange and any securities commission having authority and such rules and policies shall be deemed to be incorporated into and become a part of this Plan. If there is an inconsistency between the provisions of such rules and policies and of this Plan, the provisions of such rules and policies shall govern.

VIII. AMENDMENT OF PLAN & OPTIONS

1. Board May Amend Plan or Options The Board, by resolution, may amend or terminate this Plan or options granted under this Plan, but no such amendment or termination, except with the written consent of the optionees concerned, shall affect the terms and conditions of options previously granted under this Plan which have not then been exercised or terminated.

2. Shareholder Approval of Reduction of Exercise Price Any reduction of the exercise price of options granted under this Plan to Insiders shall be subject to approval of Disinterested Shareholders at a meeting of holders of Shares.

3. Exchange Approval Any amendment to this Plan or options granted pursuant to this Plan shall not become effective until such amendments have been accepted by the Exchange.

IX. EFFECT OF PLAN ON OTHER COMPENSATION PLANS

1. Other Plans Not Affected This Plan shall not in any way affect the policies or decisions of the Board in relation to the remuneration of Directors, Officers, Consultants and Employees.

X. OPTIONEE'S RIGHTS AS A SHAREHOLDER

1. No Rights Until Option Exercised An optionee shall be entitled to the rights pertaining to share ownership, such as to dividends, only with respect to Shares that have been fully paid for and issued to him upon exercise of an option.

XI. EFFECTIVE DATE & TERMINATION OF PLAN

1. Effective Date This Plan shall become effective upon the later of the acceptance for filing of this Plan by the Exchange and the approval of this Plan at a meeting of the holders of Shares. Options may be granted under this Plan, but not exercised, prior to the receipt of such approvals. Thereafter this Plan shall be approved

annually by the holders of the Shares. If such annual approval is not obtained options may no longer be granted under this Plan.

Termination This Plan shall terminate only upon a resolution to that effect being passed by the Board. Any options granted under this Plan shall continue to be exercisable according to their terms after the termination of this Plan.

SCHEDULE "B"

CHARTER FOR
THE AUDIT COMMITTEE
OF THE BOARD OF DIRECTORS
OF CYPRESS HILLS RESOURCE CORP.

The Audit Committee Charterd

I. MANDATE

The Audit Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Cypress Hills Resource Corp. (the "**Company**") shall assist the Board in fulfilling its financial oversight responsibilities. The Committee's primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor:

1. The quality and integrity of the Company's financial statements and other financial information;

2. The compliance of such statements and information with legal and regulatory requirements;

3. The qualifications and independence of the Company's independent external auditor (the "**Auditor**"); and

4. The performance of the Company's internal accounting procedures and Auditor.

II. STRUCTURE AND OPERATIONS

A. Composition

The Committee shall be comprised of three or more members.

B. Qualifications

Each member of the Committee must be a member of the Board.

A majority of the members of the Committee shall not be officers or employees of the Company or of an affiliate of the Company.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement, and cash flow statement.

C. Appointment and Removal

In accordance with the By-Laws of the Company, the members of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

D. Chair

Unless the Board shall select a Chair, the members of the Committee shall designate a Chair by the majority vote of all of the members of the Committee. The Chair shall call, set the agendas for and chair all meetings of the Committee.

E. Sub-Committees

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that a decision of such subcommittee to grant a pre-approval shall be presented to the full Committee at its next scheduled meeting.

F. Meetings

The Committee shall meet at least four times in each fiscal year, or more frequently as circumstances dictate. The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee feels it is necessary or appropriate, at every other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board or the shareholders of the Company.

At each meeting, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Company's financial statements in a manner consistent with Section III of this Charter.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

III. DUTIES

1. Introduction

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section 1 of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to the Company's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated purpose, the Committee shall have all the authority of, but shall remain subject to, the Board.

B. Powers and Responsibilities

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee shall:

Independence of Auditor

1. Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and the Company, consistent with Independence Standards Board Standard 1.

2. Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.

3. Require the Auditor to report directly to the Committee.

4. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Company.

Performance & Completion by Auditor of its Work

5. Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.

6. Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-election by the Company's shareholders of the existing, Auditor.

7. Pre-approve all auditing services and permitted non-audit services, including the fees and terms thereof, to be performed for the Company by the Auditor unless such non-audit services:

   (a) which are not pre-approved, are reasonably expected not to constitute, in the aggregate, more than 5% of the total amount of revenues paid by the Company to the Auditor during the fiscal year in which the non-audit services are provided;

   (b) were not recognized by the Company at the time of the engagement to be non-audit services; and

   (c) are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

Internal Financial Controls & Operations of the Company

8. Establish procedures for:

   (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

   (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Preparation of Financial Statements

9. Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.

10. Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.

11. Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.

12. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

13. Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:

    (a) The adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the Auditor, internal auditor or management.

    (b) The management inquiry letter provided by the Auditor and the Company's response to that letter.

    (c) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

Public Disclosure by the Company

14. Review the Company's annual and quarterly financial statements, management discussion and analysis (MD&A) and earnings press releases before the Board approves and the Company publicly discloses this information.

15. Review the Company's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.

16. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process of the Company's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

Manner of Carrying Out its Mandate

17. Consult, to the extent it deems necessary or appropriate, with the Auditor, but without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.

18. Request any officer or employee of the Company or the Company's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

19. Meet, to the extent it deems necessary or appropriate, with management, any internal auditor and the Auditor in separate executive sessions.

20. Have the authority, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other consultants to advise the Committee advisors.

21. Make regular reports to the Board.

22. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.

23. Annually review the Committee's own performance.

24. Provide an open avenue of communication among the Auditor, the Company's financial and senior management and the Board.

25. Not delegate these responsibilities other than to one or more independent members of the Committee the authority to pre-approve, which the Committee must ratify at its next meeting, non-audit services to be provided by the Auditor.

C. Limitation of Audit Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditor.

SCHEDULE "C"

BUSINESS CORPORATIONS ACT

ARTICLES

- of -

CYPRESS HILLS RESOURCE CORP.

Incorporation Number: _____

Translated Name: Not applicable

TABLE OF CONTENTS

BUSINESS CORPORATIONS ACT

ARTICLES

- of -

CYPRESS HILLS RESOURCE CORP.

Incorporation Number: _____

Translated Name: Not applicable

PART 1 – INTERPRETATION

1.1 **Definitions.** In these Articles, unless the context otherwise requires:

(a) "Applicable Securities Laws" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules and regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory author of each relevant province and territory of Canada;

(b) "Board of Directors" or "Board" or "the directors" means the directors or the sole director of the Corporation for the time being, as the case may be;

(c) "Business Corporations Act" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments to that Act and includes all regulations and amendments made pursuant to that Act;

(d) "Corporation" means **CYPRESS HILLS RESOURCE CORP.** or any other name which it may from time to time change to and adopt pursuant to the Business Corporations Act;

(e) "prescribed address" of a director means the address as recorded in the register of directors to be kept pursuant to the Business Corporations Act;

(f) "public announcement" shall mean disclosure in a press release reported by a national news service in Canada or in a document publicly filed by or on behalf of the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com

(g) "registered address" of a shareholder means the last known address of that shareholder as recorded in the central securities register to be kept pursuant to the Business Corporations Act;

(h) "registered owner", when used with respect to a share of the Corporation, means the person registered in the central securities register as the shareholder in respect of such share.

1.2 **Business Corporations Act and Interpretation Act Definitions Applicable.** The definitions in the Business Corporations Act and the definitions and rules of construction in the *Interpretation Act* (British Columbia), with the necessary changes and 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 prevails in relation to the use of the term in these Articles. If there

is a conflict between these Articles and the Business Corporations Act, the Business Corporations Act prevails.

PART 2 – RESOLUTIONS AND MAJORITIES

2.1 Directors' Resolution. Subject to the Business Corporations Act, the Corporation may, by a resolution of the directors:

(a) create one or more classes of shares;

(b) if the class rights so authorize:

(i) create one or more series of shares out of a class of shares, and when creating such series of shares:

(A) determine the maximum number or determine that there is no maximum number of shares that the Corporation is authorized to issue for such series of shares created;

(B) create and attach special rights or restrictions to the shares of any such series of shares created; and

(C) create an identifying name for the shares of any such series of shares created;

(ii) for a series of shares of which there are no issued shares:

(A) alter any determination of the number of shares of which the series shall consist;

(B) alter the identifying name of shares of the series of shares; or

(C) alter any special rights or restrictions attached to the shares of the series of shares;

(c) increase, reduce or eliminate the maximum number of shares that the Corporation is authorized to issue out of any class or series of shares;

(d) redeem or repurchase shares;

(e) accept a surrender of shares by way of gift or for cancellation;

(f) convert fractional shares into whole shares on a subdivision or consolidation of shares or on a redemption, purchase or surrender of shares;

(g) change its name;

(h) adopt or change a translation of its name;

(i) subdivide all or any of its issued and/or unissued shares with par value into shares of smaller par value;

(j) subdivide all or any of its issued and/or unissued shares without par value;

(k) consolidate all or any of its issued and/or unissued shares with par value into shares of larger par value;

(l) consolidate all or any of its issued and/or unissued shares without par value;

(m) decrease the par value of shares of a class with par value;

(n) increase the par value of shares of a class with par value if none of the shares are allotted or issued;

(o) eliminate any class or series of shares if none of the shares of that class or series of shares are allotted or issued;

(p) change all or any of its issued and/or unissued shares with par value into shares without par value;

(q) change all or any of its issued and/or unissued shares without par value into shares with par value;

(r) alter the identifying name of any of its classes of shares; or

(o) otherwise alter its authorized share structure or shares when required or permitted to do so by the Business Corporations Act;

and make any necessary alterations to its notice of articles or these Articles or both to effect the change.

2.2 Ordinary Resolution. Subject to the Business Corporations Act, the Corporation may, by an ordinary resolution:

(a) deal with all matters set out in Article 2.1;

(b) establish a maximum number of shares that the Corporation is authorized to issue out of any class of shares for which no maximum is established;

(c) increase, reduce or eliminate the maximum number of shares that the Corporation is authorized to issue out of any class of shares;

(d) for a class of shares of which there are no issued shares, create special rights or restrictions for, and attach those special rights or restrictions to, the shares of the class of shares; or

(e) for a class of shares of which there are no issued shares, vary or delete any special rights or restrictions attached to the shares of the class of shares;

and make any necessary alterations to its notice of articles or these Articles or both to effect the change.

2.3 Special Resolution. Subject to the Business Corporations Act, the Corporation may, by a special resolution:

(a) deal with all matters set out in Article 2.1 and Article 2.2;

(b) alter its notice of articles;

(c) alter these Articles;

(d) create one or more classes of shares;

(e) if the Corporation is authorized to issue shares of a class of shares with par value;

(i) subject to the Business Corporations Act, decrease the par value of those shares, or

(ii) increase the par value of those shares if none of the shares of that class of shares are allotted or issued;

(f) change all or any of its fully paid issued shares with par value into shares without par value;

(g) for a class or series of shares of which there are issued shares, create special rights or restrictions for, and attach those special rights or restrictions to, the shares of the class or series of shares;

(h) for a class or series of shares of which there are issued shares, vary or delete any special rights or restrictions attached to the shares of the class or series of shares; or

(i) otherwise alter its authorized share structure when required or permitted by to do so by the Business Corporations Act.

2.4 Special Majority. The majority of votes required for the Corporation to pass a special resolution at a general meeting is 2/3 of the votes cast on the resolution by shareholders voting shares that carry the right to vote at general meetings.

2.5 Special Separate Majority. The majority of votes required to pass a special separate resolution at a class meeting is 2/3 of the votes cast on the resolution by shareholders voting shares that carry the right to vote at the class meeting.

2.6 Consent Resolution. A consent resolution in writing, whether by signed documents, fax, e-mail or any other method of transmitting legibly recorded messages, of shareholders or directors or a committee of directors is as valid as if it had been passed at a duly called and held meeting of the shareholders, directors or committee, as the case may be. The consent resolution may be executed in any number of counterparts, each of which when executed and delivered (by fax, email or otherwise) is deemed to be an original, and all of which together constitute one consent resolution in writing.

PART 3 – SHARE CERTIFICATES

3.1 Mailing of Certificates. Any share certificate may be mailed by registered mail, postage prepaid, to the shareholder entitled to that certificate at that shareholder's registered address and the Corporation is not liable for any loss occasioned to the shareholder if that share certificate is lost or stolen. In respect of a share held jointly by several persons, mailing of a certificate for that share to one of several joint holders or to a duly authorized agent of any of the joint holders is sufficient delivery to all.

3.2 **Replacement of Lost or Destroyed Certificate.** If a share certificate:

(a) is worn out or defaced, the directors may, upon production to them of that certificate and upon such other terms, if any, that they determine, order the certificate to be cancelled and issue a new certificate to replace the cancelled certificate;

(b) is lost, stolen or destroyed, then upon production of proof to the satisfaction of the directors and upon provision of such indemnity and security, if any, that the directors deem adequate, a new share certificate must be issued to the person entitled to the lost, stolen or destroyed certificate.

3.3 **Consolidation of Certificates.** If two or more certificates are surrendered by their registered owner to the Corporation together with a written request that the Corporation issue one certificate registered in that registered owner's name representing the aggregate of the shares represented by the certificates so surrendered, the Corporation must cancel the certificates so surrendered and issue in their place one certificate in accordance with the request.

3.4 **Fee for Certificates.** There must be paid to the Corporation in respect of the issue of any certificate pursuant to this Part 3 such amount, if any, as the directors may from time to time determine and which must not exceed the amount prescribed in the Business Corporations Act.

3.5 **Non-Recognition of Trusts.** Except as required by law or statute or these Articles, no person is recognized by the Corporation as holding any share upon any trust and the Corporation is not bound by or compelled in any way to recognize (even when having notice of any trust) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety in the shareholder.

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

3.7 **Shareholder Entitled to Certificate or Acknowledgement.** A share issued by the Corporation may be represented by a share certificate or may be an uncertificated (electronic or book based) share. Each shareholder is entitled, without charge, to either (a) one physical 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 (such as a direct registration statement), provided that in respect of a share held jointly by several persons, the Corporation is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all. Shares may be issued in book or electronic form. The directors of the Corporation may, by resolution, provide that (a) the shares of any or all of the classes and series of the Corporation's shares may be uncertificated shares, or (b) any specified shares may be uncertificated shares.

PART 4 – ISSUE, TRANSFER AND TRANSMISSION OF SHARES

4.1 **Directors Authorized to Issue Shares.** Subject to any direction to the contrary contained in a resolution passed at a general meeting authorizing any increase of capital, the issue of shares is under the control of the directors who may issue, otherwise dispose of or grant options on shares authorized but not yet issued at any time, to any person including a director, in the manner, upon the terms and conditions and at the price or for the consideration as the directors, in their absolute discretion, may determine.

4.2 **Transferability and Instrument of Transfer.** Subject to the restrictions, if any, set forth in these Articles, any shareholder may transfer that shareholder's shares by an instrument in writing executed by or on behalf of that shareholder and delivered to the Corporation or its transfer agent. The instrument of transfer of any share of the Corporation must be in the form, if any, provided on the back of the Corporation's form of share certificate or in any other form which the directors may approve. If the directors so require, each instrument of transfer must be in respect of only one class of shares.

4.3 **Submission of Instruments of Transfer.** Every instrument of transfer must be executed by the transferor and provided to the Corporation or the office of its transfer agent or registrar for registration together with the share certificate for the shares to be transferred and such other evidence, if any, as the directors or the transfer agent or registrar may require to prove the title of the transferor or the transferor's right to transfer the shares. If the transfer is registered, the instrument of transfer must be retained by the Corporation or its transfer agent or registrar. If the transfer is not registered, the instrument of transfer must be returned to the person depositing it together with the share certificate that accompanied it when tendered for registration.

4.4 **Authority in Instrument of Transfer.** The signature of a shareholder or of that shareholder's duly authorized attorney on the instrument of transfer authorizes the Corporation to register the shares specified in the instrument of transfer in the name of the person named in that instrument of transfer as transferee or, if no person is so named, in any name designated in writing by the person depositing the share certificate and the instrument of transfer with the Corporation or its transfer agent or registrar.

4.5 **Enquiry as to Title Not Required.** Neither the Corporation nor any of its directors, officers or agents is bound to enquire into any title of the transferor of any shares to be transferred and none of them is liable to any person for registering the transfer.

4.6 **Transfer Fee.** There must be paid to the Corporation in respect of the registration of any transfer such amount, if any, as the directors may from time to time prescribe.

4.7 **Personal Representative Recognized.** Upon the death or bankruptcy of a shareholder, that shareholder's legal personal representative or trustee in bankruptcy, although not a shareholder, has the same rights, privileges and obligations that attach to the shares formerly held by the deceased or bankrupt shareholder if the documents required by the Business Corporations Act have been deposited at the Corporation's registered office. This Article does not apply on the death of a shareholder with respect to shares registered in that shareholder's name and the name of another person in joint tenancy.

4.8 **Jointly Held Shares.** If there are joint shareholders in respect of a share and in the case of the bankruptcy of one of the joint shareholders, the trustee in bankruptcy of the bankrupt shareholder and the surviving joint shareholder or shareholders are the only persons recognized by the Corporation as having any title to or interest in the share so held jointly.

PART 5 – PURCHASE OF SHARES

5.1 **Corporation Authorized to Purchase its Shares.** Subject to the provisions of this Part 5, the Business Corporations Act and the special rights and restrictions attached to any class of shares, the Corporation may, by a resolution of the directors:

(a) purchase any of its shares at the price and upon the terms specified in that resolution; and

(b) sell any of its shares so purchased but not cancelled at the price and upon the terms specified in that resolution.

5.2 **Purchase When Insolvent.** The Corporation must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

(a) the Corporation is insolvent;

(b) making the payment or providing the consideration would render the Corporation insolvent.

5.3 **Sale and Voting of Purchased Shares.** If the Corporation retains a share redeemed, purchased or otherwise acquired by it, the Corporation may sell, gift or otherwise dispose of the share, but, while such share is held by the Corporation, it:

(a) is not entitled to vote the share at a meeting of its shareholders;

(b) must not pay a dividend in respect of the share; and

(c) must not make any other distribution in respect of the share.

PART 6 – BORROWING POWERS

6.1 **Powers of Directors.** Subject to the Business Corporations Act, the directors may from time to time at their discretion authorize the Corporation to:

(a) borrow any amount of money;

(b) guarantee the repayment of any amount of money borrowed by any person or corporation; and

(c) guarantee the performance of any obligation of any person or corporation;

and may raise or secure the repayment of any amount of money so borrowed or guaranteed or any obligation so guaranteed in any manner and upon any terms and conditions as they may think fit and in particular and without limiting the generality of the foregoing by the issue of bonds, debentures or other debt obligations or by the granting of any mortgages or other security interest on the undertaking of the whole or any part of the property of the Corporation, both present and future.

6.2 **Negotiability of Debt Obligations.** The directors may make any bonds, debentures or other debt obligations issued by the Corporation by their terms assignable free from any equities between the Corporation and the person to whom they may be issued or any other person who lawfully acquires them by assignment, purchase or otherwise.

6.3 **Special Rights on Debt Obligations.** The directors may authorize the issue of any bonds, debentures or other debt obligations of the Corporation at a discount, premium or otherwise and with special or other rights or privileges as to redemption, surrender, drawings, allotment of or conversion into or exchange for shares, attending at general meetings of the Corporation and otherwise as the directors may determine at or before the time of issue.

6.4 **Execution of Debt Obligations.** If the directors so authorize or if any instrument under which any bonds, debentures or other debt obligations of the Corporation are issued so provides any bonds, debentures and other debt obligations of the Corporation, instead of being manually signed by the directors or officers authorized in that behalf, may have the facsimile signatures of those directors or officers printed or otherwise mechanically reproduced thereon and in either case is as valid as if signed manually and every bond, debenture or other debt obligation so bearing facsimile signatures of directors or officers of the Corporation must be manually signed, countersigned or certified by or on behalf of a registrar, branch registrar, transfer agent or branch transfer agent of the Corporation duly authorized to do so by the directors or the instrument under which such bonds, debentures or other debt obligations are issued. Notwithstanding that any person whose facsimile signature is so used has ceased to hold the office that he or she is stated on any bond, debenture or other debt obligation to hold at the date of the actual issue of that bond, debenture or other debt obligation, the bond, debenture or other debt obligation is valid and binding on the Corporation.

PART 7 – GENERAL MEETINGS

7.1 **Location of Meetings.** Every general meeting must be held at such time and location as the directors may determine. The Corporation may hold meetings of shareholders within or outside of Canada.

7.2 **General Meeting Participation.** A shareholder or proxy holder who is entitled to participate in, including vote at, a meeting of shareholders may do so by video conference or telephone if all shareholders and proxy holders participating in the meeting, whether by video conference, telephone or in person, are able to communicate with each other. If all shareholders or proxy holders who are entitled to participate in, including vote at, a meeting consent, a shareholder or proxy holder may participate in the meeting by a communications medium other than video conference or telephone if all shareholders and proxy holders participating in the meeting are able to communicate with each other. A shareholder or proxy holder who participates in a meeting by a communications medium other than video conference or telephone is deemed to have agreed to participate by the other communications medium. A shareholder or proxy holder who participates in a meeting by video conference, telephone or other communications medium is deemed for all purposes of the Business Corporations Act and these Articles to be present at the meeting and must be counted in the quorum for and is entitled to communicate and vote at that meeting, and the meeting is deemed to be held at the location specified in the notice of meeting.

7.3 **Notice of General Meetings.** Notice of a general meeting must specify the time and location of the meeting and, in case of special business (as described in Part 8), the general nature of that business.

7.4 **Waiver of Notice.** Any person entitled to notice of a general meeting may waive or reduce the period of notice for that meeting in writing or otherwise and may do so before, during or after the meeting.

7.5 **Record Date for Notice.** 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.

7.6 **Failure to Give Notice.** The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting.

7.7 **Notice of Special Business at General Meeting.** If any special business includes the presenting, considering, approving, ratifying or authorizing the execution of any document, then the portion of any notice relating to that document is sufficient if it states that a copy of the document or proposed document is or will be available for inspection by shareholders at a place in the Province of British Columbia specified in that notice during business hours in any working day or days prior to the date of the meeting.

PART 8 – PROCEEDINGS AT GENERAL MEETINGS

8.1 **Special Business.** All business at a general meeting is deemed to be special business except the consideration of the financial statements and the reports of the directors and auditors, the election of directors, appointment of auditors and such other business as under these Articles ought to be transacted at an annual general meeting or any business which is brought under consideration by the report of the directors.

8.2 **Quorum.** Subject to this Part 8, a quorum for a general meeting is two individuals who are shareholders, proxy holders representing shareholders or duly authorized representatives of corporate shareholders personally present and representing shares aggregating not less than 5% of the issued shares of the Corporation carrying the right to vote at that meeting. In the event there is only one shareholder, the quorum is one person personally present and being, or representing by proxy, that shareholder, or in the case of a corporate shareholder, a duly authorized representative of that shareholder.

8.3 **Requirement of Quorum.** No business other than the election of a chair and the adjournment or termination of the meeting may be transacted at any general meeting unless a quorum is present at the commencement of the meeting but the quorum need not be present throughout the meeting.

8.4 **Lack of Quorum.** If within 30 minutes from the time appointed for a meeting a quorum is not present, the meeting:

(a) if convened by requisition of the shareholders, must be terminated; and

(b) in any other case, must stand adjourned to the same day in the next week at the same time and place.

If at the adjourned meeting a quorum is not present within 30 minutes from the time appointed, the shareholder or shareholders present in person, by proxy or by authorized representative is or are a quorum.

8.5 **Chair.** The chair of the Board, if any, or in his or her absence the President, if any, is entitled to act as chair at every general meeting. If at any general meeting the chair of the Board, if any, and the President, if any, are not present within 15 minutes after the time appointed for holding the meeting or if neither is willing to act as chair, the directors present must choose one of their number to act as chair. If no director is present or if all the directors present decline to act as chair or fail to so choose, the persons present must choose one of their number to act as chair.

8.6 **Adjournments.** The chair of the meeting may, with the consent of any meeting at which a quorum is present and must, if so directed by the meeting, adjourn the meeting from time to time and from place to place. No business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. If a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of a general meeting. It is otherwise not necessary to give any notice of an adjourned meeting or of the business to be transacted at any adjourned meeting.

8.7 **Voting.** Every question submitted to a general meeting must be decided:

(a) if a ballot is demanded by a shareholder or proxy holder entitled to vote at the meeting or is directed by the chair, by ballot; or

(b) in any other case, by a show of hands or by any other manner that adequately discloses the intentions of the shareholders or proxy holders.

The chair must declare to the meeting the decision on every question in accordance with the result of the ballot, the show of hands or the other manner that adequately disclosed the intentions of the shareholders or proxy holders and that decision must be entered in the minute book of the Corporation. A declaration of the chair that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority and an entry to that effect in the minute book of the Corporation is conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against that resolution.

8.8 **Resolution Need Not Be Seconded.** No resolution proposed at a meeting need be seconded and the chair of any meeting is entitled to move or second a resolution.

8.9 **Casting Vote.** In case of an equality of votes upon a resolution, whether on a show of hands or by ballot or any other manner, the chair does not have a casting vote in addition to the vote or votes to which he or she may be entitled as a shareholder.

8.10 **Manner of Taking Ballot.** If a ballot is duly demanded it must be taken at once or in the manner the chair of the meeting directs. A demand for a ballot may be withdrawn. In the case of any dispute as to the admission or rejection of a vote the chair must conclusively determine whether that vote is admitted or rejected.

8.11 **Splitting Votes.** On a ballot, a shareholder entitled to more than one vote need not, if that shareholder votes, use all that shareholder's votes or cast all the votes that shareholder uses in the same way.

8.12 **Demand for Ballot Not to Prevent Continuance of Meeting.** The demand for a ballot does not prevent the continuance of a meeting for the transaction of any business other than the question on which a ballot has been demanded.

8.13 **Retention of Ballots and Proxies.** The Corporation must, for at least three months after a meeting of shareholders, keep each ballot cast and each proxy voted at the meeting and, during the period, make them available for inspection during statutory business hours by any shareholder or proxy holder entitled to vote at the meeting. At the end of the three-month period, the Corporation may destroy such ballots and proxies.

PART 9 – VOTES OF SHAREHOLDERS

9.1 **Number of Votes Per Share or Shareholder.** Subject to any special rights or restrictions attached to any share contained in these Articles, on a show of hands every shareholder entitled to vote present in person, by proxy or by authorized representative has one vote and on a ballot every shareholder entitled to vote on that ballot has one vote for every whole share held by that shareholder and a fractional vote in proportion to any fraction of a share held by that shareholder.

9.2 **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 ballot, 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.

9.3 **Votes by Joint Holders.** If there are joint shareholders registered in respect of any share, any one of the joint shareholders may vote at any meeting in person, by proxy or by authorized representative in respect of the share as if that joint shareholder were solely entitled to it. If more than one of the joint

shareholders is present at any meeting in person, by proxy or by authorized representative, the joint shareholder so present whose name stands first on the central securities register in respect of the share is alone entitled to vote in respect of that share. For the purpose of this Part 9, two or more executors or administrators of a deceased shareholder in whose sole name any share stands are deemed joint shareholders.

9.4 **Representative of a Corporate Shareholder.** If a corporation, that is not a subsidiary of the Corporation, is a shareholder, that corporation may appoint, by an instrument in writing, a person to act as its authorized representative at any meeting of shareholders of the Corporation, and:

(a) for that purpose, the instrument appointing the authorized representative must:

(i) be received at the registered office of the Corporation 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, not less than 48 hours before the time for holding the meeting; or

(ii) be deposited with the chair of the meeting, or to a person designated by the chair of the meeting, prior to the commencement of the meeting;

(b) if an authorized representative is appointed under this Part 9:

(i) the authorized representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the authorized representative represents as that corporation could exercise if it were a shareholder who is an individual including, without limitation, the right to appoint a proxy holder; and

(ii) the authorized 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.

An instrument appointing an authorized representative of a corporation must be in writing signed by a duly authorized person on behalf of that corporation and must be sent to the Corporation.

9.5 **Appointment of Proxy Holders.** A shareholder holding more than one share in respect of which that shareholder is entitled to vote at a general meeting is entitled to appoint one or more proxy holders to attend, act and vote for that shareholder at the general meeting and in so doing that shareholder must specify the number of shares that each proxy holder is entitled to vote.

9.6 **Execution of Proxy Instrument.** A proxy must be in writing signed by the appointor or the appointor's attorney or, if the appointor is a corporation, by the authorized representative or a duly authorized person on behalf of that corporation.

9.7 **Qualification of Proxy Holder.** A person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

(a) the person appointing the proxy holder is a corporation or an authorized representative of a corporation appointed under this Part 9;

(b) the Corporation has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or

(c) the Corporation, by a resolution of the directors, permits the proxy holder to attend and vote at the meeting.

9.8 **Deposit of Proxy.** A proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or other authority must be deposited at the registered office of the Corporation or at such other place as is specified for that purpose in the notice calling the meeting not less than 48 hours before the time for holding the meeting at which the person named in the proxy proposes to vote or must be deposited with the chair of the meeting, or with a person designated by the chair of the meeting, prior to the commencement of the meeting. In addition to any other method of depositing proxies provided for in these Articles, the directors may from time to time make regulations:

(a) permitting the depositing of proxies at some place or places other than the place at which a meeting or adjourned meeting of shareholders is to be held;

(b) providing for particulars of those proxies to be sent in writing or by fax, e-mail or any other method of transmitting legibly recorded messages before a meeting or an adjourned meeting to the Corporation or any agent of the Corporation for the purpose of receiving those particulars; and

(c) providing that particulars of those proxies may be voted as though the proxies themselves were produced to the chair of the meeting or of the adjourned meeting as required by this Article.

Votes given in accordance with proxies and particulars of proxies so deposited are valid and counted.

9.9 **Validity of Proxy Vote.** A vote given in accordance with the terms of a proxy is valid notwithstanding the previous death, bankruptcy or incapacity of the shareholder or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that prior to the meeting no notice in writing of such death, bankruptcy, incapacity, revocation or transfer has been received at the registered office of the Corporation or by the chair of the meeting or of the adjourned meeting at which the vote was given.

9.10 **Form of Proxy.** A proxy appointing a proxy holder must be in the following form or in any other form that the directors approve:

(Name of Corporation)

The undersigned hereby appoints _____
_____ or failing him or her _____
_____
as proxy holder for the undersigned to attend at and vote for and on behalf of the undersigned at the general meeting of the Corporation to be held on the ____ day of _____, ____, and at any adjournment of that meeting.

Signed this ____ day of _____, ____.

_____
(Signature of Shareholder)

9.11 **Revocation of Proxy.** Subject to this Part, every proxy may be revoked by an instrument in writing that is received at the registered office of the Corporation at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used or deposited

with the chair of the meeting, or with a person designated by the chair of the meeting, prior to the commencement of the meeting.

9.12 Revocation of Proxy Will Be Signed. An instrument to revoke a proxy must be signed as follows:

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

(b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by a duly authorized person on behalf of the corporation or by the authorized representative appointed for the corporation under this Part 9.

PART 10 – DIRECTORS

10.1 General Authority. Subject to these Articles, the directors may exercise all powers and do all acts and things as the Corporation is by the Business Corporations Act, these Articles or otherwise authorized to exercise and do and which are not by these Articles, by statute or otherwise lawfully directed or required to be exercised or done by the Corporation by unanimous resolution, exceptional resolution, special resolution or ordinary resolution.

10.2 Number of Directors. The number of directors may be determined by ordinary resolution. The number of directors may be changed from time to time by ordinary resolution whether previous notice of that ordinary resolution has been given or not. If at any time the Corporation becomes a public Corporation and the number of directors fixed pursuant to these Articles is less than three, then the number of directors is deemed to have been increased to three.

10.3 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.

10.4 Qualification of Directors. A director is not required to hold a share in the capital of the Corporation 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.

10.5 Remuneration and Expenses of Directors. The remuneration of the directors as such may from time to time be determined by the directors. Any remuneration of a director is in addition to any salary or other remuneration paid to him or her as an officer or employee of the Corporation. Every director must be repaid such reasonable expenses as he or she may incur in and about the business of the Corporation. Other than remuneration for professional services described in this Part 10, if any director performs any services for the Corporation that in the opinion of the directors are outside the ordinary duties of a director or if he or she is specifically occupied in or about the Corporation's business other than as a director, he or she may be paid a remuneration to be fixed by the directors. The remuneration so fixed may be either in addition to or in substitution for any other remuneration that he or she may be entitled to receive and the additional remuneration may be charged as part of ordinary working expenses of the Corporation. Unless otherwise determined by ordinary resolution, the directors 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 Corporation, to his or her spouse or dependants and they may also make any contributions to any fund and pay premiums for the purchase or provision of any gratuity, pension or allowance in respect of that director.

10.6 Right to Office and Contract with Corporation. A director may hold any office or place of profit in the Corporation, other than auditor, in conjunction with his or her office of director for the period

and on such terms as the directors may determine. Subject to compliance with the Business Corporations Act, no director or intended director is disqualified by his or her office from contracting with the Corporation with regard to his or her tenure of office or place of profit or as vendor, purchaser or otherwise.

10.7 **Director Acting in Professional Capacity.** Any director may act by him or herself or his or her firm in a professional capacity for the Corporation and he or she or his or her firm is entitled to remuneration for professional services as if he or she were not a director.

10.8 **Alternate Directors.** Any director may from time to time appoint any person who is approved by resolution of the directors to be his or her alternate director provided that approval is not required if a director is appointed alternate director for another director. The appointee, while he or she holds office as an alternate director, is entitled to notice of meetings of the directors and, in the absence of the director for whom he or she is an alternate, to attend and vote at meetings as a director and is not entitled to be remunerated otherwise than out of the remuneration of the director appointing him or her. Any director may make or revoke an appointment of his or her alternate director by notice in writing sent to the Corporation. A person may act as an alternate for more than one director at any given time and a director may act as an alternate director for any other director. No person may act as an alternate director unless that person qualifies under the Business Corporations Act to act as a director of the Corporation. Every alternate director, if authorized by the notice appointing him or her, may sign any consent resolution in place of the director appointing him or her.

PART 11 – ELECTION, APPOINTMENT AND REMOVAL OF DIRECTORS

11.1 **Election and Appointment.** The shareholders may elect or appoint directors at any time and from time to time.

11.2 **Elections and Appointments at Annual General Meetings.** At each annual general meeting all the directors retire and the shareholders must elect or appoint a Board of Directors consisting of the number of directors for the time being fixed pursuant to Part 10. Any retiring director is eligible for re-election or re-appointment. If the holding of an annual general meeting of the Corporation is deferred or waived by a unanimous resolution of all shareholders entitled to vote at the annual general meeting, each director in office on the annual reference date selected in the unanimous resolution continues to be a director until the next annual reference date unless that director retires or is removed prior to the next annual reference date.

11.3 **Filling a Casual Vacancy.** The directors may at any time and from time to time appoint any person as a director to fill a casual vacancy among the directors or a vacancy resulting from an increase of the number of directors.

11.4 **Power to Appoint Additional Directors.** Between successive annual general meetings, the directors have the power to appoint one or more additional directors but not more than one-third the number of directors elected or appointed at the last annual general meeting at which directors were elected or appointed. Any director so appointed may hold office only until the next following annual general meeting of the Corporation but is eligible for election at such meeting and, so long as he or she is an additional director, the number of directors is increased accordingly.

11.5 **Removal of Directors.** If a director is convicted of an indictable offence or ceases to be qualified to act as a director of the Corporation and does not promptly resign, the Corporation may remove the director before the expiration of the director's term of office by a resolution of the directors. The Corporation may otherwise remove a director before the expiration of the director's term of office by a special resolution of the shareholders.

11.6 **Nomination of Directors.**

(a) Only persons who are nominated in accordance with the following procedures 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 is the election of directors:

(i) by or at the direction of the board or an authorized officer of the Corporation, including pursuant to a notice of meeting;

(ii) by or at the direction or request of one or more shareholders of the Corporation pursuant to a "proposal" made in accordance with the Business Corporations Act, or a requisition of the shareholders made in accordance with the Business Corporations Act; or

(iii) by any person (a "**Nominating Shareholder**") who: (i) at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in these Articles and at the close of business on the record date for notice of such meeting, is entered in the securities register of the Corporation 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 provides evidence of such beneficial ownership to the Corporation; and (ii) complies with the notice procedures set forth below in these Articles.

(b) For the avoidance of doubt, the procedures set forth in these Articles 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 Corporation.

(c) In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof that is both timely (in accordance with paragraph (d) below) and in proper written form (in accordance with paragraph (e) below) to the Corporate Secretary of the Corporation at the head office of the Corporation.

(d) To be timely, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must be made:

(i) in the case of an annual meeting of shareholders, not less than 30 days nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10^{th}) day following the Notice Date; and

(ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for

other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

To the extent that the applicable annual meeting or special meeting of shareholders is adjourned or postponed, the time periods for the giving of a Nominating Shareholder's notice set forth above shall be calculated based on the original date of such meeting and not based on the new adjourned or postponed date.

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

(i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (a "**Proposed Nominee**"): (i) the name, age, business address and residential address of the Proposed Nominee; (ii) the principal occupation or employment of the Proposed Nominee for the most recent five years; (iii) status as a "resident Canadian" (as such term is defined in the Business Corporations Act); (iv) the number and class or series of securities in the capital of Corporation beneficially owned, or controlled or directed, directly or indirectly, by the Nominating Shareholder; (v) the Proposed Nominee's written consent to being named in the notice as a nominee and to serving as a director of the Corporation if elected; and (vi) any other information relating to the Proposed Nominee that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Business Corporations Act and Applicable Securities Laws; and

(ii) as to the Nominating Shareholder giving the notice: (i) the name and address of the Nominating Shareholder; (ii) the number and class or series of securities in the capital of the Corporation beneficially owned, or controlled or directed, directly or indirectly, by the Nominating Shareholder; (iii) a brief description of any agreement, arrangement or understanding between the Nominating Shareholder and the Proposed Nominee, or any affiliates or associates (within the meaning attributed to such terms under Applicable Securities Laws) of, or any person or entity acting jointly or in concert with the Nominating Shareholder or the Proposed Nominee, in connection with the Proposed Nominee's nomination and election as a director; (iv) a brief description of any agreement, arrangement or understanding that has been entered into as of the date of the notice by, or on behalf of, such Nominating Shareholder, the purpose or effect of which is to alter, directly or indirectly, the Nominating Shareholder's economic interest in a security of the Corporation or the Nominating Shareholder's economic exposure to the Corporation; (v) a brief description of any proxy, contract, agreement, arrangement or understanding pursuant to which such Nominating Shareholder has a right to vote or direct or control the voting of any securities of the Corporation or the nomination of directors to the board; and (vi) any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Business Corporations Act and Applicable Securities Laws.

The Corporation may require any Proposed Nominee to furnish such other information and documents as may reasonably be required by the Corporation to determine the eligibility of such Proposed Nominee to serve as a director of the Corporation or that could be material

to a reasonable shareholder's understanding of the independence and/or qualifications, or lack thereof, of such proposed nominee.

In addition, a Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting.

(f) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions hereof; provided, however, that nothing in these Articles shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the Business Corporations Act or the discretion of the Chairman of the meeting. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

(g) Notwithstanding any other provision of these Articles, notice given to the Corporate Secretary of the Corporation pursuant to these Articles may only be given by personal delivery, facsimile transmission or by email (provided that the Corporate Secretary of the Corporation has stipulated an email address for the purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Corporate Secretary at the address of the principal executive offices of the Corporation, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

(h) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Section 11.6.

PART 12 – PROCEEDINGS OF DIRECTORS

12.1 **Meetings and Quorum.** The directors may hold meetings as they think fit for the dispatch of business and may adjourn and otherwise regulate their meetings and proceedings as they think fit. The directors may from time to time fix the quorum necessary for the transaction of business and unless so fixed the quorum is a majority of the Board.

12.2 **Chair.** The chair of the Board, if any, of the Corporation is entitled to act as chair of every meeting of the Board but if at any meeting the chair of the Board, if any, is not present within 15 minutes after the time appointed for holding the meeting, or if the chair of the Board is not willing to act as chair, the directors present must choose one of their number to act as chair.

12.3 **Call and Notice of Meetings.** A director may at any time call a meeting of the directors. Notice specifying the time and place of that meeting may be personally given or sent to each director and must be given at least 48 hours before the time appointed for holding the meeting or such lesser time as may be reasonable under the circumstances. It is not necessary to give to any director notice of a meeting of directors immediately following a general meeting at which that director has been elected or notice of a meeting of directors at which that director was appointed.

12.4 **Validity of Meeting Despite Failure to Give Notice.** The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director does not invalidate any proceedings at that meeting.

12.5 **Meeting Participation.** A director may participate in a meeting of the directors or of any committee of the directors by video conference or telephone if all directors participating in the meeting, whether by video conference or telephone or in person, are able to communicate with each other. If all the directors consent, a director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than video conference or telephone if all directors participating in the meeting are able to communicate with each other. A director who participates in a meeting by a communications medium other than video conference or telephone is deemed to have agreed to participate by the other communications medium. A director who participates in a meeting by video conference, telephone or other communications medium is deemed for all purposes of the Business Corporations Act and these Articles to be present at the meeting and must be counted in the quorum for and is entitled to communicate and vote at that meeting.

12.6 **Competence of Quorum.** The directors at a meeting at which a quorum is present are competent to exercise all or any of the authorities, powers and discretions for the time being vested in or exercisable by the directors.

12.7 **Committees.** The directors may from time to time by resolution constitute, dissolve or reconstitute standing committees and other committees consisting of such persons as the directors may determine. Every committee so constituted has the authorities, powers and discretions that may be delegated to it by the directors and must act in accordance with any regulations that the directors may impose upon it.

12.8 **Validity of Meeting if Directorship Deficient.** All acts done by any director or by any member of a committee constituted by the directors, notwithstanding that it is discovered afterwards that there was some defect in the appointment of any person so acting or that he or she was disqualified, are valid.

12.9 **Majority Rule and Casting Vote.** Questions arising at any meeting of the directors must be decided by a majority of votes. In the case of an equality of votes, the chair does not have a casting vote.

PART 13 – OFFICERS

13.1 **Appointment of Officers.** The directors may appoint officers of the Corporation and may specify their duties. Any individual may be appointed to any office of the Corporation. Two or more offices of the Corporation may be held by the same individual.

PART 14 – DIVIDENDS

14.1 **Declaration of Dividends.** Subject to the Business Corporations Act and the rights, if any, of shareholders holding shares with special rights and restrictions, the directors may declare dividends and fix the date of record and the date for payment of any dividend. No date of record for any dividend may precede the date of payment of that dividend by more than the maximum number of days permitted by the Business Corporations Act. No notice need be given of the declaration of any dividend. If no valid date of record is fixed, the date of record is deemed to be the same date as the date of payment of the dividend.

14.2 **Dividend Bears No Interest.** No dividend may bear interest against the Corporation.

14.3 **Payment in Specie.** The directors may direct payment of any dividend wholly or partly by the distribution of specific assets or of paid-up shares or bonds, debentures or other debt obligations of the Corporation or in any one or more of those ways and if any difficulty arises in regard to the distribution the directors may settle the difficulty as they think fit. The directors may fix the value for distribution of specific

assets and may vest any of those specific assets in trustees upon such trusts for the persons entitled to those specific assets as the directors think fit.

14.4 **Fractional Interests.** Notwithstanding the provisions of this Part 14, if any dividend results in any shareholder being entitled to a fraction of a share, bond, debenture or other debt obligation of the Corporation, the directors may pay that shareholder the cash equivalent in place of that fraction of a share, bond, debenture or other debt obligation. The directors may arrange through a fiscal agent or otherwise for the sale, consolidation or other disposition of fractions of shares, bonds, debentures or other debt obligations of the Corporation on behalf of shareholders entitled to them.

14.5 **Payment of Dividends.** Any dividend payable in cash by the Corporation may be paid by cheque mailed to the registered address of the shareholder or in the case of joint shareholders to the registered address of the joint shareholder first named in the central securities register or to such person or to such address as any shareholder may direct in writing. Every cheque must be made payable to the order of the person to whom it is sent and in the case of joint shareholders to those joint shareholders.

14.6 **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.

PART 15 – ACCOUNTING RECORDS AND AUDITORS

15.1 **Accounts to be Kept.** The directors must cause accounting records to be kept as necessary to properly record the financial affairs and condition of the Corporation and to comply with the provisions of statutes applicable to the Corporation.

15.2 **Location of Accounts.** The directors must determine the place at which the accounting records of the Corporation must be kept and those records must be open to the inspection of any director during the statutory business hours of the Corporation.

15.3 **Remuneration of Auditors.** The directors may set the remuneration of any auditor of the Corporation.

PART 16 – SENDING OF RECORDS

16.1 **Manner of Sending Records.** Unless the Business Corporations Act requires otherwise, a record may be sent:

(a) to the Corporation by delivery or mail to the Corporation at the delivery address or mailing address of its registered office or by fax or e-mail to a fax number or e-mail address specified by the Corporation for that purpose;

(b) to a director by delivery or mail to the director at the prescribed address of that director or by fax or e-mail to the fax or e-mail address specified for that purpose by the director;

(c) to a shareholder by delivery or mail to the shareholder at the registered address of that shareholder or by fax or e-mail to the fax or e-mail address specified for that purpose by the shareholder; or

(d) to the person entitled to a share as a result of the death, bankruptcy or incapacity of a shareholder by delivery or mail or by fax or e-mail to that person at the address specified for that purpose by the person so entitled and until that address, fax number or e-mail

address has been so specified, the record may be sent in any manner in which it might have been sent if the death, bankruptcy or incapacity had not occurred.

16.2 **Sending to Joint Holders.** A record may be sent by the Corporation to joint shareholders in respect of a share registered in their names by sending the record to the joint shareholder first named in the central securities register in respect of that share.

16.3 **Date Record Deemed Received.** If a record is sent by mail, postage prepaid, that record is deemed to have been received on the day, Saturdays, Sundays and holidays excepted, following the date of mailing. If a record is sent by fax, e-mail or any other manner of transmitting visually recorded messages, that record is deemed to have been received on the day it is sent if received before or during statutory business hours that day and is deemed to have been received on the day, Saturdays and holidays excepted, following the date it is sent if received after statutory business hours or on a Saturday or holiday.

PART 17 – NOTICES

17.1 **Minimum Number of Days.** Notice of a general meeting must be sent to all shareholders holding shares that carry the right to vote at general meetings at least 21 days before the general meeting. Notice of a class or series meeting must be sent to all shareholders holding shares of that class or series at least 21 days before the class or series meeting.

17.2 **Persons to Receive Notice.** Notice of every general meeting must be sent to:

(a) every shareholder holding a share or shares carrying the right to vote at that meeting on the record date or, if no record date was established by the directors, on the date the notice is sent;

(b) the personal representative of a deceased shareholder if entitled to notice by the Business Corporations Act;

(c) the trustee in bankruptcy of a bankrupt shareholder if entitled to notice by the Business Corporations Act;

(d) every director; and

(e) the auditor, if any.

No other person is entitled to receive notices of general meetings.

PART 18 - EXECUTION OF DOCUMENTS

18.1 **Seal Optional.** The directors may provide a common seal for the Corporation and may provide for its use. The directors have power to destroy the common seal and may provide a new common seal.

18.2 **Official Seal.** The directors may provide for use in any other province, state, territory or country an official seal that must have on its face the name of the province, state, territory or country where it is to be used.

18.3 **Affixing of Seal to Documents.** The directors must provide for the safe custody of each of the Corporation's seals, if any, which shall not be affixed to any instrument except by the authority of a resolution of the directors and by such person or persons as may be prescribed in and by that resolution and the person or persons so prescribed must sign every instrument to which the seal of the Corporation is affixed

in his, her or their presence, provided that a resolution directing the general use of a seal, if any, may at any time be passed by the directors and applies to the use of that seal until countermanded by another resolution of the directors. In the absence of any resolution so authorizing the use of any seal, any seal of the Corporation may be affixed to any document that requires the seal of the Corporation in the presence of all the directors.

PART 19 – INDEMNIFICATION

19.1 **Definitions.** In this Part 19:

(a) "associated corporation" means a corporation or entity that

(i) is or was an affiliate of the Corporation;

(ii) is a corporation, other than the Corporation, for which the eligible party is or was a director, alternate director or officer, at the request of the Corporation, or

(iii) is a partnership, trust, joint venture or other unincorporated entity for which the eligible party holds or held a position equivalent to that of a director or officer at the request of the Corporation;

(b) "eligible party" means a person who is or was a director, alternate director or officer of the Corporation;

(c) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(d) "eligible proceeding" means a proceeding in which 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, alternate director or officer or holding or having held a position equivalent to that of a director, alternate director or officer of the Corporation or an associated corporation

(i) is or may be joined as a party, or

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

(e) "expenses" includes costs, charges and expenses, including legal and other fees, but does not include judgments, penalties, fines or amounts paid in settlement of a proceeding;

(f) "proceeding" includes any legal proceeding or investigative action, whether current, threatened, pending or completed.

19.2 **Mandatory Indemnification of Eligible Parties.** To the extent the Corporation is not so prohibited by the Business Corporations Act, the Corporation must indemnify each eligible party and the heirs and legal personal representatives of each eligible party against all eligible penalties to which each eligible party is or may be liable, and the Corporation must, after the final disposition of an eligible proceeding pay the expenses actually and reasonably incurred by each eligible party in respect of that proceeding. Each eligible party is deemed to have contracted with the Corporation on the terms of the indemnity contained in this Part 19.

19.3 **Non-Compliance with Business Corporations Act.** The failure of each eligible party to comply with the Business Corporations Act or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

19.4 **Advance Expenses.** Unless prohibited by applicable law or court order, the Corporation must pay, as they are incurred, in advance of the final disposition of an eligible proceeding, the expenses actually and reasonably incurred by an eligible party in respect of the eligible proceeding provided that the Corporation shall not make such payments unless the Corporation first receives from the eligible party a written undertaking that, if it is ultimately determined that the payment of expenses is prohibited by applicable law, the eligible party must repay the amounts advanced.

19.5 **Indemnity Restricted.** Despite any other provision of this Part 19, the Corporation is not obliged to make any payment that is prohibited by the Business Corporations Act or by court order in force at the date the payment is made.

19.6 **Corporation May Purchase Insurance.** The Corporation may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

(a) is or was serving as a director, alternate director or officer of the Corporation;

(b) is or was serving as a director, alternate director or officer of any associated corporation; or

(c) at the request of the Corporation, 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 in such equivalent position.

PART 20 – RESTRICTION ON SECURITY TRANSFERS

20.1 **Application.** This Part does not apply to the Corporation if and for so long as it is a public Corporation.

20.2 **Directors May Decline to Approve Transfer.** No security of the Corporation, other than a non-convertible debt security, may be sold, transferred or otherwise disposed of without the approval of the directors. Notwithstanding anything contained in these Articles, the directors may in their absolute discretion decline to approve any sale, transfer or other disposition of a security of the Corporation (other than non-convertible debt security) or to approve the registration of the transfer of such a security of the Corporation in the central securities register or other registers of the Corporation and the directors are not required to disclose their reasons for declining approval.

PART 21 – AUTHORIZED SHARE STRUCTURE

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

PART 22 – RESTRICTIONS ON BUSINESS OR POWERS

22.1 **No Restrictions.** There are no restrictions on the business to be carried on or the powers to be exercised by the Corporation.

SCHEDULE "D"

DISSENT RIGHTS
SECTION 191 OF *BUSINESS CORPORATIONS ACT* (ALBERTA)

Shareholder's right to dissent

191(1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to

(a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,

(b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,

(b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),

(c) amalgamate with another corporation, otherwise than under section 184 or 187,

(d) be continued under the laws of another jurisdiction under section 189, or

(e) sell, lease or exchange all or substantially all its property under section 190.

(2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

(a) at or before any meeting of shareholders at which the resolution is to be voted on, or

(b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.

(6) An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),

(a) by the corporation, or

(b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5),

to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.

(8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

(a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or

(b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.

(9) Every offer made under subsection (7) shall

(a) be made on the same terms, and

(b) contain or be accompanied with a statement showing how the fair value was determined.

(10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

(11) A dissenting shareholder

(a) is not required to give security for costs in respect of an application under subsection (6), and

(b) except in special circumstances must not be required to pay the costs of the application or appraisal.

(12) In connection with an application under subsection (6), the Court may give directions for

(a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,

(b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the Alberta Rules of Court,

(c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,

(d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,

(e) the appointment and payment of independent appraisers, and the procedures to be followed by them,

(f) the service of documents, and

(g) the burden of proof on the parties.

(13) On an application under subsection (6), the Court shall make an order

(a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,

(b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,

(c) fixing the time within which the corporation must pay that amount to a shareholder, and

(d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.

(14) On

(a) the action approved by the resolution from which the shareholder dissents becoming effective,

(b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or

(c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs,

(a) the shareholder may withdraw the shareholder's dissent, or

(b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

(17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after

(a) the pronouncement of an order under subsection (13), or

(b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or

(b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.