PART B. FOREIGN LAWS AND REGULATIONS

SouthGobi Resources Ltd. (the "Company") is a Canadian company incorporated under the *Business Corporations Act* (*British Columbia*) (the "BCBCA"). Set out below is a summary of certain provisions of the Company's Articles, certain provisions of Canadian corporate, securities and tax laws, certain TSXV Listing Policies, and certain other laws and policies that may be relevant to investors. Also set out below is a description of shareholder protection matters that are not at least equivalent to or broadly commensurate with those afforded to shareholders of companies incorporated in Hong Kong in effect as of the date hereof. Capitalised terms used but not otherwise defined in this Part B have the meaning given to those terms in Part D of this information sheet.

GENERAL

The rights and restrictions attaching to the Shares and Preferred Shares are detailed in the Articles, the BCBCA and its regulations, the TSXV Listing Policies and applicable Canadian Securities Laws. There are no restrictions on the transfer of Shares, the number of members of the Company or on invitations by the Company to the public to subscribe for its Shares which would classify the Company as a private company under section 29 of the Companies Ordinance. Set out below is a summary of some material attributes of the Company's share capital. The text of the Articles is set out in Part C of this information sheet.

SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of Shares without par value and an unlimited number of Preferred Shares without par value. All issued Shares are recorded in the accounts of the Company at their issue price.

In addition, the Company has issued a number of incentive stock options to Directors, officers, employees, affiliates and service providers of the Company and its subsidiaries exercisable to purchase unissued Shares.

All of the Shares have been and will be issued in accordance with the laws of British Columbia as well as with the provisions of the Articles. There is generally no limit in the BCBCA on the power of the Directors to issue Shares provided that no Share may be issued unless and until it is fully paid. However, the TSXV Listing Policies require that prior TSXV acceptance be obtained by the Company for any proposed issuance of its Shares, or any securities convertible into or exchangeable for, the Shares. The TSXV Listing Policies requires Shareholder approval for the issuance of a class or series of multiple voting shares and in some circumstances, non-voting and other restricted shares.

Additionally, the TSXV Listing Policies will require that security holder approval be obtained for private placements:

- if the issuance of the private placement shares and listed shares issued on conversion of a warrant or convertible security will result in, or is part of a series of transactions that will result in, the creation of a new Control Person; or

- if the issuance of securities pursuant to a private placement transaction constitutes a related party transaction.

There is no similar statutory requirement under the BCBCA or the TSXV Listing Policies, as is found under Hong Kong law, providing that Shareholders have a right to be offered any Shares in the Company which are being newly issued for cash before the same can be offered to new Shareholders. Consequently, there is no requirement for Shareholders in general meetings to provide a waiver to this obligation.

The Company, in accordance with the BCBCA, its Articles and the TSXV Listing Policies, may by exceptional resolution of its Shareholders:

- consolidate and combine all or any of its outstanding Shares into Shares of a lesser number; and

- sub-divide all or any of its outstanding Shares into Shares of a greater number.

Subject to the BCBCA, the Company may give financial assistance to any person for any purpose, including the purchase by such person of the Shares on such terms and at such times as may be determined by the Directors from time to time. The Company must provide disclosure where the financial assistance is material to the Company and is given to any of (a) a person known to be a shareholder, beneficial owner of a Share, Director, officer or employee of the Company or an affiliate of the Company, (b) a person known to the Company to be an associate of the persons referred to in paragraph (a), or (c) any person for the purpose of a purchase by that person of a Share issued or to be issued by the Company or an affiliate of the Company. There are exemptions to the disclosure requirement, many of which deal with related companies. In circumstances where disclosure is required, the disclosure must contain a brief description of the financial assistance, including the nature and extent thereof, the terms of the financial assistance and the amount given.

The Directors are not required to hold any Shares in the Company.

SUMMARY OF KEY BRITISH COLUMBIA CORPORATE LAWS AND THE ARTICLES

The Articles of the Company were adopted by a special resolution dated August 8, 2006, and amended August 16, 2010. On July 21, 2022, a resolution to amend the Company's Articles (the "Amended Articles") was duly passed by the Shareholders by way of ballots at the Annual and Special Meeting of the Shareholders held on July 21, 2022 (the "Meeting"). For further details of the Amended Articles, please refer to the Management Proxy Circular of the Meeting dated June 22, 2022. The Amended Articles shall be effective upon the change of the Company's listing status from the TSX to TSX Venture Exchange.

The following is a summary of some key provisions of the BCBCA, the TSXV Listing Policies and the Articles.

Objects

The Company does not have an objects clause in its Articles because a British Columbia company, unlike companies incorporated under the laws of Hong Kong, is not required to have an objects clause. Pursuant to section 30 of the BCBCA, the Company has the legal capacity and rights, powers and privileges of an individual of full capacity.

Voting rights

Each Shareholder entitled to vote may vote in person or by proxy, attorney or representative of a body corporate. On a show of hands every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder holding a Share carrying the right to vote has one vote and on a poll every person present who is a Shareholder or proxy, attorney or representative of a Shareholder shall in respect of each Share carrying the right to vote held by him have one vote per Share, provided that where such Shareholder is required, by the rules of the Designated Stock Exchange, to abstain from voting on any particular resolution, or restricted to voting only for or against any particular resolution, the votes casted by (or on behalf of) such Shareholder in contravention of such requirement or restriction shall not be counted.

Dividends

Subject to the BCBCA, the Directors may from time to time declare and authorize payment of such dividends as they may deem advisable, including the amount thereof and time and method of payment provided that the record date for the purpose of determining Shareholders entitled to receive payment of the dividend must not precede the date on which the dividend is to be paid by more than two months.

A dividend may be paid wholly or partly by the distribution of cash or cash equivalents, specific assets or of fully paid Shares or of bonds, debentures or other securities of the Company or any

other corporation, or in any one or more of those ways. Pursuant to section 70 of the BCBCA, no dividend may be declared or paid in money or assets if there are reasonable grounds for believing that the Company is insolvent or the payment of the dividend would render the Company insolvent.

The Articles provide that no dividend bears interest against the Company and any dividend or other distribution payable in cash in respect of Shares may be paid by cheque, made payable to the order of the person to whom it is sent. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

The Company's dividends do not lapse.

Liquidation

Liquidation is the process under the BCBCA by which the Company may be wound up, as its debts and liabilities are satisfied and any remaining assets are distributed to Shareholders. The liquidation process can be voluntary or under a court order. A voluntary liquidation is initiated by the Shareholders. A court of competent jurisdiction may order liquidation on application of any one of a number of "appropriate persons" as determined in accordance with the BCBCA.

A voluntary liquidation begins when the Shareholders pass a special resolution at a shareholders meeting where the quorum requirement is at least one-third of the issued shares entitled to be voted at such meeting resolving to liquidate the Company and appoint, by ordinary resolution, a liquidator. The appointment of a liquidator suspends the powers of the Directors. The liquidator has a duty, subject to the BCBCA, to use his or her own discretion in realizing the assets of the Company or distributing those assets among the creditors and Shareholders of the Company.

The liquidator must:

- dispose of the assets of the Company other than assets to be distributed in kind to the Shareholders;

- pay or make provision for all of the Company's liabilities;

- invest money in investments approved for trustees pending distribution to creditors and Shareholders; and

- after paying or providing for all liabilities, distribute the remaining assets in money or in kind among the Shareholders according to their rights and interests in the Company.

Transfer of Shares

The Articles provide that, in order for a transfer of a Share to be registered, the Company or the transfer agent or registrar for the share to be transferred, must receive:

- a duly signed instrument of transfer in respect of the Share;
- if a Share certificate has been issued by the Company in respect of the Share to be transferred, that Share certificate;
- if a non-transferable written acknowledgment of the Shareholder's right to obtain a Share certificate has been issued by the Company in respect of the Share to be transferred, that acknowledgment; and
- such other evidence, if any, as the Company or the transfer agent or registrar for the Share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the Share, the due signing of the instrument of transfer and the right of the transferee to have the transfer registered.

The instrument of transfer in respect of any Shares must be either in the form, if any, on the back of the Share certificates or in any other form that may be approved by the Directors from time to time.

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

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

Except where required or permitted by law, the Listing Rules or the TSXV Listing Policies, there is no restriction on the transfer of Shares.

Variation of rights

If at any time the existing share capital of the Company is divided into different classes of Shares, the rights attached to any class may be created, varied or abrogated in any way with the sanction

of a special resolution passed at a separate meeting of the holders of the Shares of that class and a special resolution passed at the Company's general meeting.

The Company may by exceptional resolution create, vary or abrogate any rights or restrictions attached to the shares of any existing class or series of shares for which shares have not been issued in that class or series.

If there is a new class or series of shares, the Company may by exceptional resolution create special rights or restrictions and attach those special rights or restrictions to the new class or series of shares.

The rights conferred on the holders of the Shares of any class are deemed not to be varied by the creation or issue of further Shares ranking equally with the first-mentioned Shares unless otherwise:

- expressly provided by the terms of issue of the first-mentioned Shares; or

- required or permitted by the BCBCA.

Borrowing powers

The Articles provide that the Company, if authorized by the Directors, may:

- borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;

- issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;

- guarantee the repayment of money by any person or the performance of any obligation of any other person; and

- mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

Issue of Shares

Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares but subject to the BCBCA and the TSXV Listing Policies, the Company's unissued share capital is under the control of the Directors who may issue all or any of the same

to such persons at such times and on such terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the Directors may determine. A Share must not be issued until it is fully paid. A Share is fully paid when consideration is provided to the Company for the issue of the Share in past services performed for the Company, property or money. The TSXV Listing Policies permits a listed issuer to issue new shares at an issue price lower than the market price of such shares on the TSXV less the maximum discount permissible under TSXV Policies. Policy 3.5 of the TSXV Listing Policies requires a listed issuer to issue a class or series of multiple voting shares provided that the listed issuer has received Shareholder approval and must distribute the multiple voting shares on a pro rata basis to all holders of equity Shares. Additionally, the TSXV will not permit an issuer to issue securities that have voting rights greater than those of the shares of any class of listed shares of the issuer, unless the issuance is by way of a distribution to all holders of the issuer's common shares on a pro rata basis. In some circumstances, the TSXV may require that the issuer permit holders of non-voting or other restricted shares to vote with the holders of any class of securities of the issuer which otherwise carry greater voting rights on a basis proportionate to their respective equity interest of the issuer.

Small Shareholder Purchase and Sale Arrangements

Policy 5.7 of the TSXV Listing Policies provides for a procedure whereby the Company can assist Shareholders who hold a quantity of Shares that is less than a prescribed board lot ("odd lot holders") and who wish to either sell their Shares or buy enough additional Shares to increase their holding to a board lot. Participation by an odd lot holder in any odd lot sale or purchase arrangement established pursuant to Policy 5.7 of the TSXV Listing Policies is purely voluntary and under no circumstances can the Company compel an odd lot holder to sell or purchase any Shares thereunder. The Company has not, to date, established an odd lot sale or purchase arrangement.

Remuneration of Directors

As of the date of the Company Information Sheet, the Company pays each independent Director a retainer of C$45,000 per annum. Mr. Mao Sun, in the capacity of independent Lead Director, receives an additional fee of C$25,000 per annum. Mr. Mao Sun, as chair of the Audit Committee, and Mr. Yingbin Ian He, as chair of the Nominating and Corporate Governance Committee, each receive an additional payment of C$20,000 per annum for their respective duties. Ms. Jin Lan Quan, as chair of the Compensation and Benefits Committee, receives an additional payment of C$10,000 per annum for her respective duties. Should the Health, Environment, Safety and Social Responsibility Committee be chaired by an independent Director, they would receive an additional payment of C$10,000 per annum.

Each independent Director receives a fee of C$1,500 for each Board meeting and committee meeting attended either in-person or via conference call.

As of the date of the Company Information Sheet, Ms. Jin Lan Quan has an aggregate of 450,000 incentive stock options granted between 3 July 2018 and 29 June 2021, Mr. Yingbin Ian He has an aggregate of 300,000 incentive stock options granted between 3 July 2018 and 29 June 2021, and Mr. Mao Sun has an aggregate of 600,000 incentive stock options granted between 3 July 2018 and 29 June 2021.

Directors also receive a travel allowance of C$2,000 per round-trip in excess of four (4) hours travel time. Each Director is entitled to reimbursement for actual expenses reasonably incurred in the performance of his or her duties as a Director.

As provided by the Articles, if any Director who is not an employee or officer performs any professional or other services for the Company that in the opinion of the Directors are outside the ordinary duties of a Director who is not an employee or officer, or if any Director who is not an employee or officer is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the Directors, of, at the option of that Director who is not an employee or officer, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

Indemnification

Subject to the BCBCA, the Company must indemnify a Director or former Director and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. An "eligible penalty" is a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding. An "eligible proceeding" is a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a Director or a former Director of the Company (an "eligible party") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a Director:

- is or may be joined as a party; or

- is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding.

The Company may not indemnify an eligible party or pay such eligible party's expenses in certain circumstances prescribed by the BCBCA including circumstances in which:

- in relation to the subject matter of the eligible proceeding, the eligible party did not act honestly and in good faith with a view to the best interests of the Company or any associated corporation, as the case may be; or

- in the case of an eligible proceeding other than a civil proceeding, the eligible party did not have reasonable grounds for believing that the eligible party's conduct in respect of which the proceeding was brought was lawful.

Subject to any restrictions in the BCBCA, the Company may indemnify any person. In addition to what is set out above, the Company must, subject to the exceptions noted above, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by:

(i) an officer or former officer of the company, or

(ii) an officer or former officer of another corporation (a) at a time when the corporation is or was an affiliate of the Company, or (b) at the request of the Company, in respect of that proceeding if such person (i) has not been reimbursed for those expenses, and (ii) is wholly successful, on the merits or otherwise, in the outcome of the proceeding or is substantially successful on the merits in the outcome of the proceeding.

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

- is or was a Director, officer, employee or agent of the Company;

- is or was a Director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;

- at the request of the Company, is or was a director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity; or

- at the request of the Company, holds or held a position equivalent to that of a director or officer of a partnership, trust, joint venture or other unincorporated entity

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

Pensions and gratuities for Directors

Although not prohibited from doing so, the Company does not currently pay any gratuity or pension or allowance on retirement to any Director who has held any salaried office with the Company or to his or her spouse or dependents nor make contribution to any fund or pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Disclosure of Directors' interests

Pursuant to section 147 of the BCBCA, a Director or senior officer of the Company holds a disclosable interest in a contract or transaction if (a) the contract or transaction is material to the Company, (b) the Company has entered, or proposes to enter, into the contract or transaction, and (c) either of the following applies to the Director or senior officer: (i) the Director or senior officer has a material interest in the contract or transaction; or (ii) the Director or senior officer is a director or senior officer of, or has a material interest in, a person who has a material interest in the contract or transaction. Subject to the BCBCA, the Articles require that a Director or senior officer who holds a disclosable interest must disclose the nature and extent of the conflict. Under the BCBCA, there are certain exceptions from the disclosable interest requirements which apply specifically to wholly-owned subsidiaries and related companies.

The Articles provide that a Director or senior officer who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the Director or senior officer under or as a result of the contract or transaction, unless the procedures for disclosure and approval as provided in the BCBCA are complied with.

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

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

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

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

Restrictions on Directors' voting

The Articles provide that a Director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any Directors' resolution to approve that contract or transaction, unless all the Directors have a disclosable interest in that contract or transaction, in which case any or all of those Directors may vote on such resolution. These provisions in the Articles comply with the BCBCA. A situation where all Directors have a disclosable interest is extremely rare but could arise for example, if the Company ever issues shares to all Directors outside the scope of their remuneration. In this circumstance, all the Directors would declare their interest in the transaction (with such declaration being noted in the minutes or consent resolution) and would then vote on the matter. Additionally, the Directors are subject to their overriding duties to act in the best interests of the Company.

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

Number of Directors

The Articles provide that the number of Directors of the Company will be the greater of three and the number of Directors is fixed by ordinary resolution. In the absence of any such ordinary resolution, the number of Directors of the Company will be the greater of three and the number of Directors actually elected at the last meeting of Shareholders at which an election of Directors took place. At the Company's annual and special meeting of the shareholders held on 21 July 2022, shareholders voted to set the number of Directors at eight (8). The incumbent Directors may, between annual meetings of Shareholders, appoint one or more additional Directors up to a maximum of one-third of the Directors elected by the Shareholders at the last meeting of Shareholders at which an election of Directors took place. A Director is not required to hold Shares issued by the Company. Under the BCBCA, Directors must be individuals though there are no residency requirements for Directors.

Directors' term of office

Unless a Director dies, resigns or is removed from office in accordance with the BCBCA, the term of office of each of the incumbent Directors ends at the conclusion of the next annual meeting of the Shareholders following his or her most recent election or appointment.

General meetings

Unless an annual general meeting is deferred or waived in accordance with the BCBCA, the Company must hold an annual general meeting at least once in each calendar year and not more than 15 months after the date of the last annual general meeting, at the date of such annual general meeting must be within six months after the end of the most recently complete financial year of the Company, at such time and place as may be determined by the Directors. Pursuant to Policy 3.2 of the TSXV Listing Policies, every listed issuer on the TSXV must hold its annual meeting of shareholders not more than 15 months after its last preceding annual meeting of shareholders or such earlier date as applicable securities laws and corporate laws.

The Directors may, whenever and wherever they think fit, call a meeting of Shareholders. The Company can hold its general meetings at a specified location outside of British Columbia if so authorized by the Directors. At least 21 days' notice must be given to the Shareholders of a general meeting.

Pursuant to section 167 of the BCBCA, shareholders who hold in the aggregate at least 5% of the issued Shares of the Company that carry the right to vote at general meetings may requisition a meeting of Shareholders. If the Directors do not, within 21 days after the date on which the requisition is received by the Company, send notice of a general meeting, the requisitioning Shareholders, or any one or more of them holding, in the aggregate, more than 2.5% of the issued Shares of the Company that carry the right to vote at general meetings, may send notice of a general meeting to be held to transact the business stated in the requisition.

Pursuant to section 167 of the BCBCA, unless the Shareholders resolve otherwise by an ordinary resolution at the general meeting called by the requisitioning shareholders, the Company must reimburse the requisitioning Shareholders for the expenses actually and reasonably incurred by them in requisitioning, calling and holding that meeting.

Election of Directors

At every annual general meeting the Shareholders entitled to vote at the annual general meeting for the election of Directors are entitled to elect a Board consisting of the number of Directors for the time being set under the Articles and all the Directors cease to hold office immediately before such election but are eligible for re-election.

If the Company fails to hold an annual general meeting on or before the date by which the annual general meeting is required to be held under the BCBCA or the shareholders fail, at the annual general meeting, to elect or appoint any Directors then each Director then in office continues to hold office until the earlier of:

- the date on which his or her successor is elected or appointed; and

- the date on which he or she otherwise ceases to hold office under the BCBCA or the Articles.

The Company has adopted a majority voting policy pursuant to which, in both an uncontested or contested election of the Directors, if a nominee for election as a Director receives a greater number of votes "withheld" or "abstained" than votes "for" with respect to the election of Directors by Shareholders, he or she will be deemed to have submitted his or her resignation to the Company upon the conclusion of the meeting of Shareholders. The Company will then refer such resignation to the Company's corporate governance committee for consideration and such committee will make a recommendation on whether or not to accept such resignation. In the absence of exceptional circumstances, the Company expects that the corporate governance committee will recommend that the Company accept such resignation. The Company will then determine whether to accept such resignation and announce such decision in a press release to be issued with 90 days following the meeting of Shareholders. The Director who tendered his or her resignation pursuant to the majority voting policy will not participate in any committee or Company deliberations and decisions pertaining to the resignation offer.

Disclosure of Shareholdings

Early Warning Reporting Requirements

Canadian Securities Laws contain early warning requirements pursuant to which every person, except pursuant to a formal bid, which acquires beneficial ownership of, or the power to exercise control or direction over, or securities convertible into, voting or equity securities of any class of the Company that, together with such person's securities of that class, would constitute 10% or more of the outstanding securities of that class must immediately issue a press release disclosing the acquisition and containing the information prescribed in Section 3.1 of National Instrument 62-103 - *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* ("NI 62-103") and within two business days file a report disclosing the acquisition and the information prescribed in Section 3.1 of NI 62-103. The press release may omit certain information as long as it is provided in the report. A person is deemed to beneficially own such securities if the person is the beneficial owner of securities convertible within 60 days into such securities of that class, or has the right or obligation, on conditions or not, to acquire that security within 60 days. A copy of NI 62-103 is available at the British Columbia Securities Commission website at www.bcsc.bc.ca.

The same early warning disclosure requirement applies each time: (i) such purchaser(s) acquires ownership of or the power to exercise control or direction over either: (A) an additional 2% or more of the outstanding securities of the same class referred to in the most recent previously filed early

warning report; or (B) securities convertible into an additional 2% or more of the outstanding securities of the same class referred to in the most recent previously filed early warning report; (ii) there is a 2% decrease in ownership; (iii) a shareholder's ownership interest falls below the 10% reporting threshold; and (iv) there is a change in any material fact in the disclosure required in the most recent previously filed early warning report.

Insider Reporting Requirements

Pursuant to Canadian Securities Laws, an “insider” of the Company includes: (a) a director or an officer of the Company, (b) a director or an officer of a person that is itself an insider or a subsidiary of the Company, (c) a person that has (i) beneficial ownership of, or control or direction over, directly or indirectly, or (ii) a combination of beneficial ownership of, and control or direction over, directly or indirectly, securities of the Company carrying more than 10% of the voting rights attached to all the Company’s outstanding voting securities.

Canadian Securities Laws contain insider reporting requirements. If, while a person is an insider of the Company, (a) the person enters into a transaction involving a security of the Company or, for any other reason, the person’s direct or indirect beneficial ownership of, or control or direction over, securities of the Company changes from that shown or required to be shown in the latest insider report filed by the person, or (b) the person enters into a transaction involving a related financial instrument, the person must, within the prescribed period, file an insider report in the required form on the SEDI website at www.sedi.ca. A detailed guide on how to make insider filings in Canada can be found at https://www.sedi.ca.

Canadian Securities Laws define a “related financial instrument” as: (a) an instrument, agreement, security or exchange contract the value, market price or payment obligations of which are derived from, referenced to or based on the value, market price or payment obligations of a security, or (b) any other instrument, agreement or understanding that affects, directly or indirectly, a person’s economic interest in respect of a security or an exchange contract.

Classes of Shares

The Company has two classes of Shares: Shares without par value and Preferred Shares without par value.

The holders of the Shares are entitled to one vote per Share at all meetings of Shareholders except meetings at which only holders of another specified class or series of Shares of the Company are entitled to vote separately as a class or series. Such Shareholders have the right to speak at the meeting and vote at a meeting except where they are required, by rules of the Designated Stock Exchange, to abstain from voting to approve the matter under consideration and the votes cast shall not be counted pursuant to the Company’s Articles. Subject to the prior

rights of the holders of Preferred Shares and any other Shares ranking senior to the Shares, the holders of Shares are entitled to receive dividends as and when declared by the Directors, and to receive a pro rata share of the remaining property and assets of the Company in the event of liquidation, dissolution or winding up of the Company. The Shares have no pre-emptive, redemption, purchase or conversion rights. Neither the BCBCA nor the Articles impose restrictions on the transfer of Shares on any securities register of the Company, provided that the Company receives the certificate representing the Shares to be transferred together with a duly endorsed instrument of transfer and payment of any fees and taxes which may be prescribed by the Board from time to time. There are no sinking fund provisions in relation to the Shares and they are not liable to further calls or to assessment by the Company. The BCBCA provides that the rights and provisions attached to any class of Shares may not be modified, amended or varied unless consented to by special resolution passed by a majority of not less than two-thirds of the votes cast in person or by proxy by holders of Shares of that class and the Shareholders as a whole.

The Preferred Shares rank senior to the Shares as to the payment of dividends and the distribution of property and assets on the liquidation, dissolution or winding up of the Company. Holders of Preferred Shares will not be entitled to any voting rights as a class except as may be provided under the BCBCA other than those voting rights which attach to any series of Preferred Shares as determined by the Directors from time to time. The Preferred Shares are issuable in one or more series, each consisting of such number of Preferred Shares as may be fixed by the Directors. The Directors may from time to time by resolution passed before the issue of any Preferred Shares of any particular series, alter the Articles to determine the designation of the Preferred Shares of that series, to fix the number of Preferred Shares of that series and to create, define and attach special rights and restrictions to the Preferred Shares of that series.

Reduction of capital

The Company may reduce its share capital if it is authorized to do so by court order or by special resolution of its Shareholders. The Company may reduce its share capital without a court order or a special resolution, subject to its Articles and the BCBCA, in order to redeem, purchase or otherwise acquire Shares, accept a surrender of Shares by way of gift or for cancellation or convert fractional Shares into whole Shares. The Company may not reduce its share capital by special resolution if there are reasonable grounds for believing that the realizable value of the Company's assets would, after the reduction, be less than the aggregate of its liabilities.

Share repurchases

Subject to the BCBCA and the Articles, the Company may purchase its own Shares on such terms and at such times as may be determined by the Directors from time to time. The Company may 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 the Company is insolvent or making the payment or providing the consideration would render the Company insolvent. TSXV Listing Policies and applicable Canadian Securities Laws regulate the purchase or other acquisition by the Company of its own Shares. Subject to a limited number of exemptions, the Company must comply with a detailed body of rules with the intended purpose that all of the Company's shareholders are treated equally.

Statutory derivative actions

Pursuant to section 232 of the BCBCA, a Shareholder or Director of the Company (the "complainant") may, with leave of a court of competent jurisdiction, prosecute a legal proceeding in the name and on behalf of the Company:

- to enforce a right, duty or obligation owed to the Company that could be enforced by the Company itself; or

- to obtain damages for any breach of such a right, duty or obligation.

Pursuant to section 232 of the BCBCA, with leave of a court of competent jurisdiction, a complainant may, in the name and on behalf of the Company, defend a legal proceeding brought against the Company.

Pursuant to section 233 of the BCBCA, a court of competent jurisdiction may grant leave on terms it considers appropriate if:

- the complainant has made reasonable efforts to cause the Directors to prosecute or defend the legal proceeding;

- notice of the application for leave has been given to the Company and any other person that the court may order;

- the complainant is acting in good faith; and

- it appears to the court that it is in the best interests of the Company for the legal proceeding to be prosecuted or defended.

Protection of minorities

Pursuant to section 227 of the BCBCA, a Shareholder may apply to a court of competent jurisdiction for an order on the ground:

- that the affairs of the Company are being or have been conducted, or that the powers of the Directors are being or have been exercised, in a manner oppressive to one or more of the Shareholders, including the applicant; or

- that some act of the Company has been done or is threatened, or that some resolution of the Shareholders or 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 of the Shareholders, including the applicant.

On application, the court may, with a view to remedying or bringing to an end the matters complained of, make any interim or final order it considers appropriate, including an order:

- directing or prohibiting any act;

- regulating the conduct of the Company's affairs;

- appointing a receiver or receiver manager;

- directing an issue or conversion or exchange of Shares;

- appointing Directors in place of or in addition to all or any of the Directors then in office; •

  removing any Director;

- directing the Company to purchase some or all of the Shares of a Shareholder and, if required, to reduce its capital in the manner specified by the court, unless the Company is insolvent or the purchase would render it insolvent;

- directing a Shareholder to purchase some or all of the Shares of any other Shareholder;

- directing the Company, unless the Company is insolvent or the payment would render it insolvent, or any other person, to pay to a Shareholder all or any part of the money paid by that Shareholder for Shares of the Company;

- varying or setting aside a transaction to which the Company is a party and directing any party to the transaction to compensate any other party to the transaction;

- varying or setting aside a resolution;

- requiring the Company, within a time specified by the court, to produce to the court or to an interested person financial statements or an accounting in any form the court may determine;

- directing the Company to compensate an aggrieved person, unless the Company is insolvent or the payment of such compensation would render it insolvent;

- directing correction of the registers or other records of the Company;

- directing that the Company be liquidated and dissolved, and appointing one or more liquidators, with or without security;

- directing that an investigation be made under the BCBCA;

- requiring the trial of any issue; or

- authorising or directing that legal proceedings be commenced in the name of the Company against any person on the terms the court directs.

Disposal of assets

Under the BCBCA, the Company may not sell, lease or otherwise dispose of all or substantially all of the Company's assets and undertaking unless it does so in the ordinary course of the Company's business or it has been authorized to do so by special resolution. Otherwise, there are no specific restrictions under the BCBCA on the power of the Directors to dispose of the Company's assets. Under the BCBCA, in the exercise of those powers, the Directors must discharge their duties of care to act in good faith, for a proper purpose and in the best interests of the company.

The Company is subject to the provisions of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). The intended purpose of MI 61-101 is to regulate business combinations, insider bids, issuers bids, and related party transactions in order to treat all security holders in a manner that is fair and that is perceived to be fair, by setting out disclosure, formal valuation, review and minority shareholder approval processes for these kinds of transactions in certain prescribed circumstances.

Accounting and auditing requirements

A Canadian public company that is listed on the TSXV, such as the Company, must prepare annual financial statements which must be audited, and unaudited quarterly financial statements. The annual financial statements and the auditor's report must also be presented to the annual general meeting of Shareholders and delivered to Shareholders.

Securities registers

The Company must maintain, at a location designated by the Directors, a central securities register in which it registers the Shares issued by the Company, all transfers of Shares so issued and details of such issuances and transfers. The Company may also maintain one or more branch registers at locations designated by the Directors. The Company may appoint agents to maintain the central securities register and any branch securities registers. Particulars of each issue or transfer of a Share registered in a branch securities register must also be promptly registered in the central securities register.

Inspection of books and records

A Shareholder may, during statutory business hours and without charge, inspect the records of the Company, other than certain records prescribed under the BCBCA as records that a Shareholder is not entitled to inspect.

Types of resolutions

The BCBCA and the Articles provide that a resolution of the Company is a special resolution when it has been passed by a majority of at least 2/3 of the votes cast on the resolution.

The Articles provide that a resolution of the Company is an “exceptional resolution” when it has been passed by a majority of at least three-quarters of the votes cast on the resolution.

The Articles provide that a resolution of the Company is a “special separate resolution” when it has been passed by a majority of Shareholders of a particular class or series of Shares of at least three-quarters of the votes cast on the resolution, where the quorum for such meeting shall be holders of at least one-third of the issued shares of that class or series of Shares, as the case may be.

Subsidiary owning Shares in parent

Under the BCBCA, the Company may purchase or otherwise acquire shares of a corporation of which it is a subsidiary. The Company must not purchase any of the shares of its parent corporation if there are reasonable grounds for believing that the Company is insolvent, or the purchase would render the Company insolvent. Likewise, a subsidiary of the Company may purchase or otherwise acquire Shares provided that there are no reasonable grounds for believing that the subsidiary is insolvent or that the purchase would render it insolvent.

Arrangements and other fundamental corporate transactions

The BCBCA provides for arrangements and other fundamental corporate transactions involving the Company, the Shareholders, creditors and other persons. The relevant provisions of the BCBCA permit fundamental changes to take place with respect to the Company affecting Shareholders, creditors and other persons if certain approvals are obtained from the affected Shareholders, creditors and other persons. In the case of arrangements, the prior approval of a court of competent jurisdiction is also required.

Arrangements are typically used for numerous forms of acquisitions, going-private transactions, substitutions of new Shares for arrears of dividends on existing Shares, exchanges of Shares for Shares or other securities of the Company or of another body corporate, exchanges of Shares or other securities for money and, in the case of creditors, debt reorganizations.

Dissent and Appraisal Rights

The BCBCA provides that Shareholders of the Company are entitled to exercise dissent rights in respect of certain matters and to be paid the fair value of their Shares in connection therewith. The right of dissent is applicable in respect of:

- a resolution to alter the articles to alter restrictions on the powers of the Company or on the business it is permitted to carry on;
- a resolution to adopt an amalgamation agreement or otherwise approve an amalgamation;
- a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the Company's undertaking;
- a resolution to authorize the continuation of the Company into a jurisdiction other than British Columbia;
- any other resolution, if dissent is authorized by the resolution; or
- any court order that permits dissent.

The BCBCA sets out the process and procedures that must be followed for a Shareholder to exercise dissent rights.

Stamp duty on transfers

No Canadian or British Columbia stamp duty is payable on transfers of shares in a company that is incorporated or continued in British Columbia.

PURCHASE BY THE COMPANY OF ITS OWN SECURITIES

The BCBCA and the Articles permit the Company to purchase its own Shares on such terms and at such times as may be determined by the Directors from time to time. The Company may 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 the Company is insolvent or that making the payment or providing the consideration would render the Company insolvent. The Articles provide that, if the Company retains a Share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the Share, but, while such Share is held by the Company, it:

- is not entitled to vote the Share at a meeting of its Shareholders;
- must not pay a dividend in respect of the Share; and
- must not make any other distribution in respect of the Share.

Rules Governing Issuer Bids

Under applicable Canadian Securities Laws, any offer to acquire or redeem any securities (other than nonconvertible debt securities) made by the Company in respect of securities of its own issue made to any person resident in a province of Canada is an “issuer bid”. The legal definition of an issuer bid specifically excludes acquisitions or redemptions by a company of its own securities where:

- no valuable consideration is offered or paid for the securities; or
- the acquisition, redemption or offer is a step in an amalgamation, merger, reorganization or arrangement that requires approval in a vote of securityholders.

If the Company were to make an offer to acquire securities of its own issue, the Company would be required to make a formal issuer bid in compliance with the requirements of applicable Canadian Securities Laws, unless an exemption from these requirements is available. The requirements for making a formal issuer bid include preparing, filing and sending an issuer bid circular in the prescribed form to all holders of the class of securities that are the subject of the issuer bid. Unless exempt, the Company is required to obtain an independent formal valuation of

the securities that are the subject of the bid and summaries the formal valuation in the issuer bid circular.

A formal issuer bid must remain open for acceptance for a minimum of 35 days and the Company must not take up any securities deposited under the bid until at least 35 days have elapsed. Depositing securityholders are entitled to withdraw their securities at any time before the securities are taken up by the Company. Adequate arrangements must be in place before the commencement of a bid to ensure that the required funds are available to make full payment of all cash consideration offered in respect of the securities subject to the bid.

Acquisitions of securities by the Company are restricted during the issuer bid and for the 20 business days after the expiry of the issuer bid. In addition, there is a prohibition against selling or agreeing to sell any securities subject to the bid from the date of announcement of the intention to make the bid until its expiry, except for sales in respect of dividend plans, dividend reinvestment plans, employee purchase plans and other similar plans.

In the case of a partial issuer bid, the Company is required to take up and pay for the securities proportionately according to the number of securities deposited by each securityholder. However, the Company is not required to take up securities on a pro rata basis from those securityholders who are entitled to elect a minimum price per security and elect a minimum price that is higher than the price that the Company pays for securities under the bid.

Certain issuer bids are exempt from the formal issuer bid requirements. The following is a summary of some of the principal exemptions available under applicable Canadian Securities Laws for issuer bids.

Foreign Bid Exemption

There is an exemption for issuers with minimal share ownership presence in Canada. This exemption is available where less than 10% of the securities subject to the bid are held by securityholders in Canada (including beneficial ownership) and the published market with the greatest dollar value of trading in the securities subject to the bid during the 12 months preceding the commencement of the bid is not in Canada. In order for an offeror to rely on this exemption, securityholders in Canada must be able to participate in the bid on terms at least as favourable as the terms that apply to the general body of securityholders of the same class and the information and issuer bid materials must be filed in Canada and sent to Canadian security holders.

Minimal Connection Exemption

An exemption is also available for issuer bids where the number of registered holders of securities of the class subject to the bid in each province of Canada is fewer than 50 and securityholders in each province beneficially own less than 2% of the outstanding securities of the class. Canadian security holders must be entitled to participate in the bid on terms at least as favourable as the terms that apply to the general body of security holders of the same class and the information and issuer bid materials must be filed in Canada and sent to Canadian security holders.

Redemption or Retraction Exemption

A company is permitted to acquire its own securities in accordance with redemption or retraction provisions in the terms and conditions attaching to the class of securities, or as required by law.

Employee, Executive Officer, Director and Consultant Exemption

A company is permitted to repurchase its own securities from its current and former employees, consultants, executive officers and directors and current and former employees, consultants, executive officers and directors of its affiliates. The exemption requires that if there is a published market for the securities, the value of the consideration paid must not be greater than the market price and that purchases not exceed 5% of the outstanding securities of the class in any 12-month period.

Normal Course Issuer Bid Exemption

An issuer bid is exempt if it is made in the normal course over the TSXV or another designated exchange in accordance with the rules and regulations of that exchange.

An issuer bid made in a published market that is not a designated exchange will also be exempt if:

- the bid is for not more than 5% of the outstanding securities of the class;

- the aggregate number of securities acquired under this exemption within any 12-month period under the exemption does not exceed 5% of the outstanding securities at the beginning of the period; and

- the value of the consideration paid for any of the securities does not exceed market price plus reasonable brokerage fees and commissions actually paid.

A company relying on this exemption is required to issue and file a news release describing the class and number of securities, the dates of the issuer bid, the consideration offered, the manner in which the securities will be acquired and the reasons for the bid.

TSXV Rules for Normal Course Issuer Bids

Pursuant to Policy 5.6 of the TSXV Listing Policies a normal course issuer bid carried out over the facilities of the TSXV is subject to the following requirements:

1. Volume Limitations

The rules of the TSXV limit the volume of purchases by the Company of its Shares in two ways.

First, the TSXV limits the number of listed securities that may be purchased by an issuer under a normal course issuer bid so that the purchases do not, when aggregated with the total of all other purchases in the preceding 30 days, whether through the facilities of a stock exchange or otherwise, exceed 2% of the total issued and outstanding securities of that class outstanding at the time the purchases were made.

Second, a listed issuer may only acquire over a the securities in a 12-month period commencing on the date specified in the notice of the bid to such number of securities that does not exceed the greater of (i) 10% of the public float on the TSXV; and (ii) 5% of such class of securities issued and outstanding, in each case calculated on the first day of the 12-month period.

The “public float” means a share or other security that is listed on the TSXV held by Shareholders who are not insiders of the Company and not subject to resale restrictions under applicable securities laws or stock exchange rules.

2. Price Limitations

Purchases made pursuant to a normal course issuer bid must be made at a price which is not higher than the last independent trade of a board lot of the securities to which the issuer bid relates. Trades that are not “independent trades” under the TSXV Listing Policies include both trades, directly or indirectly, for the account of an insider of the issuer, and certain trades made by, or for the account of the broker that is engaged by the issuer in respect of the issuer bid.

3. Prohibited Trades

It is a principle of normal course issuer bids that all transactions should be made in the open market without abnormally influencing the market price of the securities, treating all holders of identical securities in a fair and even-handed manner. Accordingly, the TSXV prohibits private agreement purchases other than by means of open market transactions.

An intentional cross or pre-arranged trade is not permitted under an issuer bid, unless such trade is made in connection with the block purchase exception.

Purchases under a normal course issuer bid may not be made from a person or company effecting a sale from a control block (from a holder of securities carrying more than 20% of the votes or in a position to affect the control of an issuer). This prohibition is intended to ensure that a large security holder is not, in effect, selling down its position in an issuer to the issuer itself. The TSXV Listing Policies provide that it is the responsibility of the broker acting as agent for the issuer in respect of an issuer bid to ensure that it is not bidding in the market at the same time as a broker is offering the same class of securities under a sale from control.

An issuer may not purchase securities pursuant to a normal course issuer bid when issuer possesses any material information which has not been generally disclosed. However, it is open to the issuer to enter into arrangements with its broker to implement an automatic securities purchase plan that would permit that broker to make trades on the issuer's behalf on the normal course issuer bid during blackout periods when trades in the issuer's securities by insiders would be otherwise prohibited. These arrangements must be precleared by the TSXV.

An issuer must not make purchases under a normal course issuer bid when the security subject to the normal course issuer bid is of the same class as the security subject to a distribution under a prospectus, is convertible into such security or is underlying the security being distributed.

In addition, an issuer may not make any purchases under a normal course issuer bid during a circular bid for those securities. This restriction applies during the period from the first public announcement of the circular bid to termination of the period during which securities may be deposited under such circular bid.

4. Procedure

The TSXV procedure for the Company to make a normal course issuer bid is as follows:

Notice of Intention (the "Notice")

The Notice must be filed with the TSXV. The Notice is first filed in draft for TSXV review and comment, together with a draft press release (as described below) and public float schedule (if applicable). When the Notice is in a form acceptable to the TSXV, it is filed in final form duly executed by an officer or Director of the Company, together with the final form of the press release and public float schedule (if applicable) and must be filed three clear trading days prior to the commencement of any purchases under the normal course issuer bid.

Duration

A normal course issuer bid may run for a period of one year from the date on which purchases are permitted to begin (the "Commencement Date" as defined below), and may be renewed on an annual basis thereafter.

Press Release

A press release must be issued indicating the intention of the issuer to make a normal course issuer bid, and summarizing the material contents of the Notice. The press release is first filed with the TSXV for its review, together with the draft Notice and public float schedule (if applicable). A final version of the press release is filed with the TSXV at the time of filing the final form of Notice. This press release must be issued as soon as the Notice is finally accepted by the TSXV. The issuer may also issue a press release prior to final acceptance of the executed Notice by the TSXV if the press release states that the issuer bid is subject to regulatory approval.

Disclosure to Shareholders

A summary of the material information contained in an accepted Notice must be included in the next annual report, quarterly report, information circular or other document mailed to shareholders. Security holders are entitled to obtain a copy of the Notice without charge from the issuer.

Commencement of Purchases

Purchases under the normal course issuer bid may commence three trading days after the TSXV receives all documents, including the originally executed Notice in final form.

Broker

The issuer must appoint only one broker at any one time as its broker to make purchases (the "Broker"). If the issuer decides to change the Broker, it must obtain the written consent of the TSXV.

Amendment of Normal Course Issuer Bids

During an issuer bid, an issuer may determine to amend its notice by increasing the number of securities sought while not exceeding: (i) the maximum volume limitations permitted by the TSXV or (ii) the 30-day limit which provides that the securities purchases under a normal course issuer bid (which for this purpose includes securities purchased through facilities of a stock exchange or otherwise but exclude securities purchased under a formal issuer bid) may not, when aggregated with all other purchases by the listed issuer during the preceding 30 days, exceed 2% of the issued and outstanding securities of that class outstanding at the time the purchases were made. The issuer must advise the TSXV in writing of the proposed amendment and after receiving TSXV acceptance, must issue a press release disclosing the change.

VOTING FOR DIRECTORS AND AUDITORS

Canadian Securities Laws preclude two-way voting in the case of an appointment of an auditor or the election of directors. Under National instrument 51-102, a form of proxy sent to securityholders of a reporting issuer must provide an option for the securityholder to specify that the securities registered in the securityholder's name will be voted for or against each matter or group of related matters identified in the form of proxy, in the notice of meeting or in an information circular, other than the appointment of an auditor and the election of directors. A single resolution for the appointment of two or more directors may be put to shareholders in circumstances where the number of nominees for director is equal to or less than number of available director positions. However, in the event that there are more nominees for director than there are available positions, or a shareholder otherwise requests, the vote would be put to a poll and each nominee would be voted on. The nominees receiving the greatest number of votes are elected.

The Company has adopted a majority voting policy pursuant to which, in an uncontested election of the Directors, if a nominee for election as a Director receives a greater number of votes "withheld" or "abstained" than votes "for" with respect to the election of Directors by Shareholders, he or she will be deemed to have submitted his or her resignation to the Company upon the conclusion of the meeting of Shareholders. The Company will then refer such resignation to the Company's corporate governance committee for consideration and such committee will make a recommendation on whether or not to accept such resignation. In the absence of exceptional circumstances, the Company expects that the corporate governance committee will recommend

that the Company accept such resignation. The Company will then determine whether to accept such resignation and announce such decision in a press release to be issued with 90 days following the meeting of Shareholders. The Director who tendered his or her resignation pursuant to the majority voting policy will not participate in any committee or Company deliberations and decisions pertaining to the resignation offer.

Similarly, the Company has adopted a majority voting policy in relation to auditor appointments which applies, in respect to any Shareholder meetings where the Company's auditors are to be appointed. Under this policy, if a qualified audit firm nominated for appointment as the Company's auditors receives a greater number of "withheld" votes than the number of votes cast in favour of their appointment (the "Non-Supported Auditor"), the Non-Supported Auditor will be considered not to have received the support of Shareholders, even though the Non-Supported Auditor was duly appointed as a matter of corporate law. The Company will consult with the Company's audit committee in respect of the replacement of the Non-Supported Auditor promptly after the appointment of such auditor. In the absence of exceptional circumstances, the Company expects that the Company's audit committee will recommend to the Company that a special meeting of Shareholders be convened for the purposes of considering an ordinary resolution for the removal of the Non-Supported Auditor and the appointment of another qualified audit firm to serve as auditors of the Company. Within 90 days of the date of the meeting of shareholders at which the appointment of the Non-Supported Auditor took place, the Company will, amongst other things, (i) issue a press release announcing its intention to call the special meeting to replace the Non-Supported Auditor, or explain the Company's decision to not remove the newly appointed auditor; (ii) within 21 clear calendar days before the special meeting, issue, mail and deliver a notice of meeting and information circular in relation to the special meeting proposing the removal of the Non-Supported Auditor and appointment of a replacement auditor to the Shareholders of the Company; and (iii) convene the aforementioned special meeting.

TAKEOVER REGULATION

Takeover bids in Canada are governed by Canadian Securities Laws. In British Columbia, which is the principal jurisdiction in Canada in which the Company is a "reporting issuer" (as defined under applicable Canadian Securities Laws), when any person (an "offeror"), except pursuant to a formal bid, acquires beneficial ownership of, or the power to exercise control or direction over, or securities convertible into, voting or equity securities or any class of a reporting issuer that, together with such offeror's securities and the securities of any person acting jointly and in concert with the offeror, would constitute 10% or more of the outstanding securities of that class, the offeror must immediately issue and file a press release announcing the acquisition, and file a report of such acquisition with the applicable securities regulatory authorities within two business days thereafter. Certain eligible institutions may elect an alternate reporting system. Once an offeror has filed such report, the offeror is required to issue further press releases and file further reports each time the offeror, or any person acting jointly or in concert with the offeror, acquires

beneficial ownership of, or the power to exercise control over, or securities convertible into, an additional two percent or more of the outstanding securities of the applicable class or there is a change in a material fact contained in such report.

A takeover bid is generally defined as an offer to acquire a class of outstanding voting or equity securities of an issuer made to any holder of such securities and resident in such province where the securities subject to the offer, together with securities held by the offeror and any person acting in concert with the offeror, constitute in aggregate 20% or more of the outstanding securities of that class at the date of the offer. Subject to limited exemptions, a takeover bid must be made to all holders of such class of securities who are in such province, and must allow such holders 105 days to deposit securities pursuant to the bid. The offeror must deliver to the holders of the securities a takeover bid circular which describes the terms of the takeover bid and the directors of the target company must deliver to the holders of that target company a directors' circular within 15 days of the date of the bid, making a recommendation to holders of the securities to accept or reject the bid. The offeror may not take up securities under the terms of a takeover bid unless the bid has met a minimum tender requirement consisting of more than 50% of the outstanding securities of the class subject to the bid (excluding securities beneficially owned or over which control or direction is exercised by the bidder or by any person or company acting jointly or in concert with the bidder) having been deposited under the bid and not withdrawn. If, at the end of the initial deposit period, the offeror is obligated to take up securities deposited under the terms of the takeover bid, the offeror must extend the period during which securities may be deposited under the period of the bid for a mandatory 10-day extension period.

However there are several exemptions from the requirement to make a formal offer to all shareholders. A significant exemption is the private agreement exemption. Pursuant to this exemption, an offeror could acquire shares from up to five persons where the value of the consideration paid does not exceed 115% of the market price of the securities, without having to make a formal bid to all securityholders. This means that all the shares of a controlling shareholder could be acquired by an offeror without securityholder approval or a formal bid being made to all securityholders.

Under Section 300 of the BCBCA, where an offer to acquire all of the shares of an issued class of a subject company has, within four months after the offer, been accepted by holders of not less than 90% of the shares subject to that offer, other than shares held at the date of the offer by or on behalf of the acquiring person, the acquiring person may give notice in the prescribed manner and within a prescribed period to any dissenting shareholder that it intends to acquire the remaining shares pursuant to Section 300 of the BCBCA. If a notice is sent to a dissenting shareholder, the acquiring person is entitled and bound to acquire all of the shares of that dissenting shareholder that were involved in the offer for the same price and on the same terms contained in the acquisition offer unless the court orders otherwise on an application made by that dissenting shareholder within 2 months after the date of the notice. On the application of a

dissenting shareholder, the court may set the price and terms of payment and make consequential orders and give directions the court considers appropriate. If a notice has been sent by an acquiring person and the court has not ordered otherwise, the acquiring person must, no earlier than 2 months after the date of the notice, or, if an application to the court by the dissenting shareholder to whom the notice was sent is then pending, at any time after that application has been disposed of, send a copy of the notice to the subject company, and pay or transfer to the subject company the amount or other consideration representing the price payable by the acquiring person for the shares that are referred to in the notice. On receiving the copy of the notice and the amount or other consideration to be paid for the relevant shares, the subject company must register the acquiring person as a shareholder with respect to those shares. If the acquiring person has not, within one month after becoming entitled to do so, sent the acquisition notice, the acquiring person must send a written notice to each dissenting shareholder stating that the dissenting shareholder, within 3 months after receiving the notice, may require the acquiring person to acquire the shares of that dissenting shareholder that were involved in the acquisition offer. If a dissenting shareholder requires the acquiring person to acquire the dissenting shareholder's shares, the acquiring person must acquire those shares for the same price and on the same terms contained in the acquisition offer.

There are no provisions in the Articles that would have the effect of delaying, deferring or preventing a change in control of the Company beyond the applicable provisions of the BCBCA. The Company is not aware of any existing arrangements the operation of which may at a subsequent date result in a change in control of the Company.

There is no limitation imposed by the laws of British Columbia and the federal laws of Canada applicable therein, or the Articles, on the right of a non-Canadian to hold or vote the Shares, other than as provided in the Investment Canada Act (the "Investment Act"), which generally prohibits a reviewable investment by an entity that is not a "Canadian", as defined, unless after review, the minister responsible for the Investment Act is satisfied that the investment is likely to be of net benefit to Canada. An investment in the Shares by a non-Canadian who is not a "WTO investor" (which includes governments of, or individuals who are nationals of, member states of the WTO and corporations and other entities which are controlled by them), at a time when the Company was not already controlled by a WTO investor, would be reviewable under the Investment Act under three circumstances. First, if it was an investment to acquire control (within the meaning of the Investment Act) and the value of the Company's assets, as determined under Investment Act regulations, was C$5 million or more. Second, the investment would also be reviewable if an order for review was made by the federal cabinet of the Canadian government on the grounds that the investment related to Canada's cultural heritage or national identity (as prescribed under the Investment Act), regardless of asset value. Third, the investment would also be reviewable if an order for review is made by the federal cabinet of the Canadian government on the grounds that an investment by a non-Canadian could be injurious to national security. An investment in the Shares by a WTO investor, or by a non-Canadian at a time when the Company was already controlled by a WTO investor, would be reviewable under the Investment Act if it was an investment to acquire control and the value of the Company's assets, as determined under Investment Act regulations, was not less than a specified amount, which for 2022 is C$454 million. The Investment Act provides detailed rules to determine if there has been an acquisition of control. For example, a non-Canadian would acquire control of the Company for the purposes of the Investment Act if the non-Canadian acquired a majority of the Shares. The acquisition of less than a majority, but one-third or more, of the Shares would be presumed to be an acquisition of control of the Company unless it could be established that, on the acquisition, the Company not controlled in fact by the acquirer. An acquisition of control for the purposes of the Investment Act could also occur as a result of the acquisition by a non-Canadian of all or substantially all of the Company's assets. The Investment Act provides detailed rules to determine if there has been an acquisition of control. For example, a non-Canadian would acquire control of the Company for the purposes of the Investment Act if the non-Canadian acquired a majority of the Shares. The acquisition of less than a majority, but one-third or more, of the Shares would be presumed to be an acquisition of control of the Company unless it could be established that, on the acquisition, the Company not controlled in fact by the acquirer. An acquisition of control for the purposes of the Investment Act could also occur as a result of the acquisition by a non-Canadian of all or substantially all of the Company's assets.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations generally applicable under the Income Tax Act (Canada) (the "ITA") to a Shareholder in respect of its investment in Shares. This summary is applicable to a Shareholder that, at all relevant times, for purposes of the ITA, is neither resident nor deemed to be resident in Canada, deals at arm's length and is not affiliated with the Company, holds the Shares as capital property, does not and is not deemed to use or hold the Shares in, or in the course of, carrying on a business in Canada, does not hold Shares as part of the business property of a permanent establishment in Canada and is not a foreign affiliate of a taxpayer resident in Canada for the purpose of the ITA (a "Non-Resident Shareholder"). This discussion does not apply to an insurer that carries on business in Canada and elsewhere, to a "financial institution", a "specified financial institution", or an entity an interest in which is a "tax shelter investment" (all as defined in the ITA) or to a Shareholder that has elected to have the "functional currency" reporting rules under the ITA apply.

This summary is based on the facts set out in this information sheet, the provisions of the ITA in force on the date hereof and the Company's understanding of the current administrative policies of and assessing practices of the Canada Revenue Agency (the "CRA") made publicly available prior to the date hereof. It also takes into account all specific proposals to amend the ITA publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof. This discussion does not otherwise take into account or anticipate any changes in law or in the administrative policies or assessing practices of the CRA, whether by legislative, governmental or judicial action or decision, nor does it take into account any other federal, provincial or foreign income tax considerations, which may differ significantly from those discussed herein.

For the purposes of the ITA, each amount relating to the acquisition, holding or disposition of the Shares must be converted to Canadian dollars, in a method acceptable to the CRA, on the effective date that the amount first arose.

This discussion is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to an investment in the Shares. Moreover, the income or other tax consequences of acquiring, holding or disposing of Shares will vary depending on the Shareholder's particular circumstances, including the jurisdiction or jurisdictions in which the Shareholder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be legal or tax advice to any prospective purchaser of Shares. Shareholders should consult their own tax advisors for advice with respect to the tax consequences of an investment in Shares based on their particular circumstances.

Dividends on Shares

Dividends paid or credited or deemed to be paid or credited on the Shares to a Non-Resident Shareholder will be subject to a Canadian non-resident withholding tax at a rate of 25%. Such non-resident withholding tax may be reduced by virtue of the provisions of an income tax treaty or convention between Canada and the country of which the Non-Resident Shareholder is a resident.

Disposition of Shares

A Non-Resident Shareholder will generally not be liable to Canadian income tax on a disposition or deemed disposition of a Share (other than to the Company) unless the Non-Resident Shareholder's Share is, or is deemed to be, "taxable Canadian property" to the Non-Resident Shareholder at the time of disposition and the Non-Resident Shareholder is not entitled to relief under the provisions of an applicable tax treaty. Conversely, to the extent that a Non-Resident Shareholder realizes a capital loss from the disposition of a Share, the amount of the capital loss may not be deductible against capital gains of a Non-Resident Shareholder for the purposes of the ITA.

Generally, a Share will not be taxable Canadian property to a Non-Resident Shareholder at a particular time provided that either: (a) at no time during the 60-month period preceding the particular time did such Share derive more than 50% of its fair market value directly or indirectly from one or any combination of: (i) real or immovable properties situated in Canada, (ii) Canadian resource properties, (iii) timber resource properties (as such terms are defined in the ITA), and (iv) options in respect of, or interests in, or for civil law rights in, property described in (i) to (iii), whether or not the property exists; or (b) such Share is listed on a designated stock exchange (which currently includes the Exchange and the TSXV) at that time and at no time during the 60-month period ending at that time did the Non-Resident Shareholder, persons not dealing at arm's length with such Non-Resident Shareholder or the Non-Resident Shareholder together with all such persons, own 25% or more of the issued shares of any class or series of the capital stock of the Company. Notwithstanding the foregoing, in certain circumstances set out in the ITA, Shares could be deemed to be a taxable Canadian property.

NOTIFIABLE AND CONNECTED TRANSACTIONS

The Canadian and Hong Kong regulatory regimes governing notifiable and connected transactions have differences in approach.

In terms of notifiable transactions, the Hong Kong system uses asset, consideration, profit, revenue and equity capital ratios to determine whether a transaction is subject to the notifiable transaction requirements. The Canadian system does not prescribe ratios in determining

whether a transaction is notifiable, but instead focuses on whether the details of a transaction constitute "material information". Material information is any information relating to the business and affairs of a company that results in or would reasonably be expected to result in a significant change in the market price or value of any of the company's listed securities.

In terms of connected party transactions, both the Hong Kong and Canadian regulatory regimes have the same policy basis in terms of providing shareholder approval, independent valuation and disclosure requirements for transactions that are conducted with "connected persons" of an issuer. The definition of "related-party transaction" in MI 61-101, the instrument governing related party transactions, is broad enough to include the transactions contemplated in the definition of "transaction" in Chapter 14A. The definition of "related party" in MI 61-101 is similar to the definition of "connected person" in Chapter 14A, but it does not include past directors, associates, promoters or supervisors.

Further details of the Canadian regulatory regime for notifiable and connected transactions are set out below.

Notifiable Transactions

In British Columbia three sources of regulation govern notifiable transactions, the TSXV Listing Policies, the British Columbia Securities Act and the BCBCA. The following is a summary of the regulations under each source.

TSXV Listing Policies

The Company is required to immediately notify the TSXV in writing of any transaction involving the issuance or potential issuance of any of its securities including exchangeable and convertible securities other than unlisted, non-voting, non-participating securities. A TSXV listed issuer may not proceed with a specified transaction unless accepted by the TSXV. In addition to any specific requirement for shareholders' approval, the TSXV may require shareholders' approval as a condition of acceptance of a transaction if, in the opinion of the TSXV, the transaction materially affects control of the TSXV listed issuer, change of business or a reverse take-over, subject to certain exemptions. In addition to the general notification and shareholders' approval requirements, the TSXV imposes certain additional requirements for prospectus offerings, private placements, related party transactions, acquisitions which involve the issuance of securities and other corporate actions related to share issuances.

British Columbia Securities Act

There is a general requirement on all reporting issuers in Canada to make immediate disclosure of any material change in its affairs by immediately issuing and filing a news

release disclosing the nature and substance of the change and no later than 10 days after the date on which the change occurred, file a material change report. There are two types of transactions that require pre-review by Canadian securities regulators, rights offerings and prospectus offerings.

British Columbia Business Corporations Act

Under the BCBCA, there are certain transactions that require the notification to, and approval of, shareholders of the Company. These transactions include article amendments, amalgamations, plans of arrangement; compulsory acquisitions; disposals of significant assets, continuances, and dissolutions and liquidations.

Connected Party Transactions

The BCBCA requires directors to disclose interests and abstain from voting on matters in which they are interested while the TSXV Listing Policies requires insiders to disclose interests in writing to the board of directors and the board must implement procedures that each material agreement between the issuer and any insider will be considered and approved by a majority of the disinterested Directors. However, Canadian Securities Laws impose the most comprehensive regime including heightened disclosure, independent valuation and shareholder approval obligations subject to certain exemptions. The following provides a summary of the Canadian Securities Laws relating to related party transactions.

Application

Related party transactions are widely defined as transactions between the issuer and a person or company that is a related party of the issuer at the time the transaction is agreed to, as a consequence of which either through the transaction itself or together with connected transactions, the issuer conducts any type of business with a related party. “Related party” is broadly defined to include persons with direct and indirect relationships with the issuer including control persons, persons holding greater than 10% of the voting securities of the issuer, directors or senior officers and affiliates of these persons.

Disclosure Obligations

Where minority approval is required (as discussed below), the issuer must call a shareholders’ meeting and send an information circular to those shareholders. The circular must contain detailed disclosure relating to the transaction including: the background to the transaction, general details relating to every prior valuation in respect of the issuer and any bona fide offer relating to the subject, a discussion of the review and approval process adopted by the board of directors and the special committee, a summary of the Formal

Valuation or an explanation on why a Formal Valuation is not required, and the holdings and identity of the shareholders excluded from voting.

Formal Valuation

Subject to certain exemptions, Canadian Securities Laws require an issuer to obtain an independent Formal Valuation for a related party transaction. If a Formal Valuation is required, the valuation must contain prescribed disclosure such as the valuator's opinion as to the fair market value of the subject matter and how the valuator arrived at the conclusion. The Formal Valuation must be publicly filed concurrently with the disclosure document.

Minority Approval

Subject to certain exemptions, minority approval of a related party transaction is required. In determining minority approval, an issuer shall exclude the votes attached to affected securities that are beneficially owned or over which control or direction is exercised by the issuer; an interested party; a related party of an interested party (unless the related party meets that description solely in its capacity as a director or senior officer of one or more entities that are neither interested parties nor issuer insiders of the issuer) or a joint actor with a person or company referred to above.

CONTINUOUS DISCLOSURE OBLIGATIONS

Canadian Securities Laws and the TSXV Listing Policies (which applies to the Company as of the date hereof) contain extensive continuing disclosure obligations. To summarize, Canadian continuous disclosure obligations may be divided in two categories, routine filings and special event filings.

Routine Filings

Routine filings are prescribed filings that the Company must make on a regular basis. The principle behind routine filings is to provide shareholders with consistent, predictable disclosure relating to reporting issuers. Routine filings include annual and quarterly financial statements and related MD&A, CEO and CFO certification, shareholders' meeting material such as information circular and related party materials, annual information form and codes of business conducts and ethics.

Special Event Filings

The Company and certain persons in a special relationship with the Company must make public disclosure and filings upon the occurrence of specified events or changes. For example, any event that constitutes material information requires the Company to immediately issue a press release and, if such an event constitutes a material change, the

Company must, within 10 days of the material change, file a material change report. Other examples of special events requiring specific filings include: the institution of an incentive option scheme, a significant business acquisition and distributions to shareholders.

Filing

Most filings are required to be made electronically through either the SEDAR or SEDI. Filings on SEDAR and SEDI will satisfy the relevant filing obligations in all provincial and territorial jurisdictions. In general, once a document is filed on SEDAR or SEDI, the document becomes publicly available through the SEDAR website (www.sedar.com) or the SEDI website (www.sedi.ca), as the case may be.