

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

Aurinia Pharmaceuticals Inc.

(Exact name of Registrant as specified in its charter)

Alberta, Canada

(State or other jurisdiction of Incorporation or organization)

Not Applicable

(I.R.S. Employer Identification No.)

**#1203-4464 Markham Street
Victoria, British Columbia
V8Z7X8
(250) 708-4272**

(Address of principal executive offices) (Zip code)

Aurinia Pharmaceuticals Inc. Equity Incentive Plan
(Full title of the plans)

**CT Corporation System
28 Liberty Street
New York, NY 10005
(212) 590-9070**

(Name and address of agent for service) (Telephone number, including area code, of agent for service)

Copies to:

**John T. McKenna
Cooley LLP
3175 Hanover Street
Palo Alto, CA 94304
(650) 843-5000**

**Peter S. Greenleaf
President and Chief Executive Officer
Aurinia Pharmaceuticals Inc.
#1203-4464 Markham Street
Victoria, British Columbia
V8Z 7X8
(250) 708-4272**

**Stephen P. Robertson
Borden Ladner Gervais LLP
1200 Waterfront Centre
P.O. Box 48600
Vancouver, British Columbia V7X 1T2
(604) 687-5744**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered ⁽¹⁾⁽²⁾	Proposed Maximum Offering Price per Share ⁽³⁾	Proposed Maximum Aggregate Offering Price ⁽³⁾	Amount of Registration Fee
Common Shares, no par value per share	6,376,389	\$15.40 - \$16.90	\$100,305,574	\$13,019.67

- (1) Represents common shares, without par value (the "Common Shares"), of Aurinia Pharmaceuticals Inc. (the "Registrant") that are issuable upon the exercise of stock options granted under the Aurinia Pharmaceuticals Inc. Equity Incentive Plan (the "Equity Incentive Plan").
- (2) Pursuant to Rule 416(c) under the Securities Act of 1933, as amended (the "Securities Act"), this Registration Statement shall also cover any additional Common Shares that become issuable under the Aurinia Pharmaceuticals Inc. Equity Incentive Plan as set forth herein by reason of any stock dividend, stock split, recapitalization, or other similar transaction effected that results in an increase to the number of outstanding shares of the Registrant's Common Shares, as applicable.
- (3) Estimated in accordance with Rule 457(c) and Rule 457(h) under the Securities Act solely for the purpose of calculating the registration fee on the basis of (a) \$16.90, the weighted-average exercise price for outstanding options granted pursuant to the Registrant's Equity Incentive Plan and translated from Canadian dollars into United States dollars at the June 8, 2020 average exchange rate of the Bank of Canada being U.S. \$1.00 = \$C 0.7472, and (b) U.S. 15.40, the average of the high and low prices of the Registrant's Common Shares as reported on the Nasdaq Global Market on June 8, 2020, with respect to the shares to be registered pursuant to the Registrant's Equity Incentive Plan.

Securities	Number of Shares of Common Shares	Offering Price Per Share	Aggregate Offering Price/Registration Fee
Shares issuable upon the exercise of outstanding options granted under the Equity Incentive Plan	1,406,122 (1)	\$ 16.90 (3)(a)	\$ 23,763,461.8
Shares reserved for future grant under the Equity Incentive Plan	4,970,267 (1)	\$ 15.40 (3)(b)	\$ 76,542,111.8
Proposed Maximum Aggregate Offering Price:			\$ 100,305,573.6
Registration Fee:			\$ 13,019.67

EXPLANATORY NOTE

The Registrant is filing this Registration Statement on Form S-8 for the purpose of registering 6,376,389 Common Shares issuable to eligible persons under the Equity Incentive Plan. In June 2020, the Registrant amended and restated the Aurinia Pharmaceuticals Inc. Stock Option Plan to, among other things, change the name to the Aurinia Pharmaceuticals Inc. Equity Incentive Plan. A copy of the Equity Incentive Plan is filed herewith as exhibit 99.1.

PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

Item 1. Plan Information.*

Item 2. Registrant Information and Employee Plan Annual Information.*

* The documents containing the information specified in “Item 1. Plan Information” and “Item 2. Registrant Information and Employee Plan Annual Information” of Form S-8 will be sent or given to participants of the Equity Incentive Plan, as specified by Rule 428(b)(1) under the Securities Act. Such documents are not required to be, and are not, filed with the Securities and Exchange Commission (the “SEC”) either as part of this Registration Statement or as a prospectus or prospectus supplement pursuant to Rule 424 under the Securities Act. These documents and the documents incorporated by reference in this Registration Statement pursuant to Item 3 of Part II of Form S-8, taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Certain Documents by Reference.

The following documents filed by the Registrant with the SEC are incorporated by reference into this Registration Statement:

1. Our Annual Report on Form 40-F, as filed with the SEC on March 5, 2020, which contains our audited consolidated financial statements for the year ended December 31, 2019.
2. All other reports filed by us under Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), since December 31, 2019 and prior to the date of this Registration Statement.
3. The description of our Common Shares contained in our Annual Report on Form 40-F, as filed with the SEC on March 5, 2020, including any amendment or report filed for the purpose of amending such description.

In addition, all reports and documents filed by us under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Registration Statement and prior to the filing of a post-effective amendment which indicates that all securities being offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in and to be part of this Registration Statement from the date of filing of each such document, provided that reports on Form 6-K shall be so deemed incorporated by reference only if and to the extent indicated in such reports.

Item 4. Description of Securities.

The Registrant's Common Shares is registered under Section 12(b) of the Exchange Act.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

Under the *Business Corporations Act* (Alberta) (the "ABCA"), except in respect of an action by or on behalf of the Registrant or a Related Entity (as defined below) to procure a judgment in its favor, the Registrant may indemnify a present or former director or officer of the Registrant or a person who acts or acted at the Registrant's request as a director or officer of another entity of which the Registrant is or was a shareholder or creditor ("Related Entity"), and the director's or officer's heirs and legal representatives against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the director or officer in respect of any civil, criminal or administrative action or proceeding (a "Proceeding") to which the director or officer is made a party by reason of being or having been a director or officer of the Registrant or Related Entity and provided that such person acted honestly and in good faith with a view to the best interests of the Registrant and Related Entity, as applicable and, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, had reasonable grounds for believing that such person's conduct was lawful. The indemnification may be made in connection with a derivative action only with court approval. Any of the persons described in the first sentence of this paragraph is entitled to indemnification from the Registrant as a matter of right if the person seeking indemnity (a) was substantially successful on the merits of such person's defence of the action of proceeding, (b) fulfilled the conditions set forth above, and (c) is fairly and reasonably entitled to indemnity.

The Registrant may advance monies to any person described above for the costs, charges and expenses of a Proceeding. However, the person must repay the monies if the person does not fulfill the conditions set forth above.

The foregoing description is qualified in its entirety by reference to the ABCA.

The Registrant is a party to an indemnity agreement with each director and officer of the Registrant providing that if such director or officer is or was involved in any threatened, pending or completed Proceeding by reason of the fact that such director or officer is or was a director or officer of the Registrant or is or was serving at the request of the Registrant as a director or officer of another entity, including service with respect to employee benefit plans, whether the basis of such Proceeding is an alleged action in an

official capacity while serving as a director or officer, such director or officer will be indemnified and held harmless by the Registrant to the fullest extent authorized by and in the manner set forth in the ABCA against all expense, liability and loss reasonably incurred or suffered by such director or officer in connection therewith. Under such indemnity agreements, the Registrant may indemnify any of its directors or officers in connection with a Proceeding (or part thereof) initiated by such director or officer only if such Proceeding (or part thereof) is authorized by the board of directors of the Registrant or if such Proceeding is a successful Proceeding, in whole or in part, by a director or officer for claims under an indemnity agreement.

The ABCA provides that the Registrant may purchase and maintain insurance for the benefit of any persons described in the first sentence of the first paragraph of this section against any liability incurred by the person in the person's capacity as a director or officer of the Registrant or Related Entity, except when the liability relates to the person's failure to act honestly and in good faith with a view to the best interests of the Registrant or Related Entity, as applicable.

The Registrant maintains directors' and officers' liability insurance. The policies insure (a) the directors and officers of the Registrant against losses arising from claims against them for certain of their actual or alleged wrongful acts (as defined within the insurance policy), (b) the Registrant for payments made pursuant to the Registrant's indemnification of its directors and officers and (c) the Registrant when it is directly named in a securities claim. The policies provide a maximum coverage in any one policy year of U.S.\$40 million in annual claims (subject to deductibles of U.S.\$5.0 million per claim, payable by the Registrant). The premiums for the policies were not allocated between directors and officers as separate groups.

By-law No. 2 of the Registrant provides that, except as otherwise provided in the ABCA, no director or officer will be liable for:

- a) the acts, receipts, neglects or defaults of any other director, officer or employee, or for joining in a receipt or act for conformity;
- b) any loss, damage or expense happening to the Registrant through the insufficiency or deficiency of title to any property acquired by, for, or on behalf of the Registrant;
- c) the insufficiency or deficiency of any security in or upon which moneys of or belonging to the Registrant shall be invested;
- d) any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person, firm or corporation with whom any monies, securities or other effects of the Registrant is lodged or deposited;
- e) any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any monies, securities or other assets of or belonging to the Registrant; or
- f) any other loss, damage, or misfortune that may arise out of the execution of the duties of a director's or officer's respective office or trust or in relation thereto:

unless the foregoing shall happen by or through such director's or officer's failure to exercise the powers and to discharge the duties of their office honestly and in good faith with a view to the best interests of the Registrant and through a failure to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

Exhibit Number	Description	Incorporated by Reference			
		Form	File Number	Exhibit	File Date
4.1	Articles of Amalgamation of Aurinia Pharmaceuticals Inc., as amended, as currently in effect.	S-8	333-216447	4.1	March 3, 2017
4.2*	By-Law No. 2 of Aurinia Pharmaceuticals Inc., as currently in effect.				
5.1*	Opinion of Borden Ladner Gervais LLP				
23.1*	Consent of Borden Ladner Gervais LLP (included in Exhibit 5.1)				
23.2*	Consent of PricewaterhouseCoopers LLP, Independent Auditor.				
24.1*	Power of Attorney (included on the signature page of this Form S-8).				
99.1*	Aurinia Pharmaceuticals Inc. Equity Incentive Plan				

* Filed herewith

Item 9. Undertakings.

The undersigned Registrant hereby undertakes, except as otherwise specifically provided in the rules of the SEC promulgated under the Securities Act:

1. To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the SEC pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in this Registration Statement;

Provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the SEC by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in this Registration Statement.

2. That, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act) that is incorporated by reference in this Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereto duly authorized, in the City of Vancouver, Province of British Columbia, Canada, on this 9th day of June.

AURINIA PHARMACEUTICALS INC.

By: /s/ Peter S. Greenleaf

S. Greenleaf

and Chief Executive Officer

Peter

President

POWER OF ATTORNEY

Each person whose signature appears below constitutes and appoints Peter S. Greenleaf and Joseph M. Miller, and each of them, any of whom may act without the joinder of the other, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any or all amendments (including post-effective amendments) to this Registration Statement and registration statements filed pursuant to Rule 429 under the Securities Act of 1933, and to file the same, with all exhibits thereto and other documents in connection therewith, with the U.S. Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, each acting alone, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, each acting alone, or their substitute or substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Peter S. Greenleaf</u> Peter S. Greenleaf	President, Chief Executive Officer <i>(Principal Executive Officer)</i>	June 9, 2020
<u>/s/ Joseph M. Miller</u> Joseph M. Miller	Chief Financial Officer <i>(Principal Financial Officer and Principal Accounting Officer)</i>	June 9, 2020
<u>/s/ George M. Milne, Jr.</u> George M. Milne, Jr., Ph.D.	Director Chairman of the Board	June 9, 2020
<u>/s/ David R.W. Jayne</u> David R.W. Jayne, M.D.	Director	June 9, 2020
<u>/s/ Joseph P. Hagan</u> Joseph P. Hagan	Director	June 9, 2020
<u>/s/ Michael Hayden</u> Michael Hayden, Ph.D., M.D.	Director	June 9, 2020
<u>/s/ Daniel Billen</u> Daniel Billen, Ph.D.	Director	June 9, 2020
<u>/s/ R. Hector MacKay-Dunn</u> R. Hector MacKay-Dunn, Q.C.	Director	June 9, 2020
<u>/s/ Jill Leversage</u> Jill Leversage	Director	June 9, 2020
<u>/s/ Timothy P. Walbert</u> Timothy P. Walbert	Director	June 9, 2020

BY-LAW NO. 2

**AN AMENDED AND RESTATED
GENERAL OPERATING BY-LAW**

AURINIA PHARMACEUTICALS INC.

hereinafter called “the Corporation”

**SECTION 1
INTERPRETATION**

1.1 Definitions

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

“**Act**” means the Business Corporations Act of Alberta, and any statute that may be substituted therefor, as from time to time amended;

“**appoint**” includes “elect” and vice versa;

“**Articles**” means the Articles attached to the Certificate of Incorporation of the Corporation as from time to time amended or restated;

“**Board**” means the Board of Directors of the Corporation;

“**By-laws**” means this By-law and all other By-laws of the Corporation from time to time in force and effect;

“**Meeting of Shareholders**” means an annual meeting of Shareholders and a Special Meeting of Shareholders;

“**Special Meeting of Shareholders**” means a meeting of any class or classes of Shareholders and a Special Meeting of all Shareholders entitled to vote at an annual meeting of Shareholders;

“**non-business day**” means Saturday, Sunday and any other day that is a holiday as defined in the Interpretation Act (Alberta);

“**ordinary resolution**” means a resolution passed by a majority of the votes cast by the Shareholders who voted, either in person or by proxy, in respect of that resolution;

“**Recorded Address**” means in the case of a Shareholder his address as recorded in the securities register; and in the case of joint Shareholders, the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and in the case of a Director, officer, auditor or member of a committee of the Board, his latest address as recorded in the records of the Corporation;

“**signing officer**” means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by paragraph 2.4 or by a resolution passed pursuant thereto.

Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein, and words importing the singular number include the plural and vice versa; words importing gender include masculine, feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, trusts and unincorporated organizations.

**SECTION 2
BUSINESS OF THE CORPORATION**

2.1 Registered Office, Records Office and Address for Service

The registered office and the designated records office (if any) of the Corporation shall be at the address or addresses in Alberta as may from time to time be determined by the Board.

2.2 Corporate Seal

The Corporation may have a corporate seal of such design as may be approved by the Board. The seal, if any, shall be kept in charge of the Secretary or other person appointed by the Board and shall be used as provided in the By-laws.

Whenever determined by the Board that such is necessary, the Corporation may have and use an official facsimile of its seal for use in any province of Canada not being the province in which the registered office is situated or for use in any territory, district or place outside Canada and in the preparation, adoption and authorization of the use of such seal, the Board shall at all times comply with the Statutes and the Articles.

2.3 Financial Year

The financial year of the Corporation shall end on such date in each year as the Board may from time to time determine.

2.4 Execution of Instruments

Deeds, transfers, assignments, contracts, obligations, certificates and other instruments in writing requiring the signature of the Corporation may be signed by any one of the persons who is a Director and officer of the Corporation. In addition, the Board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal to any instrument requiring the same.

2.5 Banking Arrangements

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

2.6 Voting Rights in Other Bodies Corporate

Any officer of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officer executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the Board, or failing the Board, the signing officer of the Corporation, may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

SECTION 3 BORROWING AND SECURITIES

3.1 Borrowing Power

Without limiting the borrowing powers of the Corporation as set forth in the Act, but subject to the Articles, the Board may from time to time on behalf of the Corporation, without authorization of the Shareholders:

- (a) borrow money upon the credit of the Corporation in such amounts and on such terms as may be deemed expedient by obtaining loans or advances or by way of overdraft or otherwise;
 - (b) issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness or guarantee of the Corporation, whether secured or unsecured, for such sums and at such prices as may be deemed expedient;
 - (c) to the extent permitted by the Act, give a guarantee on behalf of the Corporation to secure performance of any present or future indebtedness, liability or obligation of any person;
 - (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any present and future property, real and personal, movable and immovable, of the Corporation, including its undertakings and rights, to secure any bonds, debentures, notes or other evidences of indebtedness or guarantee or any other indebtedness, liability or obligation of the Corporation; present or future; and
-

- (e) delegate to a committee of the Board, a Director or an officer of the Corporation all or any of the powers conferred in this paragraph or by the Act to such extent and in such manner as the Directors may determine.

Nothing in this section limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

SECTION 4 **DIRECTORS**

4.1 Number of Directors and Quorum

The number of directors shall be established and changed, from time to time, by the shareholders or where so authorized, by the directors, in accordance with the Act and the Articles of the Corporation as amended. Subject to paragraphs 4.8 and 4.9, the quorum for the transaction of business at any meeting of the Board shall consist of a majority of the Directors or such greater or lesser number of Directors as the Board may from time to time determine.

4.2 Qualification

No person shall be qualified for election as a Director:

- (a) who is less than Eighteen (18) years of age;
- (b) if he is a dependent adult as defined in the Dependent Adults Act (Alberta) or is the subject of a certificate of incapacity under that Act;
- (c) if he is a formal patient as defined in the Mental Health Act (Alberta);
- (d) if he is the subject of an order under the Mentally Incapacitated Persons Act (Alberta) appointing a committee of his person or estate or both;
- (e) if he has been found to be a person of unsound mind by a court elsewhere than in Alberta;
- (f) if he is not an individual;
or
- (g) if he has the status of a bankrupt.

A Director need not be a Shareholder. As long as required by the Act, at least two Directors shall not be officers or employees of the Corporation or its affiliates.

4.3 Consent to Act

A person who is elected or appointed a Director is not a Director unless:

- (a) he was present at the meeting when he was elected or appointed and did not refuse to act as a Director;
or
- (b) if he was not present at the meeting when he was elected or appointed, he consented to act as a Director in writing before his election or appointment or within ten days after it, or he has acted as a Director pursuant to the election or appointment.

A person who is elected or appointed as a Director and who refuses or fails to consent or act shall be deemed not to have been elected or appointed as a Director.

4.4 Election and Term

Shareholders of the Corporation shall, by ordinary resolution at the first meeting of Shareholders and at each succeeding annual meeting at which an election of Directors is required, elect Directors to hold office for a term expiring not later than the close of the third annual meeting of Shareholders following the election. At each annual meeting of Shareholders, all Directors whose term of office has expired or then expires shall retire but, if qualified, shall be eligible for re-election. A Director not elected for an expressly stated term ceases to hold office at the close of the first annual meeting of Shareholders following his election. Notwithstanding the foregoing, if Directors are not elected at a meeting of Shareholders, the incumbent Directors continue in

office until their successors are elected. The number of Directors to be elected at any such meeting shall be the number of Directors whose term of office has expired or then expires unless the Directors or the Shareholders otherwise determine. It is not necessary that all Directors elected at a meeting of Shareholders hold office for the same term. If the Articles so provide, the Directors may, between annual meetings of Shareholders, appoint one or more additional Directors of the Corporation to serve until the next annual meeting of Shareholders, but the number of additional Directors shall not at any time exceed one-third of the number of Directors who held office at the expiration of the last annual meeting of the Corporation.

4.5 Removal of Directors

Subject to the provisions of the Act, the Shareholders may by ordinary resolution passed at a special meeting remove any Director or Directors from office and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the Directors.

4.6 Vacation of Office

A Director ceases to hold office when he dies or resigns, he is removed from office by the Shareholders, or he ceases to be qualified as a Director under paragraph 4.2. A resignation of a Director becomes effective at the time a written resignation is sent to the Corporation, or at the time specified in the written resignation, whichever is later.

4.7 Vacancies

Subject to the Act, a quorum of the Board may fill a vacancy in the Board. In the absence of a quorum of the Board, the Directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and if they fail to call such meeting or if there are no Directors then in office, any Shareholder may call the meeting.

4.8 Action by the Board

The Board shall manage the business and affairs of the Corporation. Subject to paragraph 4.9 and the Articles, the powers of the Board may be exercised by resolution passed at a meeting at which a quorum is present or by resolution in writing signed by all the Directors who would be entitled to vote on that resolution at a meeting of the Board.

4.9 Resolution Without Meeting Together

Notwithstanding anything to the contrary in this By-law:

- (a) a resolution or resolutions signed by all members of the Board as such without meeting together, whether embodied in the form of minutes of a meeting of Directors or not, shall be as valid and effectual as if passed at a meeting of the Board duly called and constituted and shall be entered in the minute book of the Corporation accordingly and shall be held to relate back to any date therein stated to be the date thereof and a Director may signify his assent to such resolution or resolutions in writing under his hand or by telegram or cable;
- (b) any written resolution made under this paragraph may be signed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall constitute but one and the same instrument;
- (c) where the Board consists of a sole Director, a resolution or resolutions assented to and adopted in writing under the hand of that Director, whether embodied in the form of a minute of that Director or not, shall be as valid and effectual as if passed at a meeting of the Board duly called and constituted and shall be entered in the minute book of the Corporation accordingly and shall be held to relate back to any date therein stated to be the date thereof and the sole Director may also signify his assent to such resolution or resolutions by telegram or cable.

4.10 Meetings by Telephone

A Director may participate in a meeting of the Board or of a committee of the Board by means of telephone or other communication facilities that permit all persons participating in the meeting to hear each other, and a Director participating in a meeting by those means is deemed to be present at the meeting.

4.11 **Place of Meetings**

Subject to the Articles, meetings of the Board may be held at any place in or outside Canada.

4.12 **Calling of Meetings**

Meetings of the Board shall be held at such time and at such place as the Board, the Chairman of the Board, the managing Director, the President, the Chief Executive Officer or any two Directors may determine.

4.13 **Notice of Meetings**

Notice of the time and place of each meeting of the Board shall be given in the manner provided in paragraph 13.1 to each Director not less than forty-eight (48) hours before the time when the meeting is to be held. Meetings of the Board may be summoned by the Secretary or an Assistant Secretary at the request of the President, the Chief Executive Officer or the Chairman and failing them, at the request of a Vice-President or a Director. A notice of a meeting of Directors need not specify the purpose of or the business to be transacted at the meeting, except where the Act requires such purpose or business to be specified, including any proposal to:

- (a) submit to the Shareholders any question or matter requiring approval of the Shareholders;
- (b) fill a vacancy among the Directors or in the office of auditor;
- (c) issue securities;
- (d) declare dividends;
- (e) purchase, redeem or otherwise acquire shares of the Corporation;
- (f) pay a commission for the sale of shares;
- (g) approve a management proxy circular;
- (h) approve any annual financial statement; or
- (i) adopt, amend or repeal By-laws.

A Director may in any manner waive notice of or otherwise consent to a meeting of the Board, and attendance of a Director at a meeting of Directors is a waiver of notice of the meeting, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

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

4.15 Provided a quorum of Directors is present, the Board may without notice hold a meeting immediately following an annual meeting of Shareholders.

4.16 The Board may from time to time appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named. A copy of any resolution of the Board fixing the place and time of such regular meetings shall be sent to each Director forthwith after being passed, or forthwith after such Director's appointment, whichever is later, but no other notice shall be required for any such regular meeting except where the Act or this By-law requires the purpose thereof or the business to be transacted thereat to be specified.

4.17 **Chairman**

The Chairman of any meeting of the Board shall be the first mentioned of such of the following officers as have been appointed and who is a Director and is present at the meeting: Chairman of the Board, President, Chief Executive Officer or a Vice-President (in order of seniority). If no such officer is present, the Directors present shall choose one of their number to be Chairman.

4.18 **Votes to Govern**

At all meetings of the Board every question shall be decided by a majority of the votes cast on the question.

4.19 **Powers of Attorney**

The Board may at any time and from time to time by power of attorney under the seal appoint any person or persons to be the attorney or attorneys of the Corporation for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under this By-law) and for such period and subject to such conditions as the Board may from time to time think fit and any such appointment may (if the Board thinks fit) be made in favour of the members or any of the members of any committee established as aforesaid or in favour of any Corporation or of the members, Directors, nominees or managers of any Corporation or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board. Any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Board may think fit.

4.20 Any attorneys may be authorized by the Board to delegate all or any of the powers, authorities and discretions for the time being vested in them subject to the Board's confirmation.

4.21 **Trustees**

The Board may appoint a Corporation or any two or more responsible individuals to be a trustee or trustees for the Corporation for any purpose for which it is deemed advisable to have the intervention of a trustee or trustees and in particular the whole or any part of the property of the Corporation may be vested in such trustee or trustees either for the benefit of the Shareholders or to secure to the creditors or obligees of the Corporation the payments of any money or for securing any bonds, debentures or debenture stock of the Corporation or for the payment or performance of any obligations which the Corporation ought to pay or perform and the Board may at any time fill any vacancy in the office of the trustee.

4.22 The remuneration of a trustee shall be such as the Board shall determine and shall be paid by the Corporation.

4.23 The Board may delegate to any creditors or other persons the power of appointing or removing a trustee or trustees and may by contract in writing limit or surrender its power of appointing or removing a trustee or trustees.

4.24 **Remuneration and Expenses**

The Directors may fix the remuneration, if any, of the Directors of the Corporation.

SECTION 5 **COMMITTEES**

5.1 **Committee of Directors**

The Board may appoint a committee of one or more Directors, however designated, and delegate to such committee any of the powers of the Board except those which, under the Act, a committee of Directors has no authority to exercise.

5.2 **Transaction of Business**

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

5.3 **Audit Committee**

If required by the Act, the Board shall elect annually from among its number an audit committee to be composed of not fewer than three Directors of whom a majority shall not be officers or employees of the Corporation or its affiliates.

5.4 The audit committee shall review the financial statements of the Corporation before they are approved by the Directors.

5.5 The auditor of the Corporation is entitled to receive notice of every meeting of the audit committee, and, at the expense of the Corporation, to attend and be heard at the meeting.

5.6 The auditor of the Corporation or a member of the audit committee may call a meeting of the committee.

5.7 Procedure

Unless otherwise provided herein or determined by the Board, each committee shall have the power to fix its quorum, to elect its Chairman and to regulate its procedure.

SECTION 6
OFFICERS

6.1 Appointment

Subject to the Articles, the Board may from time to time appoint a President, Chief Executive Officer, one or more Vice-Presidents (to which title may be added words indicating seniority or function), a Secretary, a Treasurer, and such other officers as the Board may determine, including one or more assistants to any of the officers so appointed. One person may hold more than one office. The Board may specify the duties of and, in accordance with this By-law and subject to the Act, delegate powers to manage the business and affairs of the Corporation to such officers. Subject to paragraphs 6.2, 6.3 and 6.4, an officer may, but need not, be a Director.

6.2 Chief Executive Officer

The Board from time to time may elect a Chief Executive Officer from amongst their number.

The Chief Executive Officer shall preside at all general meetings and in the absence or non-appointment of the Chairman of the Board, shall also preside at meetings of the Board. He shall have general and active management of the business and affairs of the Corporation and without limiting the foregoing:

- (a) he shall have general superintendence and direction of all the other officers of the Corporation;
- (b) he shall submit the annual report of the Board, if any, and the annual balance sheets and financial statements of the business and affairs and reports on the financial position of the Corporation as required by the Act to the annual meeting and from time to time he shall report to the Board all matters within his knowledge which the interest of the Corporation require to be brought to their attention;
- (c) he shall be an ex-officio member of all standing committees of the Board.

6.3 Chairman of the Board and Officers Generally

The Board may elect one of their number to be Chairman of the Board who may preside at any or all meetings of the Board and who may also hold the office of President, Chief Executive Officer or Vice-President.

6.4 The Vice-President or Vice-Presidents

The Board from time to time may also elect from amongst their number, a Vice-President or Vice-Presidents in whom shall be vested all the powers and who shall perform all the duties of the Chief Executive Officer in the absence of the latter from his office and who may also preside at meetings of the Board in the absence of the Chief Executive Officer and the Chairman of the Board. Nothing, however, herein contained shall prevent any Director from presiding at meetings of the Board if considered advisable or being necessary and the Director being willing.

6.5 Secretaries or Assistant Secretary

The Board may appoint a secretary and may also appoint one or more assistant secretaries. The secretary or an assistant secretary shall attend any meetings of the Board and any general meeting and record the proceedings thereof and all matters transacted and dealt with thereat and shall prepare and keep minutes of all such meetings and record all votes and the minutes of all proceedings in a book or books to be kept for any standing or executive committee.

6.6 The Treasurer or Assistant Treasurer

The Board may appoint a treasurer and may also appoint one or more assistant treasurers who shall keep or cause to be kept in books belonging to the Corporation full and accurate accounts of receipts and disbursements and shall deposit or cause to be deposited all monies of the Corporation with the Corporation's bankers or otherwise deal with the same as the Board may determine. The treasurer or an assistant treasurer or assistant treasurers shall disburse or cause to be disbursed the funds of the Corporation as may be ordered by the Board taking proper vouchers for such disbursements and shall render to the President, the Chief Executive Officer and to the Board at the regular meetings of the Board or at such times as they may require an account of all transactions of the Corporation and of the financial position of the Corporation.

6.7 Powers and Duties of Other Officers

The powers and duties of all other officers shall, subject to the Act, be such as the terms of their engagement call for or as the Board or, (except for those whose powers and duties are specified only by the Board) the Chief Executive Officer may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the Board or the Chief Executive Officer otherwise directs.

6.8 Variation of Powers and Duties

The Board and (except as aforesaid) the Chief Executive Officer may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

6.9 Term of Office

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

6.10 Terms of Employment and Remuneration

The terms of employment and the remuneration of officers appointed by the Board shall be settled by it from time to time.

6.11 Agents and Attorneys

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

6.12 Fidelity Bonds

The Board may require such officers, employees and agents of the Corporation as the Board deems advisable to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the Board may from time to time determine.

SECTION 7 INTEREST IN MATERIAL CONTRACTS AND PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

7.1 Interest in Material Contracts

Subject to any Unanimous Shareholder's Agreement, a Director or officer who is a party to, or who is a Director or officer of or has a material interest in any person who is a party to, a material contract or proposed material contract with the Corporation shall disclose in writing to the Corporation or request to have entered in the minutes of meetings of Directors the nature and extent of his interest. The disclosure shall be made:

- (a) in the case of a Director, at a meeting in which the proposed contract is first considered, or at the first meeting in which he becomes so interested;
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- (b) in the case of an officer, forthwith after he becomes aware that a contract is considered or has been considered at a meeting of Directors or forthwith after an officer has become so interested;
- (c) in the case of a person who is interested in a contract who later becomes a Director or officer, forthwith after he becomes a Director or officer.

7.2 If a material contract or proposed material contract is one that in the ordinary course of business would not require the consent of the Board or shareholders, a Director or officer who has an interest in such contract shall nevertheless disclose in writing to the Corporation or request to have entered in the minutes of the meeting of Directors, the nature and extent of his interest forthwith after the Director or officer becomes aware of the contract or proposed contract.

7.3 A Director referred to in paragraph 7.1 shall not vote on any resolution to approve the contract unless the contract is an arrangement by way of security for money lent to or obligations undertaken by him, or by a body corporate, in which he has an interest for the benefit of the Corporation or an affiliate, a contract relating primarily to his remuneration as a Director, officer, employee or agent of the Corporation or an affiliate, a contract for indemnity or insurance pursuant to the Act, or a contract with an affiliate.

7.4 **Dissent by Director**

A Director who is present at a meeting of Directors or committee of Directors is deemed to have consented to any resolution passed or action taken at the meeting unless he requests that his abstention or dissent be, or his abstention or dissent is, entered in the minutes of the meeting; he sends his written dissent to the secretary of the meeting before the meeting is adjourned; he sends his dissent by registered mail or delivers it to the registered office of the Corporation immediately after the meeting is adjourned, or otherwise proves that he did not consent to the resolution or action. A Director who votes for or consents to a resolution or action is not entitled to dissent as aforesaid.

7.5 **Limitation of Liability**

Subject to the Act, no Director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or employee, or for joining in any receipt or act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the monies of or belonging to the Corporation shall be placed or invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person, firm or Corporation including any person, firm or Corporation with whom or with which any monies, securities or effects shall be lodged or deposited, or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any monies, securities or other assets of or belonging to the Corporation or for any other loss, damage or misfortune whatsoever which may happen in the execution of the duties of his respective office or trust or in relation thereto unless the same shall happen by or through his failure to exercise the powers and to discharge the duties of his office honestly and in good faith with a view to the best interests of the Corporation and through a failure to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

7.6 **Indemnity**

Subject to the Act, the Corporation shall indemnify a Director or officer, a former Director or officer, and a person who acts or acted at the Corporation's request as a Director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a Director or officer of the Corporation or such body corporate if:

- (a) he acted honestly and in good faith with a view to the best interests of the Corporation;
and
 - (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was not unlawful.
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7.7 **Insurance**

The Corporation may, subject to and in accordance with the Act, purchase and maintain insurance for the benefit of any Director or officer as such against any liability incurred by him.

SECTION 8 **SHARES**

8.1 **Allotment**

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

8.2 **Commissions**

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

8.3 **Securities Register**

The Corporation shall maintain a securities register in which it records the securities issued by it in registered form, showing with respect to each class or series of securities:

- (a) the names, alphabetically arranged, and the latest known address of each person who is or has been a security holder;
- (b) the number of securities held by each security holder;
and
- (c) the date and particulars of the issue and transfer of each security.

8.4 **Non-Recognition of Trusts**

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

8.5 **Share Certificates**

Every holder of one or more shares of the Corporation shall be entitled, at his option, to a share certificate, or to a non-transferable written acknowledgment of his right to obtain a share certificate, stating the name of the person to whom the certificate or acknowledgment was issued, and the number and class or series of shares held by him as shown on the securities register. The Corporation may charge a fee of not more than \$3.00 for a share certificate issued in respect of a transfer. Share certificates and acknowledgments of a shareholder's right to a share certificate, shall, subject to the Act, be in such form as the Board shall from time to time approve. Any share certificate shall be signed in accordance with paragraph 2.4 and need not be under the corporate seal, provided that, unless the Board otherwise determines, certificates representing shares in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of share certificates which are not valid unless countersigned by or on behalf of a transfer agent and/or registrar, the signatures of both signing officers may be printed or mechanically reproduced in facsimile upon share certificates and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A share certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

8.6 Replacement of Share Certificates

The Board or any officer or agent designated by the Board may in its or his discretion direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken on payment of such fee, not exceeding \$3.00 or such greater amount as may be allowed by the Act, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the Board may from time to time prescribe, whether generally or in any particular case (s. 75).

8.7 Cancellation of Share Certificates

The Board or any officer or agent designated by the Board may, upon a consolidation, share split or any other form of capital reorganization of the shares of the Corporation requiring the cancellation of the existing Share Certificate(s) and the issuance of replacement Share Certificate(s) ("Capital Reorganization"), call-in from the Shareholders of the Corporation the existing Share Certificate(s) for cancellation and issue new Share Certificate(s) in accordance with the Capital Reorganization. The Board or any officer or agent designated by the Board may in its or his discretion determine the terms and method of the call-in of the Share Certificate(s) for cancellation, including, but not restricted to, the time and place of deposit of the Share Certificate(s) for cancellation. If a Shareholder fails to surrender his Share Certificate(s) to the Corporation for cancellation pursuant to a Capital Reorganization, after being requested to do so by the Board or any officer or agent designated by the Board, then the Corporation may make application to a Court of competent jurisdiction to obtain an Order requiring the surrender of the Share Certificate(s), or the Board may, by Resolution, cancel the existing Share Certificate(s) and issue new Share Certificate(s) pursuant to the Capital Reorganization.

8.8 Joint Shareholders

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

8.9 Fractional Shares

The Corporation may issue a certificate for a fractional share or may issue in its place as may be determined by the Board, scrip certificates in a form that entitles the holder to receive a certificate for a full share by exchanging scrip certificates aggregating a full share. The Directors may attach conditions to any scrip certificates including that the scrip certificates become void if they are not exchanged for a share certificate representing a full share by a specified date, and that any shares for which those scrip certificates are exchangeable may, notwithstanding any preemptive right, be issued by the Corporation to any person and the proceeds of those shares distributed rateable to holders of the scrip certificates.

8.10 Surrender

The Directors of the Corporation are hereby authorized to require all shareholders to surrender their share certificates immediately following the issuance of a Certificate of Continuance by the Registrar of Corporations under the Act for cancellation and replacement by new certificates in a form attached to this By-law.

8.11 Transfer and Transmission of Shares

Shares of the Corporation may be transferred in the form of a transfer of endorsement endorsed on the certificates issued for the shares of the Corporation or in any form of transfer which may be approved by the Board.

8.12 Registration of Transfers

Subject to the provisions of the Act, no transfer of shares shall be registered in a securities register except upon presentation of the certificate representing such shares with a transfer endorsed thereon or delivered therewith duly executed by the registered holder or by his attorney or successor duly appointed, together with such reasonable assurance or evidence of signature, identification and authority to transfer as the Board may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the Board.

8.13 Subject to the provisions of the Act, the Board may decline to register or permit to be registered any transfer of shares where the holder thereof is indebted to the Corporation or upon which the Corporation has a lien.

8.14 The Corporation may treat a person as a registered shareholder entitled to exercise all rights of the shareholder he represents if that person produces to the Board such evidence as may be reasonably required that he is the executor, administrator, heir or legal representative of the heirs of the estate of a deceased shareholder, a guardian committee, trustee, curator or tutor representing a shareholder who is an infant, an incompetent person or a mining person or a liquidation of, or a trustee in bankruptcy for, a registered shareholder.

8.15 If a person on whom the ownership of a share devolves by operation of law, other than a person described in paragraph 8.13, furnishes proof of his authority to exercise rights or privileges in respect of a share in the Corporation that is not registered in his name, the Corporation shall treat that person as entitled to exercise those rights or privileges.

8.16 The Corporation is not required to enquire into the existence of, or see the performance or observance of, any duty owed to a third person by a registered holder of any of its shares or by anyone whom it treats, subject to the Act, as the owner or registered holder of the shares.

8.17 Subject to applicable law regarding the collection of taxes, a person referred to in paragraph 8.13 is entitled to become a registered holder or to designate a registered holder upon his depositing with the Board those documents prescribed by the Act.

8.18 **Transfer Agents and Registrars**

The Board may from time to time appoint one or more trust companies as its agent or agents to maintain the central securities register or registers, and an agent or agents to maintain branch securities registers. Such a person may be designated as transfer agent or registrar according to his functions and one person may be designated both registrar and transfer agent. The Board may at any time terminate any such appointment.

8.19 **Lien on Shares**

The Corporation shall have a first and paramount lien upon all the shares registered in the name of such shareholder whether solely or jointly with others for his debts, liabilities and engagement solely or jointly with any other person to or with the Corporation whether the period for the payment, fulfillment or discharge thereof shall have actually arrived or not, including any amount unpaid in respect of a share issued by the body corporate prior to continuance; and not equitable interest in any share shall be created except upon the footing and condition that paragraph 8.4 hereof is to have full effect. Such lien shall extend to all dividends from time to time declared in respect of such shares.

8.20 The Corporation may cause a notation to be made on any share certificate that the Corporation has a lien on the shares represented by the share certificate. For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as it thinks fit but no sale shall be made until such time as the debt, liability or engagement ought to be paid, discharged or fulfilled and until a demand and notice in writing stating the amount due and demanding payment and giving notice of intention to sell shall have been served on such shareholder or the person, if any, entitled to the share in consequence of the death or bankruptcy of the shareholder and default shall have been made by him or them in payment or discharge of such debt, liability or engagement for seven days after such notice.

8.21 Upon any sale made by the Board of any shares to satisfy the lien of the Corporation thereon, the proceeds shall be applied, firstly, in payment of all costs of such sale, and secondly, in satisfaction of the debts or obligations of the shareholder and the residue (if any) shall be paid to the shareholder or as he shall direct.

8.22 Upon any such sale, the Board may enter the purchaser's name in the register as holder of the shares and the purchaser shall not be bound to see to the regularity or validity of or be affected by any irregularity or invalidity in the proceedings or be bound to see to the application of the purchase money and after his name has been entered in the register, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the same shall be in damages only and against the Corporation exclusively.

8.23 **Share Warrants**

The Corporation, with respect to any fully paid-up shares, may issue share warrants under its seal stating that the bearers thereof are entitled to the shares therein respectively specified and may provide by coupons or otherwise for the payment of future dividends on the shares included in such warrants.

8.24 The Board may determine and from time to time vary the conditions upon which share warrants shall be issued and in particular upon which a new share warrant or coupon will be issued in the place of one worn out, defaced, lost or destroyed upon which the bearer of a share warrant shall be entitled to attend and vote at general meetings; and upon which a share warrant may be surrendered and the name of the holder entered in the register in respect of the shares therein specified. Subject to such conditions and to this By-law, the bearer of a share warrant shall be shareholder of the Corporation. The holder of a share warrant shall be subject to the conditions for the time being in force with respect to share warrants, whether made before or after the issue of such warrant.

SECTION 9 **DIVIDENDS AND RIGHTS**

9.1 **Dividends**

Subject to the rights of the holders of any shares entitled to any priority, preference or special privileges, and subject to the provisions of the Act, the Board may from time to time declare dividends payable to the shareholders according to their respective rights and interest in the Corporation.

9.2 **Record Date for Dividends and Rights**

The Board may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of the right to subscribe for securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities, provided that if the Corporation is a distributing Corporation, then unless notice of the record date is waived in writing by every holder of a share of the class or series affected, notice of such record date shall be given not less than seven days before such record date, in the manner provided in the Act. Where no record date is fixed in advance as aforesaid, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the Board.

9.3 **Dividend Resolution**

The resolution of the Board declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets and in particular of paid-up shares, debenture or debenture stock of the Corporation or of any other Corporation or in any one or more of such ways and where any difficulty arises in regard to the distribution, the Board may settle the same as they think expedient and may fix the value for distribution of such specific assets or any part thereof and may determine that such payments shall be made to all parties and may vest any such specific assets in trustees upon such trust for the persons entitled to the dividends as may seem expedient to the Board.

9.4 **Interest**

Interest may be paid out of capital where it is lawful to do so by virtue of the Act but no dividend shall be payable except out of the profits arising from the business of the Corporation.

9.5 No dividend shall bear interest as against the Corporation.

9.6 **Prepaid Shares**

Where capital is paid up on any shares in advance, such capital shall not confer a right to participate in profits whilst carrying

interest.

9.7 Interim Dividends

The Board may from time to time pay to the shareholders such interim dividends as appear to the Board to be justified by the profits of the Corporation.

9.8 Debt to Corporation

Subject to the Act, the Board shall deduct from the dividends payable to any shareholder all sums of money as may be due from him to the Corporation on account of calls or otherwise.

9.9 Payment of Dividends

The Corporation may transmit any dividend or bonus payable in respect of any share by cheque or warrant through the ordinary post to the registered address of the holder of such share (unless he shall have given written instructions to the contrary) and shall not be responsible for any loss arising therefrom. Every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.

9.10 Unclaimed Dividends

All dividends unclaimed for one year after having been declared may be vested in or otherwise made use of by the Board for the benefit of the Corporation.

9.11 Fractional Shares

Subject to the Articles, a holder of a fractional share or scrip certificate is not entitled to receive a dividend in respect of the fractional share or scrip certificate unless the fractional share or scrip certificate results from a consolidation of shares.

**SECTION 10
MEETINGS OF SHAREHOLDERS**

10.1 First and Subsequent Annual Meetings

The first annual meeting shall be held within such period as the Board shall determine is in accord with the most convenient date for closing the Corporation's financial year but in any event shall be held within the period of 18 months from the date of incorporation and subject to the provisions of the Act and the provisions of this By-law, subsequent annual meetings of the Corporation shall be held once in each calendar year and not more than 15 months after the holding of the last annual meeting.

10.2 Annual Meeting

Subject of the Act, the annual meeting of shareholders shall be held at such time in each year and, subject to paragraph 10.3, at such place as the Board, the Chairman of the Board, the Managing Director, the President or the Chief Executive Officer may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing Directors if required, appointing auditors if required and transacting such other business as may properly be brought before the meeting.

10.3 Special Meetings

The Board, the Chairman of the Board, the President or the Chief Executive Officer shall have power to call a special meeting of the shareholders at any time.

10.4 **Requisition of Meeting**

The Board may whenever it thinks fit and it shall upon the requisition of the holders of not less than Five Percent (5%) of the issued voting share capital of the Corporation forthwith proceed to convene an extraordinary general meeting of the Corporation and any extraordinary general meeting called in pursuance of a requisition shall be convened and held in accordance with the provisions of the Act.

10.5 **Place of Meetings**

Meetings of shareholders may be held at such location as the Board shall so determine, and may be held within Alberta or outside Alberta.

10.6 **Participation in Meetings by Electronic Means**

A shareholder or any other person entitled to attend a meeting of shareholders may participate by electronic means, telephone or other communication facilities that permit all persons participating in the meeting to hear or otherwise communicate with each other, and a person participating in such a meeting by those means is deemed to be present at the meeting.

10.7 **Electronic Meetings**

Notwithstanding any provisions in this by-law to the contrary, including paragraph 10.5, and subject to the Act and the consent of the Board, if the Board or the shareholders of the Corporation call a meeting of shareholders, the Board or the shareholders, as the case may be, may determine that the meeting will be held entirely by electronic means, telephone, or other communication facility that permits all participants to communicate adequately with each other during the meeting.

10.8 **Electronic Means Optional**

The Corporation is under no obligation to provide telephonic, electronic or other communication facility for any shareholder to participate in a meeting and the Board may provide such telephonic, electronic or other communication facility in its sole and absolute discretion.

10.9 **Notice of Meetings**

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in paragraph 13.1 not less than 21, nor more than 50, days before the date of the meeting to each Director, to the auditor and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's report, election of Directors and reappointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting. A shareholder may in any manner waive notice of or otherwise consent to a meeting of shareholders.

10.10 **Record Date for Notice**

The Board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 50 days and not less than 21 days, as a record date for the determination of the shareholders entitled to notice of the meeting, provided that if the Corporation is a distributing Corporation, then unless notice of the record date is waived in writing by every holder of a share of the class of series affected, notice of any such record date shall be given not less than seven days before such record date in the manner provided in the Act. If no such record date is so fixed, the record date for the determination of the shareholders entitled to receive notice of the meeting shall be at the close of business on the date immediately preceding the day on which the notice is sent or, if no notice is sent shall be the day on which the meeting is held.

10.11 **List of Shareholders Entitled to Notice**

If the Corporation has more than fifteen (15) shareholders entitled to vote at a meeting of shareholders, the Corporation shall

prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder. If a record date for the meeting is fixed pursuant to paragraph 10.10, the shareholders listed shall be those registered at the close of business on such record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given or, where no such notice is given, on the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the records office of the Corporation or at the place where the central securities office of the Corporation is maintained and at the meeting for which the list was prepared.

10.12 **Fractional Shares**

Subject to the Articles, a holder of a fractional share or scrip certificate is not entitled to exercise voting rights or receive notice of a meeting of shareholders in respect of such fractional share or scrip certificate unless the fractional share or scrip certificate results from a consolidation of shares.

10.13 **Meetings Without Notice**

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

- (a) if all the shareholders entitled to vote thereat are present in person or represented or if those not present or represented waive notice of or otherwise consent to such meeting being held; and
- (b) if the auditors and the Directors are present or waive notice of or otherwise consent to such meeting being held;

so long as such shareholders, auditors or Directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. At such a meeting, any business may be transacted which the Corporation at a meeting of shareholders may transact.

10.14 **Chairman and Secretary**

The Chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: Chief Executive Officer, President, Managing Director, Chairman of the Board, or a vice-president who is a shareholder. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be Chairman. If the Secretary of the Corporation is absent, the Chairman shall appoint some person, who need not be a shareholder, to act as Secretary of the meeting.

10.15 **Persons Entitled to be Present**

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

10.16 **Quorum**

A quorum for the transaction of business at any meeting of shareholders shall be at least two persons present in person, each being a shareholder entitled to vote thereat or a duly appointed proxy or representative for any absent shareholder so entitled, and representing in the aggregate not less than Twenty-Five Percent (25%) of the outstanding shares of the Corporation carrying voting rights at the meeting. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If within half an hour of the time appointed for the holding of a meeting of the shareholders a quorum is not present, the meeting, if convened upon a requisition of shareholders, shall be dissolved. In any other case, it shall stand adjourned to the same day in the next week at the same time and place; and if at such adjourned meeting a quorum not be present, those shareholders who are present shall be deemed to be a quorum and may transact all business which a full quorum might have done.

10.17 **Right to Vote**

Every person named in the list referred to in paragraph 10.11 shall be entitled to both the shares shown thereon opposite his name at the meeting to which such list relates, except to the extent that:

- (a) where the Corporation has fixed a record date in respect of such meeting, such person has transferred any of his shares after such record date or, where the Corporation has not fixed a record date in respect of such meeting, such person has transferred any of his shares after the date on which such list is prepared; and
- (b) the transferee, having produced properly endorsed certificates evidencing such shares or having otherwise established that he owns such shares, has demanded not later than ten days before the meeting that his name be included in such list.

In any such excepted case, the transferee shall be entitled to vote the transferred shares at such meeting. If the Corporation is not required to prepare a list under paragraph 10.11, subject to the provisions of the Act and this By-law as to proxies and representatives, at any meeting of shareholders, every person shall be entitled to vote at the meeting who at the time is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

10.18 **Proxies and Representatives**

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing, electronic, telephone or other communication means approved by the Board and shall conform with the requirements of the Act. Alternatively, every such shareholder which is a body corporate or association may authorize by resolution of its Directors or governing body an individual, who need not be a shareholder, to represent it at a meeting of shareholders and such individual may exercise on the shareholder's behalf all the powers it could exercise if it were an individual shareholder. The authority of such an individual shall be established by depositing with the Corporation a certified copy of such resolution, or in such other manner as may be satisfactory to the Secretary of the Corporation or the Chairman of the meeting.

10.19 **Mandatory Solicitation of Proxies**

If the Corporation is a distributing Corporation having fifteen (15) or more shareholders entitled to vote at a meeting of shareholders, two or more joint shareholders being counted as one shareholder, and the management of the Corporation gives or intends to give a holder of its voting shares notice by a meeting, subject to the Act, the management shall, concurrently with or prior to giving of notice, send to each shareholder who is entitled to notice of meeting a form of proxy which shall be nearly as circumstances permit in a form or to the effect of the following:

I, _____ of _____, being a shareholder in _____, hereby appoint
_____ of _____, as my proxy to vote for me and
on my behalf at the annual (or extraordinary, as the case may be) meeting of the Corporation to be held on the ____ day of _____, _____, and at every adjournment thereof and at every poll, which may take place in consequence thereof. As witness my hand this ____ day of _____, _____.

10.20 When paragraph 10.4 applies, every form of proxy sent or delivered to a shareholder shall indicate in bold face type whether or not the proxy is solicited by or on behalf of management of the Corporation and shall provide a specifically designated space for dating and signing form of proxy. The form of proxy shall also indicate that the shareholder has a right to appoint a person or body corporate, if any, designated in the form of proxy and shall contain instructions as to the manner in which the shareholder may exercise the right, and a means for so doing. The form of proxy shall also provide a means for a shareholder to specify that his shares be voted for or against each matter identified therein, other than the appointment of an auditor and election of Directors, a means for the shareholder to specify that his shares shall be voted or withheld from voting in respect of the appointment of an auditor or election of Directors, and a statement that the shares represented by the proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and that, if the shareholder specifies a choice with respect to any matter to be acted on, the shares shall be voted accordingly. A proxy may confer discretionary

authority with respect to each matter identified in the notice of meetings, other than the appointment of an auditor and the election of Directors, if the form of proxy states in bold face type how the shares represented by the proxy will be voted in respect of each matter or group of related matters.

10.21 **Validity of Proxy**

The decision of the Chairman of any general meeting as to the validity of any instrument of proxy shall be final and conclusive.

10.22 **Time for Deposit of Proxies**

The Board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting or an adjournment thereof by not more than 48 hours exclusive of non-business days, before which proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, it has been received by the Secretary of the Corporation or by the Chairman of the meeting or any adjournment thereof prior to the time of voting.

10.23 **Joint Shareholders**

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

10.24 **Votes to Govern**

At any meeting of shareholders, every question shall, unless otherwise required by the Articles of By-laws or by law, be determined by the majority of the votes cast on the question. In case of an equality of votes, either upon a show of hands or upon a poll, the Chairman of the meeting shall be entitled to a second or casting vote.

10.25 **Voting**

Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands, every person who is present and entitled to vote shall have one vote. Whenever a vote by a show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the Chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question. Notwithstanding any provisions in this by-law to the contrary, any vote referred to above may be held, in accordance with the Act, entirely by electronic means, telephone or other communication facility, if the Corporation makes such a communication facility available and any person participating in a meeting of shareholders and entitled to vote at the meeting may vote, in accordance with Act, by electronic means, telephone or other communication facility that the Corporation has made available for that purpose.

10.26 **Ballots**

On any question proposed for consideration at a meeting of shareholders, any shareholder or proxyholder entitled to vote at the meeting may require or demand a ballot, either before or on the declaration of the result of any vote by show of hands. A ballot so required or demanded shall be taken in such manner as the Chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken, each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the Articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

10.27 **Admission or Rejection of a Vote**

In case of any dispute as to the admission or rejection of a vote, the Chairman shall determine the same and such determination made in good faith shall be final and conclusive.

10.28 **Adjournment**

If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the time of an adjournment. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

10.29 **Only One Shareholder**

Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting.

10.30 **Resolution Signed by all Shareholders**

A resolution signed in writing by all the shareholders entitled to vote on that resolution is as valid as if it had been passed at a meeting of the shareholders.

SECTION 11
DIVISIONS AND DEPARTMENTS

11.1 **Creation and Consolidation of Divisions**

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

11.2 **Name of Division**

Subject to law, any division or its sub-units may be designated by such name as the Board may from time to time determine and may transact business, enter into contracts, sign cheques and other documents of any kind and do all acts and things under such name. Any such contract, cheque or document shall be binding upon the Corporation as if it has been entered into or signed in the name of the Corporation.

11.3 **Officers of Division**

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

SECTION 12
INFORMATION AVAILABLE TO SHAREHOLDERS

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

12.2 The Directors may from time to time, subject to the rights conferred by the Act, determine whether and to what extent and at what time and place and under what circumstances or regulations the documents, books and registers and accounting records of the Corporation or any of them shall be open to inspection or shareholders and no shareholder shall have any right to inspect

any document or book or register or accounting records of the Corporation except as conferred by statute or authorized by the Board of Directors or by a resolution of the shareholders.

SECTION 13 **NOTICES**

13.1 Method of Giving Notices

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations thereunder, the Articles, the By-laws or otherwise to a shareholder, Director, officer, auditor or member of a committee of the Board shall be given by the President or Secretary or in their absence an assistant Secretary and failing him, any other officer of the Corporation and shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his Recorded Address or if mailed to him at his Recorded Address by prepaid ordinary or air mail or if sent to him at his Recorded Address by any means of prepaid transmitted or recorded communication. A notice so delivered shall be deemed to have been given when it is delivered personally or to the Recorded Address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The Secretary may change or cause to be changed the Recorded Address of any shareholder, Director, officer, auditor or member of a committee of the Board in accordance with any information believed by him to be reliable.

13.2 Notice to joint Shareholders

If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice to one of such persons shall be sufficient notice to all of them.

13.3 Computation of Time

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

13.4 Undelivered Notice

If notices given to a shareholder pursuant to paragraph 13.1 are returned on three consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he informs the Corporation in writing of his new address.

13.5 Omissions and Errors

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

13.6 Persons Entitled by Death or Operation of Law

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

13.7 Waiver of Notice

Any shareholder (or his duly appointed proxyholder), Director, officer, auditor or member of a committee of the Board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provision of the Act,

the regulations thereunder, the Articles, the By-laws or otherwise and such waiver or abridgment shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgment shall be in writing except a waiver of notice of a meeting of shareholders or of the Board which may be given in any manner.

EFFECTIVE DATE

13.8 Effective Date

This By-law shall come into force when confirmed by the shareholders in accordance with the Act.

13.9 Repeal

All previous By-laws of the Corporation, except such By-laws of the Corporation as have been confirmed by the shareholders, are repealed as of the coming into force of this By-law provided that such repeal shall not affect the previous operation of any By-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under or the validity of any contract or agreement made pursuant to any such By-law prior to its repeal. All officers and persons acting under any By-law so repealed shall continue to act as if appointed under the provisions of this By-law and all resolutions of the shareholders or Board with continuing effect passed under any repealed By-law shall continue good and valid except to the extent inconsistent with this By-law and until amended or repealed.

SECTION 14 **ADVANCE NOTICE OF MEETINGS OF SHAREHOLDERS**

14.1 Nomination Procedures.

Subject only to the *Business Corporations Act* (Alberta) (the "Act") and its applicable regulations, applicable securities law and the articles of the Company, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board may be made at any annual general meeting of shareholders, or at any special meeting of shareholders if the election of directors is a matter specified in the notice of meeting, (i) by or at the direction of the board, including pursuant to a notice of meeting; (ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or (iii) by any person (a "Nominating Shareholder") who (A) at the close of business on the date of the giving of the notice provided for in this by-law and on the record date for notice of such meeting, is entered in the central securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and provides evidence of such beneficial ownership to the Company, and (B) complies with the notice procedures set forth below in this by-law.

14.2 Timely notice.

In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the secretary of the Company in accordance with this by-law.

14.3 Manner of timely notice.

To be timely, a Nominating Shareholder's notice must be given: (i) in the case of an annual general meeting (including an annual and special meeting) of shareholders, not less than 30 nor more than 65 days prior to the date of the meeting; provided, however, that in the event that the meeting is to be held on a date that is less than 60 days after the date (the "Notice Date") on which the first public announcement of the date of the meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the tenth (10th) day following the day on which the first public announcement of the date of the meeting was made.

14.4 **Proper form of notice**

To be in proper written form, a Nominating Shareholder's notice must set forth: (i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director, (A) the name, age, province or state, and country of residence of the person, (B) the principal occupation, business or employment of the person, both present and within the five years preceding the notice, (C) whether the person is a resident Canadian within the meaning of the Act, (D) the number of securities of each class of voting securities of the Company or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by such person, as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, and (E) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act or any Applicable Securities Laws; and (ii) as to the Nominating Shareholder, (A) the number of securities of each class of voting securities of the Company or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by such person or any joint actors, as of the record date for the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, (B) full particulars regarding any proxy, contract, arrangement, agreement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote or to direct or to control the voting of any shares of the Company and (C) any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act or any Applicable Securities Laws.

References to "Nominating Shareholder" in this by-law shall be deemed to refer to each shareholder that nominates a person for election as director in the case of a nomination proposal where more than one shareholder is involved in making such nomination proposal.

14.5 **Other Information**

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

14.6 **Notice to be updated**

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

14.7 **Power of the chairman**

The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

14.8 **Delivery of notice**

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

14.9 **Increase in number of directors to be elected**

Notwithstanding any provisions in this by-law to the contrary, in the event that the number of directors to be elected at a meeting is increased effective after the time period for which the Nominating Shareholder's notice would otherwise be due under this

section, a notice with respect to nominees for the additional directorships required by this section shall be considered timely if it shall be given not later than the close of business on the tenth (10th) day following the day on which the first public announcement of such increase was made by the Company.

Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this by-law.

14.10 **Definitions.**

For purposes of this by-law,

- (i) “**Affiliate**”, when used to indicate a relationship with a specific person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person;
 - (ii) “**Applicable Securities Laws**” means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the written rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each province and territory of Canada;
 - (iii) “**Associate**”, when used to indicate a relationship with a specified person, shall mean (i) any body corporate or trust of which such person beneficially owns, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of such body corporate or trust for the time being outstanding, (ii) any partner of that person, (iii) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity, (iv) a spouse of such specified person, (v) any person of either sex with whom such specified person is living in conjugal relationship outside marriage or (vi) any relative of such specified person or of a person mentioned in clauses (iv) or (v) of this definition if that relative has the same residence as the specified person;
 - (iv) “**beneficially owns**” or “**beneficially owned**” means, in connection with the ownership of shares in the capital of the Company by a person, (i) any such shares as to which such person or any of such person’s Affiliates or Associates owns at law or in equity, or has the right to acquire or become the owner at law or in equity, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to any securities, or pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (ii) any such shares as to which such person or any of such person’s Affiliates or Associates has the right to vote, or the right to direct the voting, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (iii) any such shares which are beneficially owned, directly or indirectly, by a Counterparty (or any of such Counterparty’s Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such person or any of such person’s Affiliates or Associates is a Receiving Party; provided, however that the number of shares that a person beneficially owns pursuant to this clause (iii) in connection with a particular Derivatives Contract shall not exceed the number of Notional Securities with respect to such Derivatives Contract; provided, further, that the number of securities owned beneficially by each Counterparty (including their respective Affiliates and Associates) under a Derivatives Contract shall for purposes of this clause be deemed to include all securities that are owned beneficially, directly or indirectly, by any other Counterparty (or any of such other Counterparty’s Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty’s Affiliates or Associates) is a Receiving Party and this proviso shall be applied to successive Counterparties as appropriate; and (iv) any such shares which are owned beneficially within the meaning of this definition by any other person with whom such person is acting jointly or in concert with respect to the Company or any of its securities;
 - (v) “**close of business**” means 5:00 p.m. (Edmonton time) on a business day in Alberta, Canada;
 - (vi) “**Derivatives Contract**” shall mean a contract between two parties (the “**Receiving Party**” and the “**Counterparty**”) that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of a number of shares in the capital of the Company or securities convertible into such shares specified or referenced in such contract (the number corresponding to such economic benefits and risks, the “**Notional Securities**”), regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, shares in the capital of the Company or securities convertible into such shares or other property, without regard to any short position under the same or any other Derivatives Contract. For the avoidance of doubt, interests in broad-based index options, broad-
-

based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate governmental authority shall not be deemed to be Derivatives Contracts; and

- (vii) “**public announcement**” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com.

MADE by the Board the 21st day of April, 2020.

/s/ Stephen Robertson
CORPORATE SECRETARY

CONFIRMED AND APPROVED by the Shareholders in accordance with the Act on the 2nd day of June, 2020.

/s/ Stephen Robertson
CORPORATE SECRETARY

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June 9, 2020

Aurinia Pharmaceuticals Inc.
1203 – 4464 Markham Street
Victoria, BC V8Z 7X8

Dear Sirs/Mesdames:

RE: AURINIA PHARMACEUTICALS INC.

We are acting as counsel to Aurinia Pharmaceuticals Inc. (the “Corporation”) in connection with the filing on the date hereof of a Registration Statement on Form S-8 (the “Form S-8”) with respect to 6,376,389 Common Shares of the Corporation (the “Shares”) issuable pursuant to the Corporation’s Equity Incentive Plan, as amended (the “Plan”). We have made such investigations and examined originals or copies certified or otherwise identified to our satisfaction of such documents, records and certificates of the Corporation as we have considered necessary or relevant for the purposes of this opinion including:

- (a) the articles of amalgamation and by-laws of the Corporation, each as amended to date;
- (b) the Plan; and
- (c) resolutions of the directors and shareholders of the Corporation authorizing the Plan, including any amendments or supplements thereto.

For purposes of this opinion, we have assumed with respect to all documents examined by us, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to authentic original documents of all documents submitted to us as certified, conformed, telecopied or photostatic copies and the legal capacity of all individuals who have executed any of such documents.

Based and relying upon and subject to the foregoing we are of the opinion that the Shares will be validly issued as fully paid and non-assessable shares (upon issuance and payment therefor in accordance with the Plan).

The foregoing opinion is limited to the laws of Alberta and the federal laws of Canada applicable therein.

We consent to the filing of this opinion as an exhibit to the Form S-8. In giving such consent, we do not admit that we come within the category of persons whose consent is required under Section 7 of the United States Securities Act of 1933 or the rules and regulations of the Securities and Exchange Commission thereunder.

Yours very truly,

/s/ Borden Ladner Gervais LLP



Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in this registration statement on Form S-8 of Aurinia Pharmaceuticals Inc. of our report dated March 4, 2020, relating to the consolidated financial statements of Aurinia Pharmaceuticals Inc., which appears as an exhibit to, and is incorporated by reference in Aurinia Pharmaceuticals Inc.'s Annual Report on Form 40-F for the year-ended December 31, 2019.

We also consent to reference to us under the heading "Interests of Experts," which appears in the Annual Information Form incorporated by reference in this registration statement.

"/s/PricewaterhouseCoopers LLP"

Chartered Professional Accountants
Edmonton, Alberta
Canada

June 9, 2020

PricewaterhouseCoopers LLP
Stantec Tower, 10220 103 Avenue NW, Suite 2200, Edmonton, Alberta, Canada T5J 0K4
T: 780 441 6700, F: 780 441 6776, www.pwc.com/ca

PwC refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

AURINIA PHARMACEUTICALS INC.

(the “Company”)

EQUITY INCENTIVE PLAN

AS RE-APPROVED BY THE SHAREHOLDERS OF THE COMPANY
ON MAY 7, 2014 AND AS AMENDED AS TO SECTION 2.2
BY THE SHAREHOLDERS OF THE COMPANY ON JUNE 8, 2016
AND AMENDED AND RESTATED ON JUNE 2, 2020

ARTICLE 1
PURPOSE AND INTERPRETATION

Purpose

1.1 The purpose of the Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with the rules and policies of any applicable stock exchange on which the securities of the Company are listed or quoted for trading and any inconsistencies between this Plan and the rules and policies of such exchanges, whether due to inadvertence or changes in such rules or policies, will be resolved in favour of the latter.

Definitions

1.2 In this Plan:

“**Affiliate**” has the meaning assigned by the Securities Act;

“**Award**” means any Option, Restricted Stock, Restricted Stock Unit or Performance Award granted under this Plan;

“**Award Commitment**” means any written agreement, contract or other instrument or document evidencing any Award granted under this Plan. Each Award Commitment shall be subject to the applicable terms and conditions of this Plan and any other terms and conditions (not inconsistent with this Plan) determined by the Board;

“**Award Shares**” means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Award;

“**Black-out Period**” means the period during which the relevant Recipient is prohibited from exercising an Award due to trading restrictions imposed by the Company in accordance with its securities trading policies governing trades in the Company’s securities;

“**Board**” means the board of directors of the Company or any committee thereof duly empowered or authorized to grant Awards under this Plan, or any Person to whom the board of directors or empowered or authorized committee thereof delegates such authority;

“**Business Day**” means a day that the TSX (or such other exchange on which the highest volume of the Company’s securities are traded) is open for trading;

“**Change in Control**” includes situations where after giving effect to the contemplated transaction and as a result of such transaction:

- (i) any one Person holds a sufficient number of voting securities of the Company or the resulting company to affect materially the control of the Company or the resulting company, or,
- (ii) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, hold in total a sufficient number of voting securities of the company or the resulting company to affect materially the control of the Company or the resulting company,

where such Person or combination of Persons did not previously hold a sufficient number of voting securities to affect materially control of the Company or the resulting company. In the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, holding more than 20% of the voting securities of the Company or the resulting company is deemed to materially affect the control of the Company or the resulting company;

“**Code**” means the United States Internal Revenue Code of 1986, as amended.

“Common Shares” means common shares in the capital of the Company;

“Company” means Aurinia Pharmaceuticals Inc. or any successor thereto, and includes an Affiliate;

“Consultant” means an individual or a consultant Company, other than an Employee, Officer or Director who:

- (i) provides on an ongoing bona fide basis, consulting, technical, managerial or like services to the Company, other than services provided in relation to a Distribution;
- (ii) provides the services under a written contract between the Company and the individual or the Consultant Company;
- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the business and affairs of the Company; and
- (iv) has a relationship with the Company that enables the individual or Consultant Company to be knowledgeable about the business and affairs of the Company;

“Consultant Company” means for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner;

“Continuously Employed” shall mean the absence of any interruption or termination of service. Continuous Employment with the Company shall not be considered interrupted in the case of the sick leave, military leave or any other leave of absence approved by the Company or in the case of transfers between location of the Company; provided that the individual continues to be an Employee of the Company;

“Directors” means the directors of the Company as may be elected or appointed from time to time;

“Disability” shall mean any physical, mental or other health condition which substantially impairs the Recipient’s ability to perform his or her assigned duties for 120 days or more in any 240 day period or that can be expected to result in death. The Board shall determine whether an Recipient has incurred a Disability on the basis of medical evidence acceptable to the Board. Upon making a determination of Disability, the Board shall, for the purposes of the Plan, determine the date of the Recipient’s termination of employment;

“Distribution” has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;

“Employee” means:

- (i) an individual who is considered an employee of the Company or its Affiliates under the *Income Tax Act* (Canada) (i.e. for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source) or the tax legislation of another jurisdiction in which the Company or its Affiliates may do business (including the Code);
- (ii) an individual who works full-time for the Company (or one of its Affiliates) providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
- (iii) an individual who works for the Company on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions need not be made at source, and may include an Officer;

“Exercise Price” means the amount payable per Common Share on the exercise of an Award, if applicable, as determined in accordance with the terms hereof;

“Expiry Date” means the day on which an Award lapses as specified in the Award Commitment therefor or in accordance with the terms of this Plan;

“Grant Date” for an Award means the date of grant thereof by the Board;

“Incentive Stock Option” or **“ISO”** means a stock option that is intended to be, and qualifies as, an incentive stock option within the meaning of Section 422 of the Code.

“Insider” means an insider as defined in the Securities Act;

“**Investor Relations Activities**” means generally any activities or communications that can reasonably be seen to be intended to or be primarily intended to promote the merits or awareness of or the purchase or sale of securities of the Company;

“**Management Company Employee**” means an individual employed by another individual or a corporation providing management services to the Company which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a corporation or individual engaged primarily in Investor Relations Activities;

“**Market Price**” means:

- (i) the closing trading price for the Common Shares on the stock exchange on which the majority of the Company’s common shares traded on the day immediately prior to the date of grant (which may be denominated in either Canadian or US dollars, based on the applicable exchange rate on the day immediately prior to the date of grant); or
- (ii) if the Common Shares are not listed on a stock exchange, then the trading price determined by the Board using good faith discretion;

“**Nonstatutory Stock Option**” or “**NSO**” means a stock option does not qualify as an Incentive Stock Option.

“**Officer**” means a duly appointed senior officer of the Company;

“**Option**” means an Option granted pursuant to Section 3.1 hereof;

“**Performance Award**” means a Performance Award granted pursuant to Section 3.4 hereof;

“**Recipient**” means the recipient of an Award hereunder;

“**Outstanding Shares**” means at the relevant time, the number of outstanding Common Shares of the Company from time to time;

“**Participant**” means a Service Provider that becomes a Recipient;

“**Person**” means a company or an individual;

“**Plan**” means this Equity Incentive Plan, the terms of which are set out herein or as may be amended;

“**Plan Shares**” means the total number of Common Shares which may be reserved for issuance as Award Shares under the Plan as provided in Section 2.2;

“**Regulatory Approval**” means the approval of any securities regulatory authority (including, if applicable, the TSX and any other stock exchange on which the securities of the Company may be listed or quoted for trading) that may have lawful jurisdiction over the Plan and any Awards issued hereunder;

“**Restricted Stock**” means Restricted Stock granted pursuant to Section 3.2 hereof;

“**Restricted Stock Unit**” means a Restricted Stock Unit granted pursuant to Section 3.3 hereof;

“**Securities Act**” means the *Securities Act*, R.S.A. 2000, c. S-4, as amended from time to time;

“**Service Provider**” means an individual who is a bona fide Director, Officer, Employee, Management Company Employee or Consultant, and also includes a company of which 100% of the share capital is beneficially owned by one or more individual Service Providers;

“**Share Compensation Arrangement**” means any Award under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;

“**Shareholder Approval**” means approval by a majority of the votes cast by eligible shareholders at a duly constituted shareholders’ meeting;

“**Take Over Bid**” means a take over bid as defined in the Securities Act;

“**TSX**” means The Toronto Stock Exchange and any successor thereto;

“**TSX Policies**” means the rules, regulations and policies of the TSX as amended from time to time; and

“**U.S. Participant**” means a Participant that is resident in or a citizen of the United States of America.

ARTICLE 2 EQUITY INCENTIVE PLAN

Establishment of Equity Incentive Plan

2.1 There is hereby established an equity incentive plan to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company.

Maximum Plan Shares

2.2 The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time is 12.5% of the Outstanding Shares from time to time, unless this Plan is amended pursuant to the requirements of the TSX Policies.

2.3 Unless otherwise determined in the discretion of the Board, the number of Plan Shares that may be reserved for issuance under the Plan to any one Recipient will not exceed 5% of the Outstanding Shares on a non-diluted basis, less any Common Shares reserved for issuance to such Recipient under Share Compensation Arrangements other than this Plan.

Eligibility

2.4 Awards may be granted hereunder to Service Providers from time to time by the Board. Service Providers that are corporate entities will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its shares, nor issue more of its shares so as to indirectly transfer the benefits of an Award, as long as such Award remains outstanding, unless the written permission of the TSX and the Company is obtained.

Awards Granted Under the Plan

2.5 All Awards granted under the Plan will be evidenced by an Award Commitment in substantially the form attached to this Plan as Schedule "A", showing the number of Award Shares, the term of the Award, a reference to vesting terms, if any, and the Exercise Price, if applicable, or otherwise modified in respect of the terms of the specific Award as necessary.

2.6 Subject to specific variations approved in accordance with this Plan, all terms and conditions set out herein will be deemed to be incorporated into and form part of an Award Commitment made hereunder.

Awards Not Exercised

2.7 In the event an Award granted under the Plan expires unexercised or is terminated by reason of dismissal of the Recipient for cause or is otherwise lawfully cancelled prior to exercise of the Award, the Award Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issue. For greater certainty Awards which are exercised thereupon increase the number available to the Plan by the relevant percentage of Outstanding Shares as provided hereunder.

Administration of Plan

2.8 The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder.

2.9 Without limiting the generality of the foregoing, but subject to the provisions of this Plan, the Board has the power to:

- (a) determine the Service Providers to whom Awards are to be granted, to grant such Awards, and, subject to the other terms of this Plan, to determine any terms and conditions, limitations and restrictions in respect of any particular grant of Award;
 - (b) allot Common Shares for issuance on connection with the exercise of Awards;
and
 - (c) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do.
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Regulatory Approval

2.10 This Plan will be subject to the approval of any regulatory authority whose approval is required. Any Awards granted under this Plan prior to such approvals being given will be conditional upon such approvals being given, and no such Awards may be exercised unless and until such approvals are given.

Compliance with Legislation

2.11 The Company will not be required to issue any Common Shares under the Plan unless such issuance is in compliance with all applicable laws, regulations, rules, orders of governmental or regulatory authorities and the requirements of any stock exchange upon which Common Shares of the Company are listed. The Company will not in any event be obligated to take any action to comply with any such laws, regulations, rules, orders or requirements.

ARTICLE 3 TERMS AND CONDITIONS OF AWARDS

3.1 Options: The Board is hereby authorized to grant Options to a Service Provider with the following terms and conditions and with such additional terms and conditions not inconsistent with the provision of this Plan as the Board shall determine:

3.1.1 Exercise Price. The Exercise Price of an Option will be set by the Board at the time such Option is granted under this Plan, and, subject to the provisions set forth in Section 3.1.4(d), cannot be less than the Market Price.

3.1.2 Term. Subject to the application of Section 3.11, an Option can be exercisable for a maximum of 10 years from the Grant Date, unless otherwise determined in the discretion of the Board.

3.1.3 Vesting. No Option shall be exercisable until it is vested. The vesting schedule of each Option will be as determined in the discretion of the Board at the time of the grant of the Option.

3.1.4 For US Residents - Incentive Stock Options.

- (a) Eligible Recipients of ISOs. Incentive Stock Options may be granted only to employees of the Company or an Affiliate.
 - (b) Designation of ISO Status. The Board action approving the grant of an Option to a U.S. Participant, and the Award Commitment, must specify that the Option is intended to be an Incentive Stock Option. If an Option is not specifically designated as an Incentive Stock Option, or if an Option is designated as an Incentive Stock Option but some portion or all of the Option fails to qualify as an Incentive Stock Option under the applicable rules, then the Option (or portion thereof) will be a Nonstatutory Stock Option.
 - (c) Maximum Shares Issuable On Exercise of ISOs. Subject to the adjustment provisions of this Plan, the maximum aggregate number of Common Shares that may be issued upon the exercise of Incentive Stock Options is [] Common Shares.
 - (d) Limits for 10% Stockholders. A person who owns (or is deemed to own pursuant to Section 424(d) of the Code) Common Shares possessing more than ten percent (10%) of the total combined voting power of all classes of securities of the Company or any Affiliate, will not be granted an Incentive Stock Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Market Price on the date of grant and the Option is not exercisable after the expiration of five (5) years from the Grant Date.
 - (e) No Transfer. As provided by Section 422(b)(5) of the Code, an Incentive Stock Option will not be transferable except by will or by the laws of descent and distribution, and will be exercisable during the lifetime of the U.S. Participant only by the U.S. Participant. If the Board elects to allow the transfer of an Option by a U.S. Participant that is designated as an Incentive Stock Option, such transferred Option will automatically become a Nonstatutory Stock Option.
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- (f) US \$100,000 Limit. As provided by Section 422(d) of the Code and applicable regulations thereunder, to the extent that the aggregate Market Price (determined at the time of grant) of Common Shares with respect to which Incentive Stock Options are exercisable for the first time by any U.S. Participant during any calendar year (under all plans of the Company and any Affiliate) exceeds US\$100,000 (or such other limit established in the Code) or otherwise does not comply with the rules governing Incentive Stock Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with such rules will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Award Commitment(s).
- (g) Post-Termination Exercise Period. To obtain the United States federal income tax advantages associated with an Incentive Stock Option, the United States Internal Revenue Code requires that at all times beginning on the date of grant and ending on the day three (3) months before the date of exercise of the Option, the U.S. Participant must be an employee of the Company or an Affiliate (except in the event of the U.S. Participant's death or Disability, in which case a 12-month period applies). The Company cannot guarantee that the Option will be treated as an Incentive Stock Option if the U.S. Participant continues to provide services to the Company or an Affiliate after such U.S. Participant's employment terminates or if the U.S. Participant otherwise exercises the Option more than three (3) months (or twelve (12) months, as the case may be) after the date his or her employment terminates, or the Option otherwise fails to qualify as an Incentive Stock Option.

3.2 Restricted Stock: The Board is hereby authorized to grant Restricted Stock to a Service Provider with the following terms and conditions and with such additional terms and conditions not inconsistent with the provision of this Plan as the Board shall determine:

3.2.1 *Restriction*. Restricted Stock shall be subject to such restrictions as the Board may impose (including, without limitation, a restriction on or prohibition against the right to receive any dividend or other right or property with respect thereto), which restrictions lapse separately or in combination at such time or times, in such installments or otherwise as the Board may deem appropriate.

3.2.2 *Restricted Stock Certificates*. Any Restricted Stock granted under this Plan may be evidenced by the issuance of a share certificate or certificates. If any share certificate is issued, such certificate shall be held by the Company and such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the applicable Award Agreement and possible forfeiture of such shares of Restricted Stock.

3.2.3 Except as otherwise determined by the Board, upon a Participant's termination of employment (as determined under criteria established by the Board) during the applicable restriction period, all applicable Common Shares of Restricted Stock at such time subject to restriction shall be forfeited and reacquired by the Company; provided, however, that the Board may, when it finds that a waiver would be in the best interest of the Company, waive in whole or in part any or all remaining restrictions with respect to Common Shares of Restricted Stock.

3.3 Restricted Stock Unit Awards: The Board is hereby authorized to grant Restricted Stock Unit Awards to a Service Provider evidencing the right for such Service Provider to receive a Common Share (or cash payment equal to the Market Price of a Common Share) at some future date.

3.3.1 *Restrictions*. A Restricted Stock Unit Award will be subject to an Award Commitment containing such terms and conditions, not inconsistent with the provisions of this Plan, as the Board shall determine.

3.3.2 *Forfeiture*. Except as otherwise determined by the Board and as set forth in the applicable Award Commitment, upon a Participant's termination of employment (as determined under criteria established by the Board) during the applicable restriction period, all applicable Restricted Stock Units at such time subject to restriction shall be forfeited and reacquired by the Company; provided, however, that the Board may, when it finds that a waiver would be in the best interest of the Company, waive in whole or in part any or all remaining restrictions with respect to Restricted Stock Units.

3.3.3 *For Canadian Residents.* For Canadian resident Service Providers, Restricted Stock Unit Awards shall be settled in Common Shares, unless the Company offers the Participant the right to receive cash in lieu of Common Shares and the Participant, in its sole discretion, so elects.

3.3.4 *Voting and Dividend Rights.* A Restricted Stock Unit does not entitle the holder thereof to any rights with respect to voting and dividends.

3.4 Performance Awards:

3.4.1 The Board is hereby authorized to grant Performance Awards to an Eligible Person subject to the terms of this Plan. A Performance Award granted under this Plan (i) may be denominated or payable in cash, Common Shares (including, without limitation, Restricted Stock and Restricted Stock Units), other securities, other Awards or other property, and (ii) shall confer on the holder thereof the right to receive payments, in whole or in part, upon the achievement of such performance goals during such performance periods as the Board shall establish. Subject to the terms of this Plan, the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award granted, the amount of any payment or transfer to be made pursuant to any Performance Award and any other terms and conditions of the Performance Award shall be determined by the Board. For Canadian resident Service Providers, Performance Awards shall be settled in Common Shares, unless the Company offers the Participant the right to receive cash in lieu of Common Shares and the Participant, in its sole discretion, so elects.

Recipient Ceasing to be Director, Officer, Employee or Service Provider

3.5 No Award may be exercised after the Recipient, if a Director or Officer, has ceased to be a Director or Officer or, if an Employee or other Service Provider has left the employ or service of the Company, except as follows:

- (a) in the case of the death of an Recipient, any vested Award held by him at the date of death will become exercisable by the Recipient's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Recipient and the Expiry Date of such Award;
- (b) in the case of the Disability of an Recipient, any vested Award held by him at the date of Disability will become exercisable until the earlier of one year from the date of cessation of the Recipient's employment or other office and the Expiry Date of such Award; and
- (c) subject to the other provisions of this Section 3.5, vested Awards will expire 90 days after the date the Recipient ceases for any reason whatsoever to be employed by, provide services to, or be a Director or Officer of, the Company and all unvested Awards will immediately terminate without right to exercise same;

but provided that in no event may the term of the Award exceed 10 years, unless determined in the discretion of the Board.

Acceleration of Vesting

3.6 Notwithstanding the provisions of Section 3.5(a) and Section 3.5(b), if, in the case of an Recipient who is an Employee, that Recipient's employment terminates by reason of death or Disability, subject to the terms of the Award set out in an Award Commitment, any Award held by such Employee who has been Continuously Employed by the Company for a minimum of three (3) years shall become fully vested and exercisable and may thereafter be exercised during the term of the Award set forth in Section 3.5(a) and Section 3.5 (b).

3.7 Notwithstanding the provisions of Section 3.5(c), if an Recipient's employment is terminated by the Company without cause then, provided that the Recipient has been Continuously Employed by the Company for a minimum of three (3) years, then, subject to the terms of the Award set out in an Award Commitment, all Awards shall become fully vested and exercisable and may thereafter be exercised during the term of the Option set forth in Section 3.5(c).

3.8 Change in Control. In the event of a Change in Control or Take Over Bid, any and all Awards that are outstanding at the time of the occurrence of such event shall become immediately vested and fully exercisable for the periods indicated (each such exercise period referred to as an "**Acceleration Window**");

- (a) for a period of 45 days beginning on the date which any person together with all affiliates and associates of such person, becomes, after the date of this Plan, the beneficial owner of 20% or more of the Common Shares of the Company then outstanding;
- (b) beginning on the date that a tender or exchange offer for Common Shares by any person is first published or sent or given within the meaning of the takeover bid rules under Alberta securities legislation, and continue so long as such offer remains open (including any extensions or renewals of such offer), unless by the terms of such offer the Offeror, upon consummation thereof, would be the beneficial owner of less than 20% of the common shares of the Corporation then outstanding; or
- (c) for a period of 20 days beginning on the date on which the shareholders of the Company duly approve any merger, consolidation, reorganization or other transaction providing for the conversion or exchange of more than 20% of the outstanding Common Shares of the Company into securities of any entity, or cash, or property, or a combination of any of the foregoing.

The exercisability of any Award which remains unexercised following the expiration of an Acceleration Window shall be governed by the vesting schedule and all other terms of the Award Commitment respecting such Award.

Non Assignable

3.9 Subject to Section 3.5(a), all Awards will be exercisable only by the Recipient to whom they are granted and will not be assignable or transferable.

Adjustment of the Number of Award Shares

3.10 If there is a change in the outstanding Common Shares by reason of any share consolidation, or split, reclassification or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger or combination, or any other change to, event affecting, exchange of or corporate change or transaction affecting the Common Shares, the Board will make, as it deems advisable and subject to requisite Regulatory Approval, appropriate substitution and/or adjustment in:

- (a) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;
- (b) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Awards, and in the exercise price for such shares or other securities or property; and/or
- (c) the vesting of any Awards, including the accelerated vesting thereof on conditions the Board deems advisable,

and if the Company undertakes an arrangement or is amalgamated, merged or combined with another corporation, the Board will make such provision for the protection of the rights of Participants as it deems advisable.

Adjustment of Awards Expiring During Black-out Period

3.11 Should the Expiry date for an Award fall within a Black-out Period, or within the period that is nine Business Days immediately following the expiration of a Black-out Period, such Expiry Date will be automatically adjusted without any further act or formality to that day which is the tenth Business Day after the end of the Black-out Period, such tenth Business Day to be considered the Expiry Date for such Award for all purposes under the Plan. Notwithstanding any other provision of this Plan, the tenth Business Day period referred to in this Section 3.11 may not be extended by the Board.

Compliance with Section 409A of the Code

3.12 Unless otherwise expressly provided for in an Award Commitment, the terms applicable to Options granted to U.S. Participants will be interpreted to the greatest extent possible in a manner that makes those Options exempt from Section 409A of the Code, and, to the extent not so exempt, that brings the Options into compliance with Section 409A of the Code. Notwithstanding anything to the contrary in the Plan (and unless the Award Commitment or other written contract with the U.S. Participant specifically provides otherwise), if the Common Shares are publicly traded, and if a U.S. Participant of an Option that constitutes "deferred compensation" under Section 409A of the Code is a "specified employee" under Section 409A of the Code, no distribution or payment of any amount that is due because of a "separation from service" (as defined in Section 409A of the

Code without regard to alternative definitions thereunder) will be issued or paid before the date that is six (6) months following the date of such U.S. Participant's "separation from service" or, if earlier, the date of the U.S. Participant's death, unless such distribution or payment can be made in a manner that complies with Section 409A of the Code, and any amounts so deferred will be paid in a lump sum on the day after such six (6) month period elapses, with the balance paid thereafter on the original schedule.

Award Commitments

3.13 Each Award will be evidenced by an Award Commitment which incorporates such terms and conditions as the Board in its discretion deems appropriate and consistent with the provisions of this Plan (and the execution and delivery by the Company of an Award Commitment with a Participant shall be conclusive evidence that such Award Commitment incorporates terms and conditions determined by the Board and is consistent with the provisions of this Plan). Each Award Commitment will be executed on behalf of the Company by any member of the Board or any Officer or such other Person as the Board may designate for such purpose.

ARTICLE 4 COMMITMENT AND EXERCISE PROCEDURES

Award Commitment

4.1 Upon grant of an Award hereunder, an authorized officer of the Company will deliver to the Recipient an Award Commitment detailing the terms of such Awards and upon such delivery the Recipient will be subject to the Plan and have the right to the Awards on the terms set out therein, subject to the terms and conditions hereof.

Manner of Exercise

4.2 A Recipient who wishes to exercise his Award may do so:

4.2.1 by delivering:

- (a) a written notice to the Company specifying the number of Award Shares being acquired pursuant to the Award;
and
- (b) cash, certified cheque or bank draft payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired and the aggregate of any amounts required by law to be withheld by the Company on the exercise of such Award, or separate certified cheques or bank drafts for such Exercise Price and such amounts to be withheld;

4.2.2 in such other manner as may be specified in the Award Commitment.

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such other procedures and conditions as it determines appropriate with respect to the payment, funding or withholding of amounts required by law to be withheld on the exercise of Awards under this Plan.

Delivery of Certificate and Hold Periods

4.3 As soon as practicable after receipt of the notice of exercise described in Section 4.2 and payment in full for the Awards Shares being acquired (if applicable), the Company will direct its transfer agent to issue to the Recipient the appropriate number of Award Shares. The transfer agent will either issue a certificate representing the Award Shares or a written notice in the case of uncertificated Common Shares. Such issued certificate or written notice, as the case may be, will bear a legend stipulating any resale restrictions required under applicable securities laws.

ARTICLE 5 AMENDMENTS TO PLAN OR AWARDS

Amendments Generally

5.1 The Board may, at any time and from time to time, amend, suspend, terminate or discontinue the Plan or an Award, or revoke or alter any action taken pursuant to the Plan or an Award, except that no amendment, suspension, termination or discontinuance of the Plan will adversely alter or impair any Award without the written consent of the applicable participant and

is subject to those provisions of applicable law (including, without limitation, the TSX Policies), if any, that require the approval of shareholders or any governmental or regulatory body.

5.2 With the consent of the affected Participants, the Board may amend or modify any outstanding Award in any manner to the extent that the board would have the authority to initially grant such award as so modified or amended.

Amendments by Board

5.3 Without limiting the generality of Section 5.1, the Board may make the following types of amendments to the Plan without seeking Shareholder Approval:

- (a) amendments of a “housekeeping” or ministerial nature including, without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in the Plan or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;
- (b) amendments necessary to comply with the provisions of applicable law (including, without limitation, the TSX Policies);
- (c) amendments respecting administration of the Plan;
- (d) any amendment to the vesting provisions of the Plan or any Award;
- (e) any amendment to the early termination provisions of the Plan or any Award, whether or not such Award is held by an Insider, provided such amendment does not entail an extension beyond the original Expiry Date;
- (f) any amendments necessary to suspend or terminate the Plan;
- (g) any amendments necessary or desirable to cause Awards to comply, or be able to comply, with modifications made to applicable tax legislation; and
- (h) any other amendment, whether fundamental or otherwise, not requiring Shareholder Approval under applicable Law (including, without limitation, the TSX Policies).

Amendments Requiring Shareholder Approval

5.4 The Board may not, without approval of the holders of a majority of the issued and outstanding equity securities of the Company present and voting in person or by proxy at a meeting of holders of such securities, amend the Plan or an Award to do any of the following:

- (a) increase the aggregate maximum percentage of Common Shares issuable under the Plan;
- (b) make any amendment that would reduce the Exercise Price of an outstanding Award (including a cancellation and reissue of an Award at a reduced Exercise Price);
- (c) extend the term of any Award beyond the Expiry Date of the Award or allow for the Expiry Date of an Award to be greater than 10 years except as currently provided in connection with a Black-out Period;
- (d) permit assignments, or exercises other than by the applicable Participant, of Awards beyond that contemplated by Section 3.5(a);
- (e) expand the definition of “Service Provider” or otherwise alter the conditions for eligibility for participation in the Plan;
- (f) amend the Plan to provide for any other types of compensation through equity issuance, unless the change to the Plan or an Award results from the application of Section 3.10; and
- (g) effect an amendment which is required to be approved by shareholders under applicable law (including, without limitation, the TSX Policies).

5.5 Where Shareholder Approval is sought for amendments under Section 5.4(b) or Section 5.4(c) above, the votes attached to Common Shares held directly or indirectly by Insiders benefiting from the amendment will be excluded. In the event of any conflict between Section 5.3 and Section 5.4 above, the latter will prevail to the extent of any conflict.

Amendment Subject to Approval

5.6 If the amendment of an Award requires Regulatory Approval or Shareholder Approval, such amendment may be made prior to such approvals being given, but no amended Awards may be exercised unless and until such approvals are given.

ARTICLE 6 INSIDER PARTICIPATION LIMIT

Insider participation subject to Disinterested Shareholder Approval

6.1 None of the following actions will become effective without first obtaining Shareholder Approval:

- (a) Common Shares being issuable to Insiders under this Plan at any time, when combined with all of the Company's other Share Compensation Arrangements, exceeding 10% of the Outstanding Shares; and
- (b) Common Shares issued to Insiders under this Plan, when combined with all of the Company's other Share Compensation Arrangements, exceeding 10% of the Outstanding Shares in any 12 month period.

6.2 Where Shareholder Approval is sought for an action under Section 6.1, the votes attached to Common Shares held directly or indirectly by Insiders benefiting from the action will be excluded.

ARTICLE 7 GENERAL

Employment and Services

7.1 Nothing contained in the Plan will confer upon or imply in favour of any Recipient any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Recipient's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by a Service Provider will be voluntary. A change in the status, office, position or duties of a Participant from the status, office, position or duties held by such Participant on the date on which the Award was granted to such Participant will not result in the termination of the Award granted to such Participant provided that such Participant remains a Service Provider.

No Representation or Warranty

7.2 The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act*(Canada) or any other taxing statute governing the Awards or the Common Shares issuable thereunder or the tax consequences to a Service Provider. Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of such participant and not the Company.

Interpretation

7.3 The Plan will be governed and construed in accordance with the laws of the Province of Alberta.

Effective Date of Plan

7.4 This Plan will be effective from and after the date upon which the Company first receives Shareholder Approval for the Plan, subject to TSX acceptance, and will remain effective provided that the Plan, or, if applicable, any amended version thereof receives Shareholder Approval, on or before each third annual general meeting of shareholders of the Company.

Adoption of Plan

7.5 This Plan was adopted by the Board on May 25, 2012 and approved by the Shareholders of the Company on June 28, 2012 and re-approved by the Shareholders of the Company on May 7, 2014. This Plan was amended as to Section 2.2 by the Shareholders of the Company on June 8, 2016. This Plan was further amended and approved by the Shareholders of the Company on June 2, 2020.

/s/ Stephen Robertson
CORPORATE SECRETARY