

**BONANZA BLUE CORP.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON NOVEMBER 11, 2016**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**DATED SEPTEMBER 30, 2016**

## BONANZA BLUE CORP.

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TAKE NOTICE THAT an annual and special meeting (the “Meeting”) of the holders (“**Shareholders**”) of common shares (“**Common Shares**”) of Bonanza Blue Corp. (the “**Corporation**”) will be held at the law offices of Cassels Brock & Blackwell LLP, Suite 2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2 on November 11, 2016 at 10:00 a.m. for the following purposes:

1. to receive the Corporation’s audited financial statements for the fiscal year ended December 31, 2016 together with the report of the auditor thereon;
2. to (a) appoint Stern & Lovrics LLP as auditor of the Corporation to hold office until the Change of Auditor Time (as defined in the Circular) and Jackson & Company, Chartered Accountants as auditor of the Corporation for the period following the Change of Auditor Time; and (b) authorize the directors of the Corporation to fix the remuneration of the auditors so appointed, as more fully described in the management information circular dated September 30, 2016 (the “**Circular**”) accompanying this notice of Meeting;
3. (A) to elect directors of the Corporation (the “**Current Slate**”) to serve from the close of the Meeting until the earlier of (i) the close of the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed and (ii) the effective time (the “**Change of Board Time**”) of completion of the proposed transaction (the “**RTO**”) with Cannabis Royalties & Holdings Corp. (“**CRHC**”), as more fully described in the Circular; and (B) to elect new directors of the Corporation (the “**New Slate**”) to serve from the Change of Board Time until the close of the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed, as more fully described in the Circular;
4. to consider, and, if deemed appropriate, to pass, with or without variation, an ordinary resolution approving a new stock option plan for the Corporation (attached as Schedule “B” to the Circular), as more fully described in the Circular;
5. to consider, and, if deemed appropriate, to pass, with or without variation, an ordinary resolution approving the share unit plan of the Corporation (attached as Schedule “C” to the Circular), as more fully described in the Circular;
6. to consider and, if deemed appropriate, to pass, with or without variation, a special resolution approving an amendment to the articles of the Corporation to consolidate the issued and outstanding common shares in the capital of the Corporation at a ratio of one (1) post-consolidation common share for every five (5) pre-consolidation common shares (the “**Consolidation**”), as more fully described in the Circular;
7. to consider and, if deemed appropriate, to pass, with or without variation, a special resolution approving an amendment to the articles of the Corporation to change the name of the Corporation to “CannaRoyalty Corp.”, or such other name as the board of directors of the Corporation (the “**Board**”), in its sole discretion, deems appropriate, as more fully described in the Circular;
8. to consider and, if deemed appropriate, to pass, with or without variation, a special resolution approving an amendment to the articles of the Corporation to set the number of directors of the Corporation at not less than one (1) and not more than ten (10);
9. to consider and, if deemed appropriate, pass with or without variation, an ordinary resolution approving, ratifying, and confirming all acts, proceedings, contracts, appointments, elections, payments and by-laws, done, instituted, made and enacted by the directors and officers of the Corporation since the date of incorporation as the same are set out or referred to in the resolutions of

the directors or in the financial statements or otherwise properly enacted, passed, made done or taken, as more fully described in the Circular;

10. to consider and, if deemed appropriate, pass with or without variation, an ordinary resolution approving and ratifying the new By-law No. 1 of the Corporation (attached as Schedule "D" to the Circular), as more fully described in the Circular; and
11. to transact such other business as may be properly brought before the Meeting or any adjournment(s) or postponement(s) thereof.

The nature of the business to be transacted at the Meeting is described in further detail in the accompanying Circular. The Circular is deemed to form part of this notice of Meeting. Please read the Circular carefully before you vote on the matters presented at the Meeting.

The Board has fixed September 13, 2016 as the record date for determining Shareholders who are entitled to receive notice of and to vote at the Meeting. Only Shareholders whose names have been entered in the register of holders of Common Shares on the close of business on that date are entitled to notice of the Meeting and to vote at the Meeting or at any adjournment(s) or postponement(s) thereof.

### **IMPORTANT**

**Registered Shareholders may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment(s) or postponement(s) 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 enclosed proxy must be mailed or faxed so as to reach or be deposited with the Corporation's transfer agent, TSX Trust Company, 200 University Ave., Suite 300, Toronto, ON M5H 4H1 or fax (416) 595-9593. To vote by internet, please access the website listed on your proxy and follow the online voting instructions. Proxies must be received no later than 10:00 a.m. (Toronto time) on Wednesday, November 9, 2016, or 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Ontario) prior to the time set for any adjournment of the Meeting. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy. If you hold Common Shares through a broker, investment dealer, bank, trust company or other intermediary, you should follow the instructions provided by your intermediary to ensure your vote is counted at the Meeting (see the section in the accompanying Circular entitled "Advice to Beneficial Holders" for further information on how to vote your Common Shares).

**DATED** at Toronto, Ontario this 30th day of September, 2016.

**By Order of the Board of Directors of Bonanza Blue Corp.**

*(signed) "Eric Klein"*

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Eric Klein  
Chief Executive Officer

**BONANZA BLUE CORP.**  
**MANAGEMENT INFORMATION CIRCULAR**  
**SOLICITATION OF PROXIES**

**This management information circular (this “Circular”) is provided in connection with the solicitation of proxies by management of Bonanza Blue Corp. (the “Corporation”) for use at an annual and special meeting (the “Meeting”) of the holders (“Shareholders”) of common shares (“Common Shares”) in the capital of the Corporation.** The Meeting will be held on November 11, 2016 at 10:00 a.m. at the law offices of Cassels Brock & Blackwell LLP, Suite 2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, M5H 3C2, or at such other time or place to which the Meeting may be adjourned, for the purposes set forth in the notice of annual and special meeting accompanying this Circular (the “**Notice**”).

Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other means of electronic communication. In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), arrangements have been made with brokerage houses and other intermediaries, clearing agencies, custodians, nominees and fiduciaries to forward solicitation materials to the beneficial owners of the Common Shares held of record by such persons and the Corporation may reimburse such persons for reasonable fees and disbursements incurred by them in doing so. The costs thereof will be borne by the Corporation.

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

Accompanying this Circular (and filed with applicable securities regulatory authorities) is a form of proxy for use at the Meeting (an “**Instrument of Proxy**”). Each Shareholder who is entitled to attend at meetings of shareholders is encouraged to participate in the Meeting and all Shareholders are urged to vote on matters to be considered in person or by proxy.

Unless otherwise stated, the information contained in this Circular is given as of September 30, 2016 (the “**Effective Date**”).

Unless otherwise stated, all references to numbers of Common Shares and other securities are pre-consolidation numbers (that is, prior to giving effect to the proposed consolidation of the Common Shares at a ratio of five (5) pre-consolidation shares for one (1) post-consolidation share to be considered at the Meeting).

All time references in this Circular are references to Toronto time.

**APPOINTMENT AND REVOCATION OF PROXIES**

**Appointment of a Proxy**

**Those Shareholders who wish to be represented at the Meeting by proxy must complete and deliver a proper form of proxy to TSX Trust Company (the “Transfer Agent”) either in person, or by mail or courier, to 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1, by fax at (416) 595-9593 or via the Internet at [www.tsxtrust.com](http://www.tsxtrust.com).**

**The persons named as proxyholders in the Instrument of Proxy accompanying this Circular are directors or officers of the Corporation, or persons designated by management of the Corporation, and are representatives of the Corporation’s management for the Meeting. A Shareholder who**

wishes to appoint some other person (who need not be a Shareholder) to attend and act for him, her or it and on his, her or its behalf at the Meeting other than the management nominee designated in the Instrument of Proxy may do so by either: (i) crossing out the names of the management nominees AND legibly printing the other person's name in the blank space provided in the accompanying Instrument of Proxy; or (ii) completing another valid form of proxy. In either case, the completed form of proxy must be delivered to the Transfer Agent, at the place and within the time specified herein for the deposit of proxies. A Shareholder who appoints a proxy who is someone other than the management representatives named in the Instrument of Proxy should notify such alternative nominee of the appointment, obtain the nominee's consent to act as proxy, and provide instructions on how the Common Shares are to be voted. The nominee should bring personal identification to the Meeting. In any case, the form of proxy should be dated and executed by the Shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy form).

**In order to validly appoint a proxy, Instruments of Proxy must be received by the Transfer Agent, at 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1, at least 48 hours, excluding Saturdays, Sundays and holidays, prior to the Meeting or any adjournment or postponement thereof.** After such time, the Chairman of the Meeting may accept or reject a form of proxy delivered to him in his discretion but is under no obligation to accept or reject any particular late form of proxy.

### **Revoking a Proxy**

A Shareholder who has validly given a proxy may revoke it for any matter upon which a vote has not already been cast by the proxyholder appointed therein. In addition to revocation in any other manner permitted by law, a proxy may be revoked with an instrument in writing signed and delivered to either the registered office of the Corporation or the Transfer Agent, 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1, at any time up to and including the last business day preceding the date of the Meeting, or any postponement or adjournment thereof at which the proxy is to be used, or deposited with the Chairman of such Meeting on the day of the Meeting, or any postponement or adjournment thereof. The document used to revoke a proxy must be in writing and completed and signed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

Also, a Shareholder who has given a proxy may attend the Meeting in person (or where the Shareholder is a corporation, its authorized representative may attend), revoke the proxy (by indicating such intention to the Chairman before the proxy is exercised) and vote in person (or withhold from voting).

### **Signature on Proxies**

The form of proxy must be executed by the Shareholder or his or her duly appointed attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer whose title must be indicated. A form of proxy signed by a person acting as attorney or in some other representative capacity should indicate that person's capacity (following his signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has been previously filed with the Corporation).

### **Voting of Proxies**

Each Shareholder may instruct his, her or its proxy how to vote his, her or its Common Shares by completing the blanks on the Instrument of Proxy.

**The Common Shares represented by the enclosed Instrument of Proxy will be voted or withheld from voting on any motion, by ballot or otherwise, in accordance with any indicated instructions. If a Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. In the absence of such direction, such Common Shares will be voted FOR THE RESOLUTIONS DESCRIBED IN THE INSTRUMENT OF PROXY AND BELOW. If**

any amendment or variation to the matters identified in the Notice is proposed at the Meeting or any adjournment or postponement thereof, or if any other matters properly come before the Meeting or any adjournment or postponement thereof, the accompanying Instrument of Proxy confers discretionary authority to vote on such amendments or variations or such other matters according to the best judgment of the appointed proxyholder. Unless otherwise stated, the Common Shares represented by a valid Instrument of Proxy will be voted in favour of the election of nominees set forth in this Circular except where a vacancy among such nominees occurs prior to the Meeting, in which case, such Common Shares may be voted in favour of another nominee in the proxyholder's discretion. As at the Effective Date, management of the Corporation knows of no such amendments or variations or other matters to come before the Meeting.

### **Advice to Beneficial Shareholders**

**The information set forth in this section is of importance to many Shareholders, as a substantial number of Shareholders do not hold Common Shares in their own name.** Shareholders who hold their Common Shares through brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name (“**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders who are registered shareholders (that is, shareholders whose names appear on the records maintained by the registrar and transfer agent for the Common Shares as registered holders of Common Shares) will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those Common Shares will, in all likelihood, not be registered in the Shareholder's name. Such Common Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted at the direction of the Beneficial Shareholder. Without specific instructions, brokers (or their agents and nominees) are prohibited from voting shares for the broker's clients. Subject to the following discussion in relation to NOBOs (as defined below), the Corporation does not know for whose benefit the shares of the Corporation registered in the name of CDS & Co., a broker or another nominee, are held.

There are two categories of Beneficial Shareholders for the purposes of applicable securities regulatory policy in relation to the mechanism of dissemination to Beneficial Shareholders of proxy-related materials and other securityholder materials and the request for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners (“**NOBOs**”) are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Corporation, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. **Securities legislation restricts the use of that information to matters strictly relating to the affairs of the Corporation.** Objecting beneficial owners (“**OBOs**”) are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Corporation.

Beneficial Shareholders will receive a notice of meeting and a voting instruction form from the intermediary who holds their Common Shares. The intermediary is responsible for properly executing the voting instructions received from Beneficial Shareholders.

Applicable securities regulatory policy requires intermediaries, on receipt of Meeting Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings on Form 54-101F7 – *Request for Voting Instructions Made by Intermediaries* (“**Form 54-107F5**”). Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting or any adjournment(s) or postponement(s) thereof. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered shareholders; however, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. Beneficial

Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to attend at the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Circular. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically mails a voting instruction form in lieu of the form of proxy. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Broadridge will then provide aggregate voting instructions to the Transfer Agent, which tabulates the results and provides appropriate instructions respecting the voting of shares to be represented at the Meeting or any adjournment or postponement thereof.

All references to Shareholders in this Circular and the accompanying Instrument of Proxy and Notice are to registered Shareholders unless specifically stated otherwise.

## **PROPOSED TRANSACTION**

### **Background**

The Corporation was initially formed in order to acquire an interest in and to explore mineral prospects. In 1989, the Corporation abandoned its mineral prospects and in 1991, it acquired Best Sports Distribution Ltd., which was engaged in the development and distribution of sporting equipment. During 1994, operations of the Corporation ceased due to lack of funds and other factors. In June of 2011, the Corporation was recapitalized and a new board and management team was put in place with a focus of identifying of prospective assets or businesses to acquire or merge with, with a view to increasing value for shareholders.

### **Proposed Transaction**

On June 30, 2016 the Corporation has entered into a definitive agreement (the “**Definitive Agreement**”) with Cannabis Royalties & Holdings Corp. (“**CRHC**”) to provide for the completion of a reverse takeover of the Corporation (the “**RTO**”). It is proposed that the RTO will be structured as a “three-cornered” amalgamation under the provisions of the *Canada Business Corporation Act* (“**CBCA**”), pursuant to which, among other things, CRHC will become a wholly-owned subsidiary of the Corporation or otherwise combine its corporate existence with that of the Corporation. Upon completion of the RTO, the Corporation intends to change its name to “CannaRoyalty Corp.”, or such other name as may be determined by the directors and acceptable to regulatory authorities. All references herein to the “**Resulting Issuer**” refer to the Corporation after completion of the RTO.

CRHC is a privately held company incorporated pursuant to the CBCA. CRHC provides an integrated approach to the legal cannabis sector with a focus on three key verticals: brands and intellectual property, delivery systems and devices, and extraction. CRHC contributes strategic capital and expertise to maximize the return potential of its diversified portfolio of assets and holdings.

In connection with the RTO, CRHC has completed a private placement (the “**Offering**”) of 2,502,000 subscription receipts at a price of \$2.00 per subscription receipt raising gross proceeds of approximately \$5 million through a syndicate of agents co-led by Clarus Securities Inc. and Sprott Private Wealth LP (together, the “**Co-Lead Agents**”), and including Bloom Burton & Co. and KES 7 Capital Inc (collectively with the Co-Lead Agents, the “**Agents**”). The proceeds from the sale of the subscription receipts, less 50% of the Agents’ Fees (as defined below) and the expenses of the Agents (the “**Escrowed Proceeds**”) have been deposited in escrow and the subscription receipts will be automatically converted into common shares in the capital of CRHC upon collectively, (i) the completion, satisfaction or waiver, as the case may be, of all conditions precedent to the RTO set forth in the letter agreement dated June 30,

2016 between the Corporation and CRHC, to the satisfaction of the Co-Lead Agents, acting reasonably, other than the filing of the articles of amalgamation; (ii) the receipt of all required shareholder, third party (as applicable) and regulatory approvals in connection with the RTO; (iii) the listing of the common shares of the Resulting Issuer on the Canadian Securities Exchange (the “CSE”) shall have been conditionally approved; and (iv) the representations and warranties of CRHC in the agency agreement dated effective August 17, 2016, between the Agents and CRHC are true and correct at the closing of the Offering and the date of the release of the Escrowed Proceeds, except to the extent that the failure of such representations and warranties to be so true and correct, individually or in the aggregate, would not have a material adverse effect (the “**Escrow Release Conditions**”).

Pursuant to the Definitive Agreement, the Corporation agreed to undertake an equity financing for gross proceeds of not less than \$50,000 and not more than \$95,000 in cash, which will be completed by way of an issuance of subscription receipts at a price of \$0.75, with each subscription receipt entitling the holder to one post-Consolidation common share of the Corporation.

Upon the successful completion of the RTO, each CRHC share, including those issued pursuant to conversion of the subscription receipts, will be exchanged for one post-Consolidation common share of the Corporation. If the Escrow Release Conditions have not been satisfied within three months of October 4, 2016, holders of subscription receipts will be refunded the gross proceeds paid for the subscription receipts, plus any accrued interest, and the subscription receipts will be cancelled.

**SHAREHOLDERS ARE NOT REQUIRED TO APPROVE THE RTO.** However, the RTO is very important to the Corporation and certain matters to be considered at the Meeting are conditions to the RTO and necessary in order to permit the Corporation to complete the RTO. In connection with the RTO, an application is expected to be made to list the common shares of the Resulting Issuer on the CSE. Conditional approval for listing of the Resulting Issuer’s common shares on the CSE (the “**Proposed Listing**”) is a condition precedent to the completion of the RTO. Accordingly, if the Proposed Listing is conditionally approved by the CSE, full details regarding CRHC and the RTO will be disclosed by the Corporation prior to completion of the RTO in a CSE Form 2A: Listing Statement (the “**Listing Statement**”) that will be posted on the Corporation’s SEDAR profile on [www.sedar.com](http://www.sedar.com) pursuant to Section 7.2 of Policy 2 of the CSE. Management of the Corporation will endeavour to post the Listing Statement on SEDAR as quickly as possible; however, the posting thereof will be dependent on prior receipt of CSE conditional approval for the Proposed Listing and may not occur until after the date of the Meeting. Shareholders are urged to review the press releases issued by the Corporation on June 30, 2016, August 18, 2016 and October 4, 2016 announcing the proposed RTO and the entering into of the Definitive Agreement as well as the Listing Statement if, as and when filed on SEDAR, as it will contain important disclosure regarding the Resulting Issuer and the RTO.

Subject to receipt of all requisite approvals, including from the CSE, the RTO is anticipated to be completed prior to the end of 2016. Approval of certain of the resolutions sought to be passed by the Shareholders at the Meeting will be conditions to the completion of the RTO. Failure to pass these resolutions could impede or prevent the completion of the RTO. There can be no assurance that the RTO will be completed as proposed, or at all.

#### **VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

Shareholders of record as of September 13, 2016 (the “**Record Date**”) are entitled to receive notice and attend and vote at the Meeting. As at the Effective Date, the Corporation had 8,055,009 issued and outstanding Common Shares. These Common Shares are the only voting shares of the Corporation which are issued and outstanding as of the Record Date. Each Common Share entitles the holder to one vote in respect of any matter that may come before the Meeting.



To the knowledge of the directors and officers of the Corporation, as at the Effective Date, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over, more than 10% of the issued and outstanding Common Shares, other than:

| Name                    | Type of Ownership             | Number of Common Shares Owned or Controlled at the Effective Date <sup>(1)</sup> | Percent of Outstanding Common Shares |
|-------------------------|-------------------------------|--|--------------------------------------|
| FSC Abel Financial Inc. | Beneficial                    | 1,975,000  | 24.5%                                |
| Brillco Inc.            | Both of Record and Beneficial | 1,875,000  | 23.3%                                |

<sup>(1)</sup> As at the Effective Date, there were 8,055,009 Common Shares issued and outstanding.

## INDEBTEDNESS OF DIRECTORS AND OFFICERS

No directors or officers of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any one of them, is or was indebted, directly or indirectly, to the Corporation or its subsidiaries at any time since the beginning of the financial year ended December 31, 2015.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Circular, no director or officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any other insider of the Corporation, nor any associate or affiliate of any one of them, has or has had, at any time since the beginning of the financial year ended December 31, 2015, any material interest, direct or indirect, in any transaction or proposed transaction that has materially affected or would materially affect the Corporation.

## INTEREST OF DIRECTORS AND OFFICERS IN MATTERS TO BE ACTED UPON

No director or senior officer of the Corporation, nor any proposed nominee for election as a director of the Corporation, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

## EXECUTIVE COMPENSATION

The following table provides information for the most recently completed financial years of the Corporation ended December 31, 2013, 2014 and 2015 regarding all compensation paid to or earned by the individuals who served as President and Chief Executive Officer and Chief Financial Officer of the Corporation during the fiscal year ended December 31, 2015 (collectively, the “**Named Executive Officers**”). The Corporation had no executive officers whose total salary and bonus during the financial year ended December 31, 2015 exceeded \$150,000.

### Summary Compensation Table

| Name and Principal Position                       | Year Ended December 31, | Salary | Share-based awards | Option-based awards <sup>(1)</sup> | Non-equity incentive plan compensation |                           | Pension value | All other compensation  | Total compensation |
|---|-------------------------|--------|--------------------|------------------------------------|--|---------------------------|---------------|-------------------------|--------------------|
|   |                         |        |                    |                                    | Annual Incentive Plans                 | Long-term incentive plans |               |                         |                    |
| Eric Klein, President and Chief Executive Officer | 2015                    | Nil    | Nil                | Nil                                | Nil                                    | Nil                       | Nil           | Nil                     | Nil                |
|   | 2014                    | Nil    | Nil                | Nil                                | Nil                                    | Nil                       | Nil           | Nil                     | Nil                |
|   | 2013                    | Nil    | Nil                | Nil                                | Nil                                    | Nil                       | Nil           | Nil                     | Nil                |
| Carmelo Marrelli, Chief Financial Officer         | 2015                    | Nil    | Nil                | Nil                                | Nil                                    | Nil                       | Nil           | \$12,680 <sup>(1)</sup> | \$12,680           |
|   | 2014                    | Nil    | Nil                | Nil                                | Nil                                    | Nil                       | Nil           | \$6,500 <sup>(1)</sup>  | \$6,500            |
|   | 2013                    | Nil    | Nil                | Nil                                | Nil                                    | Nil                       | Nil           | \$10,155 <sup>(1)</sup> | \$10,155           |

Notes:

<sup>(1)</sup> Paid to Marrelli Support Services Inc. for the provision of Mr. Marrelli’s services to the Corporation as Chief Financial Officer.

## Outstanding Share-Based Awards and Option-Based Awards

Set forth in the table below is a summary of all share-based and option-based awards held by each of the Named Executive Officers outstanding as of December 31, 2015.

| Option-Based Awards |   |                            |                        |  | Share-Based Awards   |  |
|---------------------|---|----------------------------|------------------------|--|--|--|
| Name                | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options <sup>(1)</sup> | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) |
| Eric Klein          | Nil   | N/A                        | N/A                    | N/A  | N/A  | N/A  |
| Carmelo Marrelli    | Nil   | N/A                        | N/A                    | N/A  | N/A  | N/A  |

For further details concerning the stock option plan of the Corporation (the “Option Plan”), please see “Matters to be Considered at the Meeting – Approval of Stock Option Plan” below.

## Incentive Plan Awards – Value Vested During the Year

Set forth below is a summary of the value vested during the financial year of the Corporation ended December 31, 2015 in respect of all option-based and share-based awards and non-equity incentive plan compensation granted to the Named Executive Officers.

| Name             | Option-based awards – value vested during the year (\$) | Share-based awards – value vested during the year (\$) | Non-equity incentive plan compensation – value earned during the year (\$) |
|------------------|---|--|--|
| Eric Klein       | Nil   | Nil  | Nil  |
| Carmelo Marrelli | Nil   | Nil  | Nil  |

For further details concerning the incentive plans of the Corporation, please see “Matters to be Considered at the Meeting – Approval of Stock Option Plan” below.

## COMPENSATION DISCUSSION AND ANALYSIS

### Overview

The Board is responsible for setting the overall compensation strategy of the Corporation and for evaluating and approving the compensation of directors and executive officers. The Corporation has not delegated these responsibilities to a separate board committee. The Board annually reviews the base salary, incentive compensation and long-term compensation for the Corporation’s executive officers to determine if the compensation package for executive officers continues to be appropriate, given the status and activities of the business, or if any modifications are required. Factors considered by the Board in establishing suitable compensation packages for its executive officers include, the early stage of development of the Corporation, activity level, the small number of executive officers, financial resources available to the Corporation, competitive factors and the time committed by the executive officer to the affairs of the Corporation.

### Objectives of Compensation Program

It is the objective of the Corporation’s compensation program to attract and retain highly qualified executives and to link incentive compensation to performance and shareholder value. It is the goal of the Board to endeavour to ensure that the compensation of executive officers is sufficiently competitive to achieve the objectives of the executive compensation program. The Board gives consideration to the Corporation’s contractual obligations, performance, quantitative financial objectives including relative shareholder return as well as to the qualitative aspects of the individual’s performance and achievements.

### *Role of Executive Officers in Compensation Decisions*

The Board will receive and review any recommendations of the President and Chief Executive Officer relating to the general compensation structure and policies and programs for the Corporation and the salary and benefit levels for executive officers.

### *Elements of the Compensation Program*

The Corporation's compensation program comprises (i) base salary, if appropriate in the circumstances, and (ii) long term incentives including the Option Plan. Each component of the executive compensation program is addressed below.

#### Base Salaries and Benefits

Salaries for executive officers, if any, are reviewed annually based on the nature and extent of the current activities of the Corporation, corporate and personal performance and on individual levels of responsibility. Salaries of the executive officers are not determined based on a specific formula. The Board considers, and, if thought appropriate, approves salaries recommended by the President and Chief Executive Officer for the other executive officers of the Corporation. As stated above, base salaries, if any, are established to be competitive in order to attract and retain highly qualified executives.

The Corporation does not provide any pension or retirement benefits to its executive officers.

#### Long Term Incentives and Stock Option Plan

The Board administers the Plan that is designed to provide a long-term incentive that is linked to shareholder value. The Board determines the number of options to be granted to each executive officer based on the level of responsibility and experience required for the position. The Board regularly reviews and where appropriate adjusts the number of options granted to individuals and determines the vesting provisions of such options. The Board sets the number of options as appropriate designed to attract and retain qualified and talented personnel. The Board also takes account of the Corporation's contractual obligations and the award history for all participants in the Plan.

#### Option based awards

A description of the process that the Corporation uses to grant option-based awards to executive officers including the role of the Board and executive officers, is included under the heading "*Compensation Discussion and Analysis – Elements of Compensation Program – Long Term Incentives and Stock Option Plan*" above. Also for an additional description of the stock option plan of the Corporation see "Matters to be Considered at the Meeting – Approval of Stock Option Plan" below.

The Corporation did not grant any option-based awards to executive officers during the year ended December 31, 2015. As a condition precedent to the RTO, the Definitive Agreement contemplates the issuance of options to acquire an aggregate of 75,000 post-Consolidation common shares of the Corporation to certain directors of the Corporation, each exercisable at a price of \$1.00 for a period of one year following the closing of the RTO.

### **TERMINATION OF EMPLOYMENT, CHANGE IN RESPONSIBILITIES AND EMPLOYMENT CONTRACTS**

There are currently no employment contracts between the Corporation and any Named Executive Officer, nor any compensatory plan, contract or arrangement where a Named Executive Officer is entitled to receive payments from the Corporation in the event of a resignation, retirement or any other termination of the Named Executive Officer's employment with the Corporation, a change of control of the Corporation or a change in the Named Executive Officer's responsibilities following a change of control.

## COMPENSATION OF DIRECTORS

Directors are currently not paid any fees for their services as directors of the Corporation but are reimbursed for travel and other out-of-pocket expenses incurred in attending directors' and shareholders' meetings. Directors are also entitled to receive compensation to the extent that they provide additional services to the Corporation at rates that would be charged by such directors for such services to arm's length parties. No such additional services were provided to the Corporation by any director in fiscal 2015. Directors are also entitled to participate in the Option Plan.

### Director Compensation

The following table provides a summary of all annual and long-term compensation for services rendered in all capacities to the Corporation for the fiscal year ended December 31, 2015, in respect of the individuals who were, during the fiscal year ended December 31, 2015, directors of the Corporation other than the Named Executive Officers.

| Name          | Fees Earned | Share-based awards | Option-based awards | Non-equity incentive plan compensation | Pension value | All other compensation | Total |
|---------------|-------------|--------------------|---------------------|--|---------------|------------------------|-------|
| David Brill   | Nil         | Nil                | Nil                 | Nil                                    | Nil           | Nil                    | Nil   |
| Vernon Nelson | Nil         | Nil                | Nil                 | Nil                                    | Nil           | Nil                    | Nil   |

### Outstanding Share-Based Awards and Option-Based Awards

Set forth in the table below is a summary of all share-based and option-based awards held by each of the directors of the Corporation other than the Named Executive Officers as of December 31, 2015.

| 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 (\$) <sup>(1)</sup> | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) |
| David Brill   | Nil   | N/A                        | N/A                    | N/A   | N/A  | N/A  |
| Vernon Nelson | Nil   | N/A                        | N/A                    | N/A   | N/A  | N/A  |

### Incentive Plan Awards – Value Vested During the Year

Set forth below is a summary of the value vested during the financial year of the Corporation ended December 31, 2015 in respect of all option-based and share-based awards and non-equity incentive plan compensation granted to the directors of the Corporation, other than the Named Executive Officers.

| Name          | Option-based awards – value vested during the year (\$) | Share-based awards – value vested during the year (\$) | Non-equity incentive plan compensation – value earned during the year (\$) |
|---------------|---|--|--|
| David Brill   | Nil   | Nil  | Nil  |
| Vernon Nelson | Nil   | Nil  | Nil  |

## AUDIT COMMITTEE

National Instrument 52-110, *Audit Committees* (“NI 52-110”) requires that the Corporation, if management solicits proxies from the securityholders of the Corporation for the purposes of electing directors to its Board, to disclose in its information circular certain specified information, including the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

## The Audit Committee's Charter

The Corporation has adopted an Audit Committee Charter which is attached as Schedule "A" to this Circular.

### Composition of the Audit Committee

A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Corporation. A material relationship means a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.

A member of the Audit Committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation.

During the financial year ended December 31, 2015, the members of the Audit Committee were Messrs. Klein, Brill and Nelson. Each member of the Audit Committee is financially literate and, other than Mr. Klein who is a member of management, each member is independent as defined by NI 52-110.

### Relevant Education and Experience

| Name          | Relevant Education and Experience  |
|---------------|--|
| Eric Klein    | Mr. Klein is a Chartered Accountant and Chartered Business Valuator. Mr. Klein is currently the Executive Vice President of a public holding company. Previously, Mr. Klein was a partner in a consulting practice specializing in corporate finance, mergers and acquisitions, business strategy and business valuations. He is currently a director of another public company where he serves as the chair of the audit committee as well as a member of the governance committee. Mr. Klein's work experience in consulting to public and private companies as well as his current and previous experience as an executive in a public company, as a business valuator and a chartered accountant has provided him with considerable experience in analyzing and understanding financial statements at an in depth level. |
| David Brill   | Mr. Brill has worked in the Canadian capital markets for over 25 years, with both large and small investment dealers as well as institutional and retail clients. He has been a bond trader, sold structured financial products to high net worth individuals, and worked as COO of a small retail investment dealer. Most recently, he was an equity research analyst for a boutique institutional investment bank, focused on alternative energy and clean technology. David has a B.Comm. (University of Toronto), MBA (The Wharton School, University of Pennsylvania), and is a CFA charterholder.  |
| Vernon Nelson | Mr. Nelson's business career was focussed on advertising and sales promotions. He was instrumental in the development of a 57 store rental chain across Canada and was in charge of development and acquisitions for that company. Through these activities, Mr. Nelson acquired the ability to read and understand financial statements. Mr. Nelson retired in 1989.  |

### External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audit services provided by Stern & Lovrics LLP to the Corporation to ensure auditor independence. Fees incurred with Stern & Lovrics LLP for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table.

| Nature of Services                | Fees Paid to Auditor in Year Ended December 31, 2015 | Fees Paid to Auditor in Year Ended December 31, 2014 |
|-----------------------------------|--|--|
| Audit Fees <sup>(1)</sup>         | \$2,000  | \$2,000  |
| Audit-Related Fees <sup>(2)</sup> | Nil  | Nil  |
| Tax Fees <sup>(3)</sup>           | \$500  | \$500  |
| All Other Fees <sup>(4)</sup>     | \$1,200  | Nil  |
| Total                             | \$3,700  | \$2,000  |

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Corporation's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

## Exemption

The Corporation is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Corporation, as a venture issuer, is not required to comply with Part 5 (Reporting Obligations) of NI 52-110.

## AUDITOR

The auditor of the Corporation is Stern & Lovrics LLP, 1210 Sheppard Avenue East, Suite 302, Toronto, Ontario, M2K 1E3. Sterns & Lovrics LLP has served as the Corporation's auditor since October 29, 2014.

## CORPORATE GOVERNANCE

National Policy 58-201, *Corporate Governance Guidelines* of the Canadian Securities Administrators has set out best practice guidelines for effective corporate governance (the "Guidelines"). The Guidelines address matters such as the constitution and independence of corporate boards, the functions to be performed by boards and their committees and the effectiveness and education of board members. National Instrument 58-101, *Disclosure of Corporate Governance Practices* ("NI 58-101") of the Canadian Securities Administrators requires that if management solicits proxies from its securityholders for the purposes of electing directors, specified disclosure of the corporate governance practices must be included in its management information circular.

Set out below is a description of the Corporation's corporate governance practices in accordance with NI 58-101, based on the Guidelines.

### *The Board of Directors*

For the purposes of NI 58-101, a director is considered to be independent if he or she does not have any direct or indirect material relationship with the Corporation. A material relationship is in turn defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with such member's independent judgement. The Board is currently comprised of three members: Eric Klein, David Brill and Vernon. The Board has determined that a majority of the directors of the Corporation are "independent" within the meaning of NI 58-101.

Mr. Klein is not considered to be independent as the result of his role as President and Chief Executive Officer of the Corporation. Messrs. Brill and Nelson are each considered independent. The basis for this determination is that, since the beginning of the fiscal year ended December 31, 2014, none of the independent directors have worked for the Corporation, received remuneration from the Corporation in excess of \$75,000 or had material contracts with or material interests in the Corporation which could interfere with their ability to act with a view to the best interests of the Corporation.

### *Directorships*

Certain of the directors of the Corporation are also directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

| Name of Director | Other Reporting Issuer (or equivalent in a foreign jurisdiction) |
|------------------|--|
| David Brill      | N/A  |
| Eric Klein       | INV Metals Inc.(TSX); Liberty Silver Corp. (unlisted)            |
| Vernon Nelson    | N/A  |

### *Orientation and Continuing Education*

While the Corporation currently has no formal orientation and education program for new Board members, sufficient information is provided to any new Board member to ensure that new directors are familiarized with the Corporation's business and the procedures of the Board. In addition, new directors are encouraged to visit and meet with management on a regular basis.

### *Ethical Business Conduct*

The Board monitors the ethical conduct of the Corporation and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board 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 in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

Under 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.

For these reasons the Board has not adopted a formal code of conduct.

### *Nomination of Directors*

The Board performs the functions of a nominating committee with responsibility for the appointment and assessment of directors. The Board believes that this is a practical approach at this stage of the Corporation's development. While there are no specific criteria for Board membership, the Corporation attempts to attract and maintain directors with a wealth of business knowledge and a particular knowledge of the Corporation's industry or other industries, which provide knowledge, which would assist in guiding the officers of the Corporation. As such, nominations tend to be the result of recruitment efforts by management of the Corporation and discussions among the directors prior to the consideration of the Board as a whole.

### *Compensation*

The directors decide as a Board the compensation for the Corporation's officers, based on industry standards and the Corporation's financial situation. The directors currently do not receive any cash remuneration for their acting in such capacity, however, they are entitled to participate in the Corporation's Stock Option Plan.

### *Assessments*

The Board assesses, on an annual basis, the contributions of the Board as a whole, any committees of the Board and each of the directors, in order to determine whether each is functioning effectively.

## **MATTERS TO BE CONSIDERED AT THE MEETING**

To the knowledge of the Board, the only matters to be brought before the Meeting are set forth in the accompanying Notice of Meeting. These matters are described in more detail under the headings below.

## 1. Financial Statements

Shareholders will receive and consider the Corporation's (i) audited financial statements for the fiscal year ended December 31, 2015 together with the report of the auditor thereon.

## 2. Appointment of Auditor

At the Meeting, the Shareholders are required to appoint the auditor of the Corporation. Ordinarily, that would involve re-appointing Stern & Lovrics LLP, the Corporation's current auditor, to hold office until the next annual meeting of Shareholders. However, if the RTO is completed, it will be desirable to change the auditor of the Corporation to the auditor of CRHC. Accordingly, Shareholders will be asked to consider conditionally appointing the auditor of CRHC, Jackson & Company, Chartered Accountants, Licensed Public Accountants, 800 – 1199 West Hastings Street, Vancouver, BC V6E 3T5, as auditor of the Corporation subject to and following the completion of the RTO. At the time of the Meeting, the RTO will not yet have been completed and there can be no assurance that it will be completed.

In order to avoid changing the auditor of the Corporation should it prove unnecessary to do so, and in order to dispense with the need to call an additional meeting of Shareholders to approve a change of auditor following completion of the RTO, Shareholders will be asked at the Meeting to consider, and if thought appropriate, to pass an ordinary resolution, the text of which is as follows:

**“BE IT HEREBY RESOLVED** that:

- (1) the appointment of Stern & Lovrics LLP as auditor of the Corporation to hold office until the earlier of:
  - (a) the close of the next annual meeting of the Shareholders; or
  - (b) 12:01 a.m. on the day following the date on which the RTO is completed (the **“Change of Auditor Time”**),is hereby approved;
- (2) the appointment of Jackson & Company, Chartered Accountants as auditor of the Corporation to hold office following the Change of Auditor Time until the close of the next annual meeting of the Shareholders is hereby approved; and
- (3) the Board is hereby authorized to fix the remuneration of the auditors so appointed.”

The determination not to have Stern & Lovrics LLP continue as auditor of the Corporation following the RTO has been made in the context of the RTO and not because of any reportable event (as that term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*).

**The persons designated as proxyholders in the accompanying Instrument of Proxy (absent contrary directions) intend to vote FOR the appointment of the auditors as set forth above and therein.**

## 3. Election of Directors

At the Meeting, Shareholders are required to elect the directors of the Corporation to hold office until the close of the next annual meeting of Shareholders or until their successors are elected or appointed. It is desirable, in connection with the RTO, to elect the directors of the Corporation to serve (A) from the close of the Meeting (the **“Current Slate”**) until the earlier of (i) the close of the next annual meeting of Shareholders of the Corporation or until their successors are elected or appointed; and (ii) the effective time of completion of the RTO (the **“Change of Board Time”**); and (B) the Change of Board Time until the close of the next annual meeting of Shareholders of the Corporation or until their successors are elected or appointed (the **“New Slate”**).



It is a condition to the completion of the RTO that the New Slate, comprised of five individuals, all of whom are nominees of CRHC, be elected, effective at the Change of Board Time, as directors of the Resulting Issuer. At the time of the Meeting, the RTO will not yet have been completed and there can be no assurance at that time that it will be completed.

Shareholders will be asked at the Meeting to consider, and if thought appropriate, to pass an ordinary resolution, the text of which is as follows:

**“BE IT HEREBY RESOLVED** that:

- (1) the election of each of Eric Klein, David Brill and Vernon Nelson as directors of the Corporation to hold office until the earlier of:
  - (a) the close of the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed; and
  - (b) the Change of Board Time, as defined in the management information circular of the Corporation dated September 30, 2016;is hereby approved; and
- (2) the election of each of Marc Lustig, Rob Harris, Chuck Rifici, Greg Wilson and Dr. Jim Young as directors of the Corporation, to hold office from the Change of Board Time until the next annual meeting of Shareholders or until their successors are elected or appointed, is hereby approved.”

**The persons designated as proxyholders in the accompanying Instrument of Proxy (absent contrary directions) intend to vote FOR the election of the directors as set forth above and therein. The Corporation does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, proxies held by the persons designated as proxyholders in the accompanying Instrument of Proxy will be voted FOR another nominee in their discretion unless the Shareholder has specified in his or her form of proxy that his or her Common Shares are to be withheld from voting in the election of directors.**

Each director elected as a Current Slate director will hold office from the close of the Meeting until the earlier of (i) the next annual meeting of Shareholders or until their successors are elected or appointed, or (ii) until the Change of Board Time, as the case may be, unless his office is earlier vacated in accordance with the articles of the Corporation or the provisions of the *Business Corporations Act* (Ontario). Each director elected as a New Slate director will hold office from the Change of Board Time until the next annual meeting of Shareholders or until their successors are elected or appointed, as the case may be, unless his office is earlier vacated in accordance with the articles of the Corporation or the provisions of the *Business Corporations Act* (Ontario).

See below for detailed information concerning the Current Slate and the New Slate.

#### *Current Slate*

The following sets forth the name of each of the persons proposed to be nominated for election as a director of the Corporation as part of the Current Slate, all positions and offices in the Corporation presently held by such nominees, the nominees’ municipality and country of residence, principal occupation at the present time and during the preceding five years, the period during which the respective nominees have served as directors, and the number and percentage of Common Shares beneficially owned by the nominees, directly or indirectly, or over which control or direction is exercised, as of the Effective Date.

| Name and Place of Residence                      | Positions with the Corporation and Date First Appointed to the Board | Present and Principal Occupation                                     | Number and Percentage of Common Shares Beneficially Owned or Controlled <sup>(1)</sup> |
|--|--|--|--|
| Eric Klein <sup>(2)</sup><br>Toronto, Ontario    | Director and Chief Executive Officer since June 8, 2011              | Executive Vice President – Corporate Development, Dundee Corporation | Nil  |
| David Brill <sup>(2)</sup><br>Toronto, Ontario   | Director since June 8, 2011  | Independent Business Executive                                       | Nil  |
| Vernon Nelson <sup>(2)</sup><br>Calgary, Alberta | Director since June 8, 2011  | Retired Business Executive   | Nil  |

Notes

<sup>(1)</sup> Based on 8,055,009 Common Shares issued and outstanding as at the Effective Date.

<sup>(2)</sup> Member of the Audit Committee.

Please see “Audit Committee – Relevant Experience and Education” above for biographical information regarding each member of the Current Slate.

### *New Slate*

The following table sets forth the name of each of the persons proposed to be nominated for election as a director of the Corporation as part of the New Slate, all positions and offices in the Corporation presently held by such nominees, the nominees’ municipality and country of residence, current principal occupation, the period during which the nominees have served as directors, and the number and percentage of Common Shares beneficially owned by the nominees, directly or indirectly, or over which control or direction is exercised.

| Name and Place of Residence                             | Positions with the Corporation and Date First Appointed to the Board | Principal Occupation   | Number and Percentage of Common Shares Beneficially Owned or Controlled |
|---|--|--|---|
| Marc Lustig<br>West Vancouver, British Columbia, Canada | Proposed Chief Executive Officer and Proposed Director               | Chief Executive Officer of CRHC                                      | Nil   |
| Rob Harris<br>Milton, Ontario, Canada                   | Proposed Director  | Director of Aralez Pharmaceuticals Inc.                              | Nil   |
| Chuck Rifici<br>Ottawa, Ontario, Canada                 | Proposed Director  | Chartered Professional Accountant                                    | Nil   |
| Greg Wilson<br>Ottawa, Ontario, Canada                  | Proposed Chief Operating Officer and Proposed Director               | Chief Executive Officer of Vida Cannabis Corp.                       | Nil   |
| Dr. Jim Young<br>Potomac, Maryland, USA                 | Proposed Director  | Director of Novavax, Targeted Microwave Solutions and 3V-Biosciences | Nil   |

Notes:

<sup>(1)</sup> Information concerning shares of the Resulting Issuer to be beneficially owned or controlled, directly or indirectly, on completion of the RTO, will be set out in the Application.

Biographical information regarding the New Slate is set out below.

*Marc Lustig:* Mr. Lustig holds MSc and MBA degrees from McGill University. He began his professional career in the pharmaceutical industry at Merck & Co. In 2000, he started his capital markets career in institutional equity research in the Life Sciences sector at Orion Securities. For the next 14 years, Mr. Lustig worked as a top producer at GMP Securities L.P. and as Head of Capital Markets at Dundee Capital Markets before becoming Partner at KES 7 Capital. Mr. Lustig founded Cannabis Royalties & Holdings Corp. in early 2015.

*Rob Harris:* Mr. Harris has served as a director of Aralez Pharmaceuticals Inc. since February 5, 2016. He previously served as President, Chief Executive Officer and a director of Tribute Pharmaceuticals Canada Inc. from December 1, 2011 to February 2016. Mr. Harris founded Tribute Pharma, which later became Tribute Pharma Canada Inc. and Tribute Pharmaceuticals Canada Ltd. in November 2005. Tribute acquired both Tribute Pharma Canada Inc. and Tribute Pharmaceuticals Canada Ltd. on December 1,

2011. Mr. Harris was formerly the President and CEO of Legacy Pharmaceuticals Inc. from September 2004 to October 2005. As the VP of Business Development at Biovail Corporation from October 1997 to September 2004, Mr. Harris was involved in, led and successfully concluded numerous business development transactions, including the licensing of new chemical entities, the acquisition of mature products, the completion of co-promotion deals, distribution agreements, product development and reformulation transactions. Mr. Harris joined Biovail in 1997 as the GM of Biovail Pharmaceuticals Canada at a time when the company experienced rapid growth in the Canadian division. Before Biovail, Mr. Harris worked in various senior commercial management positions during his twenty-year tenure at Wyeth (Ayerst) from 1977 to 1997 and has been involved in numerous product launches during his career. Mr. Harris brings to the Board over 35 years of pharmaceutical industry experience in both Canada and the United States in sales, marketing, business development and general management.

*Chuck Rifici:* Mr. Rifici is the co-founder and former CEO of Canopy Growth Corp. (formerly Tweed Marijuana Inc.). Mr. Rifici is currently CEO at Nesta Holding Co. Ltd., Chairman at National Access Cannabis Corp. and a director at Aurora Cannabis Inc. Previously he served as Treasurer on the National Board of Directors of the Liberal Party of Canada. Mr. Rifici is a chartered professional accountant. He obtained his MBA from Queen’s University and a B.A.Sc in Computer Engineering from the University of Ottawa.

*Greg Wilson:* Mr. Wilson is an entrepreneur and corporate finance strategist with more than 20 years’ experience advising and structuring capital market financings for start-up and emerging growth enterprises. In 2005, Mr. Wilson co-founded Paramount Gold & Silver Corp., a precious metals exploration company that was sold to Coeur Mining for over \$200 million in late 2014. Mr. Wilson is currently CEO of Vida Cannabis Corp. and also sits on the Board of Directors of Consumer Choice Awards, a Canadian private company.

*Dr. Jim Young:* Dr. Young is the Chairman at Novavax, Inc., Chairman at Targeted Microwave Solutions, Inc. and sits on the board of directors at 3-V Biosciences, Inc. Dr. Young has over 30 years of experience in the fields of molecular genetics, microbiology, immunology and pharmaceutical development. Prior to being acquired by Astra Zeneca, Dr. Young was MedImmune’s President of Research and Development. Dr. Young received his doctorate in microbiology and immunology from Baylor College of Medicine in Houston, Texas, and in 2005 was awarded the Albert B. Sabin Humanitarian Award.

### Other Reporting Issuer Experience

The following table sets out the members of the New Slate that are directors of other issuers that are reporting issuers (or the equivalent) in Canada or a foreign jurisdiction, the name of such reporting issuers and the name of the exchange or market applicable to such reporting issuers:

| Name         | Name of Reporting Issuer                            | Name of Exchange or Market (if applicable) |
|--------------|---|--|
| Chuck Rifici | Aurora Cannabis Inc.                                | CSE  |
| Rob Harris   | Aralez Pharmaceuticals Inc.                         | TSX; NASDAQ                                |
| Jim Young    | Novavax, Inc.<br>Targeted Microwave Solutions, Inc. | NASDAQ<br>TSXV                             |

### Cease Trade Orders, Bankruptcies and Penalties

No individual who is a member of the Current Slate or New Slate, or who will otherwise be a director of the Resulting Issuer upon completion of the RTO (a “**Subject Director**”) is as at the Effective Date, or has been, within the 10 years prior to the Effective Date, a director, chief executive officer or chief financial officer of any company that:

- (a) was the subject of a cease trade or similar order, or an order that denied the other company access to any exemptions under applicable securities legislation for a period of

more than 30 consecutive days that was issued while the proposed director was acting as director, chief executive officer or chief financial officer; or

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

No Subject Director is as at the Effective Date, or has been, within the 10 years prior to the Effective Date, a director or executive officer of any other issuer that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

No Subject Director is as at the Effective Date, or has been, within the 10 years prior to the Effective Date, 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 that person other than Mr. Brill, who on May 24, 2012 made a proposal to his creditors under the *Bankruptcy and Insolvency Act (Canada)* which proposal was approved by creditors on August 28, 2012 and a Certificate of Full Performance was issued on June 15, 2016.

No Subject Director is as at the Effective Date, or has been, within the 10 years prior to the Effective Date has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by any 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 that would be likely to be considered important to a reasonable securityholder in deciding whether to vote for the proposed director.

#### **4. Approval of Stock Option Plan**

The Corporation's existing stock option plan (the "**Existing Option Plan**") is a fixed plan which was approved by the Board on June 14, 2000 and by Shareholders on July 12, 2000. The Corporation proposes to replace the Existing Option Plan with a new stock option plan (the "**New Option Plan**") to provide long term incentives to eligible directors, officers, employees and consultants of the Corporation. The New Plan will be the stock option plan of the Resulting Issuer following completion of the RTO and will continue to be effective after the closing of the RTO.

##### *Description of the Plan*

The purpose of the New Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified directors, officers, consultants and employees, to reward such of those directors, officers, consultants and employees as may be awarded Options under the New Plan by the Board from time to time for their contributions toward the long term goals of the Corporation and to enable and encourage such directors, officers, consultants and employees to acquire Common Shares as long term investments.

The following is a summary of the key terms of the New Plan:

The New Plan provides for options to purchase a Common Share issued pursuant thereto (each, an "**Option**"). The number of Common Shares issuable pursuant to Options granted under the Option Plan is limited to 10% of the number of Common Shares outstanding from time to time. There were an aggregate of 8,055,009 Common Shares issued and outstanding as of the Record Date. There are currently no

options outstanding under the Option Plan. Accordingly, the Corporation may grant further Options under the New Plan. As at the Record Date, the number of Common Shares remaining available for issuance under the New Plan is 805,500 (as calculated based upon 10% of the aggregate number of issued and outstanding Common Shares, less the number of Options outstanding under the New Plan). The total number of Common Shares which may be reserved for issuance to any one individual under the New Plan may not exceed 5% of the outstanding Common Shares. The maximum number of stock options which may be granted to any one consultant under the New Plan, any other employer stock options plans or options for services, within any 12 month period, must not exceed 2% of the Common Shares issued and outstanding at the time of the grant (on a non-diluted basis).

The Options granted under the New Plan are non-assignable and may be granted for a term not exceeding 10 years from the date of grant. Notwithstanding, if the date on which an Option expires occurs during any period imposed by the Corporation, pursuant to its insider trading policies or otherwise, during which an optionee may be restricted from trading in securities of the Corporation (a “**Blackout Period**”) or within two business days after the last day of a Blackout Period, the date of the expiry of such Option will become the tenth business day following the end of the Blackout Period.

Options may be granted under the New Plan only to directors, officers, employees and consultants of the Corporation or any related entity of the Corporation, subject to the rules and regulations of applicable regulatory authorities. In the event that any optionee ceases to be an eligible person under the New Plan (i.e. ceases to be an officer, director, employee or consultant for any reason other than death or termination with cause), the optionee will be entitled to exercise his or her Options which have vested as of such date of cessation only within a period of one year, in the case of optionees that are directors or officers, or 90 days, in the case of employees or consultants, following the date of such cessation or such other date as may be determined by the Board subject to regulatory approval, but in no event may any Options be exercised following the expiry date thereof. In the event an optionee is terminated with cause, the Options held by such optionee will expire on the date of such termination. In the event of the death of an optionee, any Options held by such optionee which have vested as of the date of death may only be exercised within a period of one year succeeding the optionee’s death, but in no event may any options be exercised following the expiry date thereof.

In the event of a change of control of the Corporation (or an impending change of control), the Board will have the discretion to deal with outstanding Options in the manner it deems fair and reasonable in the circumstances, which may include accelerated vesting or expiry of the Options. Under the New Plan, a change of control is deemed to occur if one of the following events has taken place:

- the sale, transfer or other disposition of all or substantially all of the Corporation’s assets in complete liquidation or dissolution of the Corporation;
- a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its affiliates and another corporation or other entity, as a result of which the holders of Common Shares immediately prior to the completion of the transaction hold less than 50% of the outstanding voting securities of the successor corporation immediately after completion of the transaction;
- any person or combination of persons at arm’s length to the Corporation and its affiliates acquires or becomes the beneficial owner of, directly or indirectly, more than 50% of the voting securities of the Corporation, whether through the acquisition of previously issued and outstanding voting securities, or of voting securities that have not been previously issued, or any combination thereof, or any other transaction having a similar effect;
- a resolution is adopted to wind-up, dissolve or liquidate the Corporation; or
- as a result of or in connection with: (A) a contested election of directors of the Corporation; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition

involving the Corporation or any of its affiliates and another corporation or other entity (a “**Transaction**”), fewer than 50% of the Corporation’s directors following the Transaction are persons who were directors of the Corporation immediately prior to such Transaction

The exercise price of Options granted under the New Plan will be determined by the Board and may not be lower than the market price of the Common Shares at the time the option is granted. If the Common Shares are not listed on a stock exchange, the maximum permissible discount is 25%.

Options issued under the New Plan vest at the discretion of the Board, subject to certain specified limitations.

The Board may at any time amend the New Plan or any Options granted thereunder, subject to the receipt of all applicable regulatory approvals, provided that no such amendment may, without the consent of affected optionees, materially decrease the rights or benefits accruing to such optionees or materially increase the obligations of such optionees. For greater certainty, the Option Plan provides that the Board may amend or terminate the New Plan or any Options granted thereunder without obtaining shareholder approval of such amendments or termination, other than the following amendments which shall be subject to the approval of shareholders (together with all applicable regulatory approvals): (i) amendments to the definition of categories of persons eligible to participate in the New Plan; (ii) amendments to the maximum number or percentage of Common Shares (or other securities) issuable under the New Plan; (iii) the limitations under the New Plan on the number of Options that may be granted to any one person or any category of persons; (iv) the method for determining the exercise price of Options; (v) the maximum term of Options; (vi) the expiry and termination provisions applicable to Options; and (vii) any other provision that is required to be approved by shareholders under applicable law.

The full text of the New Plan is set out in Schedule “B” to the Circular.

#### *Vote Required*

Shareholders will be asked to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution to approve the New Plan. To be effective, the resolution in respect of the New Plan must be approved by the affirmative vote of not less than a majority of the votes cast by the holders of Common Shares present in person or represented by proxy at the Meeting. The complete text of the ordinary resolution (the “**Stock Option Plan Resolution**”) which management intends to place before the Meeting to approve the Option Plan is as follows:

“**BE IT HEREBY RESOLVED** as an ordinary resolution of the Corporation that:

- (1) the proposed stock option plan (the “**Plan**”), substantially in the form attached as Schedule “B” to the Circular of the Corporation dated September 30, 2016, be and it is hereby approved, including the reservation for issuance under the Plan at any time of a maximum of 10% of the then issued and outstanding shares of the Corporation, and shall replace the existing stock option plan of the Corporation;
- (2) any director or officer be and is hereby authorized to make any and all additions, deletions and modifications to the Plan as may be necessary or advisable to give effect to this ordinary resolution or as may be required by applicable regulatory authorities or stock exchanges;
- (3) any director or officer be and is hereby authorized, to execute and deliver all such other deeds, documents and other writings and perform such other acts as may be necessary or desirable to give effect to this resolution; and
- (4) notwithstanding approval of the Shareholders of the Corporation as herein provided, the Board may, in its sole discretion, revoke this resolution before it is acted upon without further approval of the Shareholders of the Corporation.”

**The persons designated as proxyholders in the accompanying Instrument of Proxy (absent contrary directions) intend to vote FOR the Stock Option Plan Resolution.**

## **5. Approval of Share Unit Plan**

In connection with the RTO, the Corporation proposes to approve a share unit plan (the “**Share Unit Plan**”) substantially in the same form as the share unit plan of CRHC. The Share Unit Plan will be the share unit plan of the Resulting Issuer following completion of the RTO and will continue to be effective after the closing of the RTO.

### *Description of the Plan*

The purpose of the Share Unit Plan is to assist the Corporation in attracting, incentivizing and retaining those key Directors, officers, employees and consultants of the Corporation who are considered by the Board to be key to the growth and success of the Corporation, and to align the interests of key directors, officers, employees and consultants with those of the Corporation’s Shareholders through longer term equity ownership in the Corporation.

The following is a summary of the key terms of the Share Unit Plan:

- The Share Unit Plan is established for employees, directors and officers of the Corporation and its affiliates, and for individuals retained as a consultant for the Corporation or companies providing management services to the Corporation, as may be determined by the Board or any other committee of the directors authorized by the Board to administer the Share Unit Plan;
- The Share Unit Plan provides that Share Units may be granted by the Board or a compensation committee of the Board or any other committee of the Directors authorized by the Board to administer the Share Unit Plan. Share Units are units created by means of an entry on the books of the Corporation representing the right to receive one Common Share (subject to adjustments) issued from treasury per Share Unit. All grants of Share Units must be evidenced by a confirmation Share Unit grant letter.
- The maximum number of Common Shares that may be granted pursuant to the Share Unit Plan shall not exceed 10% of the then issued and outstanding Common Shares (including Shares underlying outstanding Share Units). Any Common Shares subject to a Share Unit which has been cancelled or terminated in accordance with the terms of the Share Unit Plan without settlement will again be available for grant of a Share Unit under the Share Unit Plan.
- The number of Share Units granted and any applicable vesting conditions are determined in the discretion of the Board or a compensation committee of the Board, with the number of Share Units granted being determined based on the closing market price of the Common Shares on the grant date. In granting Share Units, the Board or a compensation committee of the Board may include any other terms, conditions and/or vesting criteria which are not inconsistent with the Share Unit Plan.
- Share Units are settled by way of the issuance of Common Shares from treasury as soon as practicable following the maturity date determined by the Board or a compensation committee of the Board in accordance with the terms of the Share Unit Plan. Individuals granted Share Units who are Canadian residents or as otherwise may be designated in the Share Unit grant letter (with the exception of U.S. taxpayers) are permitted to elect to defer issuance of all or any part of the Common Shares issuable to them, provided proper notice is provided to the Board or a compensation committee of the Board in accordance with the terms of the Share Unit Plan.
- In the event a cash dividend is paid to shareholders on the Common Shares while a Share Unit is outstanding, each participant will be credited with additional Share Units in lieu of any cash dividends paid to shareholders, equal to the aggregate amount of any cash dividends that would

have been paid to the individual if the Share Units had been Common Shares, divided by the market price of the Common Shares on the date on which dividends were paid by the Corporation. If the foregoing shall result in a fractional Share Unit, the fraction shall be disregarded.

- The termination provisions under the Share Unit Plan are as follows subject to any determination otherwise by the Board:
  - in the event of retirement, any unvested Share Units will automatically vest on the date of retirement and the Common Shares underlying such Share Units will be issued as soon as reasonably practical thereafter;
  - in the event of the death, any unvested Share Units will automatically vest on the date of death and the Common Shares underlying all Share Units will be issued to the estate of the deceased as soon as reasonably practical thereafter;
  - in the event of disability (as may be determined in accordance with the policies, if any, or general practices of the Corporation or any subsidiary), any unvested Share Units will automatically vest on the date on which the participant is determined to be totally disabled and the Common Shares underlying the Share Units will be issued as soon as reasonably practical thereafter;
  - in the event of termination without cause of a Share Unit holder, (i) any unvested Share Units that are not subject to performance vesting criteria will automatically vest on the date on which the individual is terminated and the Common Shares underlying the Share Units will be issued as soon as reasonably practical thereafter, and (ii) any unvested Share Units that are subject to performance vesting criteria will vest in accordance with their normal vesting schedule, except, in either case, as may otherwise be stipulated in the applicable Share Unit grant letter or as may otherwise be determined by the Board; and
- In the event of termination with cause or resignation, all of the Share Units shall become void and the holder shall have no entitlement and will forfeit any rights to any issuance of Common Shares under the Share Unit Plan, except as may otherwise be stipulated in the applicable Share Unit grant letter or as may otherwise be determined by the Board or a compensation Committee of the Board in its sole and absolute discretion. Share Units that have vested but that are subject to an election to set a deferred payment date shall be issued forthwith following the termination with cause or the resignation of the holder.
- In the event of a change of control, all unvested Share Units issued and outstanding shall automatically and immediately vest on the date of such change of control.
- The grant of Share Units under the Share Unit Plan is subject to a restriction such that the number of Common Shares: (i) issued to insiders of the Corporation, within any one year period, and (ii) issuable to insiders of the Corporation, at any time, under the Share Unit Plan, or when combined with all of the Corporation's other security based compensation arrangements, shall not exceed 10% of the Corporation's total issued and outstanding Common Shares, respectively.
- The amendment provisions of the Share Unit Plan provide the Board or a compensation committee of the Board with the power, subject to the requisite regulatory approval, to make the following amendments to the provisions of the Share Unit Plan and any Share Unit grant letter without shareholder approval (without limitation):
  - amendments of a housekeeping nature;
  - the addition or a change to any vesting provisions of a Share Unit;



- changes to the termination provisions of a Share Unit or the Share Unit Plan; and
- amendments to reflect changes to applicable securities or tax laws.

However, any of the following amendments require shareholder approval:

- materially increasing the benefits to the holder of any Share Units who is an insider to the material detriment of the Corporation and the Corporation's shareholders;
- increasing the number of Common Shares or maximum percentage of Common Shares which may be issued pursuant to the Share Unit Plan (other than by virtue of adjustments permitted under the Share Unit Plan);
- permitting Share Units to be transferred other than for normal estate settlement purposes;
- removal or exceeding of the insider participation limits;
- materially modifying the eligibility requirements for participation in the Share Unit Plan; or
- modifying the amending provisions of the Share Unit Plan.

The full text of the Share Unit Plan is set out in Schedule "C" to the Circular.

*Vote Required*

Shareholders will be asked to consider and, if thought appropriate, to pass, with or without variation, an ordinary resolution to approve the Share Unit Plan. To be effective, the resolution in respect of the Share Unit Plan must be approved by the affirmative vote of not less than a majority of the votes cast by the holders of Common Shares present in person or represented by proxy at the Meeting. The complete text of the ordinary resolution (the "**Share Unit Plan Resolution**") which management intends to place before the Meeting to approve the Share Unit Plan is as follows:

**"BE IT HEREBY RESOLVED** as an ordinary resolution of the Corporation that:

- (1) the proposed share unit plan (the "**Share Unit Plan**"), substantially in the form attached as Schedule "C" to the Circular of the Corporation dated September 30, 2016, be and it is hereby approved, including the reservation for issuance under the Share Unit Plan at any time of a maximum of 10% of the then issued and outstanding shares of the Corporation;
- (2) any director or officer be and is hereby authorized to make any and all additions, deletions and modifications to the Plan as may be necessary or advisable to give effect to this ordinary resolution or as may be required by applicable regulatory authorities or stock exchanges;
- (3) any director or officer be and is hereby authorized, to execute and deliver all such other deeds, documents and other writings and perform such other acts as may be necessary or desirable to give effect to this resolution; and
- (4) notwithstanding approval of the Shareholders of the Corporation as herein provided, the Board may, in its sole discretion, revoke this resolution before it is acted upon without further approval of the Shareholders of the Corporation."

**The persons designated as proxyholders in the accompanying Instrument of Proxy (absent contrary directions) intend to vote FOR the Share Unit Plan Resolution.**

**The Share Unit Plan will only be implemented in the event that the RTO is completed.**

## 6. Consolidation of Common Shares

### *Reasons for Consolidation*

In connection with the RTO, the Corporation intends to issue Common Shares as consideration to the shareholders of CRHC. In order to align the value of the Common Shares to the price per Common Share at which the RTO will be completed, the Corporation proposes that, subject to obtaining all required regulatory approvals, immediately prior to the completion of the RTO the Corporation's issued and outstanding share capital be consolidated at a ratio of one (1) post-consolidation Common Share for every five (5) pre-consolidation Common Shares (the "**Consolidation**"), with any resulting fraction being rounded down to the next lowest whole number, provided that any registered Shareholder that would otherwise be eliminated as a registered Shareholder as a result of such rounding will receive one post-Consolidation Common Share pursuant to the Consolidation. No fractional post-Consolidation Common Shares will be issued under the Consolidation.

### *Effect of Consolidation*

If approved, no further action on the part of the Shareholders would be required in order for the Board to implement the Consolidation. If implemented, the Consolidation will occur simultaneously for all of the Corporation's issued and outstanding Common Shares and will be implemented prior to the completion of the RTO. The Consolidation ratio will be the same for all such Common Shares and will affect all holders of Common Shares uniformly and will not affect any Shareholder's percentage ownership interest in the Corporation, except to the extent that the Consolidation would otherwise result in any shareholder owning a fractional Common Share.

Notwithstanding the foregoing, as indicated in the text of the Consolidation Resolution below, the Board may, in its sole discretion, determine to not proceed with the Consolidation.

As the Corporation currently has an unlimited number of Common Shares authorized for issuance, the Consolidation will not have any effect on the number of Common Shares that remain available for future issuance. As at the Effective Date, the Corporation has 8,055,009 pre-Consolidation Common Shares issued and outstanding. Upon completion of the Consolidation, the number of post-Consolidation Common Shares issued and outstanding, without giving effect to the RTO, will be 1,611,002 post-Consolidation Common Shares (approximately, on a non-diluted basis, subject to variation based on rounding).

### *Procedure for Implementing the Consolidation*

If the Consolidation Resolution is approved by Shareholders and the Board decides to implement the Consolidation, the Corporation will file articles of amendment with the Director under the OBCA in the form prescribed by the OBCA to amend the Corporation's articles. The Consolidation will become effective as specified in the articles of amendment and the certificate of amendment issued by the Director under the OBCA.

### *Share Certificates and Letter of Transmittal*

No delivery of a certificate evidencing a post-Consolidation Common Share will be made to a Shareholder until the Shareholder has surrendered the issued certificates representing its pre-Consolidation Common Shares. Until surrendered, each certificate formerly representing pre-Consolidation Common Shares shall be deemed for all purposes to represent the number of post-Consolidation Common Shares to which the Shareholder is entitled as a result of the Consolidation.

Upon implementation of the Consolidation, each certificate representing pre-Consolidation Common Shares will, until surrendered and exchanged as described below, be deemed cancelled and, for all corporate purposes, will be deemed to represent, respectively, only a whole number of post-Consolidation Common Shares, with any resulting fraction being rounded down to the next lowest whole number,

provided that any registered Shareholder that would otherwise not receive a post-Consolidation Common Share as a result of such rounding will receive one post-Consolidation Common Share pursuant to the Consolidation.

Included with the Meeting Materials is a letter of transmittal to be used for the purpose of surrendering share certificates representing the currently outstanding Shares (the “**Letter of Transmittal**”) in order to receive, in exchange, new share certificates representing whole post-Consolidation Common Shares. Registered Shareholders are encouraged to complete and sign the Letter of Transmittal and deliver it, together with certificates representing their Common Shares and other required documents, to TSX Trust Company in accordance with the instructions contained in the Letter of Transmittal. The Letter of Transmittal contains procedural information relating to the Consolidation and should be reviewed carefully. The deposit of Common Shares pursuant to the procedures in the Letter of Transmittal will constitute a binding agreement between the depositing Shareholder and the Corporation upon the terms and subject to the conditions set forth in this Information Circular and the Letter of Transmittal. **In the event that the Consolidation Resolution is not approved by Shareholders at the Meeting or the Corporation determines not to implement the Consolidation for any reason, all share certificates representing Common Shares that were delivered to TSX Trust Company will promptly be returned to the registered holders thereof.**

Additional copies of the Letter of Transmittal may be obtained by contacting TSX Trust Company at (416) 361-0930, facsimile number (416) 595-9593, or by email to: [TMXEInvestorServices@tmx.com](mailto:TMXEInvestorServices@tmx.com) at any time up to the Meeting Date. The Letter of Transmittal will also be available under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Corporation reserves the right, if it so elects in its absolute discretion, to waive or not to waive any defect or irregularity contained and all errors or other deficiencies in any Letter of Transmittal or other document and any such waiver or non-waiver will be binding upon the depositing Shareholder. The granting of a waiver to one or more Shareholders does not constitute a waiver for any other Shareholders. The Corporation and TSX Trust Company reserve the right to demand strict compliance with the terms of the Letter of Transmittal. The method used to deliver the Letter of Transmittal and any accompanying certificates representing Common Shares is at the option and risk of the Shareholder surrendering them, and delivery will be deemed effective only when such documents are actually received by TSX Trust Company. If depositing share certificates, the Corporation recommends the use of registered mail with return receipt requested, and with proper insurance.

Non-Registered Shareholders holding their Common Shares through an intermediary should note that such intermediaries may have various procedures for processing the Consolidation. If a Non-Registered Shareholder holds Common Shares with such an intermediary and has any questions in this regard, the Non-Registered Shareholder is encouraged to contact its intermediary.

#### *No Dissent Rights*

Under the OBCA, Shareholders do not have dissent and appraisal rights with respect to the proposed Consolidation.

#### *Vote Required*

Shareholders will be asked to consider and, if thought appropriate, to pass, with or without variation, a special resolution authorizing the Board, in its sole discretion, to effect the Consolidation. To be effective, the resolution in respect of the Consolidation must be approved by the affirmative vote of not less than two-thirds (2/3) of the votes cast by the holders of Common Shares present in person or represented by proxy at the Meeting. The Consolidation is a condition precedent to the completion of the RTO and if approved, would be given effect prior to completion of the RTO. Accordingly, if Shareholders of Common Shares do not approve the special resolution, the RTO may not proceed. **Shareholders are urged to vote FOR this special resolution.**

The complete text of the special resolution (the “**Consolidation Resolution**”) which management intends to place before the Meeting authorizing the Consolidation is as follows:

“**BE IT HEREBY RESOLVED** as a special resolution of the Corporation that:

- (1) in connection with the closing of the RTO (as defined in the Circular of the Corporation dated September 30, 2016), the Consolidation of the Common Shares of the Corporation at a ratio of one (1) post-Consolidation Common Share for every five (5) pre-Consolidation Common Shares, or such other lesser or greater ratio determined by the board of directors of the Corporation in its sole discretion, is hereby approved;
- (2) no fractional Common Shares shall be issued in connection with the Consolidation and, any resulting fractional shares shall be rounded down to the nearest whole Common Share, provided that no registered shareholder will be eliminated by the Consolidation;
- (3) upon articles of amendment having become effective in accordance with the *Business Corporations Act* (Ontario), the articles of the Corporation shall be amended accordingly;
- (4) any one director or any one officer be and is hereby authorized and directed to execute on behalf of the Corporation, and to deliver or to cause to be delivered all such documents, agreements and instruments and to do and to cause to be done all such other acts or things as he shall determine to be necessary or desirable to carry out the intent of this special resolution; and
- (5) notwithstanding approval of the Shareholders of the Corporation as herein provided, the Board may, in its sole discretion, revoke this resolution before it is acted upon without further approval of the Shareholders of the Corporation”

**The persons designated as proxyholders in the accompanying Instrument of Proxy (absent contrary directions) intend to vote FOR the Consolidation Resolution.**

**The Consolidation will only be implemented in the event that all other conditions to the effectiveness of the RTO have been satisfied or waived.**

## **7. Name Change**

### *Background*

Upon completion of the RTO, it is intended that the business of CRHC, as currently conducted, will be the business of the Corporation. In connection therewith, the Corporation intends to change its name to “CannaRoyalty Corp.”, or such other name as the Board, in its sole discretion, deems appropriate (the “**Name Change**”). Management believes that the Name Change is in the best interests of the Corporation in order to reflect the proposed change in its business activities that will result if the RTO is completed.

### *Vote Required*

Shareholders will be asked to consider and, if thought appropriate, to pass, with or without variation, a special resolution authorizing the Board, in its sole discretion, to effect the Name Change. To be effective, the resolution in respect of the Name Change must be approved by the affirmative vote of not less than two-thirds (2/3) of the votes cast by the holders of Common Shares present in person or represented by proxy at the Meeting. The Name Change is required in order to complete the RTO and if approved, would be given effect in connection with the completion of the RTO. Accordingly, if Shareholders of Common Shares do not approve the special resolution, the RTO may not proceed. **Shareholders are urged to vote FOR this special resolution.**

The complete text of the special resolution (the “**Name Change Resolution**”) which management intends to place before the Meeting authorizing the Name Change is as follows:

**“BE IT HEREBY RESOLVED** as a special resolution of the Corporation that:

- (1) the name of the Corporation be changed to “CannaRoyalty Corp.” or such other name as the Board, in its sole discretion, deems appropriate and the Director appointed under the *Business Corporations Act* (Ontario) may permit;
- (2) any one director or any one officer be and is hereby authorized and directed to execute on behalf of the Corporation, and to deliver or to cause to be delivered all such documents, agreements and instruments and to do and to cause to be done all such other acts or things as he shall determine to be necessary or desirable to carry out the intent of this special resolution; and
- (3) notwithstanding approval of the Shareholders of the Corporation as herein provided, the Board may, in its sole discretion, revoke the special resolution before it is acted upon without further approval of the Shareholders of the Corporation.”

**The persons designated as proxyholders in the accompanying Instrument of Proxy (absent contrary directions) intend to vote FOR the Name Change Resolution.**

**The Name Change will only be implemented in the event that all other conditions to the effectiveness of the RTO have been satisfied or waived.**

#### **8. Variation of the Number of Directors**

The Corporation wishes to amend its articles to set the number of directors of the Corporation at a minimum of one (1) and a maximum of ten (10). The articles currently set a minimum of three (3) and a maximum of seven (7) directors. The complete text of the special resolution (the **“Director Resolution”**) which management intends to place before the Meeting is as follows:

**“BE IT HEREBY RESOLVED** as a special resolution of the Corporation that:

- (1) the number of directors of the Corporation required under the articles of the Corporation be amended to a minimum of one (1) and a maximum of ten (10) directors;
- (2) notwithstanding that this special resolution has been duly passed by the shareholders of the Corporation, the directors are hereby authorized in their sole discretion to revoke this special resolution before it is acted on without further approval of the shareholders of the Corporation; and
- (3) any director of the Corporation be and they are hereby authorized and directed to execute and deliver for and on behalf of the Corporation all such documents and to do all such other acts and things as may be considered necessary or desirable to give effect to this resolution.

**The persons designated as proxyholders in the accompanying Instrument of Proxy (absent contrary directions) intend to vote FOR the Director Resolution.**

#### **9. Ratification of Past Acts**

Certain of the Corporation’s past corporate records during the period from incorporation up to the present date are incomplete and certain of the past acts by the Corporation’s directors, officers and shareholders during this period may not have been documented and certain documents may not have been executed.

Accordingly, the Board has passed a ratifying resolution ratifying and confirming all past acts of the Board and officers of the Corporation.

The shareholders of the Corporation are, in turn, being asked to consider, and if thought advisable, to approve a ratifying resolution approving, ratifying and confirming all the prior acts and proceedings of the

directors and officers of the Corporation made from and including incorporation to the date hereof including, but not limited to, those disclosed or referred to in the minute books or records of the Corporation, in information disseminated to the shareholders of the Corporation by the Corporation, or in the financial statements of the Corporation. The complete text of the ordinary resolution (the “**Past Acts Resolution**”) which management intends to place before the Meeting authorizing the ratification of past acts is as follows

“**BE IT RESOLVED** that:

- (1) notwithstanding (i) any failure to properly convene, constitute, proceed with, hold or record any meeting of the board of directors or shareholders of the Corporation for any reason whatsoever, including, without limitation, the failure to properly waive or give notice of a meeting, hold a meeting in accordance with a notice of meeting, have a quorum present at a meeting, sign the minutes of a meeting or sign a ballot electing a slate of directors since incorporation; or (ii) any failure to pass any resolution of the directors or shareholders of the Corporation or any by-law of the Corporation for any reason whatsoever, all by-laws, approvals, appointments, resolutions, contracts, acts and proceedings, enacted, passed, made, done or taken since incorporation including those set forth or referred to in the minutes of the meetings, or resolutions of the board of directors of the Corporation, or in the financial statements of the Corporation, and all actions heretofore taken in reliance upon the validity of such minutes, documents and financial statements, are hereby sanctioned, ratified, confirmed and approved; and
- (2) without limiting the generality of paragraph 1 above, all by-laws, resolutions, contracts, acts and proceedings of the board of directors and officers of the Corporation enacted, passed, made, done or taken since incorporation including those set forth or referred to in the minutes or the meetings and resolutions of the board of directors in the minute and record book of the Corporation or in the financial statements of the Corporation are hereby approved, ratified and confirmed.”

**The persons designated as proxyholders in the accompanying Instrument of Proxy (absent contrary directions) intend to vote FOR the Past Acts Resolution.**

#### **10. Ratification of By-Law**

On June 8, 2011 the directors of the Corporation adopted a new general by-law for the Corporation relating generally to the conduct of the affairs of the Corporation in order to bring the existing by-laws of the Corporation more in line with the current provisions of the OBCA and current practice. At the Meeting, the Shareholders will be asked to consider, and if deemed appropriate, to ratify the Corporation’s By-Law No. 1, dated June 8, 2011. The complete text of the ordinary resolution (the “**By-Law Resolution**”) which management intends to place before the Meeting authorizing the ratification of By-Law No.1 is as follows

“**BE IT RESOLVED** that:

- (1) By-Law No.1, a general by-law relating generally to the conduct of the affairs of the Corporation,, adopted by the Board of Directors of the Corporation on June 8, 2011, the full text of which is reproduced as Schedule “D” to this Information Circular, be ratified; and
- (2) any director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation, to do all acts and things, as such director or officer may determine necessary or advisable to give effect to this resolution.”

**The persons designated as proxyholders in the accompanying Instrument of Proxy (absent contrary directions) intend to vote FOR the By-Law Resolution.**

## **ADDITIONAL INFORMATION**

Financial information pertaining to the Corporation is provided in the Corporation's financial statements and management's discussion and analysis ("MD&A") for the financial year ended December 31, 2015. Copies of the Corporation's financial statements and related MD&A can be obtained by contacting Carmelo Marrelli, Chief Financial Officer of the Corporation, 82 Richmond Street East, Toronto, Ontario M5C 1P1, Telephone: (416) 848-0106. Additional Information relating to the Corporation is available on its SEDAR profile at [www.sedar.com](http://www.sedar.com).

## **DIRECTOR APPROVAL**

The contents of this Circular and the sending thereof to the Shareholders of the Corporation have been approved by the Board.

September 30, 2016

(signed) "Eric Klein"

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President and Chief Executive Officer

## SCHEDULE “A”

### CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

#### Name

There shall be a committee of the Board of Directors (the “**Board**”) of Bonanza Blue Corp. (the “**Company**”) known as the Audit Committee (the “**Committee**”).

#### Purpose

The Committee has been established to assist the Board in fulfilling its oversight responsibilities and fiduciary obligations, in contemplation that the increasing regulatory focus on governance is principally employing audit committees as the instrumentality of the regulations. The primary functions and areas of responsibility of the Committee are to:

- Ensure the financial statements of the Company accurately reflect the financial condition of the Company;
- Review as well as report and provide recommendations to the Board on the annual and interim consolidated financial statements and related Management’s Discussion and Analysis (“**MD&A**”);
- Identify and monitor the management of the principal risks that could impact the financial reporting of the Company;
- Ensure the Company has a disaster recovery plan in the case that any of the principal risks become realized;
- Make recommendations to the Board regarding the appointment, terms of engagement and compensation of the external auditor;
- Monitor the integrity of the Company’s financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
- Oversee the work of the external auditors engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company;
- Resolve disagreements between management and the external auditor regarding financial reporting;
- Receive the report of the external auditors, who must report directly to the Committee;
- Review and approve all external communication in respect of the Company’s financial press releases; and333
- Provide an avenue of communication among the Company’s external auditors, management, the internal accounting department and the Board.

#### Composition and Qualifications

All Committee members shall meet all applicable requirements prescribed under the *Business Corporations Act* (Ontario), as well as any requirements or guidelines prescribed from time to time under applicable securities legislation, including National Instrument 52-110 as amended, restated or superseded. The Committee shall be comprised of not less than three directors as determined from time to time by the Board. Each member shall be an independent director who is free from any direct or indirect relationship that would, in the view of the Board, reasonably interfere with the exercise of the member’s independent judgment. While it is not necessary for members to have a comprehensive knowledge of generally accepted accounting principles and standards, all members of the Committee shall be “financially literate” so as to be able to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the issues raised by the Company’s financial statements. A director who is not financially literate may be appointed to the Committee by the Board provided that such director becomes financially literate within a reasonable period following his or her appointment, and provided that the Board has determined that such appointment will not materially adversely affect the ability of the Committee to act independently.



Committee members shall be appointed by the Board. The Board shall designate the Chair of the Committee. If a Chair is not designated or present at any meeting, the members of the Committee may designate a Chair by majority vote. The Chair shall have responsibility for ensuring 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 at any time.

### **Meetings**

The Committee shall meet at least four times annually, or more frequently as circumstances dictate as determined by the Chair, and at least once in each fiscal quarter. A schedule for each of the meetings shall be prepared and disseminated to Committee members by the Chief Financial Officer prior to the start of each fiscal year.

A majority of the members of the Committee shall constitute a quorum for meetings.

An agenda shall be prepared by the Chair of the Committee as far in advance of each meeting as reasonably practicable. Minutes of all meetings of the Committee shall be prepared as soon as possible following the meeting and submitted for approval at or prior to the next following meeting.

The Committee should meet privately at least once per year with senior management of the Company, the Company's external auditors, and as a committee to discuss any matters that the Committee or any of these groups believe should be discussed.

### **Specific Responsibilities and Duties**

Specific responsibilities and duties of the Committee shall include, without limitation, the following:

#### *General Review Procedures*

1. Review and reassess the adequacy of this Charter at least annually and submit any proposed amendments to the Board for approval.
2. Review the Company's annual audited financial statements, related MD&A, and other documents prior to filing or distribution of such documents or issuing a press release in respect of the financial statements and MD&A. Review should include discussion with management and external auditors of significant issues regarding accounting principles, practices, and significant management estimates and judgments.
3. Annually, in consultation with management, external auditors, and internal auditors, consider the integrity of the Company's financial reporting processes and controls. Discuss significant financial risk exposures and the steps management has taken to monitor, control and report such exposures. Review significant findings prepared by the external auditors and the internal auditing department together with management's responses.
4. Review the effectiveness of the overall process for identifying the principal risks affecting financial reporting and provide the Committee's views to the Board of Directors.
5. Review with financial management and the external auditors the Company's quarterly financial results, related MD&A and other documents prior to the filing or distribution of such documents or issuing a press release in respect of the financial statements and MD&A. Discuss any significant changes to the Company's accounting principles. The Chair of the Committee may represent the entire Committee for purposes of this review.

#### *External Auditors*

6. The external auditors are ultimately accountable to the Committee, as representatives of the shareholders. The external auditors must report directly to the Committee, who shall review the independence and performance of the auditors and annually recommend to the Board the appointment of the external auditors or approve any discharge of auditors when circumstances warrant. The Committee shall approve the compensation of the external auditors.
7. The Committee must pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the auditors, unless such non-audit services are reasonably expected to constitute not more than

five (5) percent of the total fees paid by the Company to the external auditor during the particular fiscal year, or if the Company did not recognize such services as non-audit services at the time of engagement. The pre-approval requirement will be satisfied if such non-audit services are promptly brought to the attention of the Committee prior to the completion of the audit and approved by the Committee, or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee. In addition, the Committee may satisfy the pre-approval requirement by adopting specific and detailed policies and procedures for the engagement of non-audit services, so long as the Committee is informed of each non-audit service and such procedures do not include delegation of the Committee's responsibilities to management.

8. On an annual basis, the Committee should review and discuss with the external auditors all significant relationships they have with the Company that could impair the auditors' independence.
9. Review the external auditors' audit plan and discuss and approve the audit scope, staffing, locations, reliance upon management, and internal audit and general audit approach.
10. Prior to releasing the year-end earnings, discuss the results of the audit with the external auditors. Discuss any matters that are required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants.
11. Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting.
12. Review and approve management's decisions related to the need for internal auditing.
13. Review the mandate, budget, plan, changes in plan, activities, organizational structure and qualifications of the internal audit department, as needed.
14. Review the appointment, performance and replacement of the senior internal audit executive.
15. Review significant reports prepared by the internal audit department together with management's response and follow-up to these reports.

#### *Other Miscellaneous Responsibilities*

16. Annually assess the effectiveness of the Committee against its Mandate and report the results of the assessment to the Board.
17. Prepare and disclose a summary of the Mandate to shareholders.
18. Perform any other activities consistent with this Mandate, the Company's by-laws and governing law, as the Committee or the Board deems necessary or appropriate.
19. Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

#### **Authority**

The Committee shall have the authority to:

1. Delegate approval-granting authority to pre-approve non-audit services by the external auditor to one or more of its members;
2. Engage independent counsel and other advisors as it determines necessary to carry out its duties;
3. Set and pay the compensation for any advisors employed by the Committee;
4. Communicate directly with the internal and external auditors;
5. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of the Company regarding questionable accounting or auditing matters.

**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 full and unrestricted access to all of the Company's books, records, facilities and personnel as well as the Company's external auditors and shall have the authority, in its sole discretion, to conduct any investigation appropriate to fulfilling its responsibilities. The Committee shall further have the authority to retain, at the Company's expense, such special legal, accounting or other consultants or experts as it deems necessary in the performance of its duties and to request any officer or employee of the Company or the Company's external counsel or auditors to attend a meeting of the Committee.

**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 Company from whom he or she receives 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 Company's financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles and applicable rules and regulations, each of which is the responsibility of management and the Company's external auditors.

## SCHEDULE "B"

### AMENDED AND RESTATED STOCK OPTION PLAN

#### BONANZA BLUE CORP.

**WHEREAS** Bonanza Blue Corp. (the "**Corporation**") desires to amend and restate its existing stock option plan last approved by its shareholders on July 12, 2000 (the "**Existing Plan**");

**AND WHEREAS** all options to purchase common shares of the Corporation which were granted pursuant to the Existing Plan (the "**Existing Options**") shall remain outstanding in accordance with their terms, provided that from the effective date of this stock option plan (the "**Plan**"), such Existing Options shall be governed by this Plan;

**NOW THEREFORE** the Plan provides as follows:

#### ARTICLE 1 DEFINITIONS AND INTERPRETATION

##### 1.1 Definitions

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set forth below:

- (a) "**affiliate**" has the meaning ascribed thereto in the *Securities Act* (Ontario).
- (b) "**Administrator**" means, initially, the Chief Financial Officer of the Corporation and thereafter shall mean such director or other senior officer or employee of the Corporation as may be designated as Administrator by the Board from time to time.
- (c) "**Award Date**" means the date on which the Board awards a particular Option.
- (d) "**Board**" means the board of directors of the Corporation or any committee thereof to which the board of directors of the Corporation has delegated the power to administer and grant Options under the Plan.
- (e) "**Cause**" means:
  - (i) in the case of an Employee or Officer (1) cause as such term is defined in the written employment agreement with the Employee or Officer or if there is no written employment agreement or cause is not defined therein, the usual meaning of just cause under the common law or the laws of the jurisdiction in which the employee is employed; or (2) the termination of employment as a result of an order made by any Regulatory Authority having jurisdiction to so order;
  - (ii) in the case of a Consultant (1) the occurrence of any event which, under the written consulting contract with the Consultant or the common law or the laws of the jurisdiction in which the Consultant provides services, gives the Corporation or any of its affiliates the right to immediately terminate the consulting contract; or (2) the termination of the consulting contract as a result of an order made by any Regulatory Authority having jurisdiction to so order; or
  - (iii) in the case of a Director, ceasing to be a Director as a result of (1) ceasing to be qualified pursuant to subsection 118(1) of the *Business Corporations Act* (Ontario); (2) a resolution having been passed under section 122 of the *Business Corporations Act* (Ontario) or by the resolution or method specified in the Corporation's Articles; or (3) an order made by any Regulatory Authority having jurisdiction to so order.

- (f) **“Change of Control”** means and shall be deemed to have occurred if one of the following events takes place:
- (i) the sale, transfer or other disposition of all or substantially all of the Corporation’s assets in complete liquidation or dissolution of the Corporation;
  - (ii) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its affiliates and another corporation or other entity, as a result of which the holders of Common Shares immediately prior to the completion of the transaction hold less than 50% of the outstanding voting securities of the successor corporation immediately after completion of the transaction;
  - (iii) any Person or combination of Persons at arm’s length to the Corporation and its affiliates acquires or becomes the beneficial owner of, directly or indirectly, more than 50% of the voting securities of the Corporation, whether through the acquisition of previously issued and outstanding voting securities, or of voting securities that have not been previously issued, or any combination thereof, or any other transaction having a similar effect;
  - (iv) a resolution is adopted to wind-up, dissolve or liquidate the Corporation; or
  - (v) as a result of or in connection with: (A) a contested election of directors of the Corporation; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its affiliates and another corporation or other entity (a **“Transaction”**), fewer than 50% of the Corporation’s directors following the Transaction are persons who were directors of the Corporation immediately prior to such Transaction.
- (g) **“Common Share”** or **“Common Shares”** means, as the case may be, one or more common shares in the capital of the Corporation.
- (h) **“Corporation”** means Bonanza Blue Corp., a corporation incorporated under the *Ontario Business Corporations Act*.
- (i) **“Consultant”** has the meaning given to that term in National Instrument 45-106 – *Prospectus Exemptions*.
- (j) **“consultant corporation”** means for an individual consultant, a corporation or partnership of which the individual is an employee, shareholder or partner.
- (k) **“Director”** means a director of the Corporation, and for purposes of the Plan includes directors of any Related Entity of the Corporation.
- (l) **“Discounted Market Price”** of the Common Shares for a particular Award Date shall be the Market Price as of such date less the maximum discount permitted pursuant to the policies of the Exchange. If the Common Shares are not listed on an Exchange, then the maximum permissible discount shall be 25%.
- (m) **“Eligible Persons”** means Directors, Officers, Employees and Consultants.
- (n) **“Employee”** means:
- (i) an individual who is considered an employee of the Corporation or a Related Entity of the Corporation under the *Income Tax Act*;
  - (ii) an individual who works full-time for the Corporation or a Related Entity of the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the affiliated entity of the Corporation over the details and methods of work as an employee of the Corporation or

the affiliated entity of the Corporation, but for whom income tax deductions are not made at source, or

- (iii) an individual who works for the Corporation or a Related Entity of the Corporation on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the affiliated entity of the Corporation over the details and methods of work as an employee of the Corporation or the affiliated entity of the Corporation, but for whom income tax deductions are not made at source.
- (o) “**Exchange**” means any stock exchange, inter-dealer quotation network or other organized trading facility on which the Common Shares may be listed.
- (p) “**Exercise Notice**” means the notice respecting the exercise of an Option, in the form set out as Appendix “B” hereto, duly executed by the Option Holder.
- (q) “**Exercise Period**” means the period during which a particular Option may be exercised and is the period from and including the Award Date through to and including the Expiry Date.
- (r) “**Exercise Price**” means the price at which an Option may be exercised as determined in accordance with paragraph 3.5.
- (s) “**Expiry Date**” means the date determined in accordance with paragraph 3.4 and after which a particular Option cannot be exercised.
- (t) “**Expiry Period**” has the meaning given to that term under paragraph 3.4(b).
- (u) “**Fixed Expiry Date**” has the meaning given to that term under paragraph 3.4.
- (v) “**insider**” has the meaning given to that term in the *Securities Act* (Ontario).
- (w) “**Market Price**” of the Common Shares for a particular Award Date shall be the last closing price of the Common Shares on the Exchange. If the Common Shares are not listed on the Exchange, then the Market Price shall be, subject to the necessary approvals of the applicable Regulatory Authorities, the fair market value of the Common Shares on the Award Date as determined by the Board in its discretion.
- (x) “**Management Corporation Employee**” means an individual employed by a Person providing management services to the Corporation or to a Related Entity of the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a Person engaged in investor relations activities.
- (y) “**Officer**” means an officer of the Corporation or a Management Corporation Employee, and for the purposes of the Plan includes officers of any Related Entity of the Corporation.
- (z) “**Option**” means an option to acquire Common Shares, awarded to an Eligible Person pursuant to the Plan.
- (aa) “**Option Certificate**” means the certificate, in the form set out as Appendix “A” hereto, evidencing an Option.
- (bb) “**Option Holder**” means a Person who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (cc) “**Other Share Compensation Arrangement**” means, other than this Plan and any Options, any stock option plan, stock options, employee stock purchase plan or other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including but not limited to a purchase of Common Shares from treasury which is financially assisted by the Corporation by way of loan, guarantee or otherwise.

- (dd) **“Person”** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency or entity however designated or constituted.
- (ee) **“Personal Representative”** means:
  - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
  - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder.
- (ff) **“Plan”** means this stock option plan.
- (gg) **“Regulatory Authorities”** means the Exchange and all securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation.
- (hh) **“Related Entity”** has the meaning given to that term in National Instrument 45-106 – *Prospectus and Registration Exemptions*.
- (ii) **“Securities Laws”** means securities legislation, securities regulations and securities rules, as amended, and the instruments, forms, notices and policy documents in force from time to time that are applicable to the Corporation.
- (jj) **“Termination Date”** means:
  - (i) in the case of the Option Holder’s resignation from employment or the termination of the Option Holder’s consulting contract by the Option Holder, the date that the Option Holder provides notice of such resignation or termination to the Corporation or any of its affiliates; or
  - (ii) in the case of the termination of the Option Holder’s employment or consulting contract by the Corporation or any of its affiliates for any reason (whether such termination is lawful or unlawful) other than death, the date that the Corporation or any of its affiliates delivers written notice of such lawful or unlawful termination of the Option Holder’s employment or consulting contract to the Option Holder; or
  - (iii) in the case of the expiry of a fixed-term employment agreement or consulting contract that is not renewed or extended, the last day of the term.

## 1.2 Choice of Law

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed in accordance with, the laws of the Province of Ontario.

## 1.3 Headings

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

# ARTICLE 2 PURPOSE AND PARTICIPATION

## 2.1 Purpose

The purpose of the Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified Directors, Officers, Consultants and Employees, to reward such of those Directors, Officers, Consultants and Employees as may be awarded Options under the Plan by the Board from time to time for their contributions

toward the long term goals of the Corporation and to enable and encourage such Directors, Officers, Consultants and Employees to acquire Common Shares as long term investments.

## **2.2 Participation**

The Board shall, from time to time and in its sole discretion, determine which of the Eligible Persons, if any, shall be awarded Options. The Board shall only award an Option to a Consultant, Employee or Management Corporation Employee if the Consultant, Employee or Management Corporation Employee is a bona fide Consultant, Employee or Management Corporation Employee of the Corporation or an affiliate of the Corporation, and the Corporation shall make such a representation if required by the Regulatory Authorities. The Board may, in its sole discretion, grant the majority of the Options to insiders of the Corporation. However, in no case shall:

- (a) the number of Options awarded in a one-year period to any one Consultant exceed 2% of the issued Common Shares (calculated at the time of award);
- (b) the number of Options awarded in a one-year period to any one individual exceed 5% of the outstanding Common Shares (calculated at the time of award), unless disinterested shareholder approval has been obtained;
- (c) the aggregate number of Options awarded in a one-year period to Persons employed to provide investor relations services exceed 2% of the issued Common Shares (calculated at the time of award);
- (d) the aggregate number of Options awarded to insiders under the Plan and any previously established and outstanding stock option plans or grants in a one-year period exceed 10% of the issued Common Shares (calculated at the time of award), unless disinterested shareholder approval has been obtained; or
- (e) the aggregate number of Common Shares reserved for issuance to insiders upon the exercise of Options awarded under the Plan and any previously established and outstanding stock option plans or grants, exceed 10% of the issued Common Shares (calculated at the time of award), unless disinterested shareholder approval has been obtained.

## **2.3 Notification of Award**

Following the award of an Option by the Board, the Administrator shall notify the Option Holder in writing of the award and shall enclose with such notice the Option Certificate representing the Option so awarded.

## **2.4 Copy of Plan**

Each Option Holder, concurrently with the notice of the award of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

## **2.5 Limitation**

The participation of any Eligible Person in the Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring any rights or privileges, other than those rights and privileges expressly provided in the Plan. In particular, participation in the Plan does not constitute a condition of employment, appointment or engagement to provide services by any Eligible Person. Neither the Plan nor any action taken hereunder shall interfere with the right of the Corporation or a Related Entity of the Corporation to terminate the employment, appointment or provision of services of an Option Holder at any time. The payment of any sum of money in cash in lieu of notice of termination of employment, appointment or provision of services shall not be considered as extending the period of employment, appointment or the provision of services for the purposes of the Plan.

## **2.6 Rights Prior to Exercise**

An Option Holder shall have no rights whatsoever as a shareholder in respect of any of the Common Shares such Option Holder may be entitled to purchase on exercise of an Option (including any right to receive dividends or



other distributions therefrom or thereon) other than in respect of Common Shares in respect of which the Option Holder has exercised the option to purchase hereunder and which the Option Holder has taken up and paid for.

## **2.7 Taxes**

The Corporation shall have the power and the right to deduct or withhold, or require an Option Holder to remit to the Corporation, the required amount to satisfy federal, provincial, state and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of any Option granted under the Plan. With respect to any required withholding, the Corporation shall have the irrevocable right to, and the Option Holder consents to, the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the Option Holder (whether arising pursuant to the Option Holder's relationship as a Director, Officer, Employee or Consultant of the Corporation or otherwise), or may make such other arrangements that are satisfactory to the Option Holder and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Common Shares issuable upon exercise of the Options as it determines are required to be sold by the Corporation, as trustee, to satisfy any withholding obligations net of selling costs. The Option Holder consents to such sale and grants to the Corporation an irrevocable power of attorney to affect the sale of such Common Shares issuable upon exercise of the Options and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares issuable upon exercise of the Options.

## **ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS**

### **3.1 Board to Issue Common Shares**

The Common Shares to be issued to Option Holders upon the exercise of Options shall be authorized and unissued Common Shares the issuance of which shall have been authorized by the Board.

### **3.2 Number of Common Shares**

The aggregate number of Common Shares that may be reserved for issuance pursuant to Options shall not exceed 10% of the outstanding Common Shares at the time of the granting of an Option, less the aggregate number of Common Shares then reserved for issuance pursuant to any Other Share Compensation Arrangement. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Common Shares in respect of which the option was not exercised shall be available for the purposes of the Plan. Any exercises of Options will make new grants available under the Plan, effectively resulting in a re-loading of the number of Options available for grant under the Plan.

### **3.3 Term of Option**

Subject to such other terms or conditions that may be attached to an Option granted hereunder, an Option Holder may exercise any vested portion or portions of an Option in whole or in part at any time or from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of 5:00 p.m. local time in Toronto, Ontario on the Expiry Date.

### **3.4 Termination**

Subject to subparagraphs (a) to (e) below, the Expiry Date of an Option shall be the date fixed by the Board at the time the particular Option is awarded (the "**Fixed Expiry Date**"), provided that the Expiry Date shall be no later than the date that is 10 years following the Award Date of such Option:

#### **(a) Death**

If the Option Holder dies while his or her Option is outstanding, then unless otherwise provided for in the Option Certificate, the following shall apply. The Expiry Date for any vested portion or portions of the Option shall be the earlier of the Fixed Expiry Date and the date that is one year after the date of the Option Holder's death. The Expiry

Date for any unvested portion of the Option shall be the date of the Option Holder's death. The right to purchase Common Shares under an Option shall not vest after the date of the Option Holder's death.

(b) **Ceasing to be a Director or Officer**

If the Option Holder holds an Option as a Director or Officer and the Option Holder ceases to be a Director or Officer (other than by reason of death), then the following shall apply. The Expiry Date for any vested portion or portions of the Option shall be the earlier of the Fixed Expiry Date and the date that is 90 days after the Option Holder ceases to be a Director and Officer (the "**Expiry Period**"). Notwithstanding the foregoing, if the Option Holder ceases to be a Director or Officer for Cause, the Expiry Date shall be the date that the Option Holder ceases to be a Director or Officer. The Expiry Date for any unvested portion of the Option shall be the date that the Option Holder ceases to be a Director or Officer. The right to purchase Common Shares under an Option shall not vest after the date that the Option Holder ceases to be a Director or Officer.

(c) **Ceasing to be an Employee or Consultant**

If the Option Holder holds an Option as an Employee or Consultant and the Option Holder ceases to be an Employee or Consultant (other than by reason of death), then the following shall apply. The Expiry Date for any vested portion or portions of the Option shall be the earlier of the Fixed Expiry Date and the date that is 90 days after the Option Holder ceases to be an Employee or Consultant. Notwithstanding the foregoing, if the Option Holder ceases to be an Employee or Consultant for Cause, the Expiry Date shall be the Termination Date. The Expiry Date for any unvested portion of the Option shall be the Termination Date. The right to purchase Common Shares under an Option shall not vest after the Termination Date. For greater certainty, if the Corporation gives an Employee or Consultant working notice of termination of employment or the consulting contract or payment in lieu of notice or if the Corporation wrongfully or constructively dismisses the Employee or Consultant, no vesting shall occur during the working notice period or deemed notice period that the Employee or Consultant receives or should have received. The Expiry Period shall commence on the first day of such working notice period or deemed notice period.

(d) **Change of Control**

In the event of a Change of Control or impending Change of Control, the Board may, subject to any necessary prior written approval of the Regulatory Authorities, in its sole discretion, deal with outstanding Options in the manner it deems fair and reasonable in light of the circumstances. Without limiting the generality of the foregoing, the Board may, without any action or consent required on the part of any Option Holder:

- (i) deliver a notice to the Option Holder advising the Option Holder that the unvested portion of the Option held by the Option Holder, if any, shall immediately vest;
- (ii) deliver a notice to an Option Holder advising the Option Holder that the Expiry Date for any vested portion or portions of the Option shall be the earlier of the Fixed Expiry Date and the day that is 10 days following the date of the notice and the Expiry Date for any unvested portion of the Option shall be the date of the notice; or
- (iii) take such other actions, and combinations of the foregoing actions, as it deems fair and reasonable under the circumstances.

(e) **Black-out Period**

If an Option expires during, or within two business days after the end of, a Black-Out Period, then, notwithstanding any other provision of the Plan, the Option shall expire ten business days after the Black-Out Period is lifted by the Corporation. For the purposes hereof, a "**Black-Out Period**" means that period during which a trading black-out period is imposed by the Corporation, pursuant to its insider trading policies or otherwise, to restrict trades in the Corporation's securities by an Option Holder.

The foregoing subparagraphs (b) and (c) shall only apply once an Option Holder ceases to fall into any of the categories of Eligible Persons. The Board and the Administrator shall look to which of the definitions of Employee, Director, Officer or Consultant the Option Holder met immediately prior to the Option Holder ceasing to be an

Eligible Person to determine which of subparagraphs (b) or (c) shall apply. If the Option Holder met more than one definition, then the following shall apply. If the Option Holder was an Employee or Consultant, then the Option Holder shall be deemed to hold his or her Option as an Employee or Consultant regardless of whether the Option Holder was also a Director or Officer.

### **3.5 Exercise Price**

The price at which an Option Holder may purchase a Common Share upon the exercise of an Option shall be as set forth in the Option Certificate issued in respect of such Option and in any event shall not be less than the Discounted Market Price of the Common Shares as of the Award Date.

### **3.6 Additional Terms**

Subject to all applicable Securities Laws and the rules and policies of all applicable Regulatory Authorities, the Board may attach other terms and conditions to the award of a particular Option, such terms and conditions to be referred to in a schedule attached to the Option Certificate. These terms and conditions may include, but are not necessarily limited to, providing that an Option or a portion or portions of an Option expire on a certain date, after certain periods of time or upon the occurrence of certain events other than as provided for herein, provided that no Option shall expire more than ten years after the Award Date.

### **3.7 Assignment of Options**

Options may not be assigned or transferred, provided however that the Personal Representative of an Option Holder may, to the extent permitted by paragraph 4.1, exercise the Option within the Exercise Period.

### **3.8 Adjustments**

If:

- (a) the Common Shares are changed into or exchanged for a different number or kind of Shares of the Corporation or securities of another corporation, whether through an arrangement, amalgamation or other similar procedure or otherwise, or a share recapitalization, subdivision or consolidation;
- (b) a dividend is declared upon the Common Shares, payable in Common Shares (other than in lieu of dividends paid in the ordinary course);
- (c) the Corporation distributes by way of a dividend, or otherwise, to all or substantially all holders of Common Shares, property, evidences of indebtedness or Shares or other securities of the Corporation (other than Common Shares) or rights, options or warrants to acquire Common Shares or securities convertible into or exchangeable for Common Shares or other securities or property of the Corporation, other than as a dividend in the ordinary course; or
- (d) there is any other change that the Board, in its sole discretion, determines equitably requires an adjustment to be made;
- (e) then, subject to any required action by the shareholders of the Corporation and any necessary approval of the Regulatory Authorities, any term that the Board determines requires adjustment (including the number of Common Shares subject to each outstanding Option and the number of Common Shares that have been authorized for issuance under the Plan but as to which no Options have yet been granted or that have again become available for the purposes of the Plan, the Exercise Price of each outstanding Option, as well as any other terms that the Board determines require adjustment) shall be adjusted by the Board in the manner the Board deems appropriate and its determination shall be final, binding and conclusive. Except as the Board determines, no issuance by the Corporation of Common Shares of any class, or securities convertible into Common Shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or Exercise Price of Common Shares subject to an Option. No fractional shares shall be issued upon the exercise of an Option and accordingly, if as a result of the adjustment, an Option Holder would become entitled to a fractional Common Share, such Option

Holder shall have the right to purchase only the next lowest whole number of Common Shares and no payment or other adjustment shall be made with respect to the fractional interest so disregarded.

### **3.9 Vesting**

The Board, subject to the rules or policies of the Exchange, may determine and impose terms upon which an Option shall become vested and exercisable. Unless otherwise specified by the Board at the time of the Option award, and subject to such other limits as may be imposed by Exchange rules or policies from time to time, all Options granted under the Plan shall vest and become exercisable in full upon grant.

Notwithstanding the foregoing, unless otherwise permitted pursuant to Exchange policies, Options awarded to Consultants performing investor relations activities must vest in stages over 12 months with no more than one-quarter vesting in any three month period.

### **3.10 Personal Information Form and Monitoring of Trading**

An Option Holder who becomes a new insider of the Corporation or who is undertaking investor relations activities must file a Personal Information Form or such other documents as may be required by the Regulatory Authorities. An Option Holder who performs investor relations activities must comply with all procedures established by the Board or the Regulatory Authorities to monitor the Option Holder's trading in the securities of the Corporation.

## **ARTICLE 4 EXERCISE OF OPTION**

### **4.1 Exercise of Option**

An Option may be exercised only by the Option Holder or the Personal Representative of the Option Holder. An Option Holder or the Personal Representative of the Option Holder may exercise the vested portion or portions of an Option in whole or in part at any time or from time to time during the Exercise Period up to 5:00 p.m. local time in Toronto, Ontario on the Expiry Date by delivering to the Administrator an Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate Exercise Price of the Common Shares to be purchased pursuant to the exercise of the Option.

### **4.2 Issue of Share Certificates**

As soon as practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate for the Common Shares purchased by the Option Holder. If the number of Common Shares in respect of which the Option was exercised is less than the number of Common Shares subject to the Option Certificate surrendered, the Administrator shall forward a new Option Certificate to the Option Holder concurrently with delivery of the share certificate for the balance of the Common Shares available under the Option.

### **4.3 Condition of Issue**

The Options and the issue of Common Shares by the Corporation pursuant to the exercise of Options are subject to the terms and conditions of the Plan and compliance with the rules and policies of all applicable Regulatory Authorities with respect to the granting of such Options and the issuance and distribution of such Common Shares, and to all applicable Securities Laws. The Option Holder agrees to comply with all such laws, regulations, rules and policies and agrees to furnish to the Corporation any information, reports or undertakings required to comply with, and to fully cooperate with, the Corporation in complying with such laws, regulations, rules and policies.

### **4.4 Taxes**

The Board and the Corporation may take all such measures as they deem appropriate to ensure that the Corporation's obligations under the withholding provisions under income tax laws applicable to the Corporation and other provisions of applicable laws are satisfied with respect to the issuance of Common Shares pursuant to the Plan or the grant or exercise of Options under the Plan. Issuance of Common Shares or delivery of share certificates for

Common Shares purchased pursuant to the Plan may be delayed, at the discretion of the Board, until the Board is satisfied that the applicable requirements of income tax laws and other applicable laws have been met.

## **ARTICLE 5 ADMINISTRATION**

### **5.1 Administration**

The Plan shall be administered by the Board. The Board may make, amend and repeal at any time and from time to time such regulations not inconsistent with the Plan as it may deem necessary or advisable for the proper administration and operation of the Plan and such regulations shall form part of the Plan. The Board may delegate to the Administrator or any director, officer or employee of the Corporation such administrative duties and powers as it may see fit.

### **5.2 Interpretation**

The interpretation by the Board of any of the provisions of the Plan and any determination by it pursuant thereto shall be final and conclusive and shall not be subject to any dispute by any Option Holder. No member of the Board or any person acting pursuant to authority delegated by it hereunder shall be liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Board and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Corporation.

## **ARTICLE 6 AMENDMENT, TERMINATION AND NOTICE**

### **6.1 Amendments**

The Board may, subject to the approval of any regulatory authority whose approval is required and the approval of shareholders where required by such regulatory authority, amend the Plan or any Option at any time. Without limiting the generality of the foregoing, the Board is specifically authorized to amend the terms of the Plan or any Option without obtaining the approval of shareholders in the following circumstances, subject to any limitations that may be prescribed by the rules or policies of the Exchange from time to time:

- (a) amendments of a “housekeeping” nature including, but not limited to, of a clerical, grammatical or typographical nature;
- (b) to correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (c) a change to the vesting provisions of any Option or the Plan;
- (d) amendments to reflect any changes in requirements of any Regulatory Authority to which the Corporation is subject;
- (e) a change to the termination provisions of an Option which does not result in an extension beyond the original term of the Option;
- (f) in the case of any Option, the substitutions and/or adjustments contemplated under section 3.8 of this Plan; and
- (g) a change to the class of Eligible Persons that may participate under the Plan,
- (h) provided that, in the case of any Option, no such amendment may, without the consent of the Option Holder, materially decrease the rights or benefits accruing to such Option Holder or materially increase the obligations of such Option Holder. Notwithstanding the foregoing, shareholder approval shall be required in respect of amendments to:

- (i) the definition of Eligible Persons hereunder;
- (j) the maximum number or percentage of Common Shares (or other securities) issuable under the Plan;
- (k) the limitations under the Plan on the number of Options that may be granted to any one Person or any category of Persons;
- (l) the method for determining the exercise price of Options;
- (m) the maximum term of Options;
- (n) the expiry and termination provisions applicable to Options; and
- (o) any other provision that is required to be approved by shareholders under applicable law (including, without limitation, the rules, regulations and policies of the Exchange).

Where shareholder approval is sought for amendments under subsections (b) or (c) above, the votes attached to Common Shares held directly or indirectly by Insiders benefiting from the amendment will be excluded.

## **6.2 Amendment Subject to Approval**

If the amendment of an Option requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

## **6.3 Approvals**

The Plan and any amendments hereto are, and the award of any Option is, subject to all necessary or required approvals of the applicable Regulatory Authorities and shareholders.

## **6.4 Termination**

The Board may terminate the Plan at any time provided that such termination shall not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to the date of such termination which shall continue to be governed by the provisions of the Plan.

## **6.5 Agreement**

The Corporation and every Option awarded hereunder shall be bound by and subject to the terms and conditions of the Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Corporation to be bound by the terms and conditions of the Plan.

## **6.6 Notice**

Any notice or other communication contemplated under the Plan to be given by the Corporation to an Option Holder shall be given by the Corporation delivering or faxing the notice to the Option Holder at the last address for the Option Holder in the Corporation's records. Any such notice shall be deemed to have been given on the date on which it was delivered, or in the case of fax, the next business day after transmission. An Option Holder may, at any time, advise the Corporation of a change in the Option Holder's address or fax number.

**APPENDIX "A"**  
**BONANZA BLUE CORP.**

**STOCK OPTION PLAN**  
**OPTION CERTIFICATE**

This Certificate is issued pursuant to the provisions of the Bonanza Blue Corp. (the "**Corporation**") Stock Option Plan (the "**Plan**") and evidences that ● is the holder (the "**Option Holder**") of an option (the "**Option**") to purchase up to ● Common shares (the "**Common Shares**") in the capital stock of the Corporation at a purchase price of \$● per Common Share.

Subject to the provisions of the Plan:

- (a) the Award Date of the Option is ●;
- (b) the Fixed Expiry Date of the Option is ●; and
- (c) the Expiry Period is ●.

The vested portion or portions of the Option may be exercised at any time and from time to time from and including the Award Date through to 5:00 p.m. local time in Toronto, Ontario on the Expiry Date by delivering to the Administrator of the Plan an Exercise Notice, in the form attached, together with this Certificate and a certified cheque or bank draft payable to the Corporation in an amount equal to the aggregate of the Exercise Price of the Common Shares in respect of which the Option is being exercised.

This Certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan, the terms and conditions of which the Option Holder hereby expressly agrees with the Corporation to be bound by. This Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Corporation shall prevail.

The Option is also subject to the terms and conditions contained in the schedules, if any, attached hereto. All terms not otherwise defined in this Certificate shall have the meanings given to them under the Plan.

Dated this ● day of ●.

**BONANZA BLUE CORP.**

Per:

\_\_\_\_\_  
Administrator, Stock Option Plan

**APPENDIX "B"**  
**BONANZA BLUE CORP.**

**STOCK OPTION PLAN**  
**EXERCISE NOTICE**

**TO: The Administrator, Stock Option Plan**

**Bonanza Blue Corp. (the "Corporation")**

The undersigned hereby irrevocably gives notice, pursuant to the Corporation's Stock Option Plan (the "**Plan**"), of the exercise of the Option to acquire and hereby subscribes for (**cross out inapplicable item**):

- (a) all of the Common Shares; or
- (b) of the Common Shares; which are the subject of the Option Certificate attached hereto.

The undersigned tenders herewith a certified cheque or bank draft (**circle one**) payable to the Corporation in an amount equal to the aggregate Exercise Price of the aforesaid Common Shares exercised and directs the Corporation to issue the certificate evidencing said Common Shares in the name of the undersigned to be mailed to the undersigned at the following address:

By executing this Exercise Notice, the undersigned hereby confirms that the undersigned has read the Plan and agrees to be bound by the provisions of the Plan. All terms not otherwise defined in this Exercise Notice shall have the meanings given to them under the Plan or the attached Option Certificate.

DATED the ● day of ●, ●.

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Signature of Option Holder



## SCHEDULE “C”

### SHARE UNIT PLAN

#### BONANZA BLUE CORP.

### ARTICLE 1 INTRODUCTION

#### Purpose of Plan

This Plan provides for the granting of Share Unit Awards and payment in respect thereof through the issuance of one Share from treasury of the Corporation per Share Unit (subject to adjustments), for services rendered, for the purpose of advancing the interests of the Participants.

#### 1.1 Definitions

- (A) “**Affiliate**” means any Corporation that is an affiliate of the Corporation as defined in National Instrument 45-106 – *Prospectus and Registration Exemptions*, as may be amended from time to time.
- (B) “**Associate**” with any person or company, is as defined in the Securities Act, as may be amended from time to time.
- (C) “**Board**” means the board of directors of the Corporation, or any committee of the board of directors to which the duties of the board of directors hereunder are delegated.
- (D) “**Change of Control**” means the occurrence of any one or more of the following events:
  - (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Affiliates and another corporation or other entity, as a result of which the holders of Shares immediately prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation immediately after completion of the transaction;
  - (ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of all or substantially all of the assets, rights or properties of the Corporation and its Subsidiaries on a consolidated basis to any other person or entity, other than transactions among the Corporation and its Subsidiaries;
  - (iii) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;
  - (iv) any person, entity or group of persons or entities acting jointly or in concert (the “**Acquiror**”) acquires, or acquires control (including, without limitation, the power to vote or direct the voting) of, voting securities of the Corporation which, when added to the voting securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or Associates and/or Affiliates of the Acquiror to cast or direct the casting of 50% or more of the votes attached to all of the Corporation’s outstanding voting securities which may be cast to elect Directors of the Corporation or the successor corporation (regardless of whether a meeting has been called to elect Directors);
  - (v) as a result of or in connection with: (A) a contested election of Directors; or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Affiliates and another corporation or other entity (a “**Transaction**”), fewer than 50% of the Directors of the Corporation are persons who were Directors of the Corporation immediately prior to such Transaction; or
  - (vi) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

For the purposes of the foregoing definition of Change of Control, “**voting securities**” means Shares and any other shares entitled to vote for the election of Directors and shall include any security, whether or not issued by the Corporation, which are not shares entitled to vote for the election of Directors but are convertible into or exchangeable for shares which are entitled to vote for the election of Directors, including any options or rights to purchase such shares or securities.

- (E) “**Committee**” means the Board or, if the Board so determines in accordance with Section 2.2 of the Plan, any committee of Directors of the Corporation authorized to administer the Plan from time to time.
- (F) “**Consultant**” means, in relation to the Corporation, an individual or a Consultant Company, other than an Employee, Director or Officer of the Corporation, that:
  - (i) is engaged to provide on a continuous bona fide basis, consulting, technical, management or other services to the Corporation or to an Affiliate of the Corporation, other than services provided in relation to a distribution;
  - (ii) provides the services under a written contract between the Corporation or the Affiliate and the individual or the Consultant Company;
  - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate of the Corporation; and
  - (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation.
- (G) “**Consultant Company**” means for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner.
- (H) “**Corporation**” means Bonanza Blue Corp. and includes any successor corporation thereof.
- (I) “**Deferred Payment Date**” for a Participant means the date after the Vesting Date which is the earlier of (i) the date to which the Participant has elected to defer receipt of Shares in accordance with Section 2.5 of this Plan; and (ii) the date of the Participant’s Retirement, Resignation, Termination with Cause or Termination Without Cause or a Change of Control of the Corporation.
- (J) “**Director**” means a director of the Corporation or any of its Subsidiaries.
- (K) “**Disability**” means where the Participant: (i) is to a substantial degree unable, due to illness, disease, affliction, mental or physical disability or similar cause, to fulfill his or her obligations as an officer or employee of the Corporation either for any consecutive 12 month period or for any period of 18 months (whether or not consecutive) in any consecutive 24 month period; or (ii) is declared by a court of competent jurisdiction to be mentally incompetent or incapable of managing his affairs.
- (L) “**Employee**” means an individual who is a bona fide employee of the Corporation or of any Subsidiary of the Corporation and includes a bona fide permanent part-time employee of the Corporation or any Subsidiary of the Corporation.
- (M) “**Grant Date**” means the effective date that a Share Unit is awarded to a Participant under this Plan, as evidenced by the Share Unit grant letter.
- (N) “**Insider**” has the meaning given to such term in the *Securities Act* (Ontario).
- (O) “**Management Company Employee**” means an individual who is a bona fide employee of a company providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation.
- (P) “**Market Price**” as at any date in respect of the Shares shall be the closing price of the Shares on the principal stock exchange on which such Shares are traded, on the trading day that the Share Unit is awarded. In the event that the Shares are not then listed and posted for trading on a stock

exchange, the Market Price shall be the fair market value of such Shares as determined by the Committee in its sole discretion.

- (Q) “**Officer**” means a senior officer of the Corporation or any of its Subsidiaries.
- (R) “**Participant**” means an Employee, Director or Officer of the Corporation or any of its Subsidiaries, or an Affiliate, Consultant or Management Company Employee to whom Share Units are granted hereunder unless otherwise determined by the Committee, and, except in relation to a Consultant Company, includes a company that is wholly-owned by such persons.
- (S) “**Plan**” means this Share Unit Plan, as may be amended from time to time.
- (T) “**Qualifying Participant**” means a Participant (i) who is a resident of Canada for the purposes of the *Income Tax Act* (Canada) or (ii) who is designated as a Qualifying Participant in the Participant’s Share Unit grant letter, provided that the Participant is not a U.S. Taxpayer.
- (U) “**Resignation**” means the cessation of employment (as an Officer or Employee) of the Participant with the Corporation or any of its Subsidiaries or Affiliates as a result of resignation, other than as a result of Retirement.
- (V) “**Retirement**” means the Participant ceasing to be an Employee or Officer of the Corporation or any of its Subsidiaries or Affiliates in accordance with the retirement policies of the Corporation or any of its Subsidiaries or Affiliates, if any, or such other time as the Corporation may agree with the Participant.
- (W) “**Securities Act**” means the *Securities Act*, R.S.O. 1990, Chapter S.5, as amended from time to time.
- (X) “**Share Unit**” means a unit credited by means of an entry on the books of the Corporation to a Participant, representing the right to receive one Share (subject to adjustments) issued from treasury.
- (Y) “**Share Unit Award**” means an award of Share Units under this Plan to a Participant.
- (Z) “**Shares**” means the common shares in the capital of the Corporation.
- (AA) “**Stock Exchange**” means the stock exchange on which the Shares are listed, or if the Shares are not listed on any stock exchange, then on the over-the-counter market.
- (BB) “**Subsidiary**” means a corporation which is a subsidiary of the Corporation defined under the Securities Act.
- (CC) “**Termination With Cause**” means the termination of employment (as an Officer or Employee) of the Participant with cause by the Corporation or any of its Subsidiaries or Affiliates (and does not include Resignation or Retirement).
- (DD) “**Termination Without Cause**” means the termination of employment (as an Officer or Employee) of the Participant without cause by the Corporation or any of its Subsidiaries or Affiliates (and does not include Resignation or Retirement) and, in the case of an Officer, includes the removal of or failure to reappoint the Participant as an Officer of the Corporation or any of its Subsidiaries or Affiliates.
- (EE) “**U.S. Taxpayer**” means a Participant who is a U.S. citizen, U.S. permanent resident or U.S. tax resident or a Participant for whom a benefit under this Plan would otherwise be subject to U.S. taxation under the U.S. Internal Revenue Code of 1986, as amended, and the rulings and regulations in effect thereunder.
- (FF) “**Vesting Date**” means the date that a Share Unit is eligible for payment, as determined by the Committee in its sole discretion in accordance with the Plan and as outlined in the Share Unit grant letter issued to the Participant.

1.2 The headings of all articles, sections and paragraphs in this Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of this Plan.

1.3 Whenever the singular or masculine are used in this Plan, the same shall be construed as being the plural or feminine or neuter or vice versa where the context so requires.

1.4 The words “herein”, “hereby”, “hereunder”, “hereof” and similar expressions mean or refer to this Plan as a whole and not to any particular article, section, paragraph or other part hereof.

1.5 Unless otherwise specifically provided, all references to dollar amounts in this Plan are references to lawful money of Canada.

## **ARTICLE 2**

### **ADMINISTRATION OF THE PLAN**

#### **2.1 Administration**

This Plan shall be administered by the Committee and the Committee shall have full authority to administer this Plan, including the authority to interpret and construe any provision of this Plan and to adopt, amend and rescind such rules and regulations for administering this Plan as the Committee may deem necessary in order to comply with the requirements of this Plan. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and conclusive and shall be binding on the Participants and the Corporation. No member of the Committee shall be personally liable for any action taken or determination or interpretation made in good faith in connection with this Plan and all members of the Committee shall, in addition to their rights as Directors of the Corporation, be fully protected, indemnified and held harmless by the Corporation with respect to any such action taken or determination or interpretation made in good faith. The appropriate Officers of the Corporation are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary for the implementation of this Plan and of the rules and regulations established for administering this Plan. All costs incurred in connection with this Plan shall be for the account of the Corporation.

Notwithstanding anything to the contrary in the Plan, the provisions of Schedule “A” shall apply to Share Unit Awards granted to a Participant who is a U.S. Taxpayer.

#### **2.2 Delegation to Committee**

All of the powers exercisable hereunder by the Board may, to the extent permitted by applicable law and as determined by resolution of the Board, be exercised by a committee of the Board, including the Committee.

#### **2.3 Register**

The Corporation shall maintain a register in which it shall record the name and address of each Participant and the number of Share Units (and their corresponding key conditions and Vesting Date) awarded to each Participant.

#### **2.4 Participant Determination**

The Committee shall from time to time determine the Participants who may participate in this Plan. The Committee shall from time to time, and subject to any applicable blackout period, determine the Participants to whom Share Units shall be granted and the number, provisions and restrictions with respect to such grant, all such determinations to be made in accordance with the terms and conditions of this Plan.

#### **2.5 Deferred Payment Date**

A Qualifying Participant may elect to defer to receive all or any part of their Shares to a date after the Vesting Date until a Deferred Payment Date.

Qualifying Participants who elect to set a Deferred Payment Date must give the Corporation written notice of the Deferred Payment Date not later than five (5) days prior to the Vesting Date. For certainty, Qualifying Participants shall not be permitted to give any such notice after the day which is five (5) days prior to the Vesting Date and a notice once given may not be changed or revoked.

In the event of the Retirement, Resignation, Termination with Cause or Termination Without Cause of the Qualifying Participant or a Change of Control following the Vesting Date and prior to the Deferred Payment Date, the Qualifying Participant shall be entitled to receive and the Corporation shall issue forthwith the applicable Shares in satisfaction of the Share Units then held by the Qualifying Participant that have vested.

### **ARTICLE 3** **SHARE UNIT AWARDS**

#### **3.1 General**

This Plan is hereby established for the Employees, Directors and Officers of the Corporation and any of its Subsidiaries and Affiliates, and for individuals retained as a Consultant to the Corporation or Management Company Employees, as may be determined by the Committee.

#### **3.2 Share Unit Awards**

A Share Unit Award and any applicable vesting conditions may be made to a particular Participant as determined in the sole and absolute discretion of the Committee. The number of Share Units awarded will be determined based on the Market Price and will be credited to the Participant's account, effective as of the Grant Date. The Share Units will be settled by way of the issuance of Shares from treasury as soon as practicable following the Vesting Date or, if applicable, the Deferred Payment Date, unless otherwise provided under this Plan.

For the avoidance of doubt, a Participant will have no right or entitlement whatsoever to receive any Shares until the Vesting Date or, if applicable, the Deferred Payment Date.

#### **3.3 Dividends**

In the event a cash dividend is paid to shareholders of the Corporation on the Shares while a Share Unit is outstanding, each Participant will be credited with additional Share Units reflective of the cash dividends to such Participant. In such case, the number of additional Share Units will be equal to the aggregate amount of dividends that would have been paid to the Participant if the Share Units in the Participant's account on the record date had been Shares divided by the Market Price of a Share on the date on which dividends were paid by the Corporation. If the foregoing shall result in a fractional Share Unit, the fraction shall be disregarded.

The additional Share Units will vest and be settled on the Participant's Vesting Date or, if applicable, the Deferred Payment Date of the particular Share Unit Award to which the additional Share Units relate.

#### **3.4 Change of Control**

In the event of a Change of Control, all unvested Share Units outstanding shall automatically and immediately vest on the date of such Change of Control. Upon a Change of Control, Participants shall not be treated any more favourably than shareholders of the Corporation with respect to the consideration that the Participants would be entitled to receive for their Shares.

#### **3.5 Death or Disability of Participant**

Subject to the Board determining otherwise, in the event of:

- (a) the death of a Participant, any unvested Share Units held by such Participant will automatically vest on the date of death of such Participant and the Shares underlying all Share Units held by such Participant will be issued to the Participant's estate as soon as reasonably practical thereafter; or
- (b) the Disability of a Participant (as may be determined in accordance with the policies, if any, or general practices of the Corporation or any Subsidiary), any unvested Share Units held by such Participant will automatically vest on the date on which the Participant is determined to be totally disabled and the Shares underlying the Share Units held will be issued to the Participant as soon as reasonably practical thereafter.

### **3.6 Retirement**

Subject to the Board determining otherwise, in the event of Retirement of a Participant, any unvested Share Units held by such Participant will automatically vest on the date of Retirement and the Shares underlying such Share Units will be issued to the Participant as soon as reasonably practical thereafter.

### **3.7 Termination Without Cause**

- (a) Subject to the Board determining otherwise, in the event of Termination Without Cause of a Participant, any unvested Share Units held by such Participant that are not subject to Section 3.7(b) as a result of not being subject to performance vesting criteria, will automatically vest on the date of Termination Without Cause and the Shares underlying such Share Units will be issued to the Participant as soon as reasonably practical thereafter.
- (b) Subject to the Board determining otherwise, in the event of Termination Without Cause of a Participant, any unvested Share Units with performance vesting criteria held by such Participant will vest in accordance with their normal vesting schedule unless otherwise stipulated in the Participant's Share Unit grant letter.

For greater certainty, the date of Termination Without Cause shall mean the date the Participant ceases providing services to the Corporation or an Affiliate regardless of the reasons therefore and, for greater clarity, such date shall be as specified in the notice of termination from the Corporation or an Affiliate and shall not include or be deemed to include any period of notice of termination to which the Participant may be entitled under contract, statute, common law or otherwise.

### **3.8 Termination With Cause or Resignation**

In the event of Termination With Cause or the Resignation of a Participant, all of the Participant's Share Units shall become void and the Participant shall have no entitlement and will forfeit any rights to any issuance of Shares under this Plan, except as may otherwise be stipulated in the Participant's Share Unit grant letter or as may otherwise be determined by the Committee in its sole and absolute discretion. Share Units that have vested but that are subject to a Participant's election to set a Deferred Payment Date shall be issued forthwith following the Termination with Cause or the Resignation of the Participant.

### **3.9 Share Unit Grant Letter**

Each grant of a Share Unit under this Plan shall be evidenced by a confirmation Share Unit grant letter issued to the Participant by the Corporation. Such Share Unit grant letter shall be subject to all applicable terms and conditions of this Plan and may include any other terms and conditions which are not inconsistent with this Plan and which the Committee deems appropriate for inclusion in a Share Unit grant letter. The provisions of the various Share Unit grant letters issued under this Plan need not be identical.

### **3.10 Maximum Number of Shares**

The maximum number of Shares made available for issuance from treasury under this Plan or any other security based compensation arrangement (pre-existing or otherwise), subject to adjustments pursuant to Section 4.8, shall not exceed 10% of the then issued and outstanding Shares (including Shares underlying outstanding Share Units). Any Shares subject to a Share Unit which has been cancelled or terminated in accordance with the terms of the Plan without settlement will again be available for the grant of a Share Unit under this Plan. The grant of Share Units under the Plan is subject to a restriction such that the number of Shares: (i) issued to Insiders of the Corporation within any one (1) year period, and (ii) issuable to Insiders of the Corporation, at any time, under the Plan, or when combined with all of the Corporation's other security based compensation arrangements, shall not exceed 10% of the total issued and outstanding Shares, respectively. For greater certainty, the number of Shares outstanding shall mean the number of Shares outstanding on a non-diluted basis on the date immediately prior to the proposed Grant Date.

A Share Unit Award granted to a Participant for services rendered will entitle the Participant, subject to the Participant's satisfaction of any conditions, vesting periods, restrictions or limitations imposed pursuant to this Plan or as set out in the Share Unit grant letter, to receive payment following the Participant's Vesting Date or, if applicable, the Deferred Payment Date through the issuance of Shares from treasury.

The Corporation shall have the power to satisfy any Share Unit obligation of the Corporation by the issuance of Shares from treasury at a rate of one Share for each Share Unit, subject to adjustment.

### **3.11 Settlement of Share Units**

For greater certainty, notwithstanding any provision of this Plan, the Corporation shall not have the right to settle any Share Units for non-share consideration.

## **ARTICLE 4** **GENERAL**

### **4.1 Effectiveness**

The Plan shall be effective following the approval of the Board by ordinary resolution, subject to the provisions of Section 4.2 hereof. This Plan shall remain in effect until it is terminated by the Committee or the Board.

### **4.2 Discontinuance of Plan**

The Committee or the Board, as the case may be, may discontinue this Plan at any time in its sole discretion, and without shareholder approval, provided that such discontinuance may not, without the consent of the Participant, in any manner adversely affect the Participant's rights under any Share Unit granted under this Plan. In the event this Plan is discontinued by the Committee or the Board, the balance of outstanding Share Units shall be maintained until the earlier of the Vesting Date for, or the Termination with Cause, Termination Without Cause, Resignation, Retirement, death or Disability of, each Participant as provided for under this Plan.

### **4.3 Non-Transferability**

Except pursuant to Section 3.5(a) or by a will or by the laws of descent and distribution, no Share Unit and no other right or interest of a Participant (excluding, for greater certainty, Shares previously issued to a Participant in accordance with this Plan) is assignable or transferable.

### **4.4 Income Taxes**

The Corporation or any of its Subsidiaries or Affiliates may take such steps as are considered necessary or appropriate for the withholding of any taxes or other source deduction which the Corporation or any of its Subsidiaries or Affiliates is required by any law or regulation of any governmental authority whatsoever to withhold in connection with the issuance of Shares pursuant to this Plan, including a sale on behalf of a Participant of a sufficient number of Shares to fund such withholding obligation or withholding from other remuneration owing to the Participant.

### **4.5 Amendments to the Plan**

The Committee may from time to time in its sole discretion, and without shareholder approval, amend, modify and change the provisions of this Plan and any Share Unit grant letter, in connection with (without limitation):

- (a) amendments of a housekeeping nature;
- (b) the addition or a change to any vesting provisions of a Share Unit;
- (c) changes to the termination provisions of a Share Unit or the Plan; and
- (d) amendments to reflect changes to applicable securities or tax laws.

However, other than as set out above, any amendment, modification or change to the provisions of this Plan which would:

- (a) materially increase the benefits to the holder of any Share Units who is an Insider to the material detriment of the Corporation and its shareholders;
- (b) increase the number of Shares or maximum percentage of Shares which may be issued pursuant to this Plan (other than by virtue of adjustments pursuant to Section 4.9 of this Plan);

- (c) permit Share Units to be transferred other than for normal estate settlement purposes;
- (d) remove or exceed the Insider participation limits;
- (e) materially modify the eligibility requirements for participation in this Plan; or
- (f) modify the amending provisions of the Plan set forth in this Section 4.5,

shall only be effective on such amendment, modification or change being approved by the shareholders of the Corporation. In addition, any such amendment, modification or change of any provision of this Plan shall be subject to the approval, if required, by any Stock Exchange having jurisdiction over the securities of the Corporation.

#### **4.6 Participant Rights**

No holder of any Share Units shall have any rights as a shareholder of the Corporation. Except as otherwise specified herein, no holder of any Share Units shall be entitled to receive, and no adjustment is required to be made for, any dividends, distributions or any other rights declared for shareholders of the Corporation.

#### **4.7 No Right to Continued Employment or Service**

Nothing in this Plan shall confer on any Participant the right to continue as an Employee or Officer of the Corporation or any of its Subsidiaries or Affiliates, as the case may be, or interfere with the right of the Corporation or any of its Subsidiaries or Affiliates, as applicable, to remove such Officer and/or Employee.

#### **4.8 Adjustments**

In the event there is any change in the Shares, whether by reason of a stock dividend, consolidation, subdivision, reclassification or otherwise, an appropriate adjustment shall be made to outstanding Share Units by the Committee, in its sole discretion, to reflect such changes. If the foregoing adjustment shall result in a fractional Share, the fraction shall be disregarded. All such adjustments shall be conclusive, final and binding for all purposes of this Plan.

#### **4.9 Effect of Take-Over Bid**

If a bona fide offer (the “Offer”) for Shares is made to shareholders generally (or to a class of shareholders that would include the Participant), which Offer, if accepted in whole or in part, would result in the offeror (the “Offeror”) exercising control over the Corporation within the meaning of the Securities Act, then the Corporation shall, as soon as practicable following receipt of the Offer, notify each Participant of the full particulars of the Offer. The Board will have the sole discretion to amend, abridge or otherwise eliminate any vesting schedule related to each Participant’s Share Units so that notwithstanding the other terms of this Plan, the underlying Shares may be conditionally issued to each Participant holding Share Units so (and only so) as to permit the Participant to tender the Shares received in connection with the Share Units pursuant to the Offer. If:

- (a) the Offer is not complied with within the time specified therein;
- (b) the Participant does not tender the Shares underlying the Share Units pursuant to the Offer; or
- (c) all of the Shares tendered by the Participant pursuant to the Offer are not taken up and paid for by the Offeror,

then at the discretion of the Committee or the Board, the Share Units shall be deemed not to have been settled and the Shares or, in the case of clause (c) above, the Shares that are not taken up and paid for, shall be deemed not to have been issued and will be reinstated as authorized but unissued Shares and the terms of the Share Units as set forth in this Plan and the applicable Share Unit grant letter shall again apply to the Share Units.

#### **4.10 Unfunded Status of Plan**

This Plan shall be unfunded.



#### **4.11 Compliance with Laws**

If any provision of this Plan or any Share Unit contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith.

#### **4.12 Governing Law**

This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

#### **4.13 Effective Dates and Amendments**

Approved by the board of directors of Cannabis Royalties & Holdings Corp. on April 29, 2016.

**SCHEDULE "A"**  
**BONANZA BLUE CORP.**

**SHARE UNIT PLAN**

Notwithstanding anything to the contrary in the Plan, the provisions of this **Error! Reference source not found.** shall apply to the Share Unit Awards made to a Participant during the period that he or she is a U.S. Taxpayer.

**1. Retirement**

Notwithstanding Section 3.6 of the Plan, any unvested Share Units held by a Participant that is a U.S. Taxpayer will automatically vest on the date such Participant attains the age of 65 and the Shares underlying such Share Units will be issued to the Participant forthwith and in any event no later than March 15 of the following calendar year.

**2. Inability to Elect a Deferred Payment Date**

For greater certainty, a Participant who is a U.S. Taxpayer will not be entitled to elect a Deferred Payment Date.

## SCHEDULE “D”

### BY-LAW

#### BONANZA BLUE CORP.

#### BY-LAW NO. 1

A by-law relating generally to  
the conduct of the affairs of

#### BONANZA BLUE CORP.

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BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of **Bonanza Blue Corp.** (hereinafter called the “Corporation”) as follows:

#### **ARTICLE 1** **INTERPRETATION**

##### **1.1 Definitions**

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

- (a) “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;
- (b) “appoint” includes “elect” and vice versa;
- (c) “board” means the board of directors of the Corporation;
- (d) “by-laws” means this by-law and all other by-laws of the Corporation from time to time in force and effect;
- (e) “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;

- (f) “non-business day” means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Ontario);
- (g) “recorded address” means in the case of a shareholder his latest 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;
- (h) “signing officer” means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by paragraph 2.1 or by a resolution passed pursuant thereto;
- (i) 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
- (j) 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.

## **1.2 Conflict with Laws**

In the event of any inconsistency between the by-laws and mandatory provisions of the Act or the *Securities Transfer Act*, the provisions of the Act or the *Securities Transfer Act*, as applicable, shall prevail.

## **ARTICLE 2** **BANKING, EXECUTION OF DOCUMENTS**

### **2.1 Execution of Instruments**

Deeds, transfers, assignments, contracts and any other documents of the Corporation shall be signed by any officer or director or as otherwise directed by the board.

Any director or officer of the Corporation is hereby authorized and directed to sign any articles on behalf of the Corporation.

Notwithstanding any provision to the contrary contained in the by-laws of the Corporation, the Board may at any time or times direct the manner in which and the person or persons by whom any particular deed, transfer, assignment, contract or other document, or any class of deeds, transfers, assignments, contracts or other documents, shall be signed.

### **2.2 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.

### **2.3 Financial Year**

Until otherwise ordered by the board, the financial year of the Corporation shall end on the 31st day of December in each year.

## **ARTICLE 3** **DIRECTORS**

### **3.1 Number of Directors and Quorum**

Until changed in accordance with the Act, the Board shall consist of not fewer than the minimum number and not more than the maximum number of directors provided in the articles of the Corporation, from time to time, as is determined by the directors, from time to time. Subject to the Act, the quorum for the transaction of business at any meeting of the Board shall be not less than a majority of the number of directors which then constitutes the Board.

### **3.2 Qualification**

No person shall be qualified for election as a director if he is less than 18 years of age; if he is a person who has been found under the *Substitute Decisions Act, 1992* or the *Mental Health Act* to be incapable of managing property or who has been found to be incapable by a court in Canada or elsewhere; if he is not an individual; or if he has the status of a bankrupt. A director need not be a shareholder. At least 25 percent of the directors shall be resident Canadians, provided that if the Corporation has less than four directors, at least one director shall be a resident Canadian. At least one-third of the directors of the Corporation shall not be officers or employees of the Corporation or any of its affiliates.

### **3.3 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.

### **3.4 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.

### **3.5 Vacation of Office**

A director ceases to hold office when he dies or, subject to the Act, resigns; he is removed from office by the shareholders in accordance with the Act; he becomes of unsound mind and is so found by a court in Canada or elsewhere or if he acquires the status of a bankrupt.

### **3.6 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.

### **3.7 Action by the Board**

The board shall manage or supervise the management of the business and affairs of the Corporation. Subject to paragraphs 3.8 and 3.9, 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.

### **3.8 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.

### **3.9 Place of Meetings**

Meetings of the board may be held at any place within or outside Ontario. In any financial year of the Corporation a majority of the meetings of the board need not be held within Canada.

### **3.10 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.

### **3.11 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 9.1 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.

### **3.12 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.

### **3.13 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.

### **3.14 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.

### **3.15 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.

### **3.16 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.

### **3.17 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 or transaction so referred to the board shall not attend any part of a meeting of the board during which the contract or transaction is discussed and shall not vote on any resolution to approve the same except as permitted by the Act. If no quorum exists for the purpose of voting on a resolution to approve a contract or transaction only because a director is not permitted to be present at the meeting by reason of this section, the remaining directors shall be deemed to constitute a quorum for the purposes of voting on the resolution. Where all of the directors are required to disclose their interests pursuant to this section, the contract or transaction may be approved only by the shareholders.

### **3.18 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 travelling 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.

## **ARTICLE 4** **COMMITTEES**

### **4.1 Managing Director, Committee of Directors**

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

### **4.2 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.

### **4.3 Audit Committee**

The board shall 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. The audit committee shall have the powers and duties provided in the Act.

### **4.4 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.

### **4.5 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.

## **ARTICLE 5** **OFFICERS**

### **5.1 Appointment**

The board may from time to time appoint a Chairman of the Board, a President, a Chief Executive Officer, a Chief Financial Officer, 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 5.2, 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.

## **5.2 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.

## **5.3 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.

## **5.4 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.

## **5.5 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.

## **5.6 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.

## **5.7 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.

## **5.8 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.



## **5.9 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 3.17.

## **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.

# **ARTICLE 6**

## **PROTECTION OF DIRECTORS, OFFICERS AND OTHERS**

### **6.1 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.

### **6.2 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 3.17, 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.

### **6.3 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.

### **6.4 Indemnity**

- (a) To the maximum extent permitted by law, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation, or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including any amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity.
- (b) The Corporation may not indemnify an individual under paragraph (a) unless the individual:
  - (i) acted honestly and in good faith with a view to the best interests of the Corporation or other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request, as the case may be; and
  - (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that the individual's conduct was lawful.
- (c) The Corporation shall advance moneys to a director, officer or other individual for the costs, charges and expenses of a proceeding referred to in paragraph (a), provided that such individual shall repay the moneys if the individual does not fulfill the conditions of paragraph (b).
- (d) The provisions for indemnification contained in the by-laws shall not be deemed exclusive of any other rights to which any person seeking indemnification may be entitled under any agreement, vote of shareholders or directors or otherwise, both as to action in the individual's official capacity and as to action in another capacity, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs and legal representatives of such a person.

### **6.5 Insurance**

The Corporation may purchase and maintain insurance for the benefit of any person referred to in paragraph 6.4 against such liabilities and in such amounts as the board may from time to time determine and are permitted by the Act.

**ARTICLE 7**  
**DIVIDENDS**

**7.1 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.

**7.2 Non-receipt of Cheques**

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.

**7.3 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.

**7.4 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.

**ARTICLE 8**  
**MEETINGS OF SHAREHOLDERS**

**8.1 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, and in any event no later than fifteen (15) months after the Corporation's last annual meeting of shareholders, subject to applicable stock exchange rules, 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.

**8.2 Special Meetings**

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

**8.3 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.

#### **8.4 Notice of Meetings**

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in paragraph 9.1 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 auditor's 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.

#### **8.5 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 8.6, 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.

#### **8.6 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.

#### **8.7 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.

#### **8.8 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.

## **8.9 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 bylaws 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.

## **8.10 Quorum**

Subject to paragraph 8.20, and subject to when the Corporation only has one shareholder, two persons entitled to vote at a meeting of shareholders, holding in the aggregate at least 5% of all issued and outstanding shares entitled to be voted at such meeting, whether present in person or represented by proxy, shall constitute a quorum. No business shall be transacted at any meeting unless the requisite quorum shall be present at the commencement of such business.

When the Corporation has only one shareholder, any by-law, resolution or other action of the Corporation consented to at any time during the existence of the Corporation by the signature of the sole shareholder is as valid and effective as if passed at a meeting of shareholders duly called, constituted and held for that purpose.

## **8.11 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 8.5, a shareholder whose name appears on such list is entitled to vote the shares shown opposite his name at the meeting to which the list relates. At any meeting of shareholders for which the Corporation has not prepared the list referred to in paragraph 8.5, 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.

## **8.12 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 signed in writing or by electronic signature by the shareholder or his attorney authorized by a document that is signed in writing or by electronic signature, and shall conform with the requirements of the Act.

## **8.13 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.

## **8.14 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.

## **8.15 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.

## **8.16 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.

### **8.17 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.

### **8.18 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.

### **8.19 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.

### **8.20 Meetings by Electronic Means**

A meeting of the shareholders may be held by telephonic or electronic means and a shareholder who, through those means, votes at the meeting or establishes a communications link to the meeting shall be deemed to be present at the meeting.

## **ARTICLE 9** **NOTICES**

### **9.1 Method of Giving Notices**

A notice or document required by the Act, the regulations, or the articles or by-laws of the Corporation to be sent to a shareholder or director of the Corporation may be sent by prepaid mail addressed to, or may be delivered personally to:

- (a) the shareholder at his recorded address; and
- (b) the director at his recorded address or his address in the most recent notice filed under the *Corporations Information Act*, whichever is the more current.

### **9.2 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.

### **9.3 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.

#### **9.4 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.

#### **9.5 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.

#### **9.6 Undelivered Notices**

If any notice given to a shareholder pursuant to paragraph 9.1 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.

#### **9.7 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.

#### **9.8 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.

#### **9.9 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.

#### **9.10 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 or by electronic means in accordance with the Act, 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.

**ARTICLE 10**  
**REPEAL**

**10.1 Repeal**

Upon this by-law coming into force, all current general by-laws of the Corporation that may be in effect shall be repealed, provided that such repeal shall not affect the previous operation of such bylaws so repealed or affect the validity of any act done or right, privilege, obligation, acquired or incurred, or the validity of any contract or agreement made pursuant to such by-laws prior to their repeal. All resolutions of the shareholders and of the board with continuing effect passed under such repealed by-laws shall continue to be good and valid.

**[INTENTIONALLY LEFT BLANK]**



**ARTICLE 11**  
**EFFECTIVE DATE**

**11.1 Effective Date**

This by-law shall come into force upon being passed by the board.

ENACTED the 8th day of June, 2011.

*(signed) "Eric Klein"*

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Eric Klein,  
President & Chief Executive Officer

*(signed) "Carmelo Marrelli"*

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Carmelo Marrelli,  
Chief Financial Officer