

# **STANS ENERGY CORP.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS OF  
STANS ENERGY CORP.**

**TO BE HELD ON SEPTEMBER 25, 2014**

**and**

**MANAGEMENT INFORMATION CIRCULAR**

**DATED AUGUST 12, 2014**

*This management information circular and the accompanying materials require your immediate attention. If you are in doubt as to how to deal with these documents or the matters to which they refer, please consult your financial, legal, tax or other professional advisor.*

## STANS ENERGY CORP.

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON THURSDAY, SEPTEMBER 25, 2014

**NOTICE IS HEREBY GIVEN** that an Annual General and Special Meeting (the "**Meeting**") of the holders (the "**Shareholders**") of Common Shares ("**Common Shares**") of Stans Energy Corp. (the "**Corporation**") will be held at the Toronto Board of Trade, 1 First Canadian Place, Toronto, ON, M5X 1C1 on September 25, 2014, at 1:00 PM (Toronto time) for the following purpose:

- A. To review and consider the audited consolidated financial statements for the fiscal years ended December 31, 2013, together with the notes thereto and the auditors' report thereon;
- B. To elect directors for the ensuing year;
- C. To appoint auditors for the ensuing year and to authorize the Board of Directors to fix the remuneration to be paid to the auditors;
- D. To approve the Corporation's Stock Option Plan;
- E. To consider, and if thought fit, confirm an amendment to the general By-Law of the Corporation as described in the accompanying Circular.

PROXIES ARE BEING SOLICITED BY THE MANAGEMENT OF THE CORPORATION.

The nature of the business to be transacted at the Meeting is described in further detail in the accompanying management information circular (the "**Circular**").

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is at the close of business on August 12, 2014 (the "**Record Date**"). Shareholders whose names have been entered in the register of shareholders at the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting.

The Corporation has elected to use the notice-and-access provisions under National Instrument 54-101 and National Instrument 51-102 ("**Notice-and-Access**") to distribute Meeting materials to shareholders. Notice-and-Access is a new set of rules that allow issuers to post electronic versions of proxy-related materials on SEDAR and on one additional website, rather than mailing paper copies to shareholders. The use of Notice-and-Access will reduce the Corporation's printing and mailing costs and is more environmentally friendly as it will help to reduce paper use. Shareholders have the right to request hard copies of any materials posted online by the Corporation under Notice-and-Access.

Meeting materials, including the Circular, are available under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com) and at <http://noticeinsite.equityfinancialtrust.com/StansEnergyASM2014/>. If you wish to receive a paper copy of the Meeting materials, or have questions about notice-and-access, please call TMX Equity Transfer toll-free at 1-866-393-4891. In order to allow reasonable time for you to receive and review a paper copy of the Circular or other document prior to the proxy deadline, you should make your request for a paper copy of the Meeting materials by 5:00 p.m. (EDT) on September 16, 2014.

**A shareholder may attend the Meeting or any adjournment thereof in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the form of proxy for the Meeting must be deposited with the**

**Corporation's registrar and transfer agent, TMX Equity Transfer Services, Proxy Department, at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, Facsimile No. (416) 595-9593, no later than 1:00 p.m. (EDT) on September 23, 2014 or at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) before any adjournment or postponement of the Meeting.**

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or the shareholder's attorney authorized in writing or, if the shareholder is a company, under its corporate seal by an officer or attorney thereof duly authorized.

**The persons named in the form of proxy for the Meeting are directors and/or officers of the Corporation. Each shareholder of the Corporation has the right to appoint a proxyholder other than such persons, who need not be a shareholder, to attend and to act for such shareholder and on such shareholder's behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.**

SHAREHOLDERS ARE REMINDED TO REVIEW THE CIRCULAR BEFORE VOTING.

DATED at Toronto, Ontario, as of the 12<sup>th</sup> day of August, 2014.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"Rodney Irwin"*

Rodney Irwin  
Interim Chief Executive Officer and President

NOTE: The directors have fixed the hour of 1:00 o' clock in the afternoon (Toronto time) September 23, 2014 before which time the instrument of proxy to be used at the Meeting must be deposited with the Corporation c/o TMX Equity Transfer Services, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1

**STANS ENERGY CORP.**  
**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**  
**TO BE HELD ON THURSDAY, SEPTEMBER 25, 2014**

**MANAGEMENT INFORMATION CIRCULAR**

**SOLICITATION OF PROXIES**

This Management Information Circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of STANS ENERGY CORP. (the "**Corporation**") for use at an Annual and Special Meeting (the "**Meeting**") of the Shareholders of the Corporation to be held at the Toronto Board of Trade, 1 First Canadian Place, Toronto, ON, M5X 1C1 on September 25, 2014, at 1:00 PM (Toronto time) and at any adjournments thereof for the purposes set out in the accompanying Notice of Meeting. It is expected that the solicitation will be by mail primarily, but proxies may also be solicited personally by regular employees of the Corporation. The cost of such solicitation will be borne by the Corporation. In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, arrangements have been made with brokerage houses and other intermediaries to forward solicitation materials to the beneficial owners of common shares of the Corporation held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so.

Unless otherwise specified, all information contained in this Circular is given as of August 12, 2014. The record date for the Meeting has been set as August 12, 2014 (the "**Record Date**") and, unless otherwise specified, all amounts shown represent Canadian dollars.

**APPOINTMENT, REVOCATION AND DEPOSIT OF PROXIES**

The persons named in the enclosed instrument of proxy (the "**Proxy**") are officers and directors of the Corporation who have been selected by the directors of the Corporation and have indicated their willingness to represent as proxies the shareholders who appoint them.

**A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR HIM AND ON HIS BEHALF AT THE MEETING OTHER THAN THE PERSONS DESIGNATED IN THE ENCLOSED FORM OF PROXY. SUCH RIGHT MAY BE EXERCISED BY STRIKING OUT THE NAMES OF THE PERSONS DESIGNATED IN THE FORM OF PROXY AND BY INSERTING IN THE BLANK SPACE PROVIDED FOR THAT PURPOSE THE NAME OF THE DESIRED PERSON OR BY COMPLETING ANOTHER PROPER FORM OF PROXY AND, IN EITHER CASE, DELIVERING THE COMPLETED AND EXECUTED PROXY TO THE CORPORATION C/O TMX Equity Transfer Services ("Equity Transfer") SUITE 300, 200 UNIVERSITY AVENUE, TORONTO, ONTARIO M5H 4H1, AT ANY TIME PRIOR TO 1:00 P.M. (TORONTO TIME) ON THE 23rd DAY OF September 2014.**

A shareholder forwarding the enclosed form of proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The shares represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

A shareholder who has given a proxy may revoke it at any time in so far as it has not been exercised. A proxy may be revoked, as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by instrument in writing executed by the shareholder or by his attorney authorized in

writing or, if the shareholder is a body corporate, by an officer or attorney thereof duly authorized and deposited at the registered office of the Corporation at any time prior to 1:00 p.m. (Toronto time) on September 23, 2014, or at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) before any adjournment or postponement thereof, or with the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof, and upon either of such deposits the proxy is revoked. A proxy may also be revoked in any other manner permitted by law. The Corporation's registered office is located at Suite 205, 8 King Street East, Toronto, Ontario M5C 1B5.

As noted in the Notice of Meeting accompanying this Circular, Shareholders may also elect to vote electronically in respect of any matter to be acted upon at the Meeting. Votes cast electronically are in all respects equivalent to, and will be treated in the exact same manner as, votes cast via a paper form of proxy. To vote electronically, interested Shareholders are asked to go to the website shown on the form of proxy and follow the instructions provided. Please note that each Shareholder exercising the electronic voting option will need to refer to the control number indicated on their proxy form to identify themselves in the electronic voting system. Shareholders should also refer to the instructions on the proxy form for information regarding the deadline for voting shares electronically. If a Shareholder votes electronically, they are asked not to return the paper form of proxy by mail.

### **ADVICE TO NON-REGISTERED HOLDERS**

Non-registered shareholders of the Corporation should review the information set forth in this section carefully.

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a holder who is not a registered Shareholder (a "**Non-registered shareholder**") are registered either: (i) in the name of an intermediary with whom the Non-registered shareholder deals in respect of the Common Shares such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans (an "**Intermediary**"); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited of which the Intermediary is a participant). In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation will distribute copies of the Notice of Meeting, form of proxy and this Information Circular to the clearing agencies and Intermediaries for onward distribution to Non-registered shareholders.

Intermediaries are then required to forward the materials to the appropriate Non-registered shareholders. Non-registered shareholders will be given, in substitution for the proxy otherwise contained in proxy-related materials, a request for voting instructions (the "**VIF** ") which, when properly completed and signed by the Non-registered shareholder and returned to the Intermediary, will constitute voting instructions which the Intermediary must follow.

The purpose of this procedure is to permit Non-registered shareholders to direct the voting of the Common Shares they beneficially own. A VIF cannot be used to vote Common Shares directly at the meeting. **Non-registered shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.** If you are a Non-registered shareholder and wish to vote at the meeting in person or to have someone else attend on your behalf, you may request a legal proxy as set forth in the VIF, which will grant you or your nominee the right to attend and vote at the meeting.

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

**Non-registered shareholders should ensure that instructions respecting the voting of their Common Shares are communicated in a timely manner and in accordance with the instructions provided by their Intermediary. Every Intermediary has its own procedures, and provides its own return instructions to clients, which should be carefully followed by Non-registered shareholders in order to ensure that their Common Shares are voted at the Meeting.**

Under NI 54-101, the Corporation is permitted to forward meeting materials directly to Non-registered shareholders who are “non-objecting beneficial owners” (“**NOBOs**”). If the Corporation or its agent has sent these materials directly to you (instead of through a nominee), your name, address and information about your holding of securities has been obtained in accordance with applicable securities regulatory requirements from the nominee holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the nominee holding on your behalf) has assumed responsibility for delivering materials to you and executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions. The meeting materials for Non-registered shareholders who are “objecting beneficial owners” (“**OBOs**”) will be distributed through clearing houses and Intermediaries, who often use a service company such as Broadridge Financial Solutions to forward meeting materials to non-registered shareholders. The Company will pay for Intermediaries to forward the proxy-related materials and the request for voting instructions made by Intermediaries to OBOs under NI 54-101.

All references to shareholders in this Management Information Circular and the accompanying form of proxy and Notice of Meeting are to registered shareholders unless specifically stated otherwise.

#### **MANNER OF VOTING AND EXERCISE OF DISCRETION BY PROXIES**

The persons named in the enclosed form of proxy will vote or withhold from voting the common shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such common shares will be voted FOR each of the matters identified in the Notice and described in this Circular.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice, and with respect to other matters which may properly come before the Meeting. At the time of the printing of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice.

#### **NOTICE AND ACCESS**

The Corporation has elected to use the “notice-and-access” provisions that came into effect on February 11, 2013 under National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) and National Instrument 51-102 *Continuous Disclosure Obligations* (“**Notice-and-Access**”), for distribution of this Circular and other meeting materials to registered shareholders of the Corporation and Beneficial Holders (as defined herein). Notice-and-Access allows issuers to post electronic versions of meeting materials, including circulars, annual financial statements and management discussion and analysis, online, via SEDAR and one other website, rather than mailing paper copies of such meeting materials to shareholders. The use of Notice-and-Access will reduce the Corporation’s printing and mailing costs and is more environmentally friendly as it will help to reduce paper use.

In accordance with Notice-and-Access, the Corporation has posted the Circular and its audited financial statements and management discussion and analysis for the year ended December 31, 2013 (collectively, the “**Meeting Materials**”) under its SEDAR profile at [www.sedar.com](http://www.sedar.com) and at <http://noticeinsite.equityfinancialtrust.com/StansEnergyASM2014/>. Although the Meeting Materials will be posted electronically online, registered shareholders and Beneficial Holders (subject to the provisions set out below under the heading “Non-Registered Holders”) will receive a “notice package” (the “**Notice Package**”) by prepaid mail, which includes the information prescribed by NI 54-101, and a proxy form (“**Proxy**”), in the case of registered shareholders, or voting instruction form (“**VIF**”), in the case of Beneficial Holders, enabling

them to vote at the Meeting. Shareholders should follow the instructions for completion and delivery contained in the Proxy or VIF, and are reminded to review the Circular before voting.

The Corporation has determined to use Notice-and-Access for both registered shareholders and Beneficial Holders other than those shareholders with existing instructions on their accounts to receive printed materials or those shareholders that request printed meeting materials. Neither registered shareholders nor Beneficial Holders will receive a paper copy of the Meeting Materials unless they contact the Corporation's transfer agent, TMX Equity Transfer Services ("**Equity Transfer**") toll-free at 1-866-393-4891. Provided the request is made prior to the Meeting, Equity Transfer will mail the requested materials within three business days. **Requests for paper copies of the Meeting Materials should be made by 5:00 p.m. (EDT) on September 16, 2014 in order to receive the Meeting Materials in time to vote before the Meeting.**

Shareholders with questions about Notice-and-Access may contact Equity Transfer toll-free at 1-866-393-4891.

## THE CORPORATION

The Corporation was formed by Articles of Amalgamation issued November 27, 2008 pursuant to the provisions of the *Business Corporations Act* (Ontario) under the name "STANS ENERGY CORP." The registered office of the Corporation and its head office are located at Suite 205, 8 King Street East, Toronto, Ontario, M5C 1B5.

## DESCRIPTION OF SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value. As of August 12, 2014, there are 157,263,986 Common Shares issued and outstanding. The holders of Common Shares are entitled to receive notice of and to attend all meetings of the shareholders of the Corporation. Each Common Share entitles the holder thereof to one vote at all meetings of the shareholders of the Corporation.

## QUORUM

The By-Laws of the Corporation provide that a quorum of Shareholders shall be constituted at the Meeting if two persons are present in person, each being a Shareholder entitled to vote thereat or a duly appointed proxy or proxyholder for an absent Shareholder so entitled, holding or representing in the aggregate not less than ten (10%) per cent of the issued Common Shares of the Corporation.

## PRINCIPAL HOLDERS OF VOTING SECURITIES

To the knowledge of the directors and senior officers of the Corporation, as at August 12, 2014 there are no persons who beneficially own, directly or indirectly, or exercise control or direction over, Common Shares carrying more than ten percent (10%) of the voting rights of the issued and outstanding securities of the Corporation.

As of the date of this Management Information Circular, the total number of common shares owned or controlled by management and the directors of the Corporation and their associates or affiliates is 7,196,564 common shares, representing 4.58% of the total issued and outstanding common shares.

## CORPORATE GOVERNANCE DISCLOSURE

The Corporation's corporate governance disclosure required to be disclosed by Form 58-102F2 Corporate Governance Disclosure is attached to this information circular as Schedule "A".

### EXECUTIVE COMPENSATION

#### Summary Compensation Table

The following table contains information about the compensation paid to, or earned by, the Corporation's Chief Executive Officer, Chief Financial Officer and each of the other three (3) most highly compensated executive officers of the Corporation whose salaries for services in all capacities to the Corporation exceeded \$150,000 for each of the last three (3) financial years (the "NEOs"). Specific aspects of the compensation of the Named Executive Officers are dealt with in further detail in the subsequent tables.

Robert Mackay (former Chief Executive Officer), Anna Kuranova (Chief Financial Officer), Rodney Irwin (Interim Chief Executive Officer) and Boris Aryev (Chief Operating Officer) are the Corporation's only NEOs for the purposes of the following disclosure. The compensation paid to the NEOs for the fiscal years indicated is as set out below.

The following tables summarize the total compensation received by each of the Corporation's NEOs for the fiscal years indicated.

#### Summary Compensation Table

Name and Principal Position	Year	Fees/ Salary (\$)	Share Based Awards (\$)	Option Based Awards (\$) <sup>(1)</sup>	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
Robert Mackay <sup>(2)</sup> <i>Former Chief Executive Officer and President</i>	2013	110,000	Nil	Nil	Nil	Nil	496,000 <sup>(2)</sup>	606,000
	2012	165,000	Nil	552,000	Nil	Nil	50,000	767,000
	2011	165,000	Nil	1,032,000	Nil	Nil	100,000	1,297,000
Boris Aryev <sup>(3)</sup> <i>Chief Operating Officer</i>	2013	178,250	Nil	17,000 <sup>(3)</sup>	Nil	Nil	50,000 <sup>(3)</sup>	695,250
	2012	155,000	Nil	552,000	Nil	Nil	50,000	757,000
	2011	155,000	Nil	1,032,000	Nil	Nil	100,000	1,287,000
Rodney Irwin <sup>(4)</sup> <i>Interim Chief Executive Officer and Acting President</i>	2013	36,800	Nil	42,500 <sup>(4)</sup>	Nil	Nil	Nil	79,300
Anna Kuranova <sup>(5)</sup> <i>Chief Financial Officer</i>	2013	108,000	Nil	Nil	Nil	Nil	Nil	108,000
	2012	80,091	Nil	210,450	Nil	Nil	Nil	290,541
Elena Masters <sup>(6)</sup> <i>Chief Financial Officer</i>	2012	16,000	Nil	Nil	Nil	Nil	8,000	24,000
	2011	86,000	Nil	Nil	Nil	Nil	Nil	86,000



- (1) The total of 700,000 stock options were granted to NEOs in the year ended December 31, 2013; 2,300,000 stock options were granted to NEOs in the year ended December 31, 2012; and 1,600,000 stock options were granted to NEOs in the year ended December 31, 2011.
- (2) Robert Mackay was Chief Executive Officer and President up to September 3, 2013. During the year ended December 31, 2013, he received a bonus of \$50,000 and a termination payment of \$440,000 plus the sum of \$6,000, representing compensation for the loss of benefits. During the 2013 year, there were no options granted. Following his resignation in September 2013, on December 26, 2013 all 2,500,000 options granted to Mr. Mackay during the period of his service were expired unexercised.
- (3) Boris Aryev is Chief Operating Officer of the Corporation. During the year ended December 31, 2013, he received a bonus of \$50,000. In October 2013, he was granted 200,000 stock options entitling him to purchase one common share for \$0.15 before October 23, 2018. The fair value of the 200,000 options was \$17,000 and was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 152.60%; risk-free interest rate of 1.84% and an expected life of 5 years. The options vest over the period of 18 months from grant. 33,333 had vested during the year ended December 31, 2013.
- (4) Rodney Irwin is an Interim Chief Executive Officer and Acting President of the Corporation starting September 3, 2013. In October 2013, he was granted 500,000 stock options entitling him to purchase one common share for \$0.15 before October 23, 2018. The fair value of the 500,000 options was \$42,500 and was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 152.60%; risk-free interest rate of 1.84% and an expected life of 5 years. The options vest over the period of 18 months from grant. 83,333 had vested during the year ended December 31, 2013.
- (5) Anna Kuranova was Chief Financial Officer from March 7, 2012 to January 6, 2014.
- (6) Elena Masters was Chief Financial Officer from December 9, 2009 to February 22, 2012.

### ***Long-Term Incentive Plan Awards***

Long term incentive plan awards (“LTIP”) means “a plan providing compensation intended to motivate performance over a period greater than one financial year”. LTIP awards do not include option or SAR plans or plans for compensation through shares or units that are subject to restrictions on resale. No LTIP awards were made to the NEOs during the most recently completed financial year.

### ***Pension Plan Benefits***

The Corporation provides no pension plan benefits to its NEOs.

### ***Options and Stock Appreciation Rights (SARs)***

The Corporation has no outstanding stock appreciation rights. The Corporation has a stock option plan (the “Plan”). Under the Plan, the board of directors is authorized to grant incentive stock options to certain directors, senior officers, employees and consultants of the Corporation entitling them to purchase common shares. The purpose of the Plan is to advance the interests of the Corporation encouraging the directors, officers, employees and consultants of the Corporation, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Corporation, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

No stock options were exercised during the Corporation’s most recently completed financial year by the Named Executive Officers. 3,070,000 stock options have been exercised by the Named Executive Officers to the date of this Circular.

During the last completed financial year of the Corporation (ending December 31, 2013), the Corporation granted 700,000 stock options to the Named Executive Officers, and 400,000 to directors of the Corporation.

### NEOs - Outstanding share-based awards and option-based awards (as at Dec 31, 2013)

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)(1)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Robert Mackay <sup>(2)</sup>	None	Nil	Nil	Nil	Nil	Nil
Boris Aryev <sup>(3)</sup>	300,000 400,000 800,000 1,000,000 200,000 <sup>(3)</sup>	0.37 0.25 1.85 0.74 0.15	Jan 12, 2015 Jun 18, 2015 May 26, 2016 Jan 10, 2017 Oct. 23, 2018	Nil Nil Nil Nil Nil	Nil	Nil
Rodney Irwin <sup>(4)</sup>	300,000 400,000 400,000 350,000 500,000 <sup>(4)</sup>	0.37 0.25 1.85 0.74 0.15	Jan 12, 2015 Jun 18, 2015 May 26, 2016 Jan 10, 2017 Oct. 23, 2018	Nil Nil Nil Nil Nil	Nil	Nil
Anna Kuranova <sup>(5)</sup>	300,000 <sup>(5)</sup>	0.94	March 7, 2017	Nil	Nil	Nil

**Notes:**

- (1) The value of unexercised in-the-money stock options has been determined by subtracting the exercise price at which Common Shares may be acquired pursuant to the exercise of the option from the closing price of the Common Shares on the TSX Venture Exchange on December 31, 2013. As at December 31, 2013 the last trading price was \$ 0.07 per share.
- (2) Following Mr. Mackay's resignation in September 2013, on December 26, 2013 all 2,500,000 options granted to Mr. Mackay during the period of his service were expired unexercised.
- (3) 200,000 were granted to Boris Aryev on October 23, 2013. These options vest over 18 months. 33,333 had vested and were exercisable as at December 31, 2013.
- (4) 500,000 were granted to Rodney Irwin on October 23, 2013. 83,333 of which had vested and were exercisable as at December 31, 2013.
- (5) 300,000 were granted to Anna Kuranova on March 7, 2012. These options vest over 18 months. On April 6, 2014, all options were expired unexercised.

### NEOs - Incentive plan awards – value vested or earned during the year ended Dec 31, 2013

Name	Option-based awards – Value vested during the year (\$)(1)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Robert Mackay	Nil <sup>(2)</sup>	Nil	Nil
Boris Aryev	Nil <sup>(3)</sup>	Nil	Nil
Rodney Irwin	Nil <sup>(4)</sup>	Nil	Nil
Anna Kuranova	Nil <sup>(5)</sup>	Nil	Nil

- (1) Calculated based on the difference between the market value of the Common Shares underlying the options at the end of the most recently completed financial year and the exercise price of the options. The last trading price of the Common Shares on the TSXV as at December 31, 2013 was \$0.07 per Common Share (which is the last day a trade in the Common Shares occurred prior to the end of the most recently completed financial year).
- (2) 500,000 (exercise price \$0.74/share) vested during the year.
- (3) 33,333 (exercise price \$0.15/share); and 500,000 (exercise price \$0.74/share) vested during the year.
- (4) 83,333 (exercise price \$0.15/share); and 175,000 (exercise price \$0.74/share) vested during the year.
- (5) 150,000 options (exercise price \$0.94/share) vested during the year.

## Termination of Employment, Change in Responsibilities and Employment Contracts

- (1) The Corporation has an employment agreement dated July 11, 2012, with Mr. Boris Aryev, the Chief Operating Officer of the Corporation, for a 5 year term expiring July 11, 2017, and may be renewed by mutual agreement (the "Aryev Agreement"). The Aryev Agreement provides, inter alia, that Mr. Aryev shall receive a base salary of \$155,000 per annum (which was increased to \$186,000 per annum from January 2013), reimbursement of all expenses incurred in the execution of his duties, and participation in benefits and stock option plans of the Corporation. Mr. Aryev may also be paid a discretionary bonus (at the discretion of the Board of Directors), cash or otherwise, as additional remuneration for the services provided with the discretionary bonus entitlement to be determined consistent with company policy. If Mr. Aryev's employment is terminated for Disability or Termination by the Corporation for Just Cause and Termination by Mr. Aryev Without Constructive Dismissal (as defined in the Aryev Agreement) he will be entitled to a prorated severance payment in the amount of four (4) month's pay for each year of the service with service being counted from September 2005 to a maximum of thirty six (36) months pay, plus the sum of \$6,000, representing compensation for the loss of benefits. In the event of termination of Mr. Aryev's employment for any reason by the Corporation or by Mr. Aryev in the twelve (12) months following a Change of Control (as defined in the Aryev Agreement), Mr. Aryev is entitled to a severance payment equal to his then current salary for thirty six (36) months, including bonus plan, plus the sum of \$6,000, representing compensation for the loss of benefits.
- (2) The Corporation had signed a form of employment agreement dated July 11, 2012, with Mrs. Anna Kuranova, the then Chief Financial Officer of the Corporation, for a 5 year term expiring July 11, 2017 (the "Kuranova Agreement"). The Kuranova Agreement provided, inter alia, that Mrs. Kuranova shall receive a base salary of \$96,000 per annum (which was increased to \$108,000 per annum from October 2012), reimbursement of all expenses incurred in the execution of her duties, and participation in benefits and stock option plans of the Corporation. Mrs. Kuranova may also be paid a discretionary bonus (at the discretion of the Board of Directors), cash or otherwise, as additional remuneration for the services provided with the discretionary bonus entitlement to be determined consistent with company policy. If Mrs. Kuranova's employment is terminated for Disability or without Just Cause, or there is Termination by Mrs. Kuranova for Constructive Dismissal (as defined in the Kuranova Agreement) the Kuranova Agreement stated that she will be entitled to a severance payment equal to her then current salary for eighteen (18) months plus the sum of \$6,000, representing compensation for the loss of benefits. In the event of termination of Mrs. Kuranova's employment for any reason in the twelve (12) months following a Change of Control (as defined in the Kuranova Agreement), by the Corporation or by Mrs. Kuranova, Mrs. Kuranova is entitled to a severance payment equal to her then current salary for twenty four (24) months, including bonus plan, plus the sum of \$6,000, representing compensation for the loss of benefits.

Mrs. Kuranova ceased to be Chief Financial Officer in January 2014. She has since claimed for wrongful dismissal asserting Constructive Dismissal. The Corporation denies her claim and has defended the action.

- (3) The Corporation has no employment agreement with Mr. Rodney Irwin, the interim Chief Executive Officer and Interim President.

### Termination after the Change of Control Benefit

If a severance payment triggering event had occurred after a Change of Control and on or before of the date of this Circular, the severance payment that would be payable to the Named Executive Officer would be approximately as follows:

Name	Termination by the Corporation after a "change of control" of the Corporation (\$)
Boris Aryev	564,000

## **Compensation discussion and analysis**

The compensation of the NEOs of the Corporation consists of a salary portion, discretionary bonus and an incentive stock option component. The Corporation's compensation decisions are based on (a) value of the particular services that the individual NEO contributes to advancing objectives of the corporation and (b) what the corporation can reasonably afford to pay, given its higher priority operating commitments to ensure its ability to continue as a going concern. The value of the particular services are determined in the context of the prevailing market rates (e.g. the Board of Directors reviews compensation of the NEO's within a selected sample of junior mining companies of a similar size and characteristics to the Corporation), whereas any particular constraints on the amounts that the Corporation can reasonably afford to pay are determined in the context of the operating budget of the Corporation. The specific salary compensation rates are set by the Board and are periodically reviewed, as deemed appropriate. The Corporation is therefore relying on its stock option plan and bonus component to provide sufficient incentive to its NEOs to provide their services to the Corporation and bring the compensation level in line with the actual value of the services.

### Compensation Committee

The role of the Compensation Committee is to review and provide recommendations to the Board in respect of compensation matters. It met numerous times during the year ended December 31, 2013, principally as an adjunct to board meetings, but also privately, to discuss specific compensation to the NEOs who are also directors. Individual committee members also met privately with management to review the Corporation's approach to executive compensation.

The Compensation Committee's reviews are conducted no less frequently than annually, and include a competitive market analysis of compensation paid for executive officers of companies of similar business, size and stage of development. The Committee then recommends an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Corporation. In making recommendations as to incentives, including discretionary bonuses, the Compensation Committee considers both individual and corporate performance.

During each annual review and assessment by the Compensation Committee of the Corporation's executive compensation program, the Compensation Committee also explicitly and implicitly takes into consideration any risks associated with such program. At the present time, the Compensation Committee has not identified any risks associated with the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation. In the assessment of senior management and the Board, the risks and uncertainties facing the Corporation that are likely to have a material adverse effect on the Corporation are disclosed quarterly in the Corporation's management discussion and analysis of the Corporation's financial condition and results of operations for the most recently completed quarter. No such risks relate to the Corporation's compensation policies and practices.

The Compensation Committee will continue to review with management the approach to executive compensation and, if it becomes appropriate, will consider alternative or supplemental compensation arrangements.

### Compensation Plan and Policies

The Corporation's compensation policies are designed to recognize and reward individual performance as well as to provide a competitive level of compensation. The Corporation's current compensation plan consists of the following elements:

- base salaries;
- annual incentive bonuses;
- option-based awards; and
- benefits and perquisites.

A description of each element and its purpose is described below.

#### *Base Salaries*

The purpose of the base salary is to attract and retain executives by providing a competitive base compensation. The level of base salary for each NEO is determined by the level of responsibility and the importance of the position to the Corporation, within competitive industry ranges. The Compensation Committee makes recommendations to the Board regarding base salaries of the NEOs. Adjustment has been made from time to time to reflect budgetary constraints on the Corporation.

#### *Annual Incentive Bonuses*

Annual incentive bonuses are a short-term variable compensation element, designed to reward NEOs on an annual basis for achieving the Corporation's business objectives. The Corporation's business objectives are generally established by the Board at the start of each year, and may be reviewed during the year. Determination of the amount of bonus awarded to each NEO is based on an assessment by the Compensation Committee of several factors including contribution of the individual to overall progress of the Corporation in achieving its stated business objectives. The purpose of the annual incentive bonus is to pay for performance, align the NEO's economic interest with the Corporation's business objectives and to motivate and retain the executives. The Board has the discretion to alter the conditions of any bonus, if warranted. Discretionary bonuses may be paid to other employees at the discretion of the Board.

#### *Option-Based Awards*

Option-based awards are designed to align executive and Shareholder interests, focus executives on long term value creation and also to support the retention of key executives. NEOs may be issued stock options to purchase Common Shares or other option-based awards as recommended by the Compensation Committee and authorized by the Board. NEOs are excluded from the decision-making process regarding option-based compensation to be awarded to them. Previous grants of option-based awards are taken into account when considering new grants to the NEOs. Further information concerning option grants to NEOs and directors, and regarding the terms of the Option Plan of the Corporation are set out in this Circular.

#### *Benefits and Perquisites*

NEOs also participate in the Corporation's benefit plans that are available to all employees. The level of other perquisites depends on the employee's position. The purpose of the benefits and perquisites is to attract, retain and motivate the employees.

### **Compensation of Directors**

The following fees have been paid to directors in their capacity as directors of the Corporation, in their capacity as members of a committee of the board of directors of the Corporation, or as consultants or experts, during the Corporation's most recently completed financial year.

Name	Fees Earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total (\$)
				Annual Incentive Plans	Long-term Incentive Plans			
Rodney Irwin <sup>(1)</sup>	33,650	Nil	Nil <sup>(1)</sup>	Nil		Nil	Nil	33,650
Gordon Baker <sup>(2)</sup>	33,000	Nil	17,000 <sup>(2)</sup>	Nil		Nil	Nil	50,000
Doug Underhill <sup>(2)</sup>	33,000	Nil	17,000 <sup>(2)</sup>	Nil		Nil	Nil	50,000
Jonathan Buick	7,000	Nil	Nil	Nil		Nil	Nil	7,000

- (1) Rodney Irwin is a director throughout 2013 and Named Executive Officer of the Corporation starting September 3, 2013. Disclosure regarding compensation paid to Rodney Irwin after September 3, 2013 and for duties as Named Executive Officer is included in the Summary Compensation Table under the heading "Executive Compensation".
- (2) In October 2013, each director was granted 200,000 stock options entitling him to purchase one common share for \$0.15 before October 23, 2018. The fair value of the 200,000 options was \$17,000 and was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: dividend yield of 0%; expected volatility of 152.60%; risk-free interest rate of 1.84% and an expected life of 5 years. The options vest over the period of 18 months from grant. 33,333 had vested during the year ended December 31, 2013.

### Directors - Outstanding share-based awards and option-based awards (as at Dec 31, 2013)

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)(1)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Gordon Baker (2)	300,000 400,000 400,000 350,000 200,000(2)	0.37 0.25 1.85 0.74 0.15	Jan 12, 2015 Jun 18, 2015 May 26, 2016 Jan. 10, 2017 Oct. 23, 2018	Nil Nil Nil Nil Nil	Nil	Nil
Doug Underhill (3)	300,000 400,000 400,000 350,000 200,000(3)	0.37 0.25 1.85 0.74 0.15	Jan 12, 2015 Jun 18, 2015 May 26, 2016 Jan. 10, 2017 Oct. 23, 2018	Nil Nil Nil Nil Nil	Nil	Nil
Jonathan Buick	Nil	-	-	Nil	Nil	Nil

#### Notes:

- (1) The value of unexercised in-the-money stock options has been determined by subtracting the exercise price at which Common Shares may be acquired pursuant to the exercise of the option from the closing price of the Common Shares on the TSX Venture Exchange on December 31, 2013. As at December 31, 2013 the last trading price was \$ 0.07 per share.
- (2) 200,000 were granted on October 23, 2013. These options vest over 18 months. 33,333 had vested and were exercisable as at December 31, 2013.
- (3) 200,000 were granted on October 23, 2013. These options vest over 18 months. 33,333 had vested and were exercisable as at December 31, 2013.
- (4) Rodney Irwin is a director and Named Executive Officer of the Corporation. Disclosure regarding Outstanding share-based awards and option-based awards (as at Dec 31, 2013) is included in the NEOs - Outstanding share-based awards and option-based awards (as at Dec 31, 2013) Table

### Directors - Incentive plan awards – value vested or earned during the year ended Dec 31, 2013

Name	Option-based awards – Value vested during the year (\$)(1)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Gordon Baker (2)	Nil	Nil	Nil
Doug Underhill(2)	Nil	Nil	Nil
Jonathan Buick	Nil	Nil	Nil

- (1) Calculated based on the difference between the market value of the Common Shares underlying the options at the end of the most recently completed financial year and the exercise price of the options. The last trading price of the Common Shares on the TSXV as at December 31, 2013 was \$0.07 per Common Share (which is the last day a trade in the Common Shares occurred prior to the end of the most recently completed financial year).
- (2) 33,333 (exercise price \$0.15/share); and 175,000 (exercise price \$0.74/share) vested during the year.
- (3) Rodney Irwin is a director and Named Executive Officer of the Corporation. Disclosure regarding Outstanding share-based awards and option-based awards (as at Dec 31, 2013) is included in the NEOs - Incentive plan awards – value vested or earned during the year ended Dec 31, 2013 Table

## Securities Authorized For Issuance Under Equity Compensation Plans

The only equity compensation plan which the Corporation has is the Plan described above. The Equity Compensation Plan Information of the Corporation is set forth in the following table (as at August 12, 2014):

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders	15,490,000	0.63	236,399
Equity compensation plans not approved by security holders	Nil	-	Nil
Totals	15,490,000	0.89	236,399

A summary of the Stock Option Plan of the Corporation previously approved by security holders, and as amended January 10, 2012, and for which approval will be sought again at the Meeting is set out in this Circular. This is the only equity compensation plan which has been approved by security holders.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former directors, executive officers, employees of the Corporation, the proposed nominees for election to the board of directors of the Corporation, or their respective associates or affiliates, are or have been indebted to the Corporation since the beginning of the last completed financial year of the Corporation.

## RELATED PARTY TRANSACTIONS

During the year ended December 31, 2013, the Company expensed \$42,450 (2012 - \$12,400) in consulting fees to a director of the Company. These transactions are in the normal course of operations and are measured at the exchange amount (the amount of consideration established and agreed to by the related party).

## INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the persons who were directors or executive officers of the Corporation at any time during the Corporation's last financial year, the proposed nominees for election to the board of directors of the Corporation, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Corporation, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors, the appointment of auditor and confirmation of the Corporation's stock option plan (as a result of directors and executive officers holding outstanding stock options in the Corporation).

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the persons who were directors or executive officers of the Corporation of the Corporation at any time during the Corporation's last financial year, the proposed nominees for election to the board of directors of the Corporation, any person or Corporation who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Corporation, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation save and except as listed below.

## **MANAGEMENT CONTRACTS**

No management functions of the Corporation are to any substantial degree performed by a person or Corporation other than the directors or executive officers of the Corporation.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The Corporation's common shares trade on the TSX-V, a member of the TSX Group Inc. and Canada's foremost public venture marketplace. Accordingly, the Board of Directors of the Corporation has carefully considered the Corporate Governance Guidelines (the "**Guidelines**") adopted by the Toronto Stock Exchange (the "**TSX**"), as well as those proposed by the TSX but not yet in force, and has deemed it to be in the best interests of shareholders to promote best corporate governance practices. Although there is no requirement for the Corporation to comply with the Guidelines, the Corporation considers the Guidelines to be an important guide for providing effective corporate governance and intends to continue its efforts to implement many of the Guidelines over the current fiscal period.

## **AUDIT COMMITTEE**

### **1. The Audit Committee's Charter**

See Schedule "B" attached hereto.

### **2. Composition of the Audit Committee**

The current members of the Audit Committee (the "Committee") are Rodney Irwin (Chairman), Gordon Baker, and Doug Underhill. Rodney Irwin, Gordon Baker, and Doug Underhill are all independent and financially literate. "Independent" and "financially literate" have the meaning used in Multilateral Instrument 52-110 ("MI 52-110") of the Canadian Securities Administrators.

### **3. Relevant Education and Experience**

All members of the audit committee have:

(A) an understanding of the accounting principles used by the issuer to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;

(B) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer's financial statements, or experience actively supervising individuals engaged in such activities; and

(C) an understanding of internal controls and procedures for financial reporting.

### **4. Audit Committee Oversight**

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

### **5. Reliance on Certain Exemptions**

Since the effective date of MI 52-110, the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of MI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of MI 52-110, in whole or in part.

### **6. Pre-Approval Policies and Procedures**

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of MI 52-110, the engagement of non-audit services is considered by the Board of Directors, and where applicable by the audit committee, on a case by case basis.



## 7. External Auditor Service Fees (By Category)

The aggregate fees charged to the Corporation by the external auditors KPMG LLP for the years ended December 31, 2013 and December 31, 2012 are as follows:

	FYE 2013	FYE 2012
Audit Fees for the Year Ended	\$75,000	\$65,000
Audit Related Fees	\$5,750	\$10,000
Tax Fees	NIL	NIL
Other Fees	\$25,500	NIL
<b>TOTAL FEES</b>	<b>\$105,750</b>	<b>\$75,000</b>

The term "**Audit Fees**" means the aggregate fees billed by the Corporation's external auditor for services provided in auditing the Corporation's annual financial statements for the subject year.

The term "**Audit-Related Fees**" means the aggregate fees billed for assurance and related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements for the subject year and are not reported under "Audit Fees".

The term "**Tax Fees**" means the aggregate fees billed for professional services rendered by the Corporation's external auditor for tax compliance, tax advice, and tax planning for the subject year.

The term "**All Other Fees**" means the aggregate fees billed for products and services provided by the Corporation's external auditor for the subject year, other than the services reported under the categories of "Audit-Related Fees", "Tax Fees" and "All Other Fees".

## 8. Exemption

The Corporation is relying on the exemption for Venture Issuers contained in section 6.1 in Multilateral Instrument 52-110 "Audit Committees" in respect of the composition of its audit committee and in respect of its reporting obligations under MI 52-110.

## DIVIDEND RECORD AND POLICY

The Corporation has not paid any dividends on its issued and outstanding Common Shares to date and does not intend to pay dividends on such shares in the foreseeable future.

## AUDITOR, TRANSFER AGENT AND REGISTRAR

The current auditor of the Corporation is KPMG, LLP, through its office at Bay Adelaide Centre 333 Bay Street Suite 4600 Toronto, ON M5H 2S5.

TMX Equity Transfer Services, Suite 400, 200 University Avenue, Toronto, Ontario, M5H 4H1 is the transfer agent and registrar for the Common Shares.

## PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Corporation's Directors, the only matters to be placed before the Meeting are those set forth in the accompanying Notice of Meeting.

## Votes Necessary to Pass Resolutions

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election as directors or appointment of the Corporation's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

## Dissenting Rights of Shareholders

Shareholders have no rights of dissent under corporate or other applicable legislation in relation to the Agreement or any other matters contemplated to be put to a vote before the Meeting.

## A. FINANCIAL STATEMENTS

The audited consolidated financial statements of the Corporation for the fiscal year ended December 31, 2013, as well as unaudited interim condensed consolidated financial statements have been provided to the shareholders prior to the meeting as required by law and will be received and given consideration at the Meeting.

## B. ELECTION OF DIRECTORS

The board of directors presently consists of Six (6) directors. It is proposed that the persons below, who are the current directors of the Corporation, be nominated as directors at the Meeting. **IT IS THE INTENTION OF THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, TO VOTE FOR THE ELECTION OF SAID PERSONS TO THE BOARD OF DIRECTORS. MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF SUCH NOMINEES WILL NOT BE ABLE TO SERVE AS DIRECTORS. IF, HOWEVER, FOR ANY REASON ANY OF THE PROPOSED NOMINEES DO NOT STAND FOR ELECTION OR ARE UNABLE TO SERVE AS DIRECTORS, PROXIES IN FAVOUR OF MANAGEMENT DESIGNEES WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN HIS OR HER PROXY THAT HIS SHARES ARE TO BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS.** Each director elected will hold office until the next annual general meeting of shareholders or until his successor is duly elected or appointed pursuant to the By-Laws of the Corporation.

Name, Current Position(s) with the Corporation, and Municipality of Residence	Present Occupation and Positions Held During the Last Five Years	Director Since	Shares Beneficially Owned or Over Which Control or Direction is Exercised
Rodney Irwin <sup>(1)(2)(3)</sup> Ottawa, Ontario Director (Chairman of the Board) Interim Chief Executive Officer and acting President	Retired in November 2003. Canadian Ambassador to Russia from September, 1999 to August, 2003.  Interim Chief Executive Officer and Interim President since September 2013	Apr 4, 2006	310,000 (0.20%)
Gordon Baker <sup>(1)(2)(3)</sup> Toronto, Ontario Director, and Vice-Chairman	Lawyer, QC, Gordon Baker, Barrister & Solicitor, since February 1995. Called to the Ontario Bar in 1972.	Nov 9, 2007	851,000 (0.54%)
Boris Aryev Mississauga, Ontario Director and Chief Operating Officer	Chief Operating Officer of Stans since April, 2006. President, Marhope Systems (management and consulting services) since November, 1991. Marhope Systems is currently an active business.	Apr 4, 2006	1,386,452 (0.88%)
Doug Underhill <sup>(1)(2)(3)</sup> Glade Park, Colorado Director	Consultant Geologist, Chief Geologist. Since April of 2014 a Director of Appia Energy Corp which trades on the CSE.	Jun 10, 2009	946,952 (0.60%)
Albert Grenke <sup>(1)(3)</sup> Toronto, Ontario Director	Self-employed entrepreneur managing his various investments in real estate, stock market and new technologies.	Jun 3, 2014	3,840,160 (2.44%)
Vadim Veshchezerov <sup>(1)(3)</sup> Moscow, Russia Director	Investment director for Rusnano (Moscow, Russia) since 2011; Head of R&D department for SUE Kaliningrad Amber Factory (Russia) in 2010-2011; Advisor to the chairman of the management board of the BTA Bank (Russia) in 2008-2010.	Jul 8, 2014	None

### Notes:

(1) The information as to shares beneficially owned, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective proposed directors individually.

(2) These directors are also members of the Audit Committee and Compensation Committee.

(3) These persons will be independent directors.

Profiles of the Corporation's directors, and nominees for directors and the particulars of their respective principal occupations during the last five years are set forth below.

**Rodney Irwin, Interim Chief Executive Officer and acting President and Director**

Mr. Irwin was a director of Stans Energy. Mr. Irwin is the retired Canadian Ambassador to Russia. Mr. Irwin joined the department of External Affairs in Ottawa in 1972. Between 1972 and 1990, he served abroad in New Delhi, Moscow and Port of Spain; in 1988 Mr. Irwin was appointed High Commissioner to Trinidad & Tobago. In 1992, Mr. Irwin was named Ambassador to Yugoslavia, due to the war with Croatia, Mr. Irwin served as Ambassador to Albania, Bulgaria, Slovenia and Croatia. From 1993 to 1996, Mr. Irwin served as Ambassador to Hungary while retaining his Balkan country accreditations. From 1999 to 2003, Mr. Irwin served as Ambassador to the Russian Federation with concurrent accreditation to the Republics of Armenia and Uzbekistan. Mr. Irwin retired to Ottawa in 2003 after 32 years in the Foreign Service.

**Gordon R. Baker, Q.C., Director**

Gordon R. Baker, Q.C. is a lawyer practicing in the areas of tax and business law in Toronto, Ontario. He has acted for a number of public and private Canadian and multi-national clients, as general counsel or, special counsel for specific projects. He is a director and member of the audit committee of Jemtec Inc. which trades on the TSX Venture Exchange.

**Boris Aryev, Chief Operating Officer and Director**

Mr. Aryev was the Chief Operating Officer and a director of Stans Energy. Mr. Aryev is the founding director and member of the National Board of the Canada-Eurasia Russia Business Association as well as founder and chairman of its Mining and Northern Development Committees. He graduated in 1972 from USSR State Institute of Civil Aviation in Riga, Latvia. From 1972 to 1982 Mr. Aryev worked in Riga branch of Central Research Institute of Communication Science of the Ministry of Communications of the USSR. From 1983 to 1986, Mr. Aryev was a software development consultant with NCR Canada Limited and OPTIMOD Inc. Between 1986 and 1996, he worked as a Project Leader and consultant with Verifact Inc. Since 1990, Mr. Aryev has been President of Marhope Systems Inc., a company which provides management/consulting services to public and private sectors. Mr. Aryev is the co-founder of Canada-Russia Intergovernmental Economic Commission Minerals Working Group.

**Douglas H. Underhill, Director**

Mr Underhill has been a private consulting geologist conducting uranium project and resource evaluation since November 2004. He has been an Associated Consulting Geologist to Scott Wilson Roscoe Postle Associates Inc. since September 2005. Mr. Underhill was the Chief Geologist of Quincy Energy Corp., now Energy Metals Company from June 2005 to November 2006. Mr. Underhill was the Uranium Resources and Production Specialist for the International Atomic Energy Agency (IAEA) in Vienna from 1993 to 2002 when he retired from the IAEA. Mr. Underhill was a Senior Consultant with Nuclear Assurance Corporation (USA); from 1986 to 1993, responsible for consulting on uranium supply strategy & maintaining worldwide uranium production projects database. He has more than 40 years minerals industry experience, nearly 30 dedicated to Uranium (including experience in Kazakhstan & Uzbekistan). Mr. Underhill holds a B.A., M.Sc. and Ph.D. in Geology and a MBA in strategic planning and finance.

**Albert Grenke, Director**

Mr. Grenke Mr. Grenke is a founder of Stans Energy Corp., and was the chief executive officer of Viol Energy Ltd., the Kyrgyz corporation that provided the personnel and asset base for Stans Energy Corp.'s Kyrgyz operations. Mr. Grenke remains one of the company's larger shareholders to this day. Mr. Grenke is a prominent entrepreneur who has served as chief executive officer and director of a number of private and public corporations with both domestic and international exposure. Prior to 1987 he had a career in the Ontario and Canadian governments in a number of senior positions: administration, audit and investigation, treasury, and strategic planning.

**Vadim Veshchezerov, Director**

Mr. Veshchezerov has created and sold a number of companies in the microelectronics and information technology industries. He has also held various senior advisory positions in the banking industry in Russia. Since 2011, he has been with Rusnano, a Russian-state-sponsored investment fund, where he has held different senior positions, now serving as investment director. Rusnano is a Russian-government-sponsored

investment fund that is charged with developing the nanotech and high-technology industries within the Russian Federation.

#### **Corporate Cease Trade Orders or Bankruptcies**

No director or proposed director of the Corporation:

- (a) is, as at the date of the information circular, or has been, within 10 years before the date of the information circular, a director or executive officer of any company (including the company in respect of which the information circular is being prepared) that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect; or (iii) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or
- (b) has, within the 10 years before the date of the information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or proposed director.

#### **Personal Bankruptcies**

No director or proposed director of the Corporation has, within the 10 years before the date of this prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets.

#### **Penalties or Sanctions**

No director or proposed director of the Corporation, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would likely be considered important to a reasonable investor in making an investment decision.

#### **Conflicts of Interest**

There are potential conflicts of interest to which the directors and proposed directors of the Corporation may be subject in connection with the operations of the Corporation. All of the directors and proposed directors are engaged in and will continue to be engaged in corporations or businesses which may be in competition with the search by the Corporation for businesses or assets in order to close a Qualifying Transaction. Accordingly, situations may arise where the directors will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies as provided under the *Canada Business Corporations Act*.

### **C. APPOINTMENT OF AUDITOR**

At the Meeting, the shareholders will be asked to appoint an auditor to serve until the close of the next annual meeting of shareholders of the Corporation, and to authorize the directors to fix their remuneration. KPMG LLP, Chartered Accountants ("KPMG"), have been auditors of the Corporation since November 27, 2008. KPMG were the auditors since November 20, 2007 of the former private company Stans Energy Corp., which amalgamated with the former JM Capital Inc. to form the Corporation by a three cornered amalgamation completed November 27, 2008 (the "Amalgamation").

### **D. CORPORATION'S STOCK OPTION PLAN**

The TSX Venture Exchange requires all listed companies with a 10% rolling stock option plan to obtain annual shareholder approval of such plan. The Corporation has a 10% rolling stock option plan (the "Plan"). Shareholders will be asked at the Meeting to vote on a resolution to approve the Plan for the ensuing year.

The Plan was initially adopted by the board of directors of JM Capital Inc., the Corporation's predecessor, on October 26, 2006. Amendments to the Plan were made by the Corporation's board of directors on January 10, 2012. The amended Plan was presented to the shareholders, and was last approved by the shareholders on September 26, 2013.

The Plan provides that the Board of Directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase common shares. The Plan provides for a maximum limit of 10% of the outstanding common shares at the time of grant to be approved for issue (the "**Limit**"), as permitted by the Policies of the TSX-V. On August 12, 2013 this represents 15,726,399 common shares available under the Plan.

The number of common shares reserved for issue to any one person within any twelve-month period (unless the Corporation has obtained disinterested shareholder approval) may not exceed 5% of the outstanding common shares, or a maximum of 2% if the person is a Consultant to the Corporation. The number of common shares reserved for issue to all persons engaged in Investor Relations activities for the Corporation may not exceed 2% of the outstanding common shares.

The Board of Directors determines the price per common share and the number of common shares that may be allotted to each director, officer, employee and consultant and all other terms and conditions of the options, subject to the rules of the TSX-V.

The exercise price per common share set by the Board of Directors is subject to minimum pricing restrictions set by the TSX-V.

Options may be exercisable for up to ten years from the date of grant, but the Board of Directors has the discretion to grant options that are exercisable for a shorter period. Options granted under the Plan do not require vesting provisions, although the Board of Directors may attach a vesting period or periods to individual grants as it deems appropriate. Options under the Plan are non-assignable and non-transferable. If prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant, the option shall be limited to the number of common shares purchasable by him immediately prior to the time of his cessation of office or employment and he shall have no right to purchase any other common shares. Options must be exercised within 90 days of termination of employment or cessation of position with the Corporation, provided that if the cessation of office, directorship, consulting arrangement or employment was by reason of death or disability, the option must be exercised within one year of termination or cessation, subject to earlier expiry pursuant to the specified expiry date.

If any option expires or otherwise terminates after having been granted without having been exercised in full, the number of shares in respect of such expired or terminated option, as the case may be, shall not be deducted from the Limit, and will again be available for grant for the purposes of the Plan.

The full text of the Plan will be available for review at the Meeting and will be supplied free of charge to shareholders upon written request made directly to the Corporation at its registered head office located at Suite 205, 8 King Street East, Toronto, Ontario M5C 1B5, Attention: President.

Shareholders will be asked at the Meeting to consider and, if thought advisable, approve and ratify the following resolution:

**"WHEREAS:**

- A. The Corporation has a 10% rolling stock option plan (the "Plan") as described in the Management Information Circular for this meeting;

- B. In accordance with requirements of the TSX Venture Exchange, the Corporation wishes to obtain shareholder approval in respect of its existing Plan for the ensuing year, reserving for grant options to acquire up to a maximum of 10% of the issued and outstanding shares of the Corporation calculated at the time of each stock option grant.

**NOW THEREFORE BE IT RESOLVED THAT:**

1. The Plan is hereby approved by the shareholders of the Corporation for the ensuing year.
2. Any one director or officer of the Corporation be and is hereby authorized and directed to sign, and execute under corporate seal or otherwise all such deeds, documents, instruments and assurances, and to do all such acts and things as in such officer's or director's opinion may be necessary or desirable to give effect to this resolution."

To be approved, the ordinary resolution must be passed by a majority of the votes of shareholders of the Corporation cast thereon at the Meeting. **Unless otherwise specified, the persons named in the enclosed form of proxy will vote FOR the resolution.**

**E. BY-LAW AMENDMENT**

The Corporation's general by-law was made years ago, prior to significant changes in corporate and securities laws. Notably, corporate law now permits a board to have a minimum of 25% resident Canadian directors, and it. It has also become material to desire advance notice of nominations to the board. The Board of Directors of the Corporation has passed an amendment to general by-law number 1 in the form of the amended general by-law contained in the attached Schedule "D" to amend the Canadian residency requirement to 25% to widen the pool of suitable candidates, and adds an advance notice requirement respecting nominations to the board.

Among other things, the advance notice requirement fixes a deadline by which Shareholders must submit a notice of director nominations to the Corporation prior to any annual or special meeting of Shareholders where directors are to be elected and sets forth the information that a Shareholder must include in the notice for it to be valid. In the case of an annual meeting of Shareholders, notice to the Corporation must be given not less than 30 and not more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting of Shareholders (which is not also an annual meeting), notice to the Corporation must be given not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made. The Board believes that the advance notice requirement provides a clear process for Shareholders to follow to nominate directors and sets out a reasonable time frame for nominee submissions along with a requirement for accompanying information, allowing the Corporation and the Shareholders to evaluate all nominees' qualifications and suitability as a director of the Corporation. The purpose of the advance notice requirement is to treat all Shareholders fairly by ensuring that all Shareholders, including those participating in a meeting by proxy rather than in person, receive adequate notice of the nominations to be considered at a meeting and sufficient information with respect to all nominees and can thereby exercise their voting rights in an informed manner. In addition, the advance notice requirement should assist in facilitating an orderly and efficient meeting process. The Board may, in its sole discretion, waive any requirement of the advance notice requirement.

Shareholders will be asked to consider, and if thought fit approve the following resolution:

"BE IT RESOLVED THAT the form of general By-Law Number 1 of the Corporation as amended, substantially in the form attached as Schedule "D" to the Management Information Circular delivered to shareholders in connection with this meeting, is hereby confirmed, and that the said by-law shall repeal and replace the existing general By-Law of the Corporation. Any one director or officer of the Corporation is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or to cause to be delivered, all such other documents and instruments, and to do or cause

to be done all other such acts and things, as in the opinion of such director or officer of the Corporation may be necessary or desirable to carry out the intent of the foregoing resolutions, such necessity to be conclusively evidenced by the execution and delivery of any such documents or instruments or the taking of any such actions.”

An ordinary resolution of the Shareholders is required. In order to pass, an ordinary resolution requires the affirmative vote of the majority of all votes cast. **Unless otherwise specified, the persons named in the enclosed form of proxy will vote FOR the resolution.**

## **F. OTHER BUSINESS**

Management of the Corporation has no knowledge, as at the date hereof, of any business other than that mentioned in the Notice of Meeting, to be presented for action by the Corporation at the Meeting. However, the Form of Proxy solicited hereunder confers upon the proxy holder the discretionary right to exercise the powers conferred thereunder upon any other matters and proposals that may properly come before the Meeting, or any adjournment or adjournments thereof.

## **EFFECTIVE DATE**

Except as otherwise specified herein, the information set forth in this Circular is provided as of August 12, 2014.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation’s financial statements and Management’s Discussion and Analysis (“MD&A”) for the year ended December 31, 2013, as well as in 2014 interim financial statements and MD&A.

In addition, copies of the Corporation’s most recent annual financial statements and MD&A; interim financial statements and MD&A; and this management information circular may be obtained upon request to the Board of Directors of the Corporation at Suite 205, 8 King Street East, Toronto, Ontario, M5C 1B5 or by telephone at 647-426-1865. The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a shareholder of the Corporation.

The contents of this Circular have been approved and its mailing authorized by the directors of the Corporation.

DATED at Toronto, Ontario, the 12th day of August, 2014

ON BEHALF OF THE BOARD OF DIRECTORS  
OF STANS ENERGY CORP.

*“Rodney Irwin”*

Rodney Irwin,  
Interim Chief Executive Officer and acting President

**SCHEDULE "A"**  
**STANS ENERGY CORP.**  
**FORM 58-101F2 - CORPORATE GOVERNANCE DISCLOSURE**  
**(VENTURE ISSUERS)**

**General**

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. The Canadian Securities Administrators (the "CSA") have adopted National Policy 58-201 *Corporate Governance Guidelines*, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Corporation. In addition, the CSA have implemented National Instrument 58-101 *Disclosure of Corporate Governance Practices*, which prescribes certain disclosure by the Corporation of its corporate governance practices. This disclosure is presented below.

*Board of Directors*

Management is nominating six individuals to the Corporation's board of directors (the "Board"), all of which are current directors of the Corporation.

The Guidelines suggest that the board of directors of every listed Corporation should be constituted with a majority of individuals who qualify as "independent" directors under MI 52-110, which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Corporation.

Of the proposed nominees, two are "inside" or management directors and accordingly such persons are not considered to be "independent" within the meaning of MI 52-110. The other four directors are considered by the Board to be "independent" within the meaning of MI 52-110.

Rodney Irwin is Chair of the Board.

*Directorships*

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

<b>Name</b>	<b>Name and Jurisdiction of Reporting Issuer</b>	<b>Name of Trading Market</b>	<b>Position(s) Held</b>	<b>Term</b>
Gordon Baker	Jemtec Inc.	TSX Venture	Director, Member of Audit Committee	January 1994 to present
Doug Underhill Director	Monster Uranium Corp.	TSX Venture	Director	May 14 2008 to June 01, 2012

*Orientation and Continuing Education*

While the Corporation does not have formal orientation and training programs, new directors are provided with access to publicly filed documents of the Corporation, technical reports, internal financial information, the Corporation's corporate governance policies, and management and technical experts and consultants.

*Ethical Business Conduct*

The Board of Directors has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board of Directors in which the director has an interest have been sufficient to ensure that the Board of Directors operates independently of



management and in the best interests of the Corporation. Under the corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction.

#### *Nomination and Assessment*

The Board of Directors is responsible for identifying individuals qualified to become new directors and recommending to the Board of Directors new director nominees for the next annual meeting of shareholders. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required, show support for the Corporation's mission and strategic objectives, and a willingness to serve.

#### *Compensation*

The Corporation has a Compensation committee.

The members of the Compensation Committee are:

- Gordon R. Baker, QC
- Rod Irwin
- Doug Underhill

Gordon Baker and Doug Underhill are independent directors.

The role of the Compensation Committee is to review and provide recommendations to the Board in respect of compensation matters. The Compensation Committee reviews and considers compensation paid for executive officers of companies of similar business, size and stage of development and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Corporation.

The members of the Compensation Committee have been fulfilling the role of a compensation committee for the Corporation as members of the Audit Committee since November 2008 for Mr. Baker and Mr. Irwin, and since June 2009 for Mr. Underhill, and as such are versed in compensation matters relevant to the Corporation. Mr. Baker's background is as a lawyer and business executive. Mr. Irwin has been Canadian ambassador to numerous countries in Europe and Asia. Mr. Underhill is a PhD geologist with an MBA in strategic planning and finance.

#### *Other Board Committees*

The written charter of the Audit Committee, as required by MI 52-110, is contained in Schedule "B" to this Circular.

The Audit Committee assists the Board of Directors in its oversight of (i) the integrity of the financing reporting of the Corporation, (ii) the independence and performance of the Corporation's external auditors, and (iii) the Corporation's compliance with legal and regulatory requirements. The members of the Audit Committee are:

- Gordon R. Baker, QC
- Rod Irwin
- Doug Underhill

Gordon Baker and Doug Underhill are independent directors and each committee member is financially literate.

## SCHEDULE "B"

### STANS ENERGY CORP. ("Corporation")

#### AUDIT COMMITTEE CHARTER

---

##### **Name**

There shall be a committee of the Board of Directors (the "**Board**") of Stans Energy Corp. (the "**Corporation**") known as the Audit Committee (the "**Committee**").

##### **General Purpose**

The Committee has been established to assist the Board in fulfilling its oversight responsibilities with respect to the following areas: the Corporation's external audit function; internal control and management information systems; the Corporation's accounting and financial reporting requirements; the Corporation's compliance with law and regulatory requirements; the Corporation's risks and risk management policies and such other functions as are delegated to it by the Board. Specifically, with respect to the Corporation's external audit function, the Committee assists the Board in fulfilling its oversight responsibilities relating to: the quality and integrity of the Corporation's financial statements; the independent auditors' qualifications; and the performance of the Corporation's independent auditors.

The Committee is intended to facilitate and provide a means of open communication between management, the external auditors and the Board.

##### **Composition and Qualifications**

The Committee shall consist of as many members as the Board shall determine, but in any event not fewer than three (3) members who are appointed by the Board. The composition of the Committee shall meet all applicable independence, financial literacy and other legal and regulatory requirements. More specifically, all members of the Committee shall be "independent" and "financially literate" and at least one (1) member shall have "accounting or related financial experience", as such terms are defined by the applicable securities law<sup>1</sup>.

The Board shall designate the Chairman of the Committee. The Chairman shall have responsibility for overseeing that the Committee fulfills its mandate and duties effectively.

Each member of the Committee shall continue to be a member until a successor is appointed, unless the member resigns, is removed or ceases to be a director. The Board may fill a vacancy which occurs in the Committee at any time.

##### **Meetings**

The Chairman of the Committee, in consultation with the Committee members, shall determine the schedule and frequency of the Committee meetings provided that the Committee will meet at least four (4) times in each fiscal year and at least once in every fiscal quarter. The Committee shall have the authority to convene additional meetings as circumstances require. A schedule for each of the meetings will be disseminated to the Committee members prior to the start of each fiscal year. A detailed agenda for each meeting will be disseminated to the Committee members as far in advance of each meeting as is practicable.

The Committee shall meet separately, periodically, with management, counsel and the external auditors. The Committee shall meet separately with the external auditors at every meeting of the Committee at which external auditors are present.

<sup>1</sup> Multilateral Instrument 52-110, Sections 1.4 and 1.6

## Responsibilities

The Committee is mandated to carry out the following responsibilities:

### 1. External Auditors

- (a) Subject to applicable law, the Committee shall be responsible for recommending to the Board the appointment, compensation, oversight and termination of the external auditor.
- (b) The Committee shall be responsible for oversight of the external auditor. The external auditor shall report directly to the Committee and shall be accountable to the Board and the Committee as representatives of the shareholders.
- (c) The Committee shall pre-approve all non-audit mandates for services the external auditor shall undertake.
- (d) The Committee shall satisfy itself, on behalf of the Board, that the external auditor is independent of management. In assessing such independence, the Committee shall discuss with the external auditors, and may require a letter from the external auditor outlining, any relationships between the external auditors and the Corporation or its affiliates.
- (e) The Committee shall review the audit plan of the external auditors, the integration of the external audit with the internal control program, and the results of the audit, which shall include reviewing the external auditor's letter to management and management's response thereto and other material written communications between management and the external auditors.
- (f) The Committee shall satisfy itself, annually or more frequently as the Committee considers appropriate, as to the external auditors' internal quality control procedures and any material issues raised by the most recent internal quality control review, or peer review, of the external auditor, or by any public enquiry, review, or investigation by governmental, professional or other regulatory authorities.
- (g) The Committee shall periodically review and discuss with management and the external auditors the quality and acceptability of the Corporation's accounting policies and practices, the materiality levels which the external auditors propose to employ, any significant changes in the accounting policies and any proposed changes in accounting or financial reporting that may have a significant impact on the Corporation.
- (h) The Committee shall discuss with management and the external auditors all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management by the external auditors, the ramifications of these alternative treatments and the treatment preferred by the external auditors.
- (i) The Committee shall review and approve the Corporation's hiring policies regarding employees of the Corporation,

### 2. Financial Information

- (a) The Committee shall discuss with management and the external auditors whether the audited annual financial statements present fairly (in accordance with Canadian generally accepted accounting principles) in all material respects the financial condition, results of operations and cash flows of the Corporation as of and for the periods presented and, where appropriate, recommend for approval to the Board, the annual audited financial statements of the Corporation.
- (b) The Committee shall discuss with management and the external auditors whether the unaudited quarterly financial statements present fairly (in accordance with generally accepted accounting

principles) in all material respects the financial condition, results of operations and cash flows of the Corporation as of and for the periods presented and, where appropriate, recommend for approval to the Board, the unaudited quarterly financial statements of the Corporation.

- (c) The Committee shall review the Annual Report to Shareholders and other financial information (including the annual and quarterly Management's Discussion and Analysis of Financial Condition and Results of Operations, the Annual Information Form and any prospectus or offering circular) prepared by the Corporation with management and, where appropriate, recommend for approval to the Board and recommend for filing with regulatory bodies.
- (d) The Committee shall review any news releases and reports to be issued by the Corporation containing earnings guidance or financial information for research, analysts and rating agencies. The Committee shall also review the Corporation's policies relating to financial disclosure and the release of earnings guidance and the Corporation's compliance with financial disclosure rules and regulations.
- (e) The Committee shall discuss with management and the external auditors important trends and developments in financial reporting practices and requirements and their effect on the Corporation's financial statements.

### 3. Internal Control

- (a) The Committee shall oversee the adequacy and effectiveness of the Corporation's internal control systems, through discussions with the Corporation's external auditors and management and shall report to the Board on an annual basis.
- (b) The Committee shall review annually the Corporation's Whistleblower Policy and its effectiveness and enforcement.

### 4. Risk Management

- (a) The Committee shall review with management the principal risks facing the Corporation, and the policies, processes and procedures for management's monitoring and managing of such risks or exposures. If necessary, the Committee will mandate, monitor and evaluate the steps management has taken to monitor and manage such exposures, including insuring against such risks, where appropriate.

### 5. Compliance with Legal and Regulatory Requirements

- (a) The Committee shall review with management, and any internal or external counsel as the Committee considers appropriate, any legal matters (including the status of pending litigation) that may have a material impact on the Corporation and any material reports or inquiries from regulatory or governmental agencies.
- (b) The Committee shall review with counsel the adequacy and effectiveness of the Corporation's procedures to ensure compliance with the legal and regulatory responsibilities.

### 6. Other

- (a) The Committee shall also perform such other activities related to this Charter as requested by the Board.
- (b) The Committee shall review and assess the adequacy of this Charter annually and shall submit any proposed changes to the Board for approval.

- (c) The Committee may delegate its authority and duties to subcommittees or individual members of the Committee as it deems appropriate.

### **Reporting**

The Committee shall report its deliberations and discussions regularly to the Board and shall submit to the Board the minutes of its meetings.

### **Resources**

The Committee shall have the authority, in its sole discretion, to retain independent legal, accounting and other consultants to advise the Committee at the expense of the Corporation. The Committee shall be provided with the necessary funding to compensate the external auditors and any other advisors they engage.

The Committee may request any officer or employee of the Corporation or the Corporation's external counsel or external auditors to attend a meeting of the Committee or to meet with any member of, or consultants to, the Committee. The Committee shall have full access to all of the Corporation's books, records, facilities and personnel.

### **Complaints Procedure**

Any director, officer or employee who has any concern or complaints regarding accounting, internal control or auditing matters or any potential violations of law or regulatory provisions may, in accordance with the Corporation's Whistleblower Policy, make an anonymous submission to any member of the Committee. The Committee shall establish procedures for the review and resolution of such complaints.

### **Limitation on the Oversight Role of the Committee**

Nothing in this Charter is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all members of the Board are subject. Each member of the Committee shall be entitled, to the fullest extent permitted by law, to rely on the integrity of those persons and organizations within and outside the Corporation from whom he or she receives financial and other information, and the accuracy of the information provided to the Corporation by such persons or organizations.

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

## **SCHEDULE "C" – By-Law Amendment**

### **BY-LAW NO. 1 (As Amended July 2014)**

A by-law relating generally to the transaction of the business and affairs of

**STANS ENERGY CORP.**  
(herein called the "**Corporation**")

#### **CONTENTS**

1. Interpretation
2. Business of the Corporation
3. Directors
4. Committees
5. Officers
6. Protection of Directors, Officers and Others
7. Shares
8. Dividends and Rights
9. Meetings of Shareholders
10. Information Available to Shareholders
11. Divisions and Departments
12. Notices
13. Borrowing Powers of the Directors
14. Business of the Corporation

**BE IT ENACTED** as a by-law of the Corporation as follows:

#### **SECTION I INTERPRETATION**

##### 1.01 Definitions

In the by-laws of the Corporation, unless the context otherwise requires:

- (1) "Act" means the Business Corporations Act, R.S.O. 1990 c. B.16 and the regulations made pursuant thereto, as from time to time amended, and every statute that may be substituted therefor and, in the case of such substitution, any reference in the by-laws of the Corporation to provisions of the Act shall be read as references to the substituted provisions therefor in the new statute or statutes;
- (2) "appoint" includes "elect" and vice versa;
- (3) "board" means the board of directors of the Corporation;
- (4) "by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;
- (5) "meeting of shareholders" includes an annual meeting of shareholders and a special meeting of shareholders; "special meeting of shareholders" includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;
- (6) "non-business day" means Saturday, Sunday and any other day that is a holiday as defined in the Interpretation Act (Ontario);

- (7) "recorded address" means in the case of a shareholder his address as recorded in the securities register; and in the case of joint shareholders the address appearing in the securities register in respect of such joint holding or the first address so appearing if there is more than one; and in the case of a director, officer, auditor or member of a committee of the board his latest address as recorded in the records of the Corporation;
- (8) "signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by paragraph 2.03 or by a resolution passed pursuant thereto;
- (9) all terms contained in the by-laws and which are defined in the Act shall have the meanings given to such terms in the Act; and
- (10) the singular shall include the plural and the plural shall include the singular; the masculine shall include the feminine and neuter genders; and the word "person" shall include, individuals, bodies corporate, corporations, companies, partnerships, syndicates, trusts, unincorporated organizations and any number or aggregate of persons.

## **SECTION II BUSINESS OF THE CORPORATION**

### **2.01 Corporate Seal**

The Corporation may have a corporate seal which shall be adopted and may be changed by resolution of the board.

### **2.02 Financial Year**

The financial year of the Corporation shall be as determined by the board from time to time.

### **2.03 Execution of Instruments**

Contracts, documents or instruments in writing requiring the signature of the Corporation may be signed on behalf of the Corporation by any two officers or directors and instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board shall have power from time to time by resolution to appoint any officer or officers or any person or persons on behalf of the Corporation either to sign contracts, documents and instruments in writing generally or to sign specific contracts, documents or instruments in writing.

The seal of the Corporation may when required be affixed to contracts, documents and instruments in writing signed as aforesaid or by any officer or officers, person or persons, appointed as aforesaid by resolution of the board.

The term "contracts, documents or instruments in writing" as used in this by-law shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, movable or immovable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, share warrants, stocks, bonds, debentures, notes or other securities and all paper writings.

The signature or signatures of the Chairman of the Board (if any), the Vice Chairman of the Board, the President, any Executive Vice-President, or any Vice-President together with any one of the Secretary, the Treasurer, an Assistant Secretary, an Assistant Treasurer or any one of the foregoing officers together with any one director of the Corporation and/or any other officer or officers, person or persons, appointed as aforesaid by resolution of the board may, if specifically authorized by resolution of the directors, be printed, engraved, lithographed or otherwise mechanically reproduced upon any contracts, documents or instruments in writing or bonds, debentures, notes or other securities of the Corporation executed or issued by or on behalf of the Corporation and all contracts, documents or instruments in writing or bonds, debentures, notes

or other securities of the Corporation on which the signature or signatures of any of the foregoing officers or directors or persons authorized as aforesaid shall be so reproduced pursuant to special authorization by resolution of the board, shall be deemed to have been manually signed by such officers or directors or persons whose signature or signatures is or are so reproduced and shall be as valid to all intents and purposes as if they had been signed manually and notwithstanding that the officers or directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such contracts, documents or instruments in writing or bonds, debentures, notes or other securities of the Corporation.

#### 2.04 Banking Arrangements

The banking business of the Corporation, or any part thereof, including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time by resolution prescribe or authorize.

#### 2.05 Custody of Securities

All shares and securities owned by the Corporation shall be lodged (in the name of the Corporation) with a chartered bank or a trust company or in a safety deposit box or, if so authorized by resolution of the board, with such other depositaries or in such other manner as may be determined from time to time by resolution of the board.

All share certificates, bonds, debentures, notes or other obligations or securities belonging to the Corporation may be issued or held in the name of a nominee or nominees of the Corporation (and if issued or held in the names of more than one nominee shall be held in the names of the nominees jointly with the right of survivorship) and shall be endorsed in blank with endorsement guaranteed in order to enable transfer to be completed and registration to be effected.

#### 2.06 Voting Shares and Securities in other Companies

All of the shares or other securities carrying voting rights of any other body corporate held from time to time by the Corporation may be voted at any and all meetings of shareholders, bondholders, debenture holders or holders of other securities (as the case may be) of such other body corporate and in such manner and by such person or persons as the board shall from time to time by resolution determine. The proper signing officers of the Corporation may also from time to time execute and deliver for and on behalf of the Corporation proxies and/or arrange for the issuance of voting certificates and/or other evidence of the right to vote in such names as they may determine without the necessity of a resolution or other action by the board.

### **SECTION III DIRECTORS**

#### 3.01 Number of Directors and Quorum

The number of directors of the Corporation shall be the number of directors as specified in the articles or, where a minimum and maximum number of directors is provided for in the articles, the number of directors of the Corporation shall be the number of directors determined from time to time by special resolution or, if a special resolution empowers the directors to determine the number, the number of directors determined by resolution of the board.

Subject to paragraph 3.08, the quorum for the transaction of business at any meeting of the board shall be a majority of the number of directors then in office and or such greater number of directors as the board may from time to time by resolution determine.

#### 3.02 Qualification



The following persons are disqualified from being a director of the Corporation: (i) a person who is less than 18 years of age, (ii) a person who is of unsound mind and has been so found by a court in Canada or elsewhere, (iii) a person who is not an individual, or (iv) a person who has the status of bankrupt. A director need not be a shareholder. At least twenty five per cent of the directors shall be resident Canadians. If the Corporation is or becomes an offering corporation within the meaning of the Act, at least one-third of the directors of the Corporation shall not be officers or employees of the Corporation or any of its affiliates.

### 3.03 Election and Term

The election of directors shall take place at the first meeting of shareholders and at each succeeding annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall be the number of directors as specified in the articles or, if a minimum and maximum number of directors is provided for in the articles, the number of directors determined by special resolution or, if the special resolution empowers the directors to determine the number, the number of directors determined by resolution of the board. The voting on the election shall be by show of hands unless a ballot is demanded by any shareholder. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

#### 3.03A Nomination of Directors

Subject to the provisions of the Act and the articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of an individual for election to the board may be made at any annual general meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which such meeting was called is the election of directors of the Corporation:

- (a) by or at the discretion of the board or an authorized officer of the Corporation, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition to call a shareholders meeting made in accordance with the provisions of the Act; or
- (c) by any person (a "Nominating Shareholder") who, (i) at the close of business on the date of the giving of the notice provided for below in this Section and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting, and (ii) complies with the notice procedures set forth below in this Section.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Chief Financial Officer of the Corporation at the registered office of the Corporation in accordance with this Section.

To be timely, a Nominating Shareholder's notice to the Chief Financial Officer of the Corporation must be made:

- (a) in the case of an annual general meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual general meeting of shareholders; provided, however, that in the event that the annual general meeting of shareholders is to be held on a date that is less than 50 days after the date on which the initial Public Announcement (as defined below) of the date of the annual general meeting of shareholders was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following such Public Announcement; and
- (b) in the case of a special meeting of shareholders that is not also an annual general meeting but is called for the purpose of electing directors of the Corporation (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the initial Public Announcement of the special meeting of shareholders was made.

Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Section. In no event shall any adjournment or postponement of a meeting of shareholders of the Corporation or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice.

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

- (a) as to each individual whom the Nominating Shareholder proposes to nominate for election as a director:
  - (i) his or her name, age, business address and residence address;
  - (ii) his or her principal occupation or employment;
  - (iii) the class or series and number of shares in the capital of the Corporation which are controlled or over which direction is exercised, directly or indirectly, or which are owned beneficially or of record by him or her as of the record date for the meeting of shareholders (if such date shall then have been made publicly available by the Corporation and shall have occurred) and as of the date of such notice;
  - (iv) a statement as to whether he or she would be "independent" of the Corporation within the meaning of Sections 1.4 and 1.5 of National Instrument 52-110 - Audit Committees of the Canadian Securities Administrators, as such provisions may amended from time to time) if elected as a director of the Corporation at such meeting and the reasons and basis for such determination; and
  - (v) any other information relating to him or her that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
- (b) as to the Nominating Shareholder giving the notice:
  - (i) any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has the right to vote any shares in the capital of the Corporation;
  - (ii) any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and
  - (iii) the class or series and number of shares in the capital of the Corporation which are controlled or over which direction is exercised, directly or indirectly, or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the meeting of shareholders (if such date shall then have been made publicly available by the Corporation and shall have occurred) and as of the date of such notice.

The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

No individual shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Section; provided, however, that nothing in this Section shall be deemed to preclude discussions by a shareholder of the Corporation (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not determined to be in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

For purposes of this Section:

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

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

Notwithstanding any other provision of the by-laws, notice given to the Chief Financial Officer of the Corporation pursuant to this Section may only be given by personal delivery or by facsimile transmission, and shall be deemed to have been given and made only at the time it is served by personal delivery or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Chief Financial Officer of the Corporation at the address of the registered office of the Corporation; provided, that if such delivery or transmission is made on a day which is not a business day or later than 5:00 p.m. (Toronto time) on a day which is a business day, then such delivery or transmission shall be deemed to have been made on the subsequent day that is a business day.

#### 3.04 Removal of Directors

Subject to the provisions of the Act, the shareholders may by ordinary resolution passed at a meeting specially called for such purpose remove any director from office and the vacancy created by such removal may be filled at the same meeting failing which it may be filled by a quorum of the directors.

#### 3.05 Vacation of Office

A director ceases to hold office when: (i) he dies; (ii) he is removed from office by the shareholders; (iii) he ceases to be qualified for election as a director; or his written resignation is received by the Corporation provided if a time subsequent to its date of receipt by the Corporation is specified in such written resignation the resignation shall become effective at the time so specified.

#### 3.06 Vacancies

Subject to the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the number or maximum number of directors or from a failure of the shareholders to elect the number of directors required to be elected at any meeting of shareholders. In the absence of a quorum of the board, or if the vacancy has arisen from a failure of the shareholders to elect the number of directors required to be elected at any meeting of shareholders, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy. If the directors then in office fail to call such meeting or if there are no directors then in office, any shareholder may call the meeting.

#### 3.07 Action by the Board

The board shall manage or supervise the management of the business and affairs of the Corporation. Subject to paragraphs 3.08 and 3.09, the powers of the board may be exercised at a meeting at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board. Where there is a vacancy in the board, the remaining directors may exercise all the powers of the board so long as a quorum of the board remains in office.

#### 3.08 Canadian Representation

Subject to the Act, the Board shall not transact business at a meeting, other than filling a vacancy on the Board, unless at least twenty five per cent of the directors present are resident Canadians, or, if the Corporation has less than four directors, at least one of the directors present is a resident Canadian, except where:

- (a) a resident Canadian director who is unable to be present approves in writing or by telephone or other communication facility, the business transacted at the meeting; and
- (b) the required number of resident Canadian would have been present had that director been present at the meeting.

### 3.09 Meeting by Telephone

If all the directors of the Corporation present or participating in the meeting consent, a director may participate in a meeting of the board or of a committee of the board by means of such telephone, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and a director participating in such a meeting by such means is deemed to be present at the meeting. Any such consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board held while a director holds office.

### 3.10 Place of Meetings

Meetings of the board may be held at any place within or outside Ontario.

### 3.11 Calling of Meetings

Subject to the Act, meetings of the board shall be held from time to time on such day and at such time and at such place as the board, the Chairman of the Board (if any), the President, a Vice-President who is a director or any two directors may determine and the Secretary, when directed by the board, the Chairman of the Board (if any), the President, a Vice President who is a director or any two directors shall convene a meeting of the board.

### 3.12 Notice of Meeting

Notice of the date, time and place of each meeting of the board shall be given in the manner provided in paragraph 12.01 to each director not less than 48 hours (exclusive of any part of a non-business day) before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified.

A director may in any manner waive notice of or otherwise consent to a meeting of the board. Attendance of a director at such a meeting is a waiver of notice of meeting except where the attendance is for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called.

### 3.13 First Meeting of New Board

Provided a quorum of directors is present, each newly elected board may without notice hold, its first meeting immediately following the meeting of shareholders at which such board is elected.

### 3.14 Adjourned Meeting

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

### 3.15 Regular Meetings

The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

### 3.16 Chairman

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: the Chairman of the Board, the President

or a Vice-President. If no such officer is present, the directors present shall choose one of their number to be chairman.

### 3.17 Votes to Govern

At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote.

### 3.18 Conflict of Interest

A director or officer who is a party to, or who is a director or officer of or has a material interest in any person who is a party to, a material contract or transaction or proposed material contract or transaction with the Corporation shall disclose in writing to the Corporation or request to have entered in the minutes of the meetings of the directors the nature and extent of his interest at the time and in the manner provided by the Act. Any such contract or transaction or proposed contract or transaction shall be referred to the board or shareholders for approval even if such contract is one that in the ordinary course of the Corporation's business would not require approval by the board or shareholders, and a director interested in a contract so referred to the board shall not vote on any resolution to approve the same except as permitted by the Act.

### 3.19 Remuneration and Expenses

The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for traveling and other expenses properly incurred by them in attending meetings of the shareholders or of the board or any committee thereof or otherwise in the performance of their duties. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

## **SECTION IV COMMITTEES**

### 4.01 Committee of Directors

The board may appoint a committee of directors, however designated, and delegate to such committee any of the powers of the board except those which pertain to items which, under the Act, a committee of directors has no authority to exercise.

### 4.02 Transaction of Business

The powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place within or outside Ontario.

### 4.03 Audit Committee

The board may, and shall if the Corporation is an offering corporation within the meaning of the Act, elect annually from among its number an audit committee to be composed of not fewer than three directors of whom a majority shall not be officers or employees of the Corporation or its affiliates, subject to the restrictions imposed by applicable legislation. The audit committee shall have the powers and duties provided in the Act, and such other applicable legislation.

### 4.04 Advisory Committees

The board may from time to time appoint such other committees as it may deem advisable, but the functions of any such other committees shall be advisory only.

#### 4.05 Procedure

Unless otherwise determined by the board, each committee shall have power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

### **SECTION V OFFICERS**

#### 5.01 Appointment

The Chairman of the Board may, but need not be, an officer of the Corporation. The board may from time to time appoint a Chairman of the Board, a President, one or more Vice-Presidents (to which title may be added words indicating seniority or function), a Secretary, a Treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Subject to paragraph 5.02, an officer may but need not be a director and one person may hold more than one office. In case and whenever the same person holds the offices of Secretary and Treasurer, he may but need not be known as the Secretary-Treasurer. All officers shall sign such contracts, documents, or instruments in writing as require their respective signatures. In the case of the absence or inability to act of any officer or for any other reason that the board may deem sufficient, the board may delegate all or any of the powers of such officer to any other officer or to any director for the time being.

#### 5.02 Chairman of the Board

The Chairman of the Board, if appointed, shall be a director and shall, when present, preside at all meetings of the board and committees of the board. The Chairman of the Board shall be vested with and may exercise such powers and shall perform such other duties as may from time to time be assigned to him by the board. During the absence or disability of the Chairman of the Board, his duties shall be performed and his powers exercised by the President. The board of directors may determine that the chairman of the board shall not be an officer of the Corporation and shall act solely in a non-executive capacity. A non-executive Chairman of the Board shall possess and exercise such authority and powers and perform such duties as may be determined by the by-laws and the board of directors.

#### 5.03 President

The President shall, and unless and until the board designates any other officer of the Corporation to be the Chief Executive Officer of the Corporation, be the Chief Executive Officer and, subject to the authority of the board, shall have general supervision of the business and affairs of the Corporation and such other powers and duties as the board may specify. The President shall be vested with and may exercise all the powers and shall perform all the duties of the Chairman of the Board if none be appointed or if the Chairman of the Board is absent or unable or refuses to act.

#### 5.04 Vice-President

Each Vice-President shall have such powers and duties as the board or the President may specify. The Vice-President or, if more than one, the Vice-President designated from time to time by the board or by the President, shall be vested with all the powers and shall perform all the duties of the President in the absence or inability or refusal to act of the President, provided, however, that a Vice-President who is not a director shall not preside as chairman at any meeting of the board and that a Vice-President who is not a director and shareholder shall not preside as chairman at any meeting of shareholders.

#### 5.05 Secretary

The Secretary shall give or cause to be given as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be the custodian of the stamp or

mechanical device generally used for affixing the corporate seal of the Corporation and all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board may specify.

#### 5.06 Treasurer

The Treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the board whenever required an account of all his transactions as Treasurer and of the financial position of the Corporation; and he shall have such other powers and duties as the board may specify. Unless and until the board designates any other officer of the Corporation to be the Chief Financial Officer of the Corporation, the Treasurer shall be the Chief Financial Officer of the Corporation.

#### 5.07 Powers and Duties of Other Officers

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board otherwise directs.

#### 5.08 Variation of Powers and Duties

The board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

#### 5.09 Term of Office

The board, in its discretion, may remove any officer of the Corporation, with or without cause, without prejudice to such officer's rights under any employment contract. Otherwise each officer appointed by the board shall hold office until his successor is appointed or until the earlier of his resignation or death.

#### 5.10 Terms of Employment and Remuneration

The terms of employment and the remuneration of an officer appointed by the board shall be settled by it from time to time. The fact that any officer or employee is a director or shareholder of the Corporation shall not disqualify him from receiving such remuneration as may be so determined.

#### 5.11 Conflict of Interest

An officer shall disclose his interest in any material contract or transaction or proposed material contract or transaction with the Corporation in accordance with paragraph 3.18.

#### 5.12 Agents and Attorneys

The board shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management or otherwise (including the powers to sub-delegate) as may be thought fit.

#### 5.13 Fidelity Bonds

The board may require such officers, employees and agents of the Corporation as the board deems advisable to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the board may from time to time determine but no director shall be liable for failure to require any such bond or for the insufficiency of any such bond or for any loss by reason of the failure of the Corporation to receive any indemnity thereby provided.

**SECTION VI**  
**PROTECTION OF DIRECTORS, OFFICERS AND OTHERS**

6.01 Submission of Contracts or Transactions to Shareholders for Approval

The board in its discretion may submit any contract, act or transaction for approval, ratification or confirmation at any meeting of the shareholders called for the purpose of considering the same and any contract, act or transaction that shall be approved, ratified or confirmed by a resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Corporation's articles or any other by-law) shall be as valid and as binding upon the Corporation and upon all the shareholders as though it had been approved, ratified or confirmed by every shareholder of the Corporation.

6.02 For the Protection of Directors and Officers

In supplement of and not by way of limitation upon any rights conferred upon directors by the provisions of the Act, it is declared that no director shall be disqualified by his office from, or vacate his office by reason of, holding any office or place of profit under the Corporation or under any body corporate in which the Corporation shall be a shareholder or by reason of being otherwise in any way directly or indirectly interested or contracting with the Corporation either as vendor, purchaser or otherwise or being concerned in any contract or arrangement made or proposed to be entered into with the Corporation in which he is in any way directly or indirectly interested either as vendor, purchaser or otherwise nor shall any director be liable to account to the Corporation or any of its shareholders or creditors for any profit arising from any such office or place of profit; and, subject to the provisions of the Act, no contract or arrangement entered into by or on behalf of the Corporation in which any director shall be in any way directly or indirectly interested shall be avoided or voidable and no director shall be liable to account to the Corporation or any of its shareholders or creditors for any profit realized by or from any such contract or arrangement by reason of the fiduciary relationship existing or established thereby.

Subject to the provisions of the Act and to paragraph 3.18, no director shall be obliged to make any declaration of interest or refrain from voting in respect of a contract or proposed contract with the Corporation in which such director is in any way directly or indirectly interested.

6.03 Limitation of Liability

Except as otherwise provided in the Act, no director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any persons, firm or corporation including any person, firm or corporation with whom or which any moneys, securities or effects shall be lodged or deposited for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto unless the same shall happen by or through his failure to exercise the powers and to discharge the duties of his office honestly, in good faith and in the best interests of the Corporation and in connection therewith to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the board. If any director or officer of the Corporation shall be employed by or shall perform services for the Corporation otherwise than as a director or officer or shall be a member of a firm or a shareholder, director or officer of a company which is employed by or performs services for the Corporation,



the fact of his being a director or officer of the Corporation shall not disentitle such director or officer or such firm or company, as the case may be, from receiving proper remuneration for such services.

#### 6.04 Indemnity

Subject to the limitations contained in the Act, the Corporation shall indemnify a director or officer, a former director or officer, or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or such body corporate, if (a) he acted honestly and in good faith with a view to the best interest of the Corporation; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful. The Corporation shall also indemnify such person in such other circumstances as the Act permits or requires.

#### 6.05 Insurance

The Corporation may purchase and maintain insurance for the benefit of any person referred to in paragraph 6.04 against such liabilities and in such amounts as the board may from time to time determine and are permitted by the Act.

## **SECTION VII SHARES**

#### 7.01 Allotment

The board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act.

#### 7.02 Commissions

The board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

#### 7.03 Registration of Transfers

Subject to the provisions of the Act, no transfer of shares shall be registered in a securities register except upon presentation of the certificate representing such shares with an endorsement which complies with the Act made thereon or delivered therewith duly executed by an appropriate person as provided by the Act, together with such reasonable assurance that the endorsement is genuine and effective as the board may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the board, upon compliance with such restrictions on transfer as are authorized by the articles and upon satisfaction of any lien referred to in paragraph 7.05.

#### 7.04 Transfer Agents and Registrars

The board may from time to time appoint one or more agents to maintain, in respect of each class of securities of the Corporation issued by it in registered form, a securities register and one or more branch securities registers. Such a person may be designated as transfer agent and registrar according to his functions and one person may be designated both registrar and transfer agent. The board may at any time terminate such appointment.

#### 7.05 Lien for Indebtedness

The Corporation shall have a lien on any share registered in the name of a shareholder or his legal representatives for a debt of that shareholder to the Corporation, provided that if the shares of the Corporation are listed on a stock exchange in or outside Canada, the Corporation shall not have such lien. The Corporation may enforce any lien that it has on shares registered in the name of a shareholder indebted to the Corporation by the sale of the shares thereby affected or by any other action, suit, remedy or proceeding authorized or permitted by law and, pending such enforcement, the Corporation may refuse to register a transfer of the whole or any part of such shares.

#### 7.06 Non-recognition of Trusts

Subject to the provisions of the Act, the Corporation may treat as absolute owner of any share the person in whose name the share is registered in the securities register as if that person had full legal capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice or description in the Corporation's records or on the share certificate.

#### 7.07 Share Certificates

Every holder of one or more shares of the Corporation shall be entitled, at his option, to a share certificate, or to a non-transferable written acknowledgement of his right to obtain a share certificate, stating the number and class or series of shares held by him as shown on the securities register. Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, shall be in such form as the board shall from time to time approve. Any share certificate shall be signed in accordance with paragraph 2.03 and need not be under the corporate seal; provided that, unless the board otherwise determines, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of share certificates which are not valid unless countersigned by or on behalf of a transfer agent and/or registrar, the signatures of both signing officers, may be printed or mechanically reproduced in facsimile upon share certificates and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A share certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

#### 7.08 Replacement of Share Certificates

The board or any officer or agent designated by the board may in its or his discretion direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken on payment of such fee, not exceeding \$3.00, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

#### 7.09 Joint Shareholders

If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such shares.

#### 7.10 Deceased Shareholders

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

## **SECTION VIII DIVIDENDS AND RIGHTS**

### 8.01 Dividends

Subject to the provisions of the Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interest in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

### 8.02 Dividend Cheques

A dividend payable in cash shall be paid by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at his recorded address, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

### 8.03 Non-receipt of Payment

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

### 8.04 Record Date for Dividends and Rights

The board may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend or the date -for the issue of any warrant or other evidence of the right to subscribe for securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities, and notice of any such record date shall be given not less than seven days before such record date in the manner provided by the Act. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the board.

### 8.05 Unclaimed Dividends

Any dividend unclaimed after a period of six years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

## **SECTION IX MEETINGS OF SHAREHOLDERS**

### 9.01 Annual Meetings

The annual meeting of shareholders shall be held at such time in each year as the board, the Chairman of the Board (if any) or the President may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing an auditor and for the transaction of such other business as may properly be brought before the meeting.

### 9.02 Special Meetings

The board, the Chairman of the Board (if any) or the President shall have power to call a special meeting of shareholders at any time.

#### 9.03 Place of Meetings

Meetings of shareholders shall be held at the registered office of the Corporation or elsewhere in the municipality in which the registered office is situated or, if the board shall so determine, at some other place in Canada or, if all the shareholders entitled to vote at the meeting so agree, at some place outside Canada.

#### 9.04 Notice of Meetings

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in paragraph 12.01 not less than 21 days nor more than 50 days before the date of the meeting to each director, to the auditor and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditors report, election of directors and reappointment of the incumbent auditor shall state or be accompanied by a statement of the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and the text of any special resolution or by-law to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of or otherwise consent to a meeting of shareholders.

#### 9.05 List of Shareholders Entitled to Notice

For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting. If a record date for the meeting is fixed pursuant to paragraph 9.06, the shareholders listed shall be those registered at the close of business on such record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the central securities register is maintained and at the meeting for which the list was prepared.

#### 9.06 Record Date for Notice

The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 30 days, as a record date for the determination of the shareholders entitled to notice of the meeting, provided that notice of any such record date shall be given not less than seven days before such record date by newspaper advertisement in the manner provided in the Act and, if any shares of the Corporation are listed for trading on a stock exchange in Canada, by written notice to each such stock exchange. If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

#### 9.07 Meetings without Notice

A meeting of shareholders may be held without notice at any time and place permitted by the Act

- (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy waive notice of or otherwise consent to such meeting being held, and
- (b) if the auditor and the directors are present or waive notice of or otherwise consent to such meeting being held, so long as such shareholders, auditor and directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is

not lawfully called. At such a meeting any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to the meeting being held at such place.

#### 9.08 Chairman, Secretary and Scrutineers

The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: the President or a Vice-President who is a director and a shareholder. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the Secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

#### 9.09 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and the auditor of the Corporation and others who, although not entitled to vote are entitled or required under any provision of the Act or the articles or the by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

#### 9.10 Quorum

A quorum for the transaction of business at any meeting of shareholders shall be 2 persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy or proxyholder for an absent shareholder so entitled, holding or representing in the aggregate not less than 10% of the issued shares of the Corporation enjoying voting rights at such meeting.

#### 9.11 Right to Vote

Subject to the provisions of the Act as to authorized representatives of any other body corporate or association, at any meeting of shareholders for which the Corporation has prepared the list referred to in paragraph 9.05, every person who is named in such list shall be entitled to vote the shares shown opposite his name except to the extent that such person has transferred any of his shares after the record date determined in accordance with paragraph 9.06 and the transferee, having produced properly endorsed certificates evidencing such shares or having otherwise established that he owns such shares, has demanded not later than 10 days before the meeting that his name be included in such list. In any such case the transferee shall be entitled to vote the transferred shares at the meeting. At any meeting of shareholders for which the Corporation has not prepared the list referred to in paragraph 9.05, every person shall be entitled to vote at the meeting who at the time is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

#### 9.12 Proxies

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or his attorney authorized in writing and shall conform with the requirements of the Act.

#### 9.13 Time for Deposit of Proxies

The board may by resolution specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting or an adjournment thereof by not more than 48 hours exclusive of any part of a non-business day, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon

only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, only if it has been received by the Secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

#### 9.14 Joint Shareholders

If two or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy and vote, they shall vote as one the shares jointly held by them.

#### 9.15 Votes to Govern

At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws or by law, be determined by a majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall not be entitled to a second or casting vote.

#### 9.16 Show of Hands

Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

#### 9.17 Ballots

On any question proposed for consideration at a meeting of shareholders, and whether or not a vote by show of hands has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

#### 9.18 Adjournment

The chairman at the meeting of shareholders may with the consent of the meeting and subject to such conditions as the meeting may decide, or where otherwise permitted under the provisions of the Act, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned, If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

#### 9.19 Resolution in Writing

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a written statement with respect to the subject matter of the resolution is submitted by a director or the auditor in accordance with the Act.

## **SECTION X INFORMATION AVAILABLE TO SHAREHOLDERS**

### 10.01 Information Available to Shareholders

Except as provided by the Act, no shareholder shall be entitled to discovery of any information respecting any details or conduct of the Corporation's business which in the opinion of the directors it would be inexpedient in the interests of the Corporation to communicate to the public.

### 10.02 Directors' Determination

The directors may from time to time, subject to the rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books and registers and accounting records of the Corporation or any of them shall be open to the inspection of shareholders and no shareholder shall have any right to inspect any document or book or register or accounting record of the Corporation except as conferred by statute or authorized by the board or by a resolution of the shareholders in general meeting.

## **SECTION XI DIVISIONS AND DEPARTMENTS**

### 11.01 Creation and Consolidation of Divisions

The board may cause the business and operations of the Corporation or any part thereof to be divided or to be segregated into one or more divisions upon such basis, including without limitation, character or type of operation, geographical territory, product manufactured or service rendered, as the board may consider appropriate in each case. The board may also cause the business and operations of any such division to be further divided into sub-units and the business and operations or any such divisions or sub-units to be consolidated upon such basis as the board may consider appropriate in each case.

### 11.02 Name of Division

Any division or its sub-units may be designated by such name as the board may from time to time determine and may transact business under such name, provided that the Corporation shall set out its name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Corporation.

### 11.03 Officers of Division

From time to time the board or, if authorized by the board, the Chief Executive Officer, may appoint one or more officers for any division, prescribe their powers and duties and settle their terms of employment and remuneration. The board or, if authorized by the board, the Chief Executive Officer, may remove at its or his pleasure any officer so appointed, without prejudice to such officer's rights under any employment contract. Officers of divisions or their sub-units shall not, as such, be officers of the Corporation.

## **SECTION XII NOTICES**

### 12.01 Method of Giving Notices

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to him at his recorded address by prepaid mail or if sent to him at his recorded address by any means of prepaid transmitted or, recorded communication. A notice so delivered shall be deemed to have been given

when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box and shall be deemed to have been received on the fifth day after so depositing; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The Secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by him to be reliable.

#### 12.02 Signature to Notices

The signature of any director or officer of the Corporation to any notice or document to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

#### 12.03 Proof of Service

A certificate of the Chairman of the Board (if any), the President, a Vice-President, the Secretary or the Treasurer or of any other officer of the Corporation in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of shares of any class of the Corporation as to the facts in relation to the mailing or delivery of any notice or other document to any shareholder, director, officer or auditor or publication of any notice or other document shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation as the case may be.

#### 12.04 Notice to Joint Shareholders

All notices with respect to shares registered in more than one name shall, if more than one address appears on the records of the Corporation in respect of such joint holdings, be given to all of such joint shareholders at the first address so appearing, and notice so given shall be sufficient notice to the holders of such shares.

#### 12.05 Computation of Time

In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event both the date of giving the notice and the date of the meeting or other event shall be excluded.

#### 12.06 Undelivered Notices

If any notice given to a shareholder pursuant to paragraph 12.01 is returned on three consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he informs the Corporation in writing of his new address.

#### 12.07 Omissions and Errors

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise found thereon.

#### 12.08 Deceased Shareholders

Any notice or other document delivered or sent by post or left at the address of any shareholder as the same appears in the records of the Corporation shall, notwithstanding that such shareholder be then deceased, and whether or not the Corporation has notice of his decease, be deemed to have been duly served in respect of the shares held by such shareholder (whether held solely or with any person or persons) until some other person be entered in his stead in the records of the Corporation as the holder or one of the holders thereof and such service shall for all purposes be deemed a sufficient service of such notice or document on his heirs, executors or administrators and on all persons, if any, interested with him in such shares.



#### 12.09 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall, have been duly given to the shareholder from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.

#### 12.10 Waiver of Notice

Any shareholder (or his duly appointed proxyholder), director, officer, auditor or member of a committee of the board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provision of the Act, the regulations thereunder, the articles, the by-laws or otherwise and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board or of a committee of the board which may be given in any manner.

### **SECTION XIII BORROWING POWERS OF THE DIRECTORS**

#### 13.01 Borrowing Power.

Without limiting the borrowing powers of the Corporation as set forth in the Act, but subject to the provisions of the Act, the board may from time to time, without authorization of the shareholders:

- (1) borrow money on the credit of the Corporation;
- (2) issue, reissue, sell or pledge debt obligations of the Corporation;
- (3) give guarantees on behalf of the Corporation to secure performance of an obligation of any person;  
and
- (4) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation owned or subsequently acquired, to secure any obligation of the Corporation.

13.02 The directors may from time to time authorize any director or directors, officer or officers, employee of the Corporation or other person or persons, whether connected with the Corporation or not, to make arrangements with reference to the monies borrowed or to be borrowed as aforesaid and as to the terms and conditions of the loan thereof and as to the securities to be given therefor, with power to vary or modify such arrangements, terms and conditions and to give such additional debt obligations for any monies borrowed or remaining due by the Corporation as the directors of the Corporation may authorize and generally to manage, transact and settle the borrowing of money by the Corporation.

13.03 The directors may from time to time authorize any director or directors, officer or officers, employee of the Corporation or other person or persons, whether connected with the Corporation or not, to sign, execute and give on behalf of the Corporation all documents, agreements and promises necessary or desirable for the purposes aforesaid and to draw, make, accept, endorse, execute and issue cheques, promissory notes, bills of exchange, bills of lading and other negotiable or transferable instruments and the same and all renewals thereof or substitutions therefor so signed shall be binding upon the Corporation.

13.04 The words "**debt obligations**" as used in this Section 13 mean bonds, debentures, notes or other similar obligations or guarantees of such an obligation, whether secured or unsecured.

**SECTION XIV  
BUSINESS OF THE CORPORATION**

14.01 Registered Office.

The registered office of the Corporation shall be in the municipality or geographic township specified in its Articles, and at such place therein as the directors of the Corporation may from time to time by resolution determine.

14.02 Corporate Seal.

The corporate seal of the Corporation, if any, shall be such seal as the directors of the Corporation may from time to time by resolution adopt.

14.03 Banking Arrangements.

The banking business of the Corporation or any part thereof shall be transacted with such chartered banks, trust companies or other financial institutions as the board may by resolution from time to time determine.

Cheques on the bank accounts, drafts drawn or accepted by the Corporation, promissory notes given by it, acceptances, bills of exchange, orders for the payment of money and other instruments of a like nature may be made, signed, drawn, accepted or endorsed, as the case may be, by such officer or officers, person or persons as the board of directors may by resolution from time to time name for that purpose.

Cheques, promissory notes, bills of exchange, orders for the payment of money and other negotiable paper may be endorsed for deposit to the credit of the Corporation's bank account by such officer or officers, person or persons, as the board of directors may by resolution from time to time name for that purpose, or they may be endorsed for such deposit by means of a stamp bearing the Corporation's name.

14.04 Execution of Instruments.

Any instruments in writing may be signed in the name of and on behalf of the Corporation by two persons, one of whom holds the office of Chairman of the Board, President, Vice-President or director and the other of whom holds one of the said offices or the office of Secretary or Treasurer and any instrument in writing so signed shall be binding upon the Corporation without any further authorization or formality. In the event that the Corporation has only one officer and director, that person alone may sign any instruments in writing in the name of and on behalf of the Corporation. The board of directors shall have power from time to time by resolution to appoint any other officer or officers or any person or persons on behalf of the Corporation either to sign instruments in writing generally or to sign specific instruments in writing. The corporate seal, if any, may be affixed to any instruments in writing on the authority of any of the persons named in this section.

The term "**instruments in writing**" as used herein shall, without limiting the generality thereof, include contracts, documents, deeds, mortgages, hypothecs, charges, security interests, conveyances, transfers and assignments of property (real or personal, immovable or movable), agreements, tenders, releases, proxies, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, stocks, bonds, debentures or other securities and all paper writings.

14.05 Investments.

In particular, without limiting the generality of the foregoing, execution as provided in Section 11.4 hereof shall be adequate to sell, assign, transfer, exchange, convert or convey any securities, rights and warrants.

14.06 Voting Securities in Other Companies.

All securities carrying voting rights in any other body corporate held from time to time by the Corporation may be voted at all meetings of holders of such securities in such manner and by such person or persons as the board of the Corporation from time to time determines. In the absence of action by the board, the proper signing officers of the Corporation may also from time to time execute and deliver for and on behalf of the Corporation instruments of proxy and arrange for the issuance of voting certificates and other evidence of right to vote in such names as they may determine.

#### 14.07 Solicitors.

Either the President or the Secretary shall have power from time to time to instruct solicitors to institute or defend actions or other legal proceedings for the Corporation without any specific resolution or retainer or instructions from the board provided, however, that the board may give instructions superseding or varying such instructions.

#### 14.08 Custody of Securities.

The directors may from time to time by resolution provide for the deposit and custody of securities of the Corporation. All share certificates, bonds, debentures, debenture stock certificates, notes or other obligations or securities belonging to the Corporation, may be issued or held in the name of a nominee or nominees of the Corporation (and if issued or held in the name of more than one nominee shall be held in the names of the nominees jointly with right of survivorship) and may be endorsed in blank with endorsement guaranteed in order to enable transfers to be completed and registration to be effected.

#### 14.09 Charging Assets.

The board may from time to time charge, hypothecate, mortgage or pledge any or all of the assets of the Corporation not only by means of bonds and debentures by way of fixed charge or charges or by way of floating charge or charges, but also by any other instrument or instruments for the purposes of securing any past or existing or new or future liability direct or indirect of the Corporation or for the purpose of securing any bonds, debentures or other securities or liabilities of the Corporation or of any other body corporate.

#### 14.10 Invalidity of Any Provisions of this By-Law.

The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.

#### 14.11 Fiscal Year.

The fiscal year of the Corporation shall terminate on such day in each year as is from time to time established by the board of directors.