



## **SPECIAL AND ANNUAL GENERAL MEETING OF SHAREHOLDERS**

### **MANAGEMENT INFORMATION CIRCULAR**

**November 17, 2014**

#### **BLUE SKY URANIUM CORP.**

837 West Hastings Street, Suite 709  
Vancouver, B.C. V6C 3N6

## GLOSSARY OF DEFINED TERMS

The following is a glossary of certain terms used in this Circular. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. Certain additional terms are defined within the body of this Circular and in such cases will have the meanings ascribed thereto

<b>"BCBCA"</b>	The <i>Business Corporations Act</i> (British Columbia).
<b>"Blue Sky" or the "Company"</b>	Blue Sky Uranium Corp., a company existing under the BCBCA.
<b>"Board"</b>	The Board of Directors of Blue Sky.
<b>"CDS"</b>	CDS Clearing and Depository Services Inc.
<b>"Chief Executive Officer" or "CEO"</b>	Means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year.
<b>"Chief Financial Officer" or "CFO"</b>	Means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year.
<b>"Circular"</b>	This management information circular of Blue Sky sent to the Shareholders in connection with the Meeting.
<b>"Code"</b>	The Code of Business Conduct and Ethics adopted by Blue Sky for its directors, officers, employees and consultants.
<b>"Consolidation Resolution"</b>	An ordinary resolution, subject to approval of the New Articles Resolution, or a special resolution if the New Articles Resolutions is not approved to consolidate all the 34,367,010 Shares into approximately 3,436,701 Shares on the basis that every ten (10) Shares be consolidated into one (1) Share.
<b>"Corporate Disclosure and Insider Trading Policy"</b>	The Corporate Disclosure and Insider Trading Policy adopted by Blue Sky for its directors, officers, employees and consultants.
<b>"Foreign Corporate Policy"</b>	The Foreign Corporate Policy adopted by Blue Sky which outlines its commitment to ethical business practices in every jurisdiction in which it does business.
<b>"executive officer"</b>	An individual who at any time during the most recently completed financial year was: <ul style="list-style-type: none"><li>(a) a chair, vice-chair or president of the Company;</li><li>(b) a vice-president of the Company in charge of a principal business unit, division or function including sales, finance or production; or</li><li>(c) performing a policy-making function in respect of the Company.</li></ul>
<b>"Grosso Group"</b>	Grosso Group Management Ltd.
<b>"IHL"</b>	Iannacone Holdings Ltd., a private company controlled by Mr. Michael Iannacone, CFO and Corporate Secretary of the Company during fiscal 2013.
<b>"incentive plan"</b>	Means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period.
<b>"incentive plan award"</b>	Means compensation awarded, earned, paid or payable under an incentive plan.
<b>"Intermediary"</b>	Means a bank, trust company, credit union, registered representative, broker, or other financial institution.
<b>"Management Proxyholders"</b>	The persons whose names are printed in the form of proxy for the Meeting are directors or officers of Blue Sky.
<b>"Meeting"</b>	The special and annual general meeting of Blue Sky Shareholders to be held at 10:00 a.m. (Vancouver time) on November 17, 2014.

<b>"Meeting Materials"</b>	The Notice of Meeting, this Circular and the proxy.
<b>"Named Executive Officers" or "NEOs"</b>	<p>Means the following individuals:</p> <ul style="list-style-type: none"><li>(a) each CEO;</li><li>(b) each CFO;</li><li>(c) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and</li></ul> <p>each additional individual who would be a NEO under (c) above, but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year.</p>
<b>"New Articles Resolution"</b>	a special resolution to replace the existing Articles of the Company with new and updated Articles, in the form attached as Schedule "B" to the Circular
<b>"NI 52-110"</b>	National Instrument 52-110 - <i>Audit Committees</i> .
<b>"NI 58-101"</b>	National Instrument 58-101 - <i>Disclosure of Corporate Governance Practices</i> .
<b>"Non-Registered Shareholder"</b>	A person who is not a Registered Shareholder in respect of Shares which are held on behalf of that person.
<b>"option-based award"</b>	Means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features.
<b>"plan"</b>	Any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons.
<b>"Record Date"</b>	October 10, 2014.
<b>"Registered Shareholder"</b>	A person who is a Registered Shareholder in respect of Shares which are held by that person.
<b>"Shares"</b>	Common shares without par value in Blue Sky.
<b>"share-based award"</b>	Means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.
<b>"Shareholder"</b>	At any time, the holders at that time of Shares.
<b>"Statement of Executive Compensation" or "Form 51-102F6"</b>	National Instrument Form 51-102F6, as amended.
<b>"Stock Option Plan"</b>	The stock option plan adopted by Blue Sky.
<b>"VIF"</b>	A voting instruction form.
<b>"Whistleblower Policy"</b>	The Whistleblower Policy adopted by Blue Sky for its directors, officers, employees and consultants which details procedures to report financial concerns and ethical business dilemmas.



## **BLUE SKY URANIUM CORP.**

Suite 709, 837 West Hastings Street  
Vancouver, British Columbia V6C 3N6

### INFORMATION CIRCULAR

(Containing information as at October 10, 2014 unless otherwise indicated)

### **GENERAL PROXY INFORMATION**

You have received this Management Information Circular (the “**Circular**”) because you owned shares of Blue Sky Uranium Corp. (the “**Company**”) as of the Record Date of October 10, 2014 for the 2014 Special and Annual General Meeting of Shareholders to be held on November 17, 2014. You have the right to attend the Meeting and vote on various items of business.

Both the Board of Directors of the Company and management of the Company encourage you to vote. On behalf of the Board and Management, we will be soliciting votes for the Meeting and any meeting that is reconvened if it is postponed or adjourned. The costs of solicitation by management will be borne by the Company.

### **SOLICITATION OF PROXIES**

**This Circular is furnished in connection with the solicitation of proxies by the management of the Company for use at the Meeting and any adjournments thereof.**

While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors, officers and regular employees of Blue Sky. Blue Sky may reimburse shareholders, nominees or agents for any costs incurred in obtaining from their principals proper authorization to execute proxies. Blue Sky may also reimburse brokers and other persons holding shares in their own name or in the names of their nominees for expenses incurred in sending proxies and proxy materials to the beneficial owners thereof to obtain their proxies. All costs of all solicitations on behalf of management of the Company will be borne by the Company.

The Company has set October 10, 2014 as the Record Date for determining Shareholders entitled to vote at the Meeting.

### **APPOINTMENT OF PROXYHOLDER**

A duly completed form of proxy for Blue Sky will constitute the persons named in the enclosed form of proxy as the Shareholder’s proxyholder. The persons whose names are printed in the enclosed form of proxy for the Meeting are directors or officers of the Company (collectively, the “**Management Proxyholders**”).

**A Shareholder has the right to appoint a person other than the Management Proxyholders, to represent the Shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person’s name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a Shareholder.**

## VOTING BY PROXY

Shares represented by properly executed proxies of Blue Sky and in the accompanying form will be voted or withheld from voting on each respective matter where a poll is requested or required in accordance with the instructions of the Shareholder, and if the Shareholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly.

If no choice is specified and one of the Management Proxyholders is appointed by a Shareholder as proxyholder, it is intended that such person will vote in favour of the matters to be voted on at the Meeting.

**The enclosed form of proxy also confers discretionary authority upon the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Circular, management of Blue Sky knows of no such amendments, variations or other matters to come before the Meeting.**

## COMPLETION AND RETURN OF PROXY

Each proxy must be dated and signed by the Intermediary (see “*Non-Registered Shareholders*” below) acting on behalf of a Shareholder or by the Shareholder or his/her attorney authorized in writing. In the case of a corporation, the proxy must be dated and executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation.

Completed forms of the proxy must be returned to the Company’s registrar and transfer agent, Computershare Investor Services by mail or delivery to 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 or as otherwise indicated in the instructions contained on the form of proxy (including, where applicable, through the transfer agent’s internet and telephone proxy voting services). All proxies in respect of the Meeting must be completed and received not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the commencement of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

## REGISTERED AND NON-REGISTERED SHAREHOLDERS

**Only Registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting.**

**Most Shareholders are “non-registered” shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased or deposited the shares.** More particularly, a Non-Registered Shareholder holds shares which are registered either in the name of: (a) an Intermediary that the Non-Registered Shareholder deals with in respect of said shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRI’s, RESPs and similar plans); or (b) a clearing agency (such as CDS of which the Intermediary is a participant. Blue Sky has distributed copies of the Meeting Materials to its Registered Shareholders and to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either be given:

- (a) a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted to the number of shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should otherwise properly complete the form of proxy and **deliver it to Blue Sky’s transfer agent** as provided above; or

- (b) more typically, a VIF, **which the Non-Registered Shareholder must complete and sign** in accordance with the directions on the VIF. The majority of brokers now delegate the responsibility for obtaining voting instructions to a third party called Broadridge. Broadridge typically will send a VIF by mail and ask that it be returned to them (the Broadridge VIF also allows voting by telephone and Internet). Broadridge tabulates the results and provides the instructions to Blue Sky's transfer agent respecting the voting of shares to be represented at the Meeting. As a beneficial owner, a VIF received from Broadridge cannot be used to vote the Non-Registered Shareholder's shares directly at the Meeting. The VIF must be **returned to Broadridge** well in advance of the Meeting in order to have your shares voted.

In either case, the purpose of this procedure is to permit Non-Registered Shareholders to direct the voting of the shares which they beneficially own. Should a Non-Registered Shareholder receive one of the above forms and wish to vote at the Meeting in person, the Non-Registered Shareholder should strike out the names of the Management Proxyholders and insert the Non-Registered Shareholder's name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

**This Information Circular and related material is being sent to both Registered and Non-Registered Shareholders. If you are a Non-Registered Shareholder, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding Shares on your behalf.**

In accordance with NI 54-101, Blue Sky has distributed copies of the Notice of Meeting, this Information Circular and the Proxy to the clearing agencies and Intermediaries for onward distribution to Non-Registered Shareholders. Applicable regulatory policy requires Intermediaries to seek voting instructions from Non-Registered Shareholders in advance of Shareholders' meetings unless the Non-Registered Shareholders have waived the right to receive meeting materials.

Every Intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Non-Registered Shareholders in order to ensure that their Shares are voted at the Meeting. The form of proxy supplied to a Non-Registered Shareholder by its Intermediary is nearly identical to the Proxy provided to Registered Shareholders. However, its purpose is limited to instructing the Intermediary, which is the Registered Shareholder, how to vote on behalf of the Non-Registered Shareholder.

Should a Non-Registered Shareholder receiving such a form wish to vote at the Meeting, the Non-Registered Shareholder should strike out the names of the Management Proxy holders named in the form and insert the Non-Registered Shareholder's name in the blank provided **and return the materials to the Intermediary as directed.**

**By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions.** Please return your instructions as specified in the request for voting instructions.

#### **REVOCABILITY OF PROXY**

Any Registered Shareholder who has returned a proxy may revoke it at any time before it has been used. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing, including a proxy bearing a later date, executed by the Registered Shareholder or by his attorney authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the proxy must be deposited at the registered office of Blue Sky at Suite 709, 837 West Hastings Street, Vancouver, British Columbia Canada V6C 3N6, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of such Meeting. **Only Registered Shareholders have the right to revoke a proxy. Non-Registered Shareholders who wish to change their vote must arrange for their respective Intermediaries to revoke the proxy on their behalf well in advance of the Meeting.**

**THE CONTENTS AND THE SENDING OF THIS INFORMATION CIRCULAR HAVE BEEN APPROVED BY THE DIRECTORS OF THE COMPANY.**

## **RECORD DATE AND VOTING SECURITIES**

The Record Date for the determination of Shareholders entitled to receive notice of, attend and vote at the Meeting was fixed by the Board as October 10, 2014.

Voting at the Meeting will be by a show of hands, with each Shareholder present having one vote, unless a poll is requested or required whereupon each Shareholder or proxyholder present is entitled to one vote for each Share held.

Issued and Outstanding without par value:  
Authorized Capital:

34,367,010 Common Shares  
Unlimited Common Shares without par value

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

To the knowledge of the Company's directors and executive officers, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Company as at the Record Date.

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

Except as set out herein, none of the directors or officers of Blue Sky, any person who has held such a position since the beginning of the last completed financial year of Blue Sky nor any associate or affiliate of the foregoing persons, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting. For the purpose of this disclosure, "associate" of a person means: (a) an issuer of which the person beneficially owns or controls, directly or indirectly, voting securities entitling the person to more than 10% of the voting rights attached to outstanding securities of the issuer; (b) any partner of the person; (c) any trust or estate in which the person has a substantial beneficial interest or in respect of which a person serves as trustee or similar capacity; and (d) a relative of that person if the relative has the same home as that person.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

For the purposes of this section, "Informed Person" means (i) a director or executive officer of the Company; (ii) a director or executive officer of a person or company that is itself an Informed Person or subsidiary of the Company; and (iii) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company.

No Informed Person, or any associate or affiliate of any Informed Person, has any material interest, direct or indirect, in any transaction since the commencement of Blue Sky's most recently completed financial year or in any proposed transaction which has materially affected or will materially affect Blue Sky or any of its subsidiaries.

## **QUORUM**

The Articles of the Company provide that a quorum for the transaction of business at any meeting of Shareholders shall be two persons who are, or who represent by proxy, Shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the Meeting.

## NUMBER OF DIRECTORS

Shareholders have the right to elect three (3) directors. At the meeting, the Shareholders will be asked to pass an ordinary resolution to set the number of directors at three (3).

**The Board recommends that Shareholders vote FOR the Number of Directors resolution. In the absence of a contrary instruction, the persons designated by our management in the enclosed form of proxy intend to vote FOR this resolution.**

## ELECTION OF DIRECTORS

The directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed Proxy will be voted for the nominees listed herein. Blue Sky's management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until his/her successor is elected or appointed, unless his/her office is earlier vacated in accordance with the Articles of the Company, or with the provisions of the *Business Corporations Act* (British Columbia).

Management of Blue Sky proposes to nominate the persons listed below for election as directors. Information concerning such persons, as furnished by the individual nominees as at October 10, 2014 is as follows:

Name, province and country of residence and present office held <sup>(1)</sup>	Period as director	Number of Shares beneficially owned, or controlled or directed, directly or indirectly <sup>(1)</sup>	Principal occupation or employment and, if not a previously elected director, occupation during the past five years
NIKOLAOS CACOS <sup>(2)</sup> President, CEO and Director British Columbia, Canada	August 31, 2014	Nil	President, CEO and director of the Company; Vice President, Corporate Development Communications for Golden Arrow Resources Corp., President, CEO and director of Iron South Mining Corp., Director of the Grosso Group.
DR. DAVID TERRY <sup>(2)(3)</sup> Director British Columbia	July 2012	92,736 (directly) 15,000 (indirectly)	Professional Geologist and businessman; President of Vinland Holdings Inc., a private company providing consulting services to the resource industry; advisor to and director of several mineral exploration companies.
DARREN URQUHART <sup>(2)(3)</sup> Director British Columbia	September 1, 2014	Nil	Chartered Accountant; Chief Financial Officer, Blue Sky Uranium Corp.; Chief Financial Officer, Golden Arrow Resources Corporation; Chief Financial Officer, Cliffmont Resources Ltd.; Chief Financial Officer, Iron South Mining Corp.; Chief Financial Officer, Network Exploration Ltd.

(1) Shares beneficially owned, controlled or directed, directly or indirectly at October 10, 2014 based upon information furnished to the Company by the nominee or on SEDI. Unless otherwise indicated, such shares are held directly.

(2) Member of the Audit Committee.

(3) Member of the Compensation and Governance Committee.

**The Board recommends that Shareholders vote FOR the Election of Directors resolution. In the absence of a contrary instruction, the persons designated by our management in the enclosed form of proxy intend to vote FOR this resolution.**



Other than described below, to the knowledge of the Company, no proposed director is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days.

### **Corporate Bankruptcies**

To the knowledge of the Company, no proposed director is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Personal Bankruptcies**

To the knowledge of management of the Company, there has been no director or officer, or any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, or a personal holding company of any such person that has, within the 10 years before the Record Date, become 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 the director, officer or shareholder.

### **Penalties or Sanctions**

To the knowledge of management of the Company, no director or officer, or any shareholder holding a sufficient number of securities of Blue Sky to affect materially the control of Blue Sky, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Conflicts of Interest**

There are potential conflicts of interest to which the directors and officers of Blue Sky will be subject in connection with the operations of Blue Sky. In particular, certain of the directors and officers of Blue Sky are involved in managerial or director positions with other mineral exploration and investment companies whose operations may, from time to time, be in direct competition with those of Blue Sky or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of Blue Sky. Conflicts, if any, will be subject to the procedures and remedies available under the BCBCA. The BCBCA provides that if a director has a material interest in a contract or proposed contract or agreement that is material to Blue Sky, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement, subject to and in accordance with, the BCBCA.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The purpose of this Compensation Discussion and Analysis is to provide information about Blue Sky's executive compensation objectives and processes and to discuss compensation decisions relating to its Named Executive Officers listed in the Summary Compensation Table that follows.

Blue Sky is an exploration stage company engaged in the exploration and development of mineral property interests. Blue Sky has no significant revenues from operations and operates with limited financial resources. As a

result, the directors of Blue Sky have to consider not only the financial situation of Blue Sky at the time of the determination of executive compensation, but also the estimated financial situation of Blue Sky in the mid and long term. In light of market conditions during fiscal 2013 and the reduced activity of the Company, the executive compensation program has been placed on hold.

An important element of executive compensation is that of stock options, which do not require cash disbursement by Blue Sky. Additional information about Blue Sky and its operations is available in the audited consolidated financial statements and MD&A for the year ended December 31, 2013, which are incorporated by reference herein and available for viewing under Blue Sky's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Currencies**

All financial amounts are stated in Canadian dollars unless otherwise indicated.

### **Named Executive Officers of Blue Sky**

During its fiscal year ended December 31, 2013, the following individuals were NEOs of Blue Sky, namely, Sean Hurd, former Chairman, President and CEO, Bassam Moubarak, former Chief Financial Officer and Secretary, and Michael Iannacone, former Chief Financial Officer and Secretary.

### **Compensation Objectives and Principles**

The primary goal of Blue Sky's executive compensation package is to attract and retain the key executives necessary for Blue Sky's long term success, to encourage executives to further the development of Blue Sky and its operations, and to motivate top quality and experienced executives.

### **Compensation Process**

The Company does not have a formal compensation program process for determining executive compensation. The Board relies on the recommendation of the Compensation and Governance Committee and the experience of the Directors to ensure that total compensation paid to the Company's management is fair and reasonable.

The Compensation and Governance Committee monitors compensation of the directors and executive officers of Blue Sky. The Compensation and Governance Committee periodically reviews the compensation paid to directors and management based on such factors as (i) recruiting and retaining executives critical to the success of Blue Sky and the enhancement of shareholder value, (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the Shareholders; and (iv) rewarding performance, both on an individual basis and with respect to operations in general.

The Company's compensation policies and programs are designed to be competitive with similar junior mineral exploration companies in terms of size and stage of development and to recognize and reward executive performance consistent with the success of the Company. These policies and programs are intended to attract and retain capable and experienced people. The Compensation and Governance Committee's role and philosophy is to ensure that the Company's goals and objectives, as applied to the actual compensation paid, are aligned with the Company's overall business objectives and with shareholders' interests. The Company's Compensation and Governance Committee is comprised of two directors, Dr. David Terry and Darren Urquhart. Dr. Terry is independent of management of the Company and each member has significant managerial experience.

To determine compensation payable, the Compensation and Governance Committee informally reviews the compensation of directors and CEOs of companies of similar size and stage of development from publicly available information in the mineral exploration/mining industry, reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of Blue Sky. Performance is also recognized through the Company's Stock Option Plan.

### **Components of Compensation**

Blue Sky's key components of executive compensation are base salary and option based awards. Blue Sky does offer other perquisites but such are not material on an annual basis.

### ***Annual base salary***

The objectives of the base salary are to recognize market pay and acknowledge the competencies and skill of individuals. Base salary for the NEOs is determined by the Board upon the recommendation of the Compensation and Governance Committee. The base salary for the most recently completed financial year and the prior financial years have been historically based upon engagement of employment or engagement agreements with the NEOs.

As a junior exploration resource company with no ongoing cash flow or revenues from production, the Company establishes salaries to its executive officers at a minimal level, in keeping with the Company's available resources. As a general rule for establishing base salaries or consulting fees, the Compensation Committee reviews competitive market data for each of the executive positions and determines placement at an appropriate level within a range. Compensation levels are typically negotiated with the candidate for the position prior to his or her selection as an executive officer or consultant. Salaries or consulting fees for the executive officers are reviewed annually to reflect external factors such as inflation as well as the overall corporate performance and the results of internal performance reviews.

### ***Option based awards***

Long-term incentives in the form of options to purchase shares are intended to align the interest of Blue Sky's directors and its executive officers with those of the Blue Sky Shareholders, to provide a long term incentive that rewards these individuals for their contribution to the creation of shareholder value, and to reduce the cash compensation Blue Sky would otherwise have to pay. The Company's Stock Option Plan is administered by the directors. In establishing the number of Blue Sky Options to be granted to the Named Executive Officers, reference is made to the number of stock options granted to officers of other publicly traded companies that, similar to Blue Sky, are involved in the mining industry, as well as those of other publicly traded Canadian companies of a comparable size to that of Blue Sky in respect of assets (see "Compensation Process" above). The directors also consider previous grants of options and the overall number of options that are outstanding relative to the number of outstanding shares in determining whether to make any new grants of options and the size and terms of any such grants, as well as the level of effort, time, responsibility, ability, experience and level of commitment of the director or executive officer in determining the level of incentive stock option compensation. See "*Incentive Plan Awards – Outstanding Option-Based Awards*" below.

### ***Compensation Risk***

Blue Sky believes it has effective risk management and regulatory compliance relating to its compensation policies used in determining executive compensation.

Blue Sky's Compensation and Governance Committee assists the Board in discharging its duties relating to compensation of Blue Sky's directors and executive officers, together with the general responsibility for developing and reviewing the approach to governance issues and matters of Blue Sky.

Risks related to compensation are taken into consideration as part of the general review and determination of executive compensation by the Compensation and Governance Committee and the Board, including: review of salaries of comparable companies; engagement of compensation report (prepared in 2010); and review and approval by the Compensation and Governance Committee and recommendation to the Board for approval.

Due to the small size of Blue Sky, and the current level of Blue Sky's activity, the Board and the Compensation and Governance Committee are able to closely monitor and consider any risks which may be associated with Blue Sky's compensation policies and practices. Risks, if any, may be identified and mitigated through regular Board meetings during which, financial and other information of Blue Sky are reviewed, and which information includes executive compensation, which activity must be approved by the Board if such activity is outside or beyond Board-approved actions and, or, as set out in a Board-approved budget. No risks have been identified arising from Blue Sky's compensation policies and practices that are reasonably likely to have a material adverse effect on Blue Sky.

There is currently no policy of the Company prohibiting an NEO or director from purchasing financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange

funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation of held, directly or indirectly, by the NEO or director.

### Summary Compensation Table

The following table (presented in accordance with Form 51-102F6) sets forth all annual and long term compensation for services in all capacities to Blue Sky for the most recently completed financial years of Blue Sky as at December 31, 2013, December 31, 2012 and December 31, 2011 (to the extent required by Form 51-102F6) in respect of each of the NEOs:

Name and Principal Position	Year Ended Dec. 31	Salary (\$)	Share-based Awards (\$)	Option-Based Awards (\$) <sup>(12)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation <sup>(13)</sup> (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans			
<b>Sean Hurd</b> Former President, Chairman, and CEO <sup>(1)(2)(3)(4)(9)</sup>	2013	124,550	Nil	Nil	Nil	Nil	Nil	Nil	124,550
	2012	90,000	Nil	18,046	Nil	Nil	Nil	Nil	108,046
	2011	120,000	Nil	Nil	Nil	Nil	Nil	Nil	120,000
<b>Bassam Moubarak</b> Former CFO <sup>(5)(6)(7)(10)</sup>	2013	7,495	Nil	Nil	Nil	Nil	Nil	Nil	7,495
	2012	40,980	Nil	12,172	Nil	Nil	Nil	Nil	53,152
	2011	53,429	Nil	Nil	Nil	Nil	Nil	12,375	53,429
<b>Michael Iannacone</b> Former CFO <sup>(8)(11)</sup>	2013	21,000	Nil	Nil	Nil	Nil	Nil	Nil	21,000
	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	37,073
	2011	Nil	Nil	Nil	Nil	Nil	Nil	50,000	162,860

- (1) During 2013, Mr. Hurd was also a director but does not receive any compensation in that capacity.
- (2) During fiscal 2013, Mr. Hurd received aggregate compensation of \$124,550 comprised of a salary from the Grosso Group. Option-based compensation was \$nil. Subsequent to the year ended December 31, 2013, Mr. Hurd resigned as President and CEO on August 31, 2014.
- (3) During fiscal 2012, Mr. Hurd received aggregate compensation of \$108,046 comprised of a salary from the Grosso Group of which \$30,000 was allocated to Blue Sky as part of the Grosso Group fees for the year. Option-based compensation was \$18,046.
- (4) During fiscal 2011, Mr. Hurd received compensation of \$120,000 comprised of a salary from Grosso Group of which \$120,000 was allocated to Blue Sky as part of the Grosso Group fees for the year.
- (5) During fiscal 2013, Mr. Moubarak's total compensation from Blue Sky was \$7,495 comprised of salary of \$7,495. Mr. Moubarak resigned as CFO as of March 13, 2013.
- (6) During the year 2012, Mr. Moubarak's total compensation from Blue Sky was \$53,152 comprised of salary of \$40,980, and option-based compensation of \$12,172.
- (7) During the year 2011, Mr. Moubarak's total compensation from Blue Sky was \$53,429.
- (8) Mr. Iannacone was appointed Chief Financial Officer and Corporate Secretary effective March 13, 2013. During the year 2013, Iannacone Holdings Ltd., a private company controlled by Mr. Iannacone, received total compensation of \$21,000 (2012 - \$nil) from the IHL agreement, which consisted of salary of \$21,000 (2012 - \$nil). Mr. Iannacone resigned as Chief Financial Officer and Corporate Secretary effective March 13, 2014.
- (9) Mr. Hurd's option-based awards during 2012 consisted of 155,000 Blue Sky Options granted September 25, 2012 at an exercise price of \$0.12 and fair value of \$0.10 per share. Mr. Hurd also received 38,868 options at an exercise price of \$0.51, with a fair value of \$0.04, and 25,264 options at an exercise price of \$1.15 and a fair value of \$0.05, pursuant to the merger with Windstorm (See "Incentive Plan Awards-Outstanding Share-Based Awards and Option-Based Awards", footnote 3 to table).
- (10) Mr. Moubarak's option-based awards during 2012 consisted of 125,000 Blue Sky Options granted September 25, 2012 at an exercise price of \$0.12 and fair value of \$0.10 per share.
- (11) Mr. Iannacone's option-based awards during 2012 consisted of 15,000 Blue Sky Options granted September 25, 2012 at an exercise price of \$0.12 and fair value of \$0.10 per share. During 2012 the remaining 45,000 options were fully vested.

- (12) The valuation of the fair value of the options at the time of the grant is based on the Black-Scholes model, chosen as this methodology is commonly used, and includes the following key assumptions (2012 grants): weighted average risk free rate (1.25%); weighted average expected life (3.17 years); expected volatility (113.91%); and expected dividend yield (\$nil). These figures do not represent realization of capital gains. **Note that there was no cash compensation actually paid to any of the NEOs disclosed in the above table in connection with the granting of the incentive stock options in respect of which these "option-based awards" were calculated.**
- (13) The value of perquisites and benefits, if any, for each NEO was less than the lesser of \$50,000 and 10% of the total annual salary and bonus.

## **Narrative Discussion**

Blue Sky does not have a share-based award plan other than the Stock Option Plan referred to above. Blue Sky also does not have a pension plan or a long term incentive plan.

### **Named Executive Officer Agreements**

Blue Sky has entered into certain agreements with its executive officers and an external management company.

#### ***Grosso Group Management Ltd.***

During the fiscal year 2010, Blue Sky entered into a Management Services Agreement with the Grosso Group, which provides its member companies with administrative and management services. The Grosso Group staff is available to the member companies on a cost recovery basis without the expense of full time personnel. The member companies pay monthly fees to the Grosso Group. The fee is based upon a reasonable pro-rating of the Grosso Group's costs including its staff and overhead costs among each member company with regard to the mutually agreed average annual level of services provided to each member company. During the financial year ended December 31, 2013, the Grosso Group invoiced Blue Sky for a total of \$315,000 (2012 - \$389,550) (see "Management Contracts").

#### ***Sean Hurd, Chairman, President and Chief Executive Officer***

Pursuant to an executive employment agreement between Blue Sky and Mr. Hurd, with effect as of October 1, 2012, Mr. Hurd provided executive services to Blue Sky as Blue Sky's President and CEO.

During the year ended December 31, 2013, Mr. Hurd received aggregate compensation of \$124,550 (2012 - \$108,046) comprised of a salary from the Grosso Group. During the year ended December 31 2012, Mr. Hurd received aggregate compensation of \$108,046 comprised of a salary from the Grosso Group of which \$60,000 was allocated to Blue Sky as part of the Grosso Group fees for the year, \$30,000 pursuant to an employment agreement between Mr. Hurd and the Company, and option-based compensation of \$18,046.

During the year ended December 31, 2013, Mr. Hurd's option-based compensation from Blue Sky was \$Nil (2012 - \$18,046). The termination provisions of the executive employment agreement provide that a fee of 24 months salary be paid in the event of termination without cause. In the event of a change of control, Mr. Hurd will receive an amount equal to 24 months salary. Mr. Hurd terminated his employment agreement effective as of August 31, 2014. In consideration of the termination, Blue Sky will pay \$27,500, less payroll deductions, to be settled on or by September 1, 2016, either by payment in cash in the event Blue Sky becomes financially able to meet such obligation, or by the issuance of shares of Blue Sky, at Blue Sky's election.

#### ***Michael Iannacone, Chief Financial Officer and Secretary***

Pursuant to an engagement agreement between the Company and IHL, dated February 7, 2013 with effect as of February 27, 2013, IHL shall cause performance of all duties customarily performed by a CFO of a publicly-traded company engaged in a business similar to the Company's business including formulating strategy, assisting in the affairs of the Company the financial, compliance and regulatory requirements, and executing the Company's business plan. Michael Iannacone, who is a principal of IHL, will be the designated personnel to perform the duties set out in this engagement agreement.

The termination provisions provide that a fee of 24 months salary be paid in the event of termination without cause. In the event of a change of control, or the sale of all or substantially all of the assets of the Company to a bona fide third party purchaser, IHL would receive an amount equal to 24 months salary. Subsequent to the year ended December 31, 2013, IHL agreed to terminate the engagement agreement as of April 25, 2014.

During the year ended December 31, 2013, Mr. Iannacone's total compensation from the Company was \$21,000 (2012 - \$nil), which consisted of salary of \$21,000 (2012 - \$nil).

***Bassam Moubarak, Chief Financial Officer and Secretary***

Pursuant to an employment agreement between Blue Sky and Mr. Moubarak, with effect as of June 1, 2010, Mr. Moubarak provided executive services to Blue Sky as an employee of Blue Sky. During the year ended December 31, 2013, Mr. Moubarak's total compensation from Blue Sky was \$7,495 (2012 - \$53,429), which included salary and pension contribution. Mr. Moubarak terminated his employment agreement as of March 13, 2013.

Pursuant to the Stock Option Plan, in the event that the option holder ceases to hold such position other than by reason of death or disability, the expiry date of the option shall be, unless otherwise expressly provided for in the option certificate, the 90<sup>th</sup> day following the date the option holder ceases to hold such position unless the option holder ceases to hold such position as a result of termination for cause, in which case the expiry date shall be the date the option holder is terminated.

**Incentive Plan Awards**

***Outstanding Share-Based Awards and Option-Based Awards***

The following table sets out for each NEO the incentive stock options to purchase Shares of Blue Sky (option-based awards) outstanding as of December 31, 2013:

Name	Option-Based Awards				Share-Based Awards <sup>(1)</sup>		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value <sup>(2)</sup> of Unexercised In-The-Money Options (\$)	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value <sup>(1)</sup> of Share-Based Awards That Have Not Vested (\$)	Market or payout value of vested Share-Based awards not paid out or distributed (\$)
Sean Hurd	40,000	2.60	Oct 4, 2015	Nil	N/A	N/A	N/A
	5,000	1.50	May 6, 2014	Nil	N/A	N/A	N/A
	10,000	1.50	Jul 6, 2014	Nil	N/A	N/A	N/A
	155,000	0.12	Oct 5, 2015	Nil	N/A	N/A	N/A
	38,868 <sup>(3)</sup>	0.51	Mar 4, 2015	Nil	N/A	N/A	N/A
	25,264 <sup>(3)</sup>	1.15	Dec 10, 2015	Nil	N/A	N/A	N/A
Bassam Moubarak <sup>(4)</sup>	10,000	7.30	Mar 15, 2015	Nil	N/A	N/A	N/A
	40,000	2.60	Oct 5, 2015	Nil	N/A	N/A	N/A
	125,000	0.12	Sept 24, 2017	Nil	N/A	N/A	N/A
Michael Iannacone <sup>(5)</sup>	Nil	Nil	Nil	Nil	N/A	N/A	N/A

(1) Blue Sky has not granted any share-based awards.

(2) "In-the-money options" is calculated based on the difference between the market value of the Blue Sky Shares underlying the Blue Sky Options at the end of the most recently completed financial year and the exercise price of the Blue Sky Options. The last trading price of the Blue Sky Shares on the TSXV as of December 31, 2013 was \$0.05 per share.

(3) On July 5, 2012, the Company acquired 100% of the outstanding common shares of Windstorm Resources Inc. ("Windstorm") which became a wholly-owned subsidiary of the Company. The Company issued to each shareholder of

Windstorm 0.38868 (the "Exchange Ratio") of a Share in the capital of the Company in exchange for each Windstorm common share held. The holders of outstanding stock options and warrants of Windstorm received equivalent stock options and warrants of the Company as adjusted by the Exchange Ratio.

- (4) Mr. Moubarak resigned as CFO as of March 13, 2013.  
 (5) Mr. Iannacone resigned as CFO as of April 25, 2014.

#### ***Incentive Plan Awards - Value Vested or Earned during the Year***

The following table summarizes the value of incentive plan awards vested or earned during the year ended December 31, 2013, granted to Blue Sky's NEO's:

<b>Name</b>	<b>Option-Based Awards – Value Vested During the Year<sup>(2)</sup> (\$)</b>	<b>Share-Based Awards – Value Vested During the Year<sup>(1)</sup> (\$)</b>	<b>Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)</b>
<b>Sean Hurd</b>	Nil	Nil	Nil
<b>Bassam Moubarak</b>	Nil	Nil	Nil
<b>Michael Iannacone</b>	Nil	Nil	Nil

(1) Blue Sky has not granted any share-based awards.

(2) Value vested or earned during the year means the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date. This amount is calculated by determining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date. The trading price of the Blue Sky Shares on the TSXV as of December 31, 2013 was \$0.05 per share, and therefore not in-the-money (see note 3 below).

#### ***Narrative Discussion***

##### Option-based Awards Exercised during the Year

During the year ended December 31, 2013, no option-based awards were exercised.

##### Option-based Awards Granted during the Year

The following table sets forth the particulars of option-based awards granted during Blue Sky's most recently completed financial year to the NEOs:

<b>Name</b>	<b>Date of Grant</b>	<b>Number of Option-Based Awards Granted</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
<b>Sean Hurd</b>	Nil	Nil	Nil	Nil
<b>Bassam Moubarak</b>	Nil	Nil	Nil	Nil
<b>Michael Iannacone</b>	Nil	Nil	Nil	Nil

##### Plan-based Awards

The significant terms of the Stock Option Plan are set out below under the heading "Approval of the Stock Option Plan".

#### **Pension Plan Benefits**

Blue Sky does not have a pension plan that provides for payments to the Named Executive Officers at, following, or in connection with retirement.

### Termination and Change of Control Benefits

Blue Sky has no plan or arrangement whereby any Named Executive Officers may be compensated in the event of that Named Executive Officer's resignation, retirement or other termination of employment, or in the event of a change of control of Blue Sky or a change in the Named Executive Officer's responsibilities following such a change of control, except as set out below.

Pursuant to an employment agreement between Blue Sky and Mr. Moubarak, with effect as of June 1, 2010, Mr. Moubarak terminated his employment agreement as of March 13, 2013 (see "Named Executive Officer Agreements – Bassam Moubarak, Chief Financial Officer and Secretary").

Subsequent to December 31, 2013, pursuant to an employment agreement between Blue Sky and Iannacone Holdings Ltd., a private company controlled by Mr. Michael Iannacone, with effect as of February 27, 2013, Mr. Iannacone terminated his employment agreement as of April 25, 2014 (See "Named Executive Officer Agreements – Michael Iannacone, Chief Financial Officer and Secretary").

Subsequent to December 31, 2013, pursuant to an employment agreement between Blue Sky and Mr. Hurd, with effect as of October 1, 2012, Mr. Hurd terminated his employment agreement as of August 31, 2014 (see "Named Executive Officer Agreements – Sean Hurd, President and Chief Executive Officer").

Pursuant to the Stock Option Plan, in the event that the option holder ceases to be a director, senior officer, employee, consultant, consultant company or management company employee (each, as defined in the Stock Option Plan, an "Eligible Person"), other than by reason of death or disability, the expiry date of the option shall be, unless otherwise expressly provided for in the option certificate, the 90<sup>th</sup> day following the date the Eligible Person ceases to hold such position unless the Eligible Person ceases to hold such position as a result of termination for cause, in which case the expiry date shall be the date the option holder is terminated.

### Director Compensation

As at the year ended December 31, 2013, Blue Sky had three directors, two of which were also an NEO, namely Sean Hurd and Michael Iannacone.

#### Director Compensation Table

The following table sets forth the value of all compensation provided to non-NEO directors for Blue Sky's most recently completed financial year ended December 31, 2013:

Name	Fees Earned (\$)	Share-Based Awards (\$)	Option Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value	All Other Compensation (\$) <sup>(2)</sup>	Total (\$)
Ronald McMillan <sup>(1)</sup>	35,000	N/A	Nil	Nil	Nil	Nil	35,000
David Terry	Nil	N/A	Nil	Nil	Nil	Nil	Nil

(1) Dr. McMillan received fees pursuant to a geological consulting agreement of \$35,000 (2012-\$32,000). At December 31, 2013, the Company had \$7,676 in payables and accrued liabilities to Dr. McMillan.

(2) The value of perquisites and benefits, if any, for each non-NEO director was less than the lesser of \$50,000 and 10% of the total annual salary and bonus.

#### Narrative Description

Blue Sky's directors who are also Named Executive Officers are not compensated for their services in their capacity as directors, although they are reimbursed for their expenses incurred in connection with their services as directors. During the year ended December 31, 2011, Blue Sky established the following arrangements, pursuant



to which independent directors or directors who are not Named Executive Officers are compensated by Blue Sky for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year: 1.) each independent director receives an annual fee of \$12,000 based on a quarterly payment of \$3,000; 2.) the Chair of the Audit Committee receives an additional annual fee of \$4,000; and 3.) the Chair of the Compensation and Governance Committee receives an additional annual fee of \$4,000.

However, due to the current difficult market conditions, the small size of the Company, and the decreased level of the Company's activities the above-mentioned fees were not paid during 2013.

Mr. Hurd, a former director and former Chairman, President and CEO of Blue Sky did not receive directors' fees, but did receive compensation through an employment agreement with the Company described herein. See "Named Executive Officer Agreements" above.

Dr. McMillan, a director of Blue Sky, did not receive directors' fees, but received fees pursuant to an agreement between Blue Sky and R.H. McMillan Ltd., a private company controlled by Ronald McMillan. Dr. McMillan provided geological services to Blue Sky and received compensation, including travel expenses, of \$42,545 (2012 - \$49,230).

Dr. Terry, a director of Blue Sky, does not receive directors' fees, consulting fees, nor expenses.

Information with respect to grants of options to the directors is reported below under the *Narrative Description* in the sections below entitled "Outstanding Share-based Awards and Option-Based Awards to Directors" and "Incentive Plan Awards - Value Vested or Earned during the Year".

### ***Incentive Plan Awards***

#### Outstanding Share-based Awards and Option-based Awards to Directors

The following table sets out for each non-NEO director the incentive stock options to purchase Shares of Blue Sky (option-based awards) outstanding as of December 31, 2013. No share-based awards, with other than option-like features, have been granted to the directors:

Name	Option-Based Awards				Share-Based Awards <sup>(1)</sup>		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value <sup>(2)</sup> of Unexercised In-The-Money Options (\$)	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value <sup>(1)</sup> of Share-Based Awards That Have Not Vested (\$)	Market or payout value of vested Share-Based awards not paid out or distributed (\$)
Dr. Ronald McMillan	20,000	\$1.50	May 6, 2014	Nil	N/A	N/A	N/A
	10,000	\$6.50	Dec 9, 2014	Nil	N/A	N/A	N/A
	27,000	\$2.60	Oct 5, 2015	Nil	N/A	N/A	N/A
Dr. David Terry	38,868	\$0.51	Mar 4, 2015	Nil	N/A	N/A	N/A
	25,264	\$1.15	Dec 10, 2015	Nil	N/A	N/A	N/A
	100,000	\$0.12	Sept 24, 2017	Nil	N/A	N/A	N/A

(1) Blue Sky has not granted any share-based awards.

(2) "In-the-money options" is calculated based on the difference between the market value of the Blue Sky Shares underlying the options at the end of the most recently completed financial year and the exercise price of the options. The last trading price of the Blue Sky Shares on the TSXV as of December 31, 2013 was \$0.05 per share.

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

The following table summarizes the value of each incentive plan award vested or earned by each director during the financial year ended December 31, 2013.

<b>Name</b>	<b>Option-Based Awards Value Vested During the Year<sup>(1)</sup> (\$)</b>	<b>Share-Based Awards Value Vested During the Year<sup>(2)</sup> (\$)</b>	<b>Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)</b>
<b>Dr. Ronald McMillan</b>	Nil	Nil	Nil
<b>Dr. David Terry</b>	Nil	Nil	Nil

(1) Value vested or earned during the year means the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date. This amount is calculated by determining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.

(2) Blue Sky has not granted any share-based awards.

### ***Narrative Discussion***

#### Option-based Awards Exercised during the Year

During the year ended December 31, 2013, no option-based awards were exercised by non-NEO directors.

The significant terms of Blue Sky's Stock Option Plan are set out below under the heading "Approval of the Stock Option Plan".

#### ***Pension Plan Benefit***

Blue Sky does not have a pension plan that provides for payments to the directors at, following, or in connection with retirement.

#### ***Termination and Change of Control Benefits***

Other than as specified in a director's compensation agreement, Blue Sky has no plan or arrangement whereby any director may be compensated in the event of that director's resignation, retirement or other termination, or in the event of a change of control of Blue Sky.

Pursuant to the Stock Option Plan, in the event that the option holder ceases to hold such position other than by reason of death or disability, the expiry date of the option shall be, unless otherwise expressly provided for in the option certificate, the 90<sup>th</sup> day following the date the option holder ceases to hold such position unless the option holder ceases to hold such position as a result of termination for cause, in which case the expiry date shall be the date the option holder is terminated.

#### ***Securities Authorized for Issuance under Equity Compensation Plans***

The only equity compensation plan which Blue Sky has in place is the Stock Option Plan. The Stock Option Plan has been established to attract and retain employees, consultants, officers or directors to Blue Sky and to motivate them to advance the interests of Blue Sky by affording them with the opportunity to acquire an equity interest in Blue Sky. The Stock Option Plan is administered by the directors of Blue Sky. The Stock Option Plan provides that the number of shares issuable under the Stock Option Plan, together with all of Blue Sky's other previously established or proposed share compensation arrangements may not exceed 10% of the total number of issued and outstanding shares.

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

**Compensation Plan Information**

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup>	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of shares remaining available for issuance under equity compensation plans
Equity compensation plans <b>approved</b> by shareholders	1,264,114	\$0.58	1,423,587
Equity compensation plans <b>not approved</b> by shareholders	N/A	N/A	N/A
<b>Total</b>	1,264,114	\$0.58	1,423,587

(1) This figure is based on the total number of shares authorized for issuance under the Stock Option Plan, less the number of Blue Sky Options outstanding as at Blue Sky's year ended December 31, 2013, assuming outstanding options are fully vested. As at December 31, 2013, Blue Sky was authorized to issue a total of 1,423,587 additional Blue Sky Options.

**Indebtedness of Directors, Executive Officers and Senior Officers**

No person who is or at any time since the commencement of Blue Sky's last completed financial year was a director, executive officer or senior officer of Blue Sky, and no associate of any of the foregoing persons has been indebted to Blue Sky at any time since the commencement of Blue Sky's last completed financial year. No guarantee, support agreement, letter of credit or other similar arrangement or understanding has been provided by Blue Sky at any time since the beginning of the most recently completed financial year with respect to any indebtedness of any such person.

**Interest of Management and Others in Material Transactions**

Other than as disclosed herein or in Blue Sky's MD&A for the years ended December 31, 2013, 2012 and 2011 incorporated by reference herein, the directors, executive officers and principal shareholders of Blue Sky or any associate or affiliate of the foregoing have had no material interest, direct or indirect, in any transactions in which Blue Sky has participated within the three year period prior to the Record Date, which has materially affected or will materially affect Blue Sky.

**CORPORATE GOVERNANCE**

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 - *Corporate Governance Guidelines* provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, NI 58-101 prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

**Board of Directors**

The Company's Board facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board, both with and without members of the Company's management (including members of management that are also directors) being in attendance. The independent directors are encouraged to meet at any time they consider necessary without any members of management including the non-independent directors being present.

The Company's Board is comprised of three directors. The Board has determined David Terry to be "independent" based upon the tests for independence set forth in NI 52-110.

The following directors are current members of management and thus are not considered to be independent: Nikolaos Cacos, President and CEO and Darren Urquhart, Chief Financial Officer and Corporate Secretary.

### **Directorships**

Certain of the directors are presently a director of one or more other reporting companies as follows.

<b>Name of Director of the Company</b>	<b>Names of Other Reporting Issuers</b>
Nikolaos Cacos	Golden Arrow Resources Corporation Iron South Mining Corp.
David Terry	Golden Arrow Resources Corporation Oakmont Minerals Corp.
Darren Urquhart	N/A

### **Orientation and Continuing Education**

While Blue Sky does not have formal orientation and training programs, new Board members are provided with:

1. access to recent, publicly filed documents of Blue Sky; and
2. access to management and technical experts and consultants.

Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit Blue Sky's operations. Board members have full access to Blue Sky's records.

The Board of Blue Sky attempts to provide continuing education for its directors in order that they maintain the skill and knowledge necessary for them to meet their obligations as directors. As an example, technical presentations are made at Board meetings, focusing on either a particular property or a summary of various properties. The question and answer portions of these presentations are a valuable learning resource for the non-technical directors.

### **Ethical Business Conduct**

The Board has responsibility for the stewardship of Blue Sky including responsibility for strategic planning, identification of the principal risks of the Company's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Company's internal control and management information systems. To facilitate meeting this responsibility, the Board seeks to foster a culture of ethical conduct by striving to ensure the Company carries out its business in line with high business and moral standards and applicable legal and financial requirements. In that regard, the Board:

- has adopted a **Code** for its directors, officers, employees and consultants. A copy of the Code can be found on the Company website at [www.blueskyuranium.com](http://www.blueskyuranium.com) and is posted on SEDAR at [www.sedar.com](http://www.sedar.com) under Blue Sky's profile;
- has adopted a written **Whistleblower Policy** for its directors, officers, employees and consultants which details procedures to report financial concerns and ethical business dilemmas. The Board has appointed a Compliance Officer who is responsible for investigating and resolving all reported complaints and allegations concerning violations of the Code. The Compliance Officer has direct access to the Audit Committee and the Board and the Compliance Officer is required to report to the Board at least annually on compliance activity;
- is cognizant of the Company's timely disclosure obligations and has adopted a written **Corporate Disclosure and Insider Trading Policy** for its directors, officers, employees and consultants. The Board has established a Disclosure Committee to review material disclosure documents such as financial statements, management's discussion and analysis and press releases prior to their distribution, and identify material information. The Disclosure Committee is comprised of the Company's Chief Executive Officer (CEO), Chief Financial Officer (CFO) and any one director of the Company;

- has adopted a **Foreign Corporate Policy** that outlines the Company's commitment to ethical business practices in every jurisdiction in which it does business. Company directors, officers, employees, management company employees and those who provide services to the Company, shall be expected to act with integrity, honesty and in good faith, support the communities in which it operates and act in accordance with applicable laws with the highest standards of ethical and professional behaviour in foreign jurisdictions;
- encourages management to consult with legal and financial advisors to ensure the Company's requirements are met;
- is cognizant of timely disclosure obligations and reviews material disclosure documents such as financial statements, management's discussion and analysis (MD&A) and press releases prior to their distribution;
- relies on its Audit Committee to annually review the systems of internal financial control and discuss such matters with the Company's external auditor; and
- monitors the Company's compliance with the Board's directives and ensures that all material transactions are thoroughly reviewed and authorized by the Board before being undertaken by management.

The Board must also comply with the conflict of interest provisions of the British Columbia Business Corporations Act, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

#### ***Nomination of Directors***

The Board has responsibility for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors.

#### ***Compensation***

The Board has established a Compensation and Governance Committee which recommends to the Board the directors' and officers' compensation, among other things, on the time commitment, effort and success of each individual contribution towards the success of Blue Sky and a comparison of the remuneration paid by Blue Sky to publicly available information of the remuneration paid by other reporting issuers (public companies) that the Committee feels are similarly placed within the industry.

In addition, the directors and officers are granted stock options under the Blue Sky Stock Option Plan. The Compensation and Governance Committee determines the terms of each stock option within the parameters set out in the Stock Option Plan and applicable stock exchange rules and policies.

#### ***Other Board Committees***

In addition to the following "Audit Committee" section, the Board has established the following committees, described below.

***Compensation and Governance Committee:*** The Compensation and Governance Committee is responsible for the review and setting of all compensation (including stock options) paid by the Company to the CEO, all other executive officers of the Company and the members of the Board. The Committee is also responsible for the governance roles, responsibilities, authorities and powers including the general responsibility for developing and reviewing the approach of the Company to governance issues. (See: "Executive Compensation – Compensation Process" above for further details of the Compensation Committee.)

The Compensation and Governance Committee is also responsible for reviewing and assessing the effectiveness of the Board; making recommendations to the Board regarding the composition and the appropriate size of the Board; reviewing the corporate governance policies and practices of the Company generally and making recommendations thereon to the directors of the Company.

***Disclosure Committee:*** The Board has established a Disclosure Committee, presently comprised of the Company's CEO, CFO and any one director, to assist the Company in the identification and disclosure of material information, fulfilling its responsibilities regarding disclosures to its security holders and the investment community, made on a

timely basis. The Disclosure Committee assists with controls and procedures regarding material information disclosure; determines 'blackout' periods for trading; and pre-approves all news releases prior to dissemination.

**Audit Committee:** The Audit Committee is described in the next section.

### **Assessments**

The Compensation and Governance Committee is responsible for reviewing and assessing the effectiveness of the Board of the Company, and making recommendations to the Board regarding the composition and the appropriate size of the Board; reviewing the corporate governance policies and practices of the Company generally and making recommendations thereon to the directors of the Company, including overseeing and making recommendations to the directors of the Company on developing the approach of the Company to corporate governance issues and practices and formulating the response of the Company to the corporate governance guidelines and disclosure requirements.

## **AUDIT COMMITTEE DISCLOSURE**

NI 52-110 of the Canadian securities administrators requires the Company's audit committee to meet certain requirements. It also requires the Company to disclose in this Circular certain information regarding the audit committee. That information is disclosed below.

### **Overview**

The overall purpose of the Audit Committee of the Company is to ensure that the Company's management has designed and implemented an effective system of internal financial controls, to review and report on integrity of the consolidated financial statements of the Company and to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts.

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

The Company's Board has adopted a charter for the Audit Committee which sets out the Committee's mandate, organization, powers and responsibilities. The complete Audit Committee Charter is attached as Exhibit "A" to this Circular.

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

The Audit Committee consists of three directors. The following table sets out the names of the members of the Audit Committee and whether they are 'independent' and 'financially literate'.

<b>Name of Member</b>	<b>Independent<sup>(1)</sup></b>	<b>Financially Literate<sup>(2)</sup></b>
David Terry	Yes	Yes
Nikolaos Cacos	No	Yes
Darren Urquhart	No	Yes

(1) To be considered to be independent, a member of the Audit Committee must not have any direct or indirect 'material relationship' with the Company. A material relationship is a relationship which could, in the view of the board, reasonably interfere with the exercise of a member's independent judgment.

(2) To be considered financially literate, a member of the Audit Committee must have 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 Company's financial statements.

### **Relevant Education and Experience**

The board of directors believes that the audit committee members have the relevant education and experience to comply with NI 52-110. In addition to the information below, each member's general business experience and the education of each audit committee member is relevant to the performance of his responsibilities as a member which include:

1. an understanding of the accounting principles used by the Company to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting,

and are as follows:

Name of Member	Education/Experience
David Terry	Dr. Terry has more than 20 years of executive and geological experience focused on exploration for a wide spectrum of precious and base metal deposits throughout North and South America. He has held numerous senior positions with both major and junior mining companies. He holds a BSc and PhD from the University of Western Ontario.
Nikolaos Cacos	Mr. Cacos has over 20 years of management expertise in the mineral exploration industry. He holds extensive experience in administration and providing strategic planning for public companies. Mr. Cacos served as Director and officer of several publicly traded companies. He holds a Master of International Management degree from Heidelberg, Germany, and a Bachelor of Science degree from the University of British Columbia.
Darren Urquhart	Mr. Urquhart is a Chartered Accountant with more than 10 years of experience working in both public practice and industry and is presently engaged in public practice accounting offering CFO and accounting services to TSX Venture Exchange listed exploration companies. Mr. Urquhart obtained his Chartered Accountant designation in 2001 and is a member of the Institute of Chartered Accountants of British Columbia. In 1995, Mr. Urquhart obtained his B.A.Sc. (Electrical Engineering) from the University of British Columbia.

### Complaints Process

The Board has established, and the Audit Committee is responsible for the effectiveness of, the Whistleblower Policy which outlines procedures for the confidential, anonymous submission by directors, officers, employees and consultants regarding the Company's compliance with all applicable government laws, rules and regulations, corporate reporting and disclosure, accounting practices, accounting controls, auditing practices and other matter relating to fraud against shareholders, without fear of retaliation of any kind. If an applicable individual has any concerns about any of these accounting matters which they consider to be questionable, incorrect, misleading or fraudulent, the applicable individual is urged to come forward with any such information, complaints or concerns, without regard to the position of the person or persons responsible for the subject matter of the relevant complaint or concern.

The applicable individual may report their concern in writing, by telephone or e-mail and forward it to the Company's Compliance Officer. All submissions will be treated on a confidential and anonymous basis, except when the matter refers to violation of any applicable law, rule or regulation that relates to the corporate reporting and disclosure, or refers to the violation of the Company's Code of Business Conduct and Ethics, when the person making the submission must be identified for purposes of performing the investigation. Further, the Company will not discharge, discipline, demote, suspend, threaten or in any manner discriminate against any person who submits in good faith any accounting concern.

Promptly following the receipt of any complaints submitted to it, the Audit Committee will investigate each complaint and take appropriate corrective actions.

The effectiveness of the “Whistleblower Policy” is monitored by the Audit Committee and it is posted on the Company’s website at [www.blueskyuranium.com](http://www.blueskyuranium.com) under *About Us - Corporate Governance*.

### Audit Committee Oversight

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

### Reliance on Certain Exemptions - NI 52-110

#### *Reliance on Exemptions in NI 52-110 regarding De Minimis Non-audit Services or on a Regulatory Order Generally*

At no time since the commencement of the Company’s most recently completed financial year has the Company relied on the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by the Company’s auditor from the requirement to be preapproved by the Audit Committee if such services are less than 5% of the auditor’s annual fees charged to the Company, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year’s audit) or an exemption from NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

#### *Reliance on Exemptions in NI 52-110 regarding Audit Committee Composition & Reporting Obligations*

Since the Company is a “venture issuer”, as defined in NI 52-110, it relies on the exemption contained in section 6.1 of NI 52-110 from the requirements of Part 3 Composition of the Audit Committee (as described in “*Composition of the Audit Committee*” above) and Part 5 Reporting Obligations of NI 52-110 (which requires certain prescribed disclosure about the Audit Committee in the Company’s Annual Information Form, if any, and this Circular).

### Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in section C.2 (e) of the Audit Committee Charter, attached hereto as Exhibit “A”.

### External Auditor Service Fees (By Category)

The following table discloses the fees billed to the Company by its external auditor during the last two financial years.

Financial Year Ending	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
December 31, 2012	\$42,024	\$Nil	\$1,500	\$Nil
December 31, 2013	\$29,070	\$Nil	\$2,000	\$Nil

Notes:

- (1) The aggregate fees billed by the Company’s auditor for audit fees.
- (2) The aggregate fees billed for assurance and related services by the Company’s auditor that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not disclosed in the ‘Audit Fees’ column.
- (3) The aggregate fees billed for professional services rendered by the Company’s auditor for tax compliance, tax advice and tax planning. These services include the filing of the Company’s annual tax returns.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.



## MANAGEMENT CONTRACTS

Presently, Blue Sky is party to the following management agreement:

*Grosso Group Management Ltd.:* Pursuant to the terms of an Administration Services Agreement, Blue Sky engaged the Grosso Group to provide services and facilities to Blue Sky since May 2005. During the financial year ended December 31, 2013, the Grosso Group invoiced Blue Sky for a total of \$315,000 (2012 - \$389,550).

During fiscal 2010, the structure of the Grosso Group changed and Blue Sky entered into a Management Services Agreement with the Grosso Group, which will continue to provide its member companies with administrative and management services. The Grosso Group's areas of experience encompass financing, marketing, property acquisition, community relations, socioeconomic issues, regulatory compliance, government relations, and property exploration and investor relations. The Grosso Group staff is available to the member companies on a cost recovery basis without the expense of full time personnel.

The member companies pay monthly fees to the Grosso Group. Under the new agreement, Blue Sky's initial monthly fee is \$60,000, and is reviewable under the terms of the agreement. The fee is based upon a reasonable pro-rating of the Grosso Group's costs including its staff and overhead costs among each member company with regard to the mutually agreed average annual level of services provided to each member company.

The Management Services Agreement may be terminated by the Grosso Group upon 30 days written notice to Blue Sky, and terminated by Blue Sky upon 90 days written notice to the Grosso Group. Upon termination by Blue Sky, a termination fee is payable up to a maximum of \$750,000. In the event that Blue Sky is required to pay an early termination fee, the maximum amount of the termination fee plus the amount of the early termination fee shall be \$1,000,000.

The board of directors of Blue Sky approved the new Management Services Agreement on May 7, 2010, with effect as of April 1, 2010.

Each of the member companies which have entered into the Grosso Group Management Services Agreement has its own separate board of directors (whose members may include persons employed by the Grosso Group); however, some directors will serve on multiple boards and on the board of directors of companies which are not members of the Grosso Group.

Mr. Nikolaos Cacos is a director of the Grosso Group. Mr. Cacos is an officer and a director of Blue Sky. Mr. Urquhart is an officer and Director of Blue Sky and is also an officer of the Grosso Group. See "Named Executive Officer Agreements" for details of agreement with Messrs. Cacos and Urquhart.

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

## PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

### APPOINTMENT OF AUDITORS

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the appointment of D & H Group LLP, as auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration. D & H Group LLP has been the auditor for the Company since the Company's incorporation in 2005.

**Management recommends shareholders to vote FOR the Appointment of Auditor resolutions to appoint D & H Group LLP, Chartered Accountants, as the Company's auditors for the Company's fiscal year ending December 31, 2014 at remuneration to be fixed by the Company's board of directors.**

## APPROVAL OF THE STOCK OPTION PLAN

### Stock Option Plan

Blue Sky's Stock Option Plan was approved by the board of directors of Blue Sky on March 16, 2011. The purpose of the Stock Option Plan is to attract and motivate the directors, officers and employees of Blue Sky (and any of its subsidiaries), employees of any management company and consultants to Blue Sky (collectively the "**Optionees**") and thereby advance Blue Sky's interests by providing them an opportunity to acquire an equity interest in Blue Sky through the exercise of stock options granted to them under the Stock Option Plan.

Pursuant to the Stock Option Plan, the Blue Sky board may grant options to Optionees in consideration of them providing their services to Blue Sky or a subsidiary. The number of shares subject to each option is determined by the Blue Sky board within the guidelines established by the Stock Option Plan. The options enable the Optionees to purchase shares of Blue Sky at a price fixed pursuant to such guidelines. The options are exercisable by the Optionee giving Blue Sky notice and payment of the exercise price for the number of Blue Sky Shares to be acquired.

The Stock Option Plan authorizes the board of Blue Sky to grant stock options to the Optionees on the following terms:

1. The number of Blue Sky Shares subject to issuance pursuant to outstanding options, in the aggregate, cannot exceed 10% of Blue Sky's issued shares.
2. The number of Blue Sky Shares subject to issuance upon the exercise of options granted under the Stock Option Plan by one Optionee or all Optionees providing investor relations services is subject to the following limitations:
  - (a) no Optionee can be granted options during a 12 month period to purchase more than
    - (i) 5% of the issued Blue Sky Shares unless disinterested shareholder approval has been obtained (such approval has not been sought), or
    - (ii) 2% of the issued Blue Sky Shares, if the Optionee is a consultant, and
  - (b) the aggregate number of Blue Sky Shares subject to options held by all Optionees providing investor relations services cannot exceed 2% in the aggregate.
3. Unless the Stock Option Plan has been approved by disinterested shareholders (such approval has not been obtained), options granted under the Stock Option Plan, together with all of Blue Sky's previously established and outstanding stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Blue Sky Shares, shall not result, at any time, in
  - (a) the number of Blue Sky Shares reserved for issuance pursuant to stock options granted to insiders exceeding 10% of the Blue Sky Shares outstanding at the time of granting,
  - (b) the grant to insiders as a group, within a one year period, of options to purchase that number of Blue Sky Shares exceeding 10% of the outstanding Blue Sky Shares, or
  - (c) the issuance to any one insider and such insider's associates, within a one year period, of Blue Sky Shares totalling in excess of 5% of the outstanding Blue Sky Shares.
4. The exercise price of the options cannot be set at less than the closing trading price of the Blue Sky Shares on the day before the granting of the stock options.
5. The options may be exercisable for up to five years.
6. There are not any vesting requirements unless the Optionee is a consultant providing investor relations services to Blue Sky, in which case the options must vest over at least 12 months with no more than one-quarter vesting in any three month period. However, the board may impose additional vesting requirements and, subject to obtaining any required approval from the Exchange, may authorize all unvested options to vest immediately. If there is a 'change of control' of Blue Sky (due to a take-over bid

being made for Blue Sky or similar events), all unvested options, subject to obtaining any required approval from the Exchange, shall vest immediately.

7. The options can only be exercised by the Optionee (to the extent they have already vested) for so long as the Optionee is a director, officer or employee of, or consultant to, Blue Sky or any subsidiary or is an employee of Blue Sky's management corporation and within a period thereafter not exceeding the earlier of:
  - (a) the original expiry date;
  - (b) 90 days after ceasing to be a director, officer or employee of, or consultant to, Blue Sky due to early retirement, to termination by Blue Sky other than for cause, or to voluntary resignation; and
  - (c) if the Optionee dies or becomes disable, within one year from the Optionee's death or disability.
8. If the Optionee is terminated 'for cause' the options will terminate concurrently.
9. The options are not assignable except to a wholly-owned holding company.
10. Disinterested shareholder approval must be obtained prior to the reduction of the exercise price of options granted to insiders of Blue Sky.

Any amendments to the Stock Option Plan or outstanding Blue Sky Options are subject to the approval of the TSXV and, if required by the Exchange, of the shareholders of Blue Sky, possibly with only 'disinterested shareholders' being entitled to vote. The amendment to an outstanding stock option will also require the consent of the Optionee.

No options have been granted under the Stock Option Plan which are subject to shareholder approval. The Stock Option Plan does not permit stock options to be transformed into stock appreciation rights.

The rules of the TSX Venture Exchange require shareholder approval annually for a rolling stock option plan, and that approval of the Stock Option Plan be an affirmative vote of a majority of at least 50% of the votes cast at the Meeting either in person or by proxy. Shareholders will be asked at the Meeting to pass an ordinary resolution in the form set out below.

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. the Company's Stock Option Plan, approved by the directors on March 14, 2011 be and is hereby ratified, approved and confirmed including the reserving for issuance under the Stock Option Plan at any time of a maximum of 10% of the issued and outstanding shares of the Company, subject to any amendments or approval that may be required by the TSX Venture Exchange;
2. the Company be authorized to abandon or terminate all or any part of the Stock Option Plan if the directors of the Company deem it appropriate and in the best interests of the Company to do so;
3. the Company be and is hereby authorized to grant options pursuant and subject to the terms and conditions of the Stock Option Plan;
4. the Company be and is hereby authorized, at the discretion of the directors, to amend the exercise price of previously granted option agreements, without further approval by the shareholders, all in accordance with the policies of the TSX Venture Exchange; and
5. any one or more of the directors and officers of the Company be authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Company or otherwise, all such documents and other writings, including treasury orders, stock exchange and securities commissions forms, as may be required to give effect to the true intent of this resolution."

**The board of directors recommends that shareholders vote FOR the Stock Option Plan resolution. In the absence of a contrary instruction, the persons designated by our management in the enclosed form of proxy intend to vote FOR this resolution.**

## APPROVAL OF NEW ARTICLES

From time to time, it is appropriate for a public corporation to review its form of Articles to ensure that they are up to date with the current legislation and standard practices with respect to the management and administration of a reporting issuer. The Articles of the Company have not been amended since incorporation in 2005. Accordingly, the Company is proposing to delete its existing Articles in their entirety and replace them with a new set of Articles. With the exception of the changes specifically noted below, most of the changes in the new form of Articles are minor in nature, and will not affect Shareholders or the day-to-day administration of the Company.

### New Form of Articles

The Company is proposing to delete its existing Articles in their entirety and replace them with a new set of Articles. The new set of Articles will make the Company's Articles consistent with the terminology and provisions of the BCBCA. Most of the changes in the new form of Articles are minor in nature, and will not affect Shareholders or the day-to-day administration of the Company.

However, there are several changes of note, designed to facilitate the administration of the Company's affairs and reduce the overhead and administrative costs related to implementing such matters:

1. The directors will be able to increase the authorized capital of the Company, or create one or more classes or series of shares, without the necessity of obtaining shareholder approval. The existing Articles require approval of the Shareholders by special resolution, which is excessively restrictive for an issuer with unlimited share capital, and necessitates holding a general meeting of the Shareholders.
2. The Company will be able to subdivide its shares by resolution of the directors. The current Articles require approval of the Shareholders by special resolution, which of course necessitates holding a general meeting of the Shareholders.
3. The Company will be able to consolidate all or any of its unissued or fully paid issued shares by an ordinary resolution of the Shareholders. The current Articles require approval by a special resolution of the Shareholders.
4. The Company will be able to make further alterations to its Articles by ordinary resolution of its Shareholders, rather than by special resolution of its Shareholders, except where the alteration involves the creation, variation, or deletion of special rights and restrictions attaching to shares, which will still require a special resolution of the Shareholders.
5. The Company will be able to, by resolution of the directors or by ordinary resolution of its shareholders, in each case as determined by the directors, change the name of the Company.

A copy of the proposed new Articles of the Company is attached as **Exhibit "C"** to this Circular, and will also be available for inspection at the Meeting and at the Company's registered office, located at Suite 709, 837 West Hastings Street, Vancouver, British Columbia, during regular business hours up to the day before the Meeting.

At the Meeting, Shareholders will be asked to approve a special resolution (the **"New Articles Resolution"**), deleting the existing Articles of the Company in their entirety and replacing them with the new form of Articles. The text of the special resolution to be considered and, if thought fit, approved at the Meeting is as follows:

“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The existing Articles of Blue Sky Uranium Corp. (the “Company”) be deleted in their entirety, and the form of Articles presented to the Shareholders at the annual and special meeting of the Company, be adopted as the Articles of the Company.
2. Any one director or officer of the Company be and is hereby authorized to do all things and execute all instruments necessary or desirable to give effect to this special resolution, including without limitation delivering a certified copy of this special resolution to the British Columbia Registrar of Companies.
3. Notwithstanding that this special resolution has been duly passed by the Shareholders of the Company, the directors of the Company be and are hereby authorized and empowered to revoke this resolution at any time prior to the effective date hereof, and to determine not to proceed with the alteration of the Articles of the Company without further approval of the Shareholders of the Company.”

In order to pass the above Special Resolution, a majority of not less than 66 2/3% of the votes cast by Shareholders who vote, in person or by Proxy on the Special Resolution, at the Meeting is required. As set out in the text of the special resolution, notwithstanding its approval, the Board may determine not to proceed with the alteration of the Articles at any time prior to its effective date.

**Management of the Company recommends that Shareholders vote in favour of the New Articles Resolution altering the Articles of the Company. Unless the Shareholder has specified in the enclosed form of proxy that the shares represented by such proxy are to be voted against the special resolution altering the Articles of the Company, the persons named in the enclosed form of proxy will vote FOR the resolution.**

#### **SHAREHOLDER APPROVAL OF CONSOLIDATION OF SHARES**

Management has recommended that the Company alter the authorized share capital of the Company in order to attract further financing by consolidating all of the 34,367,010 issued Shares without par value into 3,436,701 Shares without par value, resulting in every 10 Shares being consolidated into 1 Share. No fractional shares will be issued and no cash consideration shall be paid by the Company in place of fractional shares.

Stock options and warrants of the Company shall automatically adjust following the share consolidation. Any subsequent exercise thereof will reflect the 10 for 1 consolidation of the Company’s shares, such that the number of shares issuable upon the exercise of stock options and warrants will be reduced on a 10 for 1 basis and, accordingly, the exercise price per share will be multiplied by 10.

#### **No Requirement to Exchange Share Certificates**

If the share consolidation is approved by the Shareholders of the Company, there will be no action required from any Shareholder. **Pre-consolidated certificates will not be required to be exchanged for a new post-consolidated certificate.** A new identification number will be assigned to the new shares. Any pre-consolidated certificates submitted to the Company or our transfer agent, whether because of a sale, transfer or other disposition of stock, will automatically be exchanged for certificates evidencing new shares. If a pre-consolidated certificate has any restrictive legends on the back, a post-consolidated certificate evidencing new shares will be issued with the same restrictive legends, if any, that are on back. If you hold your shares with a bank, broker or other nominee and if you have any questions in this regard, the Company encourages you to contact your nominee.

All expenses of the exchange of stock certificates will be borne by the Company. In order to complete the share consolidation regulatory approval from the TSX-V will be required.

Shareholders of the Company will be asked at the Meeting to approve the following Special Resolution:

"BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. the authorized share capital of Blue Sky Uranium Corp. (the "Company") be altered by consolidating all of the 34,367,010 issued common shares of the Company without par value ("Common Shares") into 3,436,701 Common Shares, such that every 10 Common Shares be consolidated into 1 Common Share without par value, or on such lesser basis as may be approved by the Board of Directors and the TSX Venture Exchange;
2. the Company be authorized to abandon or terminate all or any part of the proposed consolidation of Common Shares if the Board of Directors of the Company deems it appropriate and in the best interests of the Company to do so; and
3. any one or more of the directors and officers of the Company be authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Company or otherwise, all such documents and other writings as may be required to give effect to the true intent of this special resolution."

In order to pass the above Special Resolution, a majority of not less than 66 2/3% of the votes cast by Shareholders who vote, in person or by Proxy on the Special Resolution, at the Meeting is required.

#### **Director Discretion**

The Board of Directors of the Company reserve the right to abandon the transactions contemplated by the Special Resolution should they deem it appropriate and in the best interests of the Company to do so.

**Management of the Company recommends that Shareholders vote in favour of the foregoing Special Resolution, and the persons named in the enclosed Proxy intend to vote for the approval of the foregoing Special Resolution at the Meeting unless otherwise directed by the Shareholders appointing them.**

#### **OTHER MATTERS**

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

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com) or the Company's website resources [www.blueskyuranium.com](http://www.blueskyuranium.com). Financial information relating to Blue Sky Uranium Corp. is provided in the Company's comparative financial statements and Management's Discussion & Analysis for the financial year ended December 31, 2011. Shareholders may contact the Company to request copies of financial statements and Management's Discussion & Analysis at the following address:

BLUE SKY URANIUM CORP.  
Suite 709, 837 West Hastings Street  
Vancouver, BC V6C 3N6  
Phone: (604) 687-1828; Fax: (604) 687-1858

**CERTIFICATION AND BOARD APPROVAL**

The undersigned hereby certifies that the contents and the sending of this Circular to the Company's Shareholders have been approved by the Board. The foregoing contains no untrue statement of material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

DATED at Vancouver, British Columbia, as of October 10, 2014.

ON BEHALF OF THE BOARD OF  
BLUE SKY URANIUM CORP.

*"Nikolaos Cacos"*  
President, CEO and Director

# **BLUE SKY URANIUM CORP.**

(the "Company")

## **AUDIT COMMITTEE CHARTER**

(Adopted by the Board of Directors on May 1, 2009, as amended May 28, 2010)



BLUE SKY URANIUM CORP.  
(the "Company")

AUDIT COMMITTEE CHARTER

(Adopted by the Board of Directors on May 1, 2009, as amended May 28, 2010)

**A. PURPOSE**

The overall purpose of the Audit Committee (the "Committee") is to ensure that the Company's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Company and to review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information.

**B. COMPOSITION, PROCEDURES AND ORGANIZATION**

The Committee shall consist of at least three members of the Board of Directors (the "Board"), the majority of whom shall not be officers, employees or control persons of the Company or its associates or affiliates (as the terms "control person", "associate" and "affiliate" are defined in the TSX Venture Exchange's Corporate Finance Manual).

- 1) The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
- 2) Unless the Board has appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
- 3) The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
- 4) The Committee shall have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
- 5) Meetings of the Committee shall be conducted as follows:
  - a) the Committee shall meet at least four times annually, or more frequently as circumstances dictate, at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
  - b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
  - c) management representatives may be invited to attend all meetings except private sessions with the external auditors.
- 6) The external auditors shall communicate directly to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Company as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

**C. ROLES AND RESPONSIBILITIES**

- 1) The overall duties and responsibilities of the Committee shall be as follows:
  - a) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and interim consolidated financial statements and related financial disclosure;

- b) to establish and maintain a direct line of communication with the Company's internal and external auditors and assess their performance;
  - c) to ensure that the management of the Company has designed, implemented and is maintaining an effective system of internal financial controls; and
  - d) to report regularly to the Board on the fulfilment of its duties and responsibilities.
- 2) The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
- a) to recommend to the Board a firm of external auditors to be engaged by the Company, and to verify the independence of such external auditors;
  - b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
  - c) review the audit plan of the external auditors prior to the commencement of the audit;
  - d) to review with the external auditors, upon completion of their audit:
    - (i) the contents of their report;
    - (ii) the scope and quality of the audit work performed;
    - (iii) the adequacy of the Company's financial and auditing personnel;
    - (iv) the co-operation received from the Company's personnel during the audit;
    - (v) the internal resources used;
    - (vi) any significant transactions outside of the normal business of the Company;
    - (vii) any significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
    - (viii) any non-audit services provided by the external auditors;
  - e) to pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the external auditors; provided that:
    - (i) the Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that such independent members must report such pre-approval to the Committee at the first scheduled meeting of the Committee following such pre-approval; and
    - (ii) the Committee shall have satisfied the requirement for pre-approval in paragraph 6)e) if:
      - 1) the aggregate amount of all the non-audit services that were not pre-approved is reasonably expected to constitute no more than five percent of the total amount of fees paid by the Company and its subsidiary entities to the external auditors during the fiscal year in which the services are provided;
      - 2) the Company or its subsidiary entity, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
      - 3) the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or one of its members to whom pre-approval authority has been granted pursuant to subparagraph 6)e)(i);
  - f) to discuss with the external auditors the quality and not just the acceptability of the Company's accounting principles;

- g) to implement structures and procedures to ensure that the Committee meets with the external auditors on a regular basis in the absence of management; and
  - h) to review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and any former external auditor of the Company.
- 3) The duties and responsibilities of the Committee as they relate to the Company's internal auditors are to:
- a) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;
  - b) review and approve the internal audit plan; and
  - c) review significant internal audit findings and recommendations, and management's response thereto.
- 4) The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:
- a) establish adequate procedures for:
    - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
    - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
  - b) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
  - c) review compliance under the Company's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
  - d) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company; and
  - e) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
- 5) The Committee is also charged with the responsibility to:
- a) review the Company's annual and interim financial statements and related Management's Discussion & Analysis ("MD&A") and earnings press releases, including the impact of unusual items and changes in accounting principles and estimates, and any press releases related to the foregoing, and report to the Board with respect thereto;
  - b) review and approve the financial sections of:
    - (i) the annual report to shareholders;
    - (ii) the annual information form;
    - (iii) prospectuses;
    - (iv) news releases discussing financial results of the Company; and
    - (v) other public reports of a financial nature requiring approval by the Board;

and report to the Board with respect thereto, or alternatively establish adequate procedures for the review of the financial sections of such disclosure documents and periodically assess the adequacy of such procedures;

- c) review regulatory filings and decisions as they relate to the Company's consolidated financial statements;
- d) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
- e) review and report on the integrity of the Company's consolidated financial statements;
- f) review the minutes of any audit committee meeting of subsidiary companies;
- g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements; and
- h) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information.

## SCHEDULE “B”

Incorporation number: BC0656430

# BLUE SKY URANIUM CORP.

(the “Company”)

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## **1. INTERPRETATION**

### **1.1 Definitions**

In these Articles, unless the context otherwise requires:

- (1) “board of directors”, “directors” and “board” mean the directors or sole director of the Company for the time being;
- (2) “*Business Corporations Act*” means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (3) “legal personal representative” means the personal or other legal representative of the shareholder;
- (4) “registered address” of a shareholder means the shareholder’s address as recorded in the central securities register;
- (5) “seal” means the seal of the Company, if any.

### **1.2 *Business Corporations Act* and *Interpretation Act* Definitions Applicable**

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

## **2. SHARES AND SHARE CERTIFICATES**

### **2.1 Authorized Share Structure**

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

### **2.2 Form of Share Certificate**

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

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

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

### **2.4 Delivery by Mail**

Any share certificate or non-transferable written acknowledgment of a shareholder’s right to obtain a share certificate may be sent to the shareholder by mail at the shareholder’s registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgment is lost in the mail or stolen.

### **2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgment**

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder’s right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

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

## **2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment**

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

- (1) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed;
- (2) an indemnity bond sufficient in the Company's judgment to protect the Company from any loss that the Company may suffer by issuing a new certificate; and
- (3) satisfies any other reasonable requirements imposed by the directors.

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

## **2.7 Recovery of New Share Certificate**

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

## **2.8 Splitting Share Certificates**

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

## **2.9 Certificate Fee**

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

## **2.10 Recognition of Trusts**

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

# **3. ISSUE OF SHARES**

## **3.1 Directors Authorized**

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

### **3.2 Commissions and Discounts**

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

### **3.3 Brokerage**

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

### **3.4 Conditions of Issue**

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

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

### **3.5 Share Purchase Warrants and Rights**

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

## **4. SHARE REGISTERS**

### **4.1 Central Securities Register**

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

### **4.2 Closing Register**

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

## **5. SHARE TRANSFERS**

### **5.1 Registering Transfers**

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

- (1) the Company or the transfer agent or registrar for the class or series of share to be transferred has received:
  - (a) in the case where the Company has issued a share certificate in respect of the share to be transferred, that share certificate and a written instrument of transfer (which may be on a separate document or endorsed on the share certificate) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;

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

#### **5.1A Waivers of Requirements for Transfer**

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

#### **5.2 Form of Instrument of Transfer**

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the Company or the transfer agent for the class or series shares to be transferred from time to time.

#### **5.3 Transferor Remains Shareholder**

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

#### **5.4 Signing of Instrument of Transfer**

If a shareholder, or other appropriate person or agent who has actual authority to act on behalf of that person, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, but share certificates are deposited with the instrument of transfer, all the shares represented by such share certificates:

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

#### **5.5 Enquiry as to Title Not Required**

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

#### **5.6 Transfer Fee**

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

## **6. TRANSMISSION OF SHARES**

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

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

### **6.2 Rights of Legal Personal Representative**

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

## **7. ACQUISITION OF COMPANY'S SHARES**

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

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

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

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

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

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

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

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

## **8. BORROWING POWERS**

The Company, if authorized by the directors, may:

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

## **9. ALTERATIONS**

### **9.1 Alteration of Authorized Share Structure**

Subject to Article 9.3 and the *Business Corporations Act*, the Company may by resolution of the directors:

- (1) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (2) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (3) if the Company is authorized to issue shares of a class of shares with par value:
  - (a) decrease the par value of those shares; or
  - (b) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (4) subdivide all or any of its unissued or fully paid issued shares in any manner;
- (5) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (6) alter the identifying name of any of its shares; or
- (7) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*;

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

### **9.2 Consolidations**

Subject to Article 9.3 and the *Business Corporations Act*, the Company may by ordinary resolution consolidate all or any of its unissued, or fully paid issued, shares, and, if applicable, alter its Notice of Articles and Articles accordingly.

### **9.3 Special Rights and Restrictions**

Subject to the *Business Corporations Act*, the Company may by special resolution:

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

and alter its Notice of Articles and Articles accordingly.

### **9.4 Change of Name**

The Company may by resolution of the directors or by ordinary resolution of its shareholders, in each case as determined by the directors, authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that name.

### **9.5 Other Alterations**

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

## **10. MEETINGS OF SHAREHOLDERS**

### **10.1 Annual General Meetings**

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

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

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

### **10.3 Calling of Meetings of Shareholders**

The directors may, whenever they think fit, call a meeting of shareholders, to be held at such time and place as may be determined by the directors.

### **10.4 Notice for Meetings of Shareholders**

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

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

### **10.5 Record Date for Notice**

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

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

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

### **10.6 Record Date for Voting**

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

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

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

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

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

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

## **11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS**

### **11.1 Special Business**

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

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

### **11.2 Special Majority**

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

### **11.3 Quorum**

Subject to the special rights and restrictions attached to the shares of any class or series of shares and save as herein otherwise provided, the quorum for the transaction of business at a meeting of shareholders is two shareholders, or one or more proxyholder representing two members, or one member and a proxyholder representing another member.



#### **11.4 One Shareholder May Constitute Quorum**

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

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

#### **11.5 Other Persons May Attend**

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

#### **11.6 Requirement of Quorum**

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

#### **11.7 Lack of Quorum**

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

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

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

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

#### **11.9 Chair**

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

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

#### **11.10 Selection of Alternate Chair**

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

#### **11.11 Adjournments**

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

#### **11.12 Notice of Adjourned Meeting**

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

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

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

#### **11.14 Declaration of Result**

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

#### **11.15 Motion Need Not be Seconded**

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

#### **11.16 Casting Vote**

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

#### **11.17 Manner of Taking Poll**

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

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

#### **11.18 Demand for Poll on Adjournment**

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

#### **11.19 Chair Must Resolve Dispute**

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

#### **11.20 Casting of Votes**

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

### **11.21 Demand for Poll**

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

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

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

### **11.23 Retention of Ballots and Proxies**

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

## **12. VOTES OF SHAREHOLDERS**

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

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

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

### **12.2 Votes of Persons in Representative Capacity**

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

### **12.3 Votes by Joint Holders**

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

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

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

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

## **12.5 Representative of a Corporate Shareholder**

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

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

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

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

If and for so long as the Company is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply, Articles 12.7 to 12.15 apply only insofar as they are not inconsistent with any securities legislation in any province or territory of Canada or in the federal jurisdiction of the United States or in any states of the United States that is applicable to the Company and insofar as they are not inconsistent with the regulations and rules made and promulgated under that legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by securities commissions or similar authorities appointed under that legislation, or any rules of an exchange on which securities of the Company are listed, or any rules of a quotation system on which securities of the Company are quoted.

## **12.7 Appointment of Proxy Holders**

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

## **12.8 Alternate Proxy Holders**

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

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

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

- (1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
- (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting;

- (3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting; or
- (4) the Company is a public company.

#### **12.10 Deposit of Proxy**

A proxy for a meeting of shareholders must:

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

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

#### **12.11 Validity of Proxy Vote**

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

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

#### **12.12 Form of Proxy**

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

**Golden Alliance Resources Corp.**  
(the "Company")

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

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

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

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

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

### **12.13 Revocation of Proxy**

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

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

### **12.14 Revocation of Proxy Must Be Signed**

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

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

### **12.15 Chair May Determine Validity of Proxy**

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

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

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

## **13. DIRECTORS**

### **13.1 First Directors; Number of Directors**

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (2) if the Company is a public company, the greater of three and the most recently set of:
  - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (b) the number of directors set under Article 14.4;
- (3) if the Company is not a public company, the most recently set of:
  - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (b) the number of directors set under Article 14.4.

### **13.2 Change in Number of Directors**

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

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

### **13.3 Directors' Acts Valid Despite Vacancy**

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

### **13.4 Qualifications of Directors**

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

### **13.5 Remuneration of Directors**

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

### **13.6 Reimbursement of Expenses of Directors**

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

### **13.7 Special Remuneration for Directors**

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

### **13.8 Gratuity, Pension or Allowance on Retirement of Director**

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

## **14. ELECTION AND REMOVAL OF DIRECTORS**

### **14.1 Election at Annual General Meeting**

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

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

#### **14.2 Consent to be a Director**

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

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

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

If:

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

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

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

#### **14.4 Places of Retiring Directors Not Filled**

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

#### **14.5 Directors May Fill Casual Vacancies**

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

#### **14.6 Remaining Directors Power to Act**

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

#### **14.7 Shareholders May Fill Vacancies**

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

#### **14.8 Additional Directors**

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:



- (1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

#### **14.9 Ceasing to be a Director**

A director ceases to be a director when:

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

#### **14.10 Removal of Director by Shareholders**

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

#### **14.11 Removal of Director by Directors**

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

### **15. ALTERNATE DIRECTORS**

#### **15.1 Appointment of Alternate Director**

Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

#### **15.2 Notice of Meetings**

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

#### **15.3 Alternate for More Than One Director Attending Meetings**

A person may be appointed as an alternate director by more than one director, and an alternate director:

- (1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;

- (3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;
- (4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

#### **15.4 Consent Resolutions**

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

#### **15.5 Alternate Director Not an Agent**

Every alternate director is deemed not to be the agent of is or her appointor.

#### **15.6 Revocation of Appointment of Alternate Director**

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

#### **15.7 Ceasing to be an Alternate Director**

The appointment of an alternate director ceases when:

- (1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (2) the alternate director dies;
- (3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (4) the alternate director ceases to be qualified to act as a director; or
- (5) his or her appointor revokes the appointment of the alternate director.

#### **15.8 Remuneration and Expenses of Alternate Director**

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

### **16. POWERS AND DUTIES OF DIRECTORS**

#### **16.1 Powers of Management**

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

#### **16.2 Appointment of Attorney of Company**

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

## **17. DISCLOSURE OF INTEREST OF DIRECTORS**

### **17.1 Obligation to Account for Profits**

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

### **17.2 Restrictions on Voting by Reason of Interest**

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

### **17.3 Interested Director Counted in Quorum**

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

### **17.4 Disclosure of Conflict of Interest or Property**

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

### **17.5 Director Holding Other Office in the Company**

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

### **17.6 No Disqualification**

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

### **17.7 Professional Services by Director or Officer**

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

### **17.8 Director or Officer in Other Corporations**

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

## **18. PROCEEDINGS OF DIRECTORS**

### **18.1 Meetings of Directors**

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

### **18.2 Voting at Meetings**

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting has a second or casting vote.

### **18.3 Chair of Meetings**

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

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

### **18.4 Meetings by Telephone or Other Communications Medium**

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

### **18.5 Calling of Meetings**

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

### **18.6 Notice of Meetings**

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

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

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

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

#### **18.8 Meeting Valid Despite Failure to Give Notice**

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

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

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

#### **18.10 Quorum**

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at two directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

#### **18.11 Validity of Acts Where Appointment Defective**

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

#### **18.12 Consent Resolutions in Writing**

A resolution of the directors or of any committee of the directors may be passed without a meeting:

- (1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who are entitled to vote on the resolution consents to it in writing.

A consent in writing under this Article may be by signed document, fax, email or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

### **19. EXECUTIVE AND OTHER COMMITTEES**

#### **19.1 Appointment and Powers of Executive Committee**

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

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

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

The directors may, by resolution:

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

## **19.3 Obligations of Committees**

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

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

## **19.4 Powers of Board**

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

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

## **19.5 Committee Meetings**

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

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

## **20. OFFICERS**

### **20.1 Directors May Appoint Officers**

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

### **20.2 Functions, Duties and Powers of Officers**

The directors may, for each officer:

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

### **20.3 Qualifications**

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

### **20.4 Remuneration and Terms of Appointment**

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors thinks fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

## **21. INDEMNIFICATION**

### **21.1 Definitions**

In this Article 21:

- (1) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (2) “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an “eligible party”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:
  - (a) is or may be joined as a party; or
  - (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (3) “expenses” has the meaning set out in the *Business Corporations Act*.

### **21.2 Mandatory Indemnification of Directors and Former Directors**

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

### **21.3 Indemnification of Other Persons**

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

### **21.4 Non-Compliance with *Business Corporations Act***

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

### **21.5 Company May Purchase Insurance**

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

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

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

## **22. DIVIDENDS**

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

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

### **22.2 Declaration of Dividends**

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable. The Board of Directors shall have the right and authority to declare dividends on any class of shares, to the exclusion of and without declaring dividends on any other class of shares, in their sole discretion as they see fit.

### **22.3 No Notice Required**

The directors need not give notice to any shareholder of any declaration under Article 22.2.

### **22.4 Record Date**

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

### **22.5 Manner of Paying Dividend**

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.



## **22.6 Settlement of Difficulties**

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

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

## **22.7 When Dividend Payable**

Any dividend may be made payable on such date as is fixed by the directors.

## **22.8 Dividends to be Paid in Accordance with Number of Shares**

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

## **22.9 Receipt by Joint Shareholders**

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

## **22.10 Dividend Bears No Interest**

No dividend bears interest against the Company.

## **22.11 Fractional Dividends**

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

## **22.12 Payment of Dividends**

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

## **22.13 Capitalization of Surplus**

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

## **23. ACCOUNTING RECORDS**

### **23.1 Recording of Financial Affairs**

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

## **23.2 Inspection of Accounting Records**

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

## **24. NOTICES**

### **24.1 Method of Giving Notice**

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

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

### **24.2 Deemed Receipt of Mailing**

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

### **24.3 Certificate of Sending**

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent as permitted by Article 24.1 is conclusive evidence of that fact.

### **24.4 Notice to Joint Shareholders**

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

### **24.5 Notice to Trustees**

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

- (1) mailing the record, addressed to them:
  - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
  - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

## **25. SEAL**

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

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (1) any two directors;
- (2) any officer, together with any director;
- (3) if the Company only has one director, that director; or
- (4) any one or more directors or officers or persons as may be determined by the directors.

### **25.2 Sealing Copies**

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer.

### **25.3 Mechanical Reproduction of Seal**

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

## **26. PROHIBITIONS**

### **26.1 Definitions**

In this Article 26:

- (1) “designated security” means:
  - (a) a voting security of the Company;
  - (b) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or
  - (c) a security of the Company convertible, directly or indirectly, into a security described in paragraph (a) or (b);
- (2) “security” has the meaning assigned in the *Securities Act* (British Columbia);
- (3) “voting security” means a security of the Company that:
  - (a) is not a debt security, and
  - (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

### **26.2 Application**

Article 26.3 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

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

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

## **27. CHANGE OF REGISTERED AND RECORDS OFFICES**

The Company may appoint or change its registered and records offices, or either of them, and the agent responsible therefor, at any time by resolution of the directors. After the appointment of the first registered or records office agent, such agent may terminate its appointment by written notice to any director or officer of the Company sent to the last known address of such director or officer. The Company will then designate a new registered or records office or offices within ten (10) days of receipt or deemed receipt of such notice, failing which the agent shall be entitled on behalf of the Company (but not obliged) to execute and file a Notice to Change Offices with the Registrar of Companies, changing the registered and records office or offices to the last known address of the President of the Company.