

# CYPHERPUNK HOLDINGS INC.



**The Exchange Tower, 130 King Street West, Suite 3680, Box 99  
Toronto, Ontario, Canada M5X 1B1**

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

**NOTICE IS HEREBY GIVEN** that the annual and special meeting (the “**Meeting**”) of shareholders (“**Shareholders**”) of Cypherpunk Holdings Inc. (the “**Corporation**” or the “**Company**”) will be held at Room C Aldgate Tower, #2 Leman Street, in the city of London, UK E1 8FA, on Wednesday, September 4, 2019 at 5:00 p.m. (British Summer Time) in order to:

1. receive and consider the audited consolidated financial statements of the Company for the year ended September 30, 2018 and the report of the auditor thereon;
2. elect directors of the Company to hold office until the next annual meeting of Shareholders;
3. confirm the appointment by the board of directors of, and to appoint, the auditors of the Company and to authorize the directors to fix their remuneration;
4. consider and, if deemed advisable, pass, a resolution to repeal the general by-laws of the Corporation and ratify new general by-laws, as more particularly described in the accompanying management information circular; and
5. act upon such other matters, including amendments to the foregoing, as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

The full text of the special resolutions referred to in item four (4) above is attached to the Management Information Circular (the “**Circular**”) as Appendix A.

A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his or her duly executed form of proxy with the Company’s transfer agent and registrar, TSX Trust Company (“**TSX Trust**”), Suite 301, 100 Adelaide St. West, Toronto, Ontario, M5H 4H1, not later than 4:30 p.m. (Toronto time) on Monday, September 2, 2019, or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned meeting.

Shareholders who are unable to attend the Meeting in person, are requested to date, complete, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the Meeting.

The board of directors of the Company has, by resolution, fixed the close of business on Tuesday, July 30, 2019 as the record date, being the date for the determination of the registered holders of common shares of the Company entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof.

The accompanying Management Information Circular provides additional detailed information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this notice of annual and special meeting. Additional information about the Company and its consolidated financial statements are also available on the Company’s profile at [www.sedar.com](http://www.sedar.com).

**DATED** at Toronto, Ontario this 30<sup>th</sup> day of July, 2019.

**BY ORDER OF THE BOARD**

*“Marc Henderson” (signed)*

Interim President & Chief Executive Officer

*Proxies will be counted and tabulated by TSX Trust, the Corporation's registrar and transfer agent, in such a manner as to protect the confidentiality of how a particular shareholder votes except where they contain comments clearly intended for management, in the case of a proxy contest, or where it is necessary to determine the proxy's validity or to permit management and the Board of Directors to discharge their legal obligations to the Corporation or its shareholders.*

# CYPHERPUNK HOLDINGS INC.



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Toronto, Ontario, Canada M5X 1B1**

## **MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT**

This management proxy circular (“**Circular**”) is furnished in connection with the solicitation of proxies by or on behalf of the management of Cypherpunk Holdings Inc. (the “**Corporation**”, the “**Company**” or “**Cypherpunk**”) for use at the annual and special meeting of shareholders (“**Shareholders**”) of Cypherpunk (the “**Meeting**”) to be held at Room C Aldgate Tower, #2 Leman Street, in the city of London, UK E1 8FA, on Wednesday, September 4, 2019 at 5:00 p.m. (British Summer Time), and at any adjournment(s) or postponement(s) thereof, for the purposes set forth in the Notice of Meeting.

The solicitation of proxies will be primarily by mail, but proxies may also be solicited personally, by telephone, by email, by internet or other means of communication by regular employees, officers and agents of the Corporation for which no additional compensation will be paid. The cost of preparing, assembling and mailing this Circular, the Notice of Meeting, the proxy form, the voting instruction form and any other material relating to the Meeting and the cost of soliciting proxies has been or will be borne by Cypherpunk. It is anticipated that copies of this Circular, the Notice of Meeting, and accompanying proxy form or voting instruction form will be distributed to shareholders on or about August 5, 2019.

This Circular provides the information that you need to vote at the Meeting.

If you are a registered holder of common shares of Cypherpunk (the “**Common Shares**”), we have enclosed a proxy form that you can use to vote at the Meeting.

- If your Common Shares are held by a nominee, you may receive either a form of proxy or voting instruction form from such nominee and should carefully follow the instructions provided by the nominee in order to have your Common Shares voted at the Meeting.

Unless otherwise indicated, the information in this Circular is given as at July 30, 2019, and all references to financial results are based on our financial statements prepared in accordance with International Financial Reporting Standards (“**IFRS**”). Unless otherwise indicated, all references to “\$” are to Canadian dollars.

These security holder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and Cypherpunk or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, Cypherpunk (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

## FINANCIAL INFORMATION

All financial statements and financial data derived therefrom included or incorporated by reference in this Circular pertaining to Cypherpunk have been prepared in accordance with IFRS.

## VOTING INFORMATION

### Voting Matters

At the Meeting, shareholders are voting on the election of directors, on the appointment of auditors and authorization of the board of directors (the “**Board of Directors**” or “**Board**”) to fix their remuneration, and the adoption of a resolution set out in Appendix A of this Circular to ratify and confirm the New General By-Laws (as defined below).

### Who Can Vote

The record date for the Meeting is July 30, 2019. Holders of record of Common Shares as of the close of business on July 30, 2019 are entitled to vote at the Meeting. Each Common Share is entitled to one vote on those items of business identified in the Notice of Meeting. With respect to amendments or variations to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting, Common Shares represented by proxy will be voted by the persons so designated in their discretion, whether or not such other amendment, variation or other matter that comes before the Meeting is routine or contested.

### Voting your Common Shares

#### *Registered Shareholders*

If you are a Registered Shareholder, you may attend and vote in person at the Meeting or give another person authority to represent you and vote your shares at the Meeting, as described below under “*Voting by Proxy*”.

#### *Non-Registered Shareholders (Beneficial Shareholders)*

Your Common Shares may not be registered in your name but in the name of a nominee, which is usually a trust company, securities broker or other financial institution. If your Common Shares are registered in the name of a nominee, you are a non-registered shareholder. Your nominee is required to seek your instructions as to how to vote your shares. You may vote your Common Shares through your nominee or in person.

To vote your Common Shares through your nominee, you should carefully follow the instructions of your nominee with respect to the procedures to be followed for voting. Generally, nominees will provide non-registered (beneficial) Shareholders with either: (a) a voting instruction form for completion and execution by you, or (b) a proxy form, executed by the nominee and restricted to the number of shares owned by you, but otherwise uncompleted. These procedures are to permit Beneficial Shareholders to direct the voting of the Common Shares that they beneficially own.

If you are a Non-Registered (Beneficial) Shareholder, to vote your shares in person at the Meeting, you should take the following steps:

- (a) appoint yourself as the proxy holder by writing your own name in the space provided on the voting instruction form or form of proxy; and
- (b) follow the nominee’s instructions for return of the executed form or other method of response.

Do not otherwise complete the form as your vote, or the vote of your designate, will be taken at the Meeting.

## **Voting by Proxy**

If you will not be at the Meeting or do not wish to vote in person, you may still vote by using the enclosed proxy form. A proxy must be in writing and must be executed by you or by your attorney authorized in writing.

### *Your Proxy Vote*

On the proxy form, you can indicate how you want to vote your Common Shares, or you can let your proxy holder decide for you.

All Common Shares represented by properly completed proxies received at the Toronto office of TSX Trust Company, Suite 301, 100 Adelaide St. West, Toronto, Ontario, M5H 4H1, (“**TSX Trust**”) by 4:30 p.m. (Toronto time) on Monday, September 2, 2019, or two business days before any adjourned or postponed Meeting will be voted or withheld from voting, in accordance with your instructions as specified in the proxy, on any ballot votes that take place at the Meeting. If you give directions on how to vote your shares, your proxy holder must vote your shares according to your instructions. If you have not specified how to vote on a particular matter, then your proxy holder can vote your shares as he or she sees fit. **If neither you nor your proxy holder gives specific instructions, your Common Shares will be voted as follows:**

- **FOR** the election of the nominees as directors for the ensuing, year;
- **FOR** the appointment of Davidson & Company LLP as auditors for the ensuing year and the authorization of the directors to fix their remuneration; and
- **FOR** the ratification and confirmation of the New General By-Laws (as defined below).

### *Appointing a Proxy holder*

A proxy holder is the person you appoint to act on your behalf at the Meeting and to vote your shares. **You may choose anyone to be your proxy holder, including someone who is not a shareholder of Cypherpunk.** Simply fill in the name in the blank space provided on the enclosed proxy form. If you leave the space in the proxy form blank, the persons designated in the form, who are officers of Cypherpunk, are appointed to act as your proxy holder.

Your proxy authorizes the proxy holder to vote and act for you at the Meeting, including any continuation after an adjournment or postponement of the Meeting.

### *Revoking Your Proxy*

Only Registered Shareholders have the power to revoke proxies given by them. If you give a proxy, you may revoke it at any time before it is used by doing any one of the following:

- You may send another proxy form with a later date to the Toronto office of TSX Trust, Suite 301, 100 Adelaide St. West, Toronto, Ontario, M5H 4H1, but it must reach TSX Trust by 4:30 p.m. (Toronto time) September 2, 2019, or two business days before any adjourned or postponed Meeting.
- You may revoke a proxy as set out below:
  - by depositing an instrument in writing that is signed by the shareholder or by an attorney who is authorized by a document that is signed in writing or by electronic signature; or
  - by transmitting, by telephonic or electronic means, a revocation that is signed by an electronic signature if the means of electronic signature permits a reliable determination that the document

was created or communicated by or on behalf of the shareholder or the attorney, as the case may be.

The instrument or revocation must be received at the registered office of Cypherpunk, located at The Exchange Tower, 130 King Street West, Suite 3680, Toronto, Ontario M5X 1B1 or by facsimile at (416) 599-4959, by 4:30 p.m. (Toronto time) on September 2, 2019, or two business days before any adjourned or postponed Meeting.

Non-Registered (Beneficial) Shareholders who wish to change their vote, must in sufficient time in advance of the Meeting, arrange for their respective intermediaries to change their vote and if necessary, revoke their proxy in accordance with the revocation procedures set out above.

#### **ADDITIONAL MATTERS PRESENTED AT THE ANNUAL MEETING**

The enclosed proxy form or voting instruction form confers discretionary authority upon the persons named as proxies therein with respect to any amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting.

If you sign and return the proxy form for Common Shares and any matter is presented at the Meeting in addition to the matters described in the Notice of Meeting, the Cypherpunk officers named as proxies will vote in their best judgment. When this Circular went to press, management of Cypherpunk was not aware of any matters to be considered at the Meeting other than the matters described in the Notice of Meeting or any amendments or variations to the matters described in such notice.

#### **VOTING SHARES**

The Common Shares are the only shares entitled to vote at the Meeting. As of the date hereof, 90,166,482 Common Shares were issued and outstanding. The holders of Common Shares who are holders of record at the close of business of July 30, 2019 are entitled to one vote at the meeting. The holders of Common Shares are entitled to one vote per share.

#### **PRINCIPAL HOLDERS OF VOTING SHARES**

To the knowledge of the directors and senior officers of Cypherpunk, no person beneficially owns, directly or indirectly, or exercises control or direction over, directly or indirectly, voting securities carrying ten percent (10%) or more of the voting rights attached to any class of voting securities of the Corporation, except as disclosed below:

<b>Name of Shareholder</b>	<b>Number of Common Shares beneficially owned, controlled or directed, directly or indirectly</b>	<b>Percentage of Common Shares beneficially owned, controlled or directed, directly or indirectly</b>
HFT Strategies Inc.	11,764,500 <sup>(1)</sup>	13.05%

Notes:

(1) Based on insider reports publicly filed on the System for Electronic Disclosure by Insiders ("SEDI") as at July 30, 2019.

#### **BUSINESS OF THE MEETING**

##### **AUDITED FINANCIAL STATEMENTS**

The consolidated financial statements for the financial year ended September 30, 2018 and the report of the auditors thereon, which accompany this Circular will be submitted to the Meeting of shareholders. Receipt at such Meeting of the auditors' report and the Corporation's financial statements for this financial period will not constitute approval or disapproval of any matters referred to therein.

##### **ELECTION OF DIRECTORS**

It is proposed that the five (5) people listed below be nominated for election as directors of Cypherpunk to hold office until the next annual meeting or until their successors are elected or appointed. All of the proposed

nominees are currently directors of Cypherpunk, and have been so since the respective dates indicated. The articles of amendment of the Corporation provide for a minimum of one (1) and a maximum of nine (9) directors.

**The Board of Directors recommends that shareholders vote for the election of the proposed nominees set out below. Unless otherwise instructed, proxies and voting instructions given pursuant to this solicitation by the management of Cypherpunk will be voted for the election of the proposed nominees.** If any proposed nominee is unable to serve as a director, the individuals named in the enclosed form of proxy reserve the right to nominate and vote for another nominee in their discretion.

#### Nominees for Election as Directors

The following table sets forth for each nominee for election as director: place of residence; present principal occupation and principal occupations held in the last five (5) years, if different; a brief description of the nominee's principal directorships, memberships and education; the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction, directly or indirectly, is exercised; the date the nominee became a director of Cypherpunk; current membership on committees of the Board; and whether or not the Board has determined each nominee to be independent. There are no contracts, arrangements or understandings between any director or executive officer or any other person pursuant to which any of the nominees has been nominated.

Name, province or state and country of residence	Principal Occupation	Served as Director of the Company since <sup>(1)</sup>	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed at present <sup>(1)</sup>	Percentage of Voting Shares Owned or Controlled
<b>Marc Henderson</b> Toronto, Ontario, Canada	Interim President and Chief Executive Officer, Director	Director since June 21, 2010	4,050,000	4.49%
<b>Michael Sadhra</b> Richmond, British Columbia, Canada	Director of the Corporation. Mr. Sadhra is also a Partner at Sadhra & Chow LLP, a tax firm.	Director since May 5, 2016	2,000,000	2.22%
<b>Blaise Yerly</b> London, United Kingdom	Director	Director since May 5, 2017	4,250,000	4.71%
<b>Dominic Frisby</b> London, United Kingdom	Director, Author, Journalist	Director since June 6, 2018	391,000	<1%
<b>Mohammed Adham</b> Ottawa, Ontario, Canada	Chief Investment Officer, Chief Executive Officer of Bitaccess Inc.	Director since August 14, 2018	102,000	<1%

Notes:

(2) Each of the named nominees also holds options to purchase 900,000 Common Shares at a price of \$0.10 per Common Share until June 1, 2023.

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

No director of Cypherpunk is, as at the date hereof, or was within ten (10) years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including Cypherpunk), that: (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

### ***Personal Bankruptcies***

No director or executive officer of Cypherpunk, or a shareholder holding a sufficient number of securities of Cypherpunk to affect materially the control of Cypherpunk: (a) is, as at the date hereof, or has been within the ten (10) years before the date of this Circular, a director or executive officer of any company (including Cypherpunk) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the ten (10) years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

### ***Penalties and Sanctions***

No director or executive officer of Cypherpunk, or a shareholder holding a sufficient number of securities of Cypherpunk to affect materially the control of Cypherpunk, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### ***Conflicts of Interest***

The directors or officers of Cypherpunk are, or may become, directors or officers of other companies with businesses which may conflict with the business of Cypherpunk. In accordance with the *Business Corporations Act (Ontario)*, directors are required to act honestly and in good faith with a view to the best interests of Cypherpunk. In addition, directors in a conflict of interest position are required to disclose certain conflicts to Cypherpunk and to abstain from voting in connection with the matter. To the best of Cypherpunk's knowledge, there are no known existing or potential conflicts of interest between Cypherpunk or a subsidiary of Cypherpunk and a director or officer of Cypherpunk or a subsidiary of Cypherpunk as a result of their outside business interests at the date hereof. However, certain of the directors and officers serve as directors and/or officers of other companies including Marc Henderson, who is the President, CEO and a director of Laramide Resources Ltd., a resource company specializing in the acquisition, discovery and development of uranium projects, and one of Cypherpunk's largest shareholders. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of Cypherpunk.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

Effective corporate governance is a priority for the Board of Directors. In developing Cypherpunk's corporate governance practices, the Board of Directors has taken into account the rules and guidelines adopted by the Canadian Securities Administrators ("CSA") in June 2005 (National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 - *Corporate Governance Guidelines* (collectively, the "CSA Governance Requirements"), which require Cypherpunk to disclose certain information relating to its corporate governance practices.

The CSA Governance Requirements set out best practices drawn from existing Canadian standards and U.S. regulatory standards. Cypherpunk is required to describe certain aspects of its corporate governance practices in its management information circular, including a discussion of any practices that are inconsistent with the CSA Governance Requirements. This information is set out in Appendix B to this Circular.

The CSA has also enacted rules regarding the composition of audit committees (Multilateral Instrument 52-110 - *Audit Committees*) and the certification of an issuer's disclosure controls and procedures (Multilateral

Instrument 52-109 - *Certification of Disclosure in Issuers' Annual and Interim Filings*). Cypherpunk is currently in compliance with these rules. For the year ended September 30, 2018, the Chief Executive Officer and Chief Financial Officer were required to file a certificate to certify that Cypherpunk's annual filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the annual filings and the annual financial statements together with the other financial information included in the annual filings fairly present in all material respects the financial condition, financial performance and cash flows of the issuer, as of the date of and for the periods presented in the annual filings.

In this Circular, the term "independent" director has the corresponding meaning given to the term "independent" director in NI 58-101; namely, a director who has no direct or indirect material relationship with the Corporation which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of the Director's independent judgement. A majority of the nominees standing for election as directors are "independent" within the meaning of NI 58-101.

### COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors has established two (2) standing committees: (1) an Audit Committee (the "**Audit Committee**"); and (2) a Compensation Committee (the "**Compensation Committee**"). A brief description of each committee is set out below.

#### *Audit Committee.*

The Audit Committee assists the Board in fulfilling its responsibilities for oversight of financial and accounting matters. The Audit Committee recommends the auditors to be nominated and reviews the compensation of the auditors. The Audit Committee is directly responsible for overseeing the work of the auditors, must pre-approve non-audit services, be satisfied that adequate procedures are in place for the review of our public disclosure of financial information extracted or derived from Cypherpunk's financial statements and must establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters. The current members of the Audit Committee are Michael Sadhra, Dominic Frisby and Blaise Yerly. For additional information concerning the Audit Committee please refer to the section entitled "Audit Committee" below.

#### *Compensation Committee.*

The Compensation Committee assists the Board in fulfilling its responsibilities for compensation philosophy and guidelines, and fixing compensation levels for Cypherpunk's executive officers. In addition, the Compensation Committee is charged with reviewing the Plan and proposing changes thereto, approving any awards of options under the Plan and recommending any other employee benefit plans, incentive awards and perquisites with respect to Cypherpunk's executive officers.

Each of the members of the Compensation Committee has direct experience that is relevant to their responsibilities regarding executive compensation of the Corporation. Accordingly, as a result of this collective experience, the Compensation Committee has knowledge of typical day-to-day responsibilities and challenges faced by the Corporation's management team, the role of a Board in reviewing the executive compensation of a reporting issuer, and first-hand knowledge regarding executive compensation policies and practices in the private sector, all of which are beneficial to the committee in the context of its review of the Corporation's compensation policies and practices.

The current members of the Compensation Committee are Marc Henderson, Dominic Frisby and Blaise Yerly.

## STATEMENT OF EXECUTIVE COMPENSATION

### Introduction

This section of the Circular explains how the Corporation’s executive compensation program is designed and operated with respect to the President and Chief Executive Officer (referred to as the “**CEO**” in the narrative discussion in this section and under the section entitled “Executive Compensation Tables”), Chief Financial Officer (“**CFO**”), and the three other most highly compensated executive officers included in this reported financial year whose total compensation was, individually, more than \$150,000 (together with the CEO and CFO collectively referred to as the “**Named Executive Officers**” or “**NEOs**”, and each a “**Named Executive Officer**” or “**NEO**”). This section also identifies the objectives and material elements of compensation awarded to the NEOs and the reasons for the compensation. For a complete understanding of the executive compensation program, this Compensation Discussion and Analysis should be read in conjunction with the Summary Compensation Table and other executive compensation-related disclosure included in this Circular.

During the most recently completed financial year ended September 30, 2018, the following individuals were NEOs of the Corporation:

- (a) Marc Henderson, Interim Chairman, President and Chief Executive Officer of the Corporation from May 5, 2017;
- (b) Dennis Gibson, Chief Financial Officer from August 27, 2018;
- (c) Michael Sadhra, Interim Chief Financial Officer from May 5, 2017 to August 27, 2018;

### Director and Named Executive Officer Compensation

#### *Director and named executive officer compensation, excluding compensation securities*

The following table sets forth a summary of the compensation paid to the NEOs and the Directors for the two most recently completed financial years:

Table of Compensation Excluding Compensation Securities							
Name and position	Year	Salary, consulting fee, director fee, retainer or commission <sup>(9)</sup> (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Marc Henderson</b> <sup>(1)</sup> Interim Chief Executive Officer and Director	2018	15,000	Nil	Nil	Nil	Nil	15,000
	2017	19,500	Nil	Nil	Nil	Nil	19,500
<b>Dennis Gibson</b> <sup>(2)</sup> Chief Financial Officer	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>Michael Sadhra</b> <sup>(3)</sup> Director	2018	15,000	Nil	Nil	Nil	Nil	15,000
	2017	6,250	Nil	Nil	Nil	Nil	6,250
<b>Blaise Yerly</b> <sup>(4)</sup>	2018	15,000	Nil	Nil	Nil	Nil	15,000

Director	2017	6,250	Nil	Nil	Nil	Nil	6,250
<b>Dominic Frisby</b> <sup>(5)</sup>	2018	30,000	Nil	Nil	Nil	Nil	30,000
Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>Mohammed Adham</b> <sup>(6)</sup>	2018	30,000	Nil	Nil	Nil	Nil	30,000
Chief Investment Officer and Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>Kulwant Singh Malhi</b> <sup>(7)</sup>	2018	6,717	Nil	Nil	Nil	Nil	6,717
Former Director	2017	6,250	Nil	Nil	Nil	Nil	6,250

Notes:

- (1) Mr. Henderson was appointed as interim CEO of the Corporation on May 5, 2017.
- (2) Mr. Gibson was appointed as CFO of the Corporation on August 27, 2018.
- (3) Mr. Sadhra was appointed as interim CFO and director of the Corporation on May 5, 2017 and resigned as interim CFO on August 27, 2018.
- (4) Mr. Yerly was appointed as a director of the Corporation on May 5, 2017.
- (5) Mr. Frisby was appointed as a director of the Corporation on June 6, 2018.
- (6) Mr. Adham was appointed as Chief Investment Officer on June 28, 2018 and a director of the Corporation on August 14, 2018.
- (7) Mr. Malhi was a director of the Corporation from May 5, 2017 until June 6, 2018.

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

The following table sets out for each NEO and Director of the Corporation all compensation securities granted or issued to such NEO and Director in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Corporation.

<b>Compensation Securities</b>							
<b>Name and position</b>	<b>Type of compensation security</b>	<b>Number of compensation securities, number of underlying securities, and percentage of class</b>	<b>Date of issue or grant</b>	<b>Issue, conversion or exercise price (\$)</b>	<b>Closing price of security or underlying security on date of grant (\$)</b>	<b>Closing price of security or underlying security at year end (\$)</b>	<b>Expiry date</b>
<b>Marc Henderson</b> Interim Chief Executive Officer and Director	Stock Options	900,000	June 6, 2018	\$0.10	\$0.09	\$0.07	June 1, 2023
<b>Dennis Gibson</b> Chief Financial Officer	Stock Options	300,000	June 6, 2018	\$0.10	\$0.09	\$0.07	June 1, 2023
<b>Michael Sadhra</b> Director	Stock Options	900,000	June 6, 2018	\$0.10	\$0.09	\$0.07	June 1, 2023

<b>Blaise Yerly</b> Director	Stock Options	900,000	June 6, 2018	\$0.10	\$0.09	\$0.07	June 1, 2023
<b>Dominic Frisby</b> Director	Stock Options	900,000	June 6, 2018	\$0.10	\$0.09	\$0.07	June 1, 2023
<b>Mohammed Adham</b> Chief Investment Officer	Stock Options	900,000	June 6, 2018	\$0.10	\$0.09	\$0.07	June 1, 2023
<b>Kulwant Singh Malhi</b> Former Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil

## Compensation Discussion and Analysis

### Objectives of the Compensation Program

The objectives of the Corporation’s executive compensation program are:

- (a) to reward individual contributions in light of overall business results;
- (b) to be competitive with the companies with whom the Corporation competes for talent;
- (c) to align the interests of the executives with the interests of the shareholders; and
- (d) to attract and retain executives who can help the Corporation achieve its objectives.

### Elements of Executive Compensation

Total direct compensation (“**Total Direct Compensation**”) represents the combined value of fixed compensation and performance-based variable incentive compensation, comprising: base salary, short-term incentive compensation in the form of an annual cash bonus, and long-term incentive compensation in the form of stock options.

The allocation of Total Direct Compensation value to these different compensation elements is not based on a formula, but rather is intended to reflect the Compensation Committee’s discretionary assessment of an executive officer’s past contribution and ability to contribute to future short and long-term business results, all consistent with the circumstances of the Corporation.

#### *Base Salary*

The base salary of each NEO is reviewed annually and is the fixed portion of each NEO’s Total Direct Compensation and is designed to provide income certainty consistent with the circumstances of the Corporation.

#### *Short-term Incentives*

The annual cash bonus is a short-term incentive that is intended to reward each executive officer for their yearly individual contribution in the context of overall annual corporate performance.

### *Long-term Incentives*

Long-term incentive compensation is provided through the granting of stock options. This incentive arrangement is designed to motivate executives to achieve longer-term business results, align their interests with those of the shareholders and to attract and retain executives. Participants benefit only if the market value of the Corporation's Common Shares at the time of a stock option exercise is greater than the exercise price of the stock options at the time of the relevant grant. Stock options generally vest at the date of the grant, or as otherwise determined by the Board. Other than the Plan described below, the Corporation does not have a share-based awards plan or long-term incentive plan.

### **Determination of Compensation**

Rather than strictly applying formulas and weightings to forward-looking performance objectives, which may lead to unintended consequences for compensation purposes, the Compensation Committee exercises its discretion and uses sound judgment in making compensation determinations. For this reason, the Compensation Committee does not measure performance using any pre-set formulas in determining compensation awards for NEOs.

The Board does not feel it is necessary to assess the effectiveness of individual board members. Each board member has considerable experience which is sufficient to meet the needs of the Corporation. On an annual basis, however, the Board assesses the contributions of each of the individual directors, and of the Board as a whole, in order to determine whether each is functioning effectively.

### **Stock Options**

#### *Stock Option Granting Process*

Generally, stock option grants are determined annually. The CEO makes recommendations to the Compensation Committee and the Board regarding individual stock option awards for all recipients. The CEO does not engage in discussions with the Compensation Committee or the Board regarding his own stock option grants. The Compensation Committee and the Board deliberate and consider relevant market data and other information in order to determine the CEO's stock option grant.

The Compensation Committee and the Board review the appropriateness of the stock option grant recommendations from the CEO for all eligible employees and accepts or adjusts these recommendations. The Compensation Committee and the Board are responsible for approving all individual stock option grants, including grants that are awarded outside the annual compensation deliberation process for such things as promotions or new hires.

In the fiscal year ended September 30, 2018, 5,000,000 stock options were granted to consultants and directors.

### **Stock Option Plan**

On May 21, 2004, the Corporation introduced the Plan, which was subsequently amended on January 9, 2009 and re-approved on January 13, 2012 by the Board and most recently obtained shareholder approval on February 16, 2012. Further housekeeping and clerical revisions to the Plan were approved by the Board on January 10, 2013 to reflect the Corporation's migration to the CSE. The CSE does not require annual approval by the shareholders of the Plan. The purpose of the Plan is to advance the interests of the Corporation and its subsidiaries by encouraging the directors, officers, employees and consultants (including the directors, officers and employees of such consultants) (each a "Participant") of the Corporation and its subsidiaries to acquire Common Shares, thereby (a) increasing the proprietary interests of such persons in the Corporation, (b) aligning the interests of such person with the interests of the Corporation's shareholders generally, (c) encouraging such persons to remain associated with the Corporation, and (d) furnishing such persons with an additional incentive in their efforts on behalf the Corporation.

According to the provisions of the Plan, the Board is authorized to provide for the granting, exercise and method of exercise of options, all on such terms as it shall determine including the delegation of the administration and operation of the Plan, in whole or in part, to a committee of the Board, subject to the terms of the Plan and applicable stock exchange rules. Under the Plan, the aggregate number of shares reserved for issuance may not exceed the greater of 5,000,000 Common Shares or 10% of the total number of issued and outstanding Common Shares at the time of any option grant, being 9,016,648 Common Shares as of the date of this Circular. As of the date hereof, there were no options outstanding under the Plan. Accordingly, the Corporation may grant 9,016,648 options under the Plan (representing 10% of the issued and outstanding Common Shares), calculated based on 10% of the number of Common Shares issued and outstanding as of the date of this Circular.

The number of Common Shares that may be acquired under an option granted to a Participant is determined by the Board, provided that the aggregate number of Common Shares reserved for issuance in any twelve (12) month period to any one Participant shall not exceed 5% of the Corporation's then issued and outstanding Common Shares unless the Corporation has obtained prior shareholder approval. In addition, no more than 2% of the Corporation's then issued and outstanding Common Shares may be granted to any one consultant or to any one employee in any twelve (12) month period.

Within any twelve (12) month period, the number of Common Shares issued to insiders of the Corporation under the Plan and any other security based compensation arrangement, may not exceed 10% of the Corporation's then issued and outstanding Common Shares and nor may the number of Common Shares reserved for issuance to insiders of the Corporation under the Plan at any time exceed 10% of the Corporation's then issued and outstanding Common Shares.

The exercise price of any options granted under the Plan will be fixed by the Board at the time of the grant, provided that the options shall not be less than the closing price of the Common Shares on the business day immediately prior to the date of the grant as quoted on the CSE.

The period during which an option may be exercised shall also be determined by the Board at the time the option is granted, provided that no option shall be exercisable for a period exceeding five (5) years from the date it was granted and subject to any vesting limitations imposed by the Board in its sole unfettered discretion at the time of the grant. Generally, options expire within ninety (90) days of a Participant ceasing to be a Participant, or if the Participant is engaged to provide investor relations activities to the Corporation, thirty (30) days after the optionee ceases to be employed to provide such investor relations activities or immediately if the Participant is terminated for cause. In the event of death or permanent disability of a Participant, any option previously granted to such Participant shall be exercisable until the end of the option period or until the date that is not later than one year after the date of death or permanent disability of such Participant, whichever is earlier unless otherwise determined by the Board. All options granted pursuant to the Plan are personal to the grantee and are not assignable or otherwise transferable except for a limited right of assignment to allow: (a) the exercise of options by a Participant's legal representative in the event of death or incapacity, or (b) the transfer of an option to a corporation wholly owned by the Participant or certain trusts, of which the Participant is the sole beneficiary.

The Plan or any option thereunder may be amended at any time, subject to the approval of the Board and the shareholders of the Corporation, as well as any requisite regulatory approvals, in order to: (i) increase the maximum number (or percentage) of Common Shares issuable under the Plan, (ii) increase the maximum number of Common Shares issuable under the Plan to insiders, (iii) make any amendment that would reduce the exercise price of any outstanding option (including a cancellation or reissue of an option constituting a reduction of the exercise price), (iv) extend the term of any option granted under the Plan beyond the original expiry date, (v) increase the maximum term of any option permitted under the Plan, (vi) expand the categories of individuals eligible to participate under the Plan, (vii) allow options to be transferred or assigned other than as provided under the Plan (and described above), or (viii) to amend the amendment provisions of the Plan.

Without limiting the scope of the foregoing, the Plan provides that, for greater certainty, the Board may at any time and for any reason, make the following amendments to the Plan or any option thereunder without shareholder approval (provided that a Participant's consent to such action is required unless the Board determines that the action would not materially and adversely affect the existing rights of such Participant): (i) amendments of a housekeeping or clerical nature, as well as any clarifying amendment to the provisions of the

Plan, (ii) amendments to the eligibility criteria and limits for participation in the Plan, (iii) a change to the termination provisions of an option or of the Plan, provided that the change does not entail an extension beyond an option's original expiry date, (iv) additions and amendments to or deletions from the Plan in order to comply with legislation governing the Plan or the requirements of a regulatory body or stock exchange, and (v) amendments to the provisions relating to the administration of the Plan.

### **Other Compensation**

Executive officers may receive other benefits that the Corporation believes are reasonable and consistent with its overall executive compensation program. Benefits may include traditional health programs, bonus payments and limited executive perquisites.

### **How the Corporation Determines Compensation**

#### *The Role of the Compensation Committee*

The Compensation Committee approves, or recommends for approval, all compensation to be awarded to the NEOs. The Compensation Committee reviews various materials in its deliberations before considering or rendering decisions.

The Compensation Committee has full discretion to adopt or alter management recommendations or to consult its own external advisors.

The Compensation Committee believes it is important to follow appropriate governance practices in carrying out its responsibilities with respect to the development and administration of executive compensation and benefit programs. Governance practices followed by the Compensation Committee include holding in-camera sessions without management present and, when necessary, obtaining advice from external consultants.

#### *The Role of Management*

Management has direct involvement in and knowledge of the business goals, strategies, experiences and performance of the Corporation. As a result, management plays an important role in the compensation decision-making process. The Compensation Committee engages in active discussions with the CEO concerning the determination of performance objectives.

The CEO makes recommendations to the Compensation Committee regarding the amount and type of compensation awards for other members of executive management. The CEO does not engage in discussions with the Compensation Committee regarding his own Total Direct Compensation. The Compensation Committee is provided with relevant market data and other information as requested, in order to support the Compensation Committee's deliberations regarding the CEO's Total Direct Compensation and subsequent recommendation to the Board.

### **Performance Assessment**

Rather than strictly applying formulas and weightings to forward-looking performance objectives, which may lead to unintended consequences for compensation purposes, the Compensation Committee exercises its discretion and uses sound judgment in making compensation determinations. For this reason, the Compensation Committee does not measure performance using any pre-set formulas in determining compensation awards for NEOs.

### *Corporate Performance*

In recent years, the Corporation has had objectives primarily related to the collection of the international arbitration award, the distribution of any collected funds to its shareholders in a timely and tax efficient manner, and operating the Corporation in a cost effective manner. These objectives are utilized by the Compensation Committee as a reference when making compensation decisions.

### *Individual Performance*

The Compensation Committee, in consultation with the CEO, reviews the achievements and overall contribution of each individual executive officer who reports to the CEO. The Compensation Committee has in-camera discussions to complete an independent assessment of the performance of the CEO.

### **Previously Awarded Compensation**

The Compensation Committee approves or recommends compensation awards which are not contingent on the number, term or current value of other outstanding compensation previously awarded to the individual. The Compensation Committee believes that reducing or limiting current stock option grants or other forms of compensation because of prior gains realized by an executive officer would unfairly penalize the officer and reduce the motivation for continued high achievement. Similarly, the Compensation Committee does not purposely increase long-term incentive award values in a given year to offset less-than-expected returns from previous grants.

During the annual Total Direct Compensation deliberations, the Compensation Committee is provided with summaries of the history of each executive officer's previously awarded Total Direct Compensation. These summaries help the Compensation Committee to track changes in an executive officer's Total Direct Compensation from year to year and to remain aware of the historical compensation for each individual.

### **Decisions Related to Executive Compensation That Were Taken After Year End**

There were no decisions related to executive compensation that were taken after the year ended September 30, 2018.

### **Pension Plan Benefits**

The Corporation does not have any pension plans that provide for payments or benefits at, following, or in connection with retirement or provide for retirement or deferred compensation plans.

### **DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNIFICATION**

In accordance with the provisions of the *Business Corporations Act* (Ontario), Cypherpunk's by-laws provide that Cypherpunk will indemnify a director or officer, a former director or officer, or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which Cypherpunk is or was a shareholder or creditor, and his or her heirs and legal representatives, against all costs, charges and expenses, including amounts paid to settle an action or to satisfy a judgment, reasonably incurred in respect of any civil, criminal or administrative action or proceeding to which he or she was made a party by reason of being or having been a director or officer of Cypherpunk or such other company if he or she acted honestly and in good faith with a view to the best interests of the Corporation and, in the case of a criminal or administrative action or proceeding that is enforced by monetary penalty, he or she had reasonable grounds to believe that his or her conduct was lawful. If Cypherpunk becomes liable under the terms of its by-laws, the insurance coverage will extend to its liability; however, each claim will be subject to a deductible.

### **APPOINTMENT OF AUDITORS**

The Board of Directors proposes that Davidson & Company LLP (the "**Auditors**") be appointed as the auditors of the Corporation to hold office until the close of the next annual meeting of shareholders and that the Board of Directors be authorized to fix the remuneration of the Auditors. The Auditors were first appointed as auditors

of Cypherpunk on July 9, 2019 replacing RSM Canada LLP, who were first appointed as auditors of Cypherpunk on July 28, 2014.

### External Auditor Service Fees

The following fees were incurred by Cypherpunk for the financial years ended September 30, 2017 and 2018 for professional services rendered to the Corporation:

Fees	2017	2018
Audit Fees <sup>(1)</sup>	\$28,654	\$23,100
Audit-Related Fees <sup>(2)</sup>	Nil	Nil
Tax Fees <sup>(3)</sup>	\$43,205	\$13,021
All Other Fees <sup>(4)</sup>	Nil	Nil

Notes:

- (1) Audit Fees are the aggregate fees billed or accrued, as the case may be, by the auditor of the Corporation for the applicable period in each of the last two fiscal years for audit services. Included in these aggregate fees are the amounts for the audit of the annual consolidated financial statements.
- (2) Audit-Related Fees are the aggregate fees billed or accrued, as the case may be, by the auditor of the Corporation for the applicable period in each of the last two fiscal years for assurance and related services by the current or former auditor, as applicable, that are reasonably related to the performance of the audit or review of Cypherpunk's financial statements and are not Audit Fees, including for consultations on accounting developments and the accounting for potential corporate transactions.
- (3) Tax Fees are the aggregate fees billed or accrued, as the case may be, for the applicable period in each of the last two fiscal years for professional services rendered, as applicable, for tax compliance, tax advice, and tax planning.
- (4) All Other Fees are the aggregate fees billed or accrued, as the case may be, by the auditor of the Corporation for the applicable period in each of the last two fiscal years for products and services provided by the current or former auditor, as applicable, other than Audit Fees, Audit-Related Fees or Tax Fees.

**The Board of Directors recommends that shareholders vote for the appointment of Davidson & Company LLP as auditor and the authorization of the Board to fix their remuneration.**

### BY-LAW RESOLUTION

#### Confirmation and Ratification of the New General By-Laws

On July 18, 2019, the Board adopted a resolution to repeal the Corporation's former general by-laws (the "Initial General By-Laws") and approve new general by-laws of the Corporation (the "New General By-Laws"), with a view to providing the Corporation with a more concise set of by-laws which are compliant with the Business Corporations Act (Ontario) (the "OBCA") and are better adapted to the current state of affairs of the Corporation. The full text of the New General By-Laws is set forth in Schedule "A" to Appendix A to this Management Information Circular.

The New General By-Laws include provisions that establish a framework for advance notice of nominations of directors by shareholders of the Corporation (the "Advance Notice By-law"). The Advance Notice By-law sets a deadline for a certain number of days before a shareholders' meeting for a shareholder to notify us of its intention to nominate one or more directors, and explains the information that must be included with the notice for it to be valid. The Advance Notice By-law applies at an annual meeting of shareholders or a special meeting of shareholders that was called to elect directors, and may be waived by the Board. It does not affect the ability of shareholders to requisition a meeting or nominate directors through a shareholder proposal, in accordance with the OBCA.

The Board believes that the New General By-Laws provide updates that are in accordance with evolving corporate governance practices, and also facilitate orderly and efficient shareholders' meetings. In particular, the Advance Notice By-law is intended to increase transparency and promote informed decision making by providing all shareholders with reasonable notice of director nominations and sufficient information to vote on all the director nominees.

In accordance with the OBCA, the Shareholders must confirm and ratify the repeal of the Corporation's Initial General By-Laws and the enactment of the New General By-Laws at the Meeting by way of ordinary resolution. If rejected, the New General By-Laws cease to be effective on the date rejected by the shareholders. The New General By-Laws are effective until confirmed, confirmed as amended, or rejected by shareholders at the Meeting. If confirmed, the New General By-Laws will continue in effect.

Accordingly, at the Meeting, the Shareholders will be asked to consider and, if deemed advisable, to approve the resolution (the "By-Law Resolution") set out in Appendix A of this Circular approving, confirming and ratifying the repeal of the Initial General By-Laws and the enactment of the New General By-Laws:

**The Board considers the adoption of the New General By-Laws and the repeal of the Initial General By-Laws to be in the best interests of the Corporation and its Shareholders and accordingly, the Board unanimously recommends that the Shareholders vote IN FAVOUR of the adoption of the By-Law Resolution, to approve, confirm and ratify the repeal of the Corporation's Initial General By-Laws.**

## AUDIT COMMITTEE

### Review of Effectiveness of Auditors

Pursuant to a report released in May, 2013 by Chartered Professional Accountants of Canada and the Canadian Public Accountability Board entitled *Enhancing Audit Quality: Canadian Perspectives*, the Corporation has adopted the recommendations of the report with respect to the review of the effectiveness of the Corporation's auditors as follows:

- (a) Having the Audit Committee perform a periodic comprehensive review of the audit firm at least every five years, resulting in a recommendation to retain or replace the audit firm, is the preferred approach to address any institutional familiarity threats potentially created by audit firm tenure and to focus on audit quality.
- (b) The mandatory rotation of audit firms or mandatory re-tendering of the audit would not contribute to the enhancement of audit quality.
- (c) A report summarizing the results, findings and conclusions of the comprehensive review should be included in an entity's public disclosures in the year the comprehensive review is carried out.

In order to comply with the recommendations noted above, the Audit Committee will conduct a comprehensive review every five (5) years with the first one occurring in 2019, which is five years after the appointment of the current auditor.

### *Yearly Review*

The Audit Committee shall every year:

- (a) Monitor the effectiveness of the financial reporting environment;
- (b) Oversee the annual work of the auditors;
- (c) Review the audit plan;
- (d) Consider the impact of business risk on the audit plan;
- (e) Assess reasonableness of the audit fee;
- (f) Monitor the execution of the audit plan, with emphasis on the more complex and risky areas of the audit;

- (g) Review and evaluate the audit findings; and
- (h) Conduct an annual assessment of the performance of the external auditors.

In carrying out its annual assessment, the Audit Committee concluded that the auditor's performance of its duties to the Corporation were satisfactory, providing a high degree of confidence in the effectiveness of the yearly audit. The Audit Committee recommended that the incumbent auditor be retained.

#### **ADDITIONAL INFORMATION**

##### **Interest of Certain Persons or Companies in Matters to be Acted Upon**

Except as otherwise disclosed in this Circular, no person who has been a director or executive officer of Cypherpunk since the beginning of the last financial year and no associate or affiliate of any such director or executive officer has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

##### **Interest of Informed Persons in Material Transactions**

Other than as stated elsewhere in this Circular, no informed person, director, executive officer, nominee for director, any person who beneficially owns, directly or indirectly, Common Shares carrying more than 10% of the voting rights attached to all outstanding shares of Cypherpunk, nor any associated or affiliate of such persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or any proposed transaction which has materially affected or would materially affect Cypherpunk.

##### **Other Business**

Management of Cypherpunk knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if matters not now known to management should come before the Meeting, Common Shares represented by proxies solicited by management will be (i) on each such matter in accordance with the best judgment of the nominees voting same.

#### **AVAILABILITY OF DISCLOSURE DOCUMENTS**

Additional information relating to Cypherpunk is available on SEDAR at [www.sedar.com](http://www.sedar.com), the CSE's website at [www.thecse.com](http://www.thecse.com) under Cypherpunk's corporate profile and on Cypherpunk's website at [www.Cypherpunkholdings.com](http://www.Cypherpunkholdings.com). Financial information about Cypherpunk is provided in the Corporation's comparative financial statements and management's discussion and analysis of financial and operating results for the financial year ended September 30, 2018.

A copy of this Circular has been sent to each director of Cypherpunk, to the applicable regulatory authorities, to each shareholder entitled to receive notice of the Meeting and to the auditors of Cypherpunk. If you would like to obtain, at no cost to you, a copy of the following documents:

- (a) the comparative financial statements and MD&A of Cypherpunk for the year ended September 30, 2018 together with the accompanying report of the auditors' thereon or any interim financial statements or MD&A of Cypherpunk for periods subsequent to September 30, 2018, or
- (b) this Circular,

Please send your request to:

Cypherpunk Holdings Inc.  
The Exchange Tower  
130 King Street West  
Suite 3680, P.O. Box 99  
Toronto, Ontario, Canada  
M5X 1B1

Telephone: (416) 599-8547  
Attention: Marc Henderson

### **APPROVAL OF THE BOARD OF DIRECTORS**

The contents of this Circular and the sending of it to the Shareholders, to each director of Cypherpunk, to Cypherpunk's auditors and to the appropriate governmental agencies have been approved by the Board.

Unless otherwise noted, the information contained herein is given as of July 30, 2019.

**DATED** at Toronto, Ontario this 30<sup>th</sup> day of July, 2019.

### **BY ORDER OF THE BOARD OF DIRECTORS**

*"Marc Henderson" (signed)*  
Interim President and Chief Executive Officer

**APPENDIX A**  
**RESOLUTION OF THE SHAREHOLDERS**  
**OF**  
**CYPHERPUNK HOLDINGS INC.**

**BY-LAW RESOLUTION**

**“BE IT RESOLVED THAT:**

1. The repeal of the general by-laws of Cypherpunk Holdings Inc. (the “**Corporation**”) dated October 22, 2002, as authorized and approved by the directors of the Corporation on July 18, 2019, be and is hereby ratified and confirmed;
2. The new general by-laws of the Corporation, a copy of which is attached as Schedule “A” to Appendix A to the management information circular of the Corporation dated July 30, 2019 (the “**Management Information Circular**”), as authorized and approved by the directors of the Corporation on July 18, 2019, as further described in the Management Information Circular, be and are hereby ratified and confirmed (the “**New General By-Laws**”);
3. The board of directors of the Corporation be and is hereby authorized on behalf of the Corporation to make any amendments to the New General By-Laws as may be required by regulatory authorities or otherwise made necessary by applicable legislation, without further approval of the shareholders of the Corporation, in order to ensure the adoption and efficient function of the New General By-Laws; and
4. Any director or officer of the Corporation be and each of them is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver or cause to be executed and delivered all documents, and to take any action, which, in such director’s or officer’s own discretion, is necessary or desirable to give effect to this resolution.”

**SCHEDULE “A”  
TO APPENDIX A  
CYPHERPUNK HOLDINGS INC.**

(the “Corporation”)

**BY-LAW NO. 1**

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

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

**ARTICLE 1**  
**INTERPRETATION**

**1.1 Definitions.** In the by-laws of the Corporation, unless the context otherwise requires:

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

“**Applicable Securities Laws**” means the applicable securities legislation of each relevant province and territory in Canada, as from time to time amended, the written rules, regulations and forms made or promulgated under any such legislation and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each province or territory of Canada;

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

“**articles**” means the articles of incorporation of the Corporation, as from time to time amended or restated;

“**board**” means the board of directors of the Corporation and “**director**” means a member of the board;

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

“**cheque**” includes a bank draft;

“**day**” means a clear day and a period of days shall be deemed to commence on the day following the event that began the period and shall be deemed to terminate at midnight of the last day of the period except that if the last day of the period falls on a Sunday or holiday the period shall terminate at midnight of the day next following that is not a Sunday or a holiday;

“**meeting of shareholders**” includes an annual meeting of shareholders, a special meeting of shareholders and an annual and special meeting of shareholders;

“**non-business day**” means Saturday, Sunday and any other day that is a holiday as defined in the *Legislation Act* (Ontario), as from time to time amended;

“**ordinary resolution**” means a resolution that is: (i) submitted to a meeting of the shareholders of a corporation and passed, with or without amendment, at the meeting by at least a majority of the votes cast; or (ii) signed by all of the shareholders entitled to vote on that resolution;

“**person**” includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator, or other legal representative;

“**recorded address**” means: (i) in the case of a shareholder, the address of the shareholder as recorded in the securities register; (ii) 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; (iii) in the case of an officer, auditor or member of a committee of the board, the latest address as

recorded in the records of the Corporation; and (iv) in the case of a director, the latest address as recorded in the records of the Corporation or in the most recent notice filed under the *Corporations Information Act* (Ontario), whichever is more current;

“**resident Canadian**” means an individual who is:

- (a) a Canadian citizen ordinarily resident in Canada;
- (b) a Canadian citizen not ordinarily resident in Canada who is a member of a class of persons prescribed in the regulations to the Act; or
- (c) a permanent resident within the meaning of the *Immigration and Refugee Protection Act* (Canada) and ordinarily resident in Canada;

“**signing officer**” means, in relation to any instrument, any person authorized to sign the instrument on behalf of the Corporation by or pursuant to section 2.5;

“**special meeting of shareholders**” includes a meeting of any class, classes or series of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;

“**special resolution**” means a resolution: (i) passed by a majority of not less than two-thirds of the votes cast by the shareholders who voted in respect of that resolution; or (ii) signed by all the shareholders entitled to vote on that resolution; and

“**unanimous shareholder agreement**” means either: (i) a lawful written agreement among all the shareholders of the Corporation, or among all the shareholders and one or more persons who are not shareholders; or (ii) a written declaration of the registered owner of all of the issued shares of the Corporation; in each case, that restricts, in whole or in part, the powers of the directors to manage, or supervise the management of the business and affairs of the Corporation, as from time to time amended.

**1.2 Interpretation.** Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein.

**1.3 Number.** Words importing the singular number include the plural and vice versa.

**1.4 Gender.** Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

**1.5 Headings.** Headings are inserted in this by-law for reference purposes only and are not to be considered or taken into account in construing the terms or provisions hereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

**1.6 Conflict with Unanimous Shareholder Agreement.** Where any provision in the by-laws conflicts with any provision of any unanimous shareholder agreement, the provision of such unanimous shareholder agreement shall govern.

## ARTICLE 2 BUSINESS OF THE CORPORATION

**2.1 Registered Office.** Until changed in accordance with the Act, the registered office of the Corporation shall be within the municipality or geographic township within Ontario initially specified in

the articles and thereafter as the shareholders may, from time to time, determine by special resolution, and at such location therein as the board may, from time to time, determine by resolution.

**2.2 Books and Records.** Any records administered by or on behalf of the Corporation in the regular course of its business, including its securities register, books of account and minute books, and which may be maintained in a bound or loose-leaf book or may be entered or recorded by any system of mechanical or electronic data processing or any other information storage device, method, or one or more electronic networks or databases (including one or more distributed electronic networks or databases). The Corporation shall make such records available for inspection pursuant to applicable law.

**2.3 Corporate Seal.** The corporate seal of the Corporation, if adopted, shall be in such form as the board may by resolution, from time to time, adopt. An instrument or agreement executed on behalf of the Corporation by a director, an officer or an agent of the Corporation is not invalid merely because the corporate seal, if adopted, is not affixed to it.

**2.4 Financial Year.** The financial year of the Corporation shall end on such date in each year as shall be determined, from time to time, by resolution of the board.

**2.5 Execution of Contracts, Etc.** Contracts, documents or instruments in writing requiring the signature of the Corporation may be signed by any one director or officer of the Corporation, and all contracts, documents or instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The board shall have the power, from time to time, by resolution to appoint any one or more officers or other persons on behalf of the Corporation either to sign contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing.

The corporate seal of the Corporation, if adopted, may be affixed to contracts, documents or instruments in writing signed by an officer or person appointed by resolution of the board.

The term “contracts, documents or instruments in writing” as used in this by-law shall include, without limitation, agreements, deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, movable or immovable, powers of attorney, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, share warrants, stocks, bonds, debentures, notes or other securities, instruments of proxy and all paper writings.

Without limiting the generality of the foregoing, any one director or officer is authorized to sell, assign, transfer, exchange, convert or convey all securities owned by or registered in the name of the Corporation and to sign and execute (under the corporate seal, if adopted, of the Corporation or otherwise) all assignments, transfers, conveyances, powers of attorney and other instruments that may be necessary for the purpose of selling, assigning, transferring, exchanging, converting or conveyancing any such securities.

Subject to the Act and applicable electronic commerce legislation, any contracts, documents or instruments required to be created or provided in writing and required or permitted to be executed by one or more persons on behalf of the Corporation may be: (i) created in electronic document form and provided by electronic means; (ii) signed by mechanically reproduced signature or electronic signature, which signature or signatures shall be as valid to all intents and purposes as if they had been signed manually and notwithstanding that the person or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of delivery or issue of such contract, document or instrument in writing; and (iii) executed in separate counterparts, each of which when duly executed by one or more of such

persons shall be an original and all such counterparts together shall constitute one and the same such contract, document or instrument in writing. Notwithstanding the foregoing, the board may, from time to time, direct the manner in which and the person or persons by whom any particular contract, document or instrument in writing, or class of contracts, documents or instruments in writing, may or shall be signed.

**2.6 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 persons as may, from time to time, be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may, from time to time, prescribe or authorize.

**2.7 Voting Securities in Other Issuers.** The person or persons authorized under section 2.5 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 person 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 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.

**2.8 Divisions.** The board may cause the business and operations of the Corporation, or any part thereof, to be divided or segregated into one or more divisions having regard to, without limitation, the character or type of businesses or operations, geographical territories, product lines or goods or services as the board may consider appropriate in each case. From time to time, the board, or any officer authorized by the board, may authorize, upon such basis as may be considered appropriate in each case:

- (a) Sub-Division and Consolidation - the further division of the business and operations of any such division into sub-units and the consolidation of the business and operations of any such divisions and sub-units;
- (b) Name - the designation of any such division or sub-unit by, and the carrying on of the business and operations of any such division or sub-unit under, a name other than the legal name of the Corporation; provided that the Corporation shall set out its legal name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Corporation; and
- (c) Officers - the appointment of officers for any such division or other sub-unit, the determination of their powers and duties, and the removal of any such officer so appointed, without prejudice to such officer's rights under any employment contract or in law, provided that any such officers shall not, as such, be officers of the Corporation, unless expressly designated as such.

### **ARTICLE 3**

#### **BORROWING AND DEBT OBLIGATIONS**

**3.1 Borrowing Power.** Without limiting the borrowing powers of the Corporation as set forth in the Act, 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;

- (b) issue, reissue, sell or pledge bonds, debentures, notes or other evidences of indebtedness or guarantees of the Corporation, whether secured or unsecured;
- (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; and
- (d) charge, mortgage, hypothecate, pledge, or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable, property of the Corporation, including book debts, rights, powers, franchises and undertakings, to secure any such bonds, debentures, notes or other evidences of indebtedness or guarantee or any other present or future indebtedness, liability or obligation of the Corporation.

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.

**3.2 Delegation.** The board may, from time to time, delegate to a committee of the board, one or more directors or officers of the Corporation or any other person as may be designated by the board all or any of the powers conferred on the board by section 3.1 or by the Act to such extent and in such manner as the board shall determine at the time of each such delegation.

## ARTICLE 4 DIRECTORS

**4.1 Number of Directors and Quorum.** Until changed in accordance with the Act, the board shall consist of the number of directors, within the minimum and maximum number of directors provided for in the articles, as is determined by special resolution or, if such special resolution empowers the board to determine the number, by a resolution of the board; provided, however, that in the latter case, the directors may not, between meetings of shareholders, increase the number of directors on the board to a total number greater than one and one-third times the number of directors required to have been elected at the last annual meeting of shareholders. Except as provided under section 4.17, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the number of directors determined in the manner set forth above; provided that where the board consists of fewer than three directors, all directors shall constitute a quorum at any meeting of the board.

**4.2 Qualification.** The following persons are disqualified from being a director of the Corporation: (i) a person who is less than 18 years of age; (ii) a person who has been found under the *Substitute Decisions Act, 1992* (Ontario) or under the *Mental Health Act* (Ontario) to be incapable of managing property or who has been found to be incapable by a court in Canada or elsewhere; (iii) a person who is not an individual; or (iv) a person who has the status of bankrupt. A director need not be a shareholder. At least 25% of the directors shall be resident Canadians but where the Corporation has less than four directors at least one of the directors shall be a resident Canadian.

**4.3 Election and Term.** The election of directors shall take place at the first meeting and thereafter at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re-election. The election shall be by ordinary resolution. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

#### 4.4 Advanced Notice.

- (a) Subject to the provisions of the Act and the articles, a nominee will not be eligible for election as director of the Corporation unless such nomination is made in accordance with the following procedures. Nominations of a person for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors, (a) by or at the direction of the board or an authorized officer of the Corporation, including pursuant to a notice of meeting; (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act or (c) by any person (a “**Nominating Shareholder**”) (i) who, at the close of business on the date of the giving of the notice provided for below in this section 4.4 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (ii) who complies with the notice procedures set forth below in this section 4.4.
- (b) 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 Corporation at the registered office of the Corporation in accordance with this section 4.4.
- (c) To be timely, a Nominating Shareholder’s notice to the secretary of the Corporation must be made (i) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 40 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual 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 (other than 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 fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder’s notice as described above.
- (d) To be in proper written form, a Nominating Shareholder’s notice to the secretary of the Corporation must set forth (i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (A) the name, age, business address and residence address of the person (B) the principal occupation or employment of the person (C) the class or series and number of shares in the share capital of the Corporation which are controlled or which are owned beneficially or of record by the 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 (D) 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 and applicable securities legislation; and (ii) as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation

and any other information relating to such Nominating Shareholder that would be required to be made in a dissent's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and applicable securities legislation. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

- (e) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this section 4.4; provided, however, that nothing in this section 4.4 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- (f) Notwithstanding any other provision of the by-laws, notice given to the secretary of the Corporation pursuant to this section 4.4 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the secretary of the Corporation 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 confirmation of such transmission has been received) to the secretary of the Corporation at the address of the registered office of the Corporation; provided that if such delivery or electronic communication is made on a non-business day or later than 5:00 p.m. (Toronto 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.
- (g) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this section 4.4.

**4.5 Removal of Directors.** Subject to the provisions of the Act, the shareholders may by ordinary resolution passed at an annual meeting or special meeting called for such purpose remove any director or directors from office and the vacancy created by such removal may be filled at the same meeting failing which, provided a quorum remains in office, it may be filled by the board. Where the holders of any class or series of shares of the Corporation have an exclusive right to elect one or more directors, a director so elected may only be removed by an ordinary resolution at a meeting of the shareholders of that class or series.

**4.6 Termination of Office.** A director ceases to hold office when the director: (i) dies; (ii) is removed from office by the shareholders; (iii) ceases to be qualified for election as a director; or (iv) sends or delivers to the Corporation a written resignation or, if a time is specified in such resignation, at the time so specified, whichever is later.

**4.7 Vacancies.** Subject to the provisions of the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the number or, except as set out hereunder, in the maximum number of directors, as the case may be, or a failure to elect the number of directors required to be elected at any meeting of shareholders. Where the articles provide for a minimum and maximum number

of directors and a special resolution has been passed empowering the directors to determine the number of directors, the directors may not, between meetings of shareholders, appoint an additional director if, after such appointment, the total number of directors would be greater than one and one-third times the number of directors required to have been elected at the last annual meeting of shareholders. In the absence of a quorum of the board, or if the vacancy has arisen from a failure of the shareholders to elect the number of directors required by section 4.1, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy. If the directors fail to call a meeting or if there are no directors then in office, any shareholder may call the meeting. A director appointed or elected to fill a vacancy holds office for the unexpired term of that director's predecessor.

**4.7 Action by the Board.** Subject to any unanimous shareholder agreement, the board shall manage, or supervise the management of, the business and affairs of the Corporation. Subject to section 4.8, 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 entitled to vote on that resolution at a meeting of the board. Where there is a vacancy in the board, the remaining directors may exercise all the powers of the board so long as a quorum remains in office.

**4.8 Participation.** If all the directors of the Corporation present at or participating in a meeting consent, a director may participate in a meeting of the board or of a committee of the board by means of telephonic, electronic or other communication facility that permits all participants to communicate simultaneously and instantaneously with each other during the meeting. A director participating in a meeting by such means is deemed to be present in person at the meeting for the purposes of the Act. Any consent shall be effective whether given before or after the meeting to which it relates and may be given with respect to all meetings of the board and of committees of the board.

**4.9 Place of Meetings.** Meetings of the board may be held at any place within or outside Ontario and, in any financial year of the Corporation, any or all of the meetings of the board may be held at any place outside Canada.

**4.10 Calling of Meetings.** Meetings of the board shall be held, from time to time, at such place, at such time and on such day as the board, the chairperson of the board, the president (if the president is a director) or any two directors may determine.

**4.11 Notice of Meeting.** Notice of the time and place of each meeting of the board shall be given in the manner provided in section 11.1 to each director not less than 48 hours before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified. A director may, in any manner and at any time, waive a notice of or otherwise consent to a meeting of the board and, subject to the Act, attendance of a director at a meeting of the board is a waiver of notice of the meeting.

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

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

**4.14 Regular Meetings.** The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no

other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

**4.15 Chairperson.** The chairperson of any meeting of the board shall be the first mentioned of the following officers as have been appointed and who is a director and is present at the meeting: chairperson of the board; president; chief executive officer; or a vice-president. If no such officer is present, the directors present shall choose one of their number to be chairperson. If the secretary of the Corporation is absent, the chairperson shall appoint some person, who need not be a director, to act as secretary of the meeting.

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

**4.17 Conflict of Interest.** A director or officer of the Corporation who is a party to, or who is a director or an officer of or has a material interest in any person who is a party to, a material contract or transaction or proposed material contract or transaction with the Corporation, shall disclose the nature and extent of his or her interest at the time and in the manner provided by the Act. Any such contract or transaction or proposed contract or transaction shall be referred to the board or shareholders for approval even if such contract is one that in the ordinary course of the Corporation's business would not require approval by the board or the shareholders. Such director shall not attend any part of a meeting of directors during which the contract or transaction is discussed and shall not vote on any resolution to approve such contract or transaction or proposed contract or proposed transaction unless the contract or transaction is:

- (a) one relating primarily to his or her remuneration as a director of the Corporation or an affiliate;
- (b) one for indemnity or insurance as specified under the Act; or
- (c) one with an affiliate.

If no quorum exists for the purpose of voting on a resolution to approve a contract or transaction only because a director is not permitted to be present at the meeting by reason of such director's interest in such contract or transaction, the remaining directors shall be deemed to constitute a quorum for the purposes of voting on the resolution. Where all the directors are required to make disclosure under this section, the contract or transaction may be approved only by the shareholders.

**4.18 Remuneration and Expenses.** Subject to any unanimous shareholder agreement, the directors shall be paid such remuneration for their services as the board may, from time to time, determine and such remuneration shall be in addition to the salary paid to any officer or employee of the Corporation who is also a director. The directors may also by resolution award special remuneration to any director in undertaking any special services on behalf of the Corporation other than the normal work ordinarily required of a director. The confirmation of any such resolution or resolutions by the shareholders shall not be required, except as required by law or regulation. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in connection with the affairs of the Corporation.

**4.19 Resolution in Writing by Directors.** A resolution in writing signed by all the directors entitled to vote on that resolution at a meeting is as valid as if it had been passed at a meeting of the directors unless a written statement or written representation with respect to the subject matter of the resolution is submitted by a director or the auditor, respectively, in accordance with the Act. A resolution in writing may be signed by the directors in any number of counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same resolution in writing, and by a director using a facsimile or

other electronic signature, in which case the other directors, the Corporation and the shareholders are entitled to rely on such electronic signature as conclusive evidence that such resolution in writing has been duly executed by such director.

**4.20 Only One Director.** Where the Corporation has only one director, that director may constitute a meeting.

## ARTICLE 5 COMMITTEES

**5.1 Committees of the Board.** The board may, from time to time, establish (or dissolve) one or more committees of directors, however designated, and delegate to any such committee any of the powers and duties of the board, subject to the limitations on such delegation contained in the Act. The board may appoint and remove the members of each committee subject to the requirements of the Act.

**5.2 Audit Committee.** If the Corporation is an offering corporation within the meaning of the Act, the board shall, and the board otherwise may, appoint annually from among its number an audit committee to be composed of not fewer than three directors, a majority of whom are not officers or employees of the Corporation or any of its affiliates and all of whom must otherwise meet the requirements of applicable law. Each member of the audit committee shall hold office, at the pleasure of the board, until the next annual meeting of shareholders and, in any event, only so long as the director shall be a director. In addition to the powers and duties delegated by the board pursuant to section 5.1, the audit committee shall have the powers and duties provided in the Act and other applicable laws. The audit committee shall review the financial statements of the Corporation prior to approval thereof by the board. 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 thereat; and, if so requested by a member of the audit committee, shall attend every meeting of the audit committee held during the term of office of the auditor. The auditor of the Corporation or any member of the audit committee may call a meeting of the audit committee.

**5.3 Transaction of Business.** Subject to the provisions of section 4.8, the powers of a committee of directors appointed by the board 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 such place or places designated in section 4.9.

**5.4 Advisory Committees.** The board may, from time to time, appoint such advisory bodies as it may deem advisable.

**5.5 Procedure.** Unless otherwise determined by the board, each committee and advisory body shall have the power to fix its quorum (provided a quorum is not less than a majority of its members), to elect its chairperson, and to regulate its procedure.

**5.6 Limits on Authority.** Despite any other provision of this by-law, no managing director and no committee of directors appointed by the board has authority to:

- (a) submit to the shareholders any question or matter requiring the approval of the shareholders;
- (b) fill a vacancy among the directors or in the office of auditor or appoint or remove any of the chief executive officers, however designated, the chief financial officer, however designated, the chairperson or the president of the Corporation;

- (c) subject to the Act, issue securities except in the manner and on the terms authorized by the directors;
- (d) declare dividends;
- (e) purchase, redeem or otherwise acquire shares issued by the Corporation;
- (f) pay a commission referred to in the Act;
- (g) approve a management proxy circular referred to in the Act;
- (h) approve a take-over bid circular, directors' circular or issuer bid circular referred to in the Applicable Securities Laws;
- (i) approve any financial statements referred to in the Act (unless otherwise permitted under the Act and Applicable Securities Laws);
- (j) approve an amalgamation between the Corporation and: (i) its holding body corporate; (ii) any one or more of its subsidiaries; and (iii) any one or more corporations where the Corporation and any such corporations are subsidiaries of the same holding body corporate;
- (k) approve an amendment to the Corporation's articles to: (i) divide any class of unissued shares into series and determine the designation, rights, privileges, restrictions and conditions thereof, where the articles authorize the directors to approve such amendment; and (ii) change a Corporation's name that is a numbered name to a name that is not a numbered name; or
- (l) adopt, amend or repeal by-laws.

## **ARTICLE 6 OFFICERS**

**6.1 Positions and Appointment.** Subject to the articles or any unanimous shareholder agreement, the board may, from time to time, designate such offices of the Corporation and appoint such officers as the board may consider advisable, including, without limitation, a president, a secretary and a treasurer. None of such officers, other than a chairperson of the board, need be a director of the Corporation. Any two or more offices may be held by the same individual.

**6.2 President.** If appointed, the president shall, subject to the control of the board, have general supervision over the business and affairs of the Corporation, and he or she shall have such other powers and duties as the board may specify.

**6.3 Secretary.** If appointed, the secretary shall give or cause to be given as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he or she shall attend and be the secretary of all meetings of the board, shareholders and committees of the board; he or she shall enter or cause to be entered in the minute book of the Corporation minutes of all proceedings at such meetings and shall be custodian of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he or she shall have such other powers and duties as the board may specify.

**6.4 Treasurer.** If appointed, the treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the custody of the funds and securities of the Corporation; he or she shall render to the board whenever required an account of all his or her transactions as treasurer and of the

financial position of the Corporation, except when some other officer or agent has been appointed for that purpose; and he or she shall have such other powers and duties as the board may specify.

**6.5 Powers and Duties.** Subject to the articles or any unanimous shareholder agreement, and unless otherwise provided in this Article Six, the powers and duties of each officer of the Corporation shall be such as the terms of their engagement call for or as provided, from time to time, by resolution of the board. In the absence of such terms of engagement or resolution, the respective officers shall have the powers and duties and shall discharge the duties customarily and usually held and performed by like offices of corporations similar in organization and business purposes to the Corporation subject to the control of the board. Any such officer may, from time to time, delegate any of his or her powers and duties to another officer or employee of the Corporation, and such delegate may exercise and perform such powers and duties, unless the board otherwise directs.

**6.6 Term of Office.** The board, in its discretion, may remove any officer of the Corporation, with or without cause, without prejudice to such officer's rights under any employment contract. Otherwise, each officer appointed by the board shall hold office until his or her successor is appointed or until the earlier of his or her resignation or death. The board may appoint a person to an office to replace an officer who has been removed or who has ceased to be an officer for any other reason.

**6.7 Terms of Employment and Remuneration.** The terms of employment and the remuneration of an officer appointed by the board shall be settled by the board, from time to time.

**6.8 Disclosure of Interest.** An officer shall disclose to the Corporation any interest in a material contract or material transaction, whether made or proposed, with the Corporation in accordance with section 4.17 and the Act.

**6.9 Agents and Attorneys.** Subject to the provisions of the Act, the Corporation, by or under the authority of the board, shall have power, from time to time, to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management, administration or otherwise (including the power to sub-delegate) as may be thought fit.

**6.10 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.

## ARTICLE 7

### PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

**7.1 Limitation of Liability.** Every director and officer of the Corporation shall, in exercising the powers and discharging the duties of office, act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other director, officer or employee, or for joining in any receipt or other 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 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 the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the monies, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on the part of such director or officer, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of such director's or officer's office or in relation thereto; unless the same are occasioned by such director's or officer's own

willful neglect or fault; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations thereunder or from liability for any breach thereof.

**7.2 Indemnity.** Subject to the limitations contained in the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation, or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity, provided:

- (a) the individual acted honestly and in good faith with a view to the best interests of the Corporation or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request; and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

The Corporation shall also indemnify such individual in such other circumstances as the Act permits or requires. Nothing in this by-law shall limit the right of any individual entitled to indemnity to claim indemnity apart from the provisions of this by-law.

**7.3 Insurance.** Subject to the Act, the Corporation may purchase and maintain insurance for the benefit of any individual referred to in section 7.2 against such liabilities and in such amounts as the board may, from time to time, determine and as permitted by the Act.

## ARTICLE 8 SHARES

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

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

**8.3 Transfer Agents and Registrars.** The board may, from time to time, appoint, for each class of securities issued by the Corporation: (a) a trustee, transfer agent or other agent to keep the securities register and the register of transfers and one or more persons to keep branch registers; and (b) a registrar, trustee or agent to maintain a record of issued security certificates and, subject to the Act, one person may be appointed for the purposes of clauses (a) and (b) in respect of all securities of the Corporation or any class or classes thereof. The board may at any time terminate such appointment.

**8.4 Registration of a Share Transfer.** Subject to the provisions of the Act, no transfer of a share in respect of which a certificate has been issued shall be registered in a securities register except upon surrender of the certificate representing such share with an endorsement which complies with the Act made thereon or delivered therewith duly executed by an appropriate person as provided by the Act, together with

such reasonable assurance that the endorsement is genuine and effective as the board may, from time to time, prescribe upon payment of all applicable taxes and a reasonable fee (not to exceed the amount permitted by the Act) prescribed by the board upon compliance with such restrictions on transfer as are authorized by the articles and upon satisfaction of any lien referred to in section.

**8.5 Lien for Indebtedness.** Unless the Corporation is an offering corporation within the meaning of the Act, the Corporation has a lien on the shares registered in the name of a shareholder or the shareholder's legal representative for a debt of that shareholder owed to the Corporation, to the extent of such debt; and the directors may enforce such lien, subject to any other provision of the articles or to any unanimous shareholder agreement: (i) by applying any dividends or other distributions paid or payable on or in respect of the shares thereby affected in repayment of the debt of that shareholder to the Corporation; (ii) by the sale of the shares thereby affected; and/or (iii) by any other action, suit, remedy or proceeding authorized or permitted by law or by equity, and, pending such enforcement, the Corporation may refuse to register a transfer of the whole or any part of such shares.

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

**8.7 Share Certificates.** The shares of the Corporation may be represented by certificates. Share certificates shall be in the form approved by the board. Certificates representing shares of each class or series shall be signed in accordance with section 2.5 and need not be under corporate seal. Any or all such signatures may be electronic signatures. Although any officer, transfer agent or registrar whose manual or electronic signature is affixed to such a certificate ceases to be such officer, transfer agent or registrar before such certificate has been issued, it may nevertheless be issued by the Corporation with the same effect as if such officer, transfer agent or registrar were still such at the date of its issue.

**8.8 Replacement of Share Certificates.** The board or any officer or agent designated by the board may direct the issue of a new share or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken on payment of such reasonable fee (not to exceed the amount permitted 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.

**8.9 Joint Holders.** If two or more persons are registered as joint holders of any share, the Corporation shall not be required to issue more than one certificate in respect thereof, and delivery of a certificate to one of several joint holders 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.

**8.10 Deceased Shareholders.** In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make any dividend or other payments in respect thereof; except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agent.

## ARTICLE 9 DIVIDENDS AND RIGHTS

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

**9.2 Dividend Cheques.** A dividend payable in money shall be paid by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which the dividend has been declared and mailed by prepaid ordinary mail to such registered holder at the recorded address of such holder, unless such holder otherwise directs. In the case of joint holders, the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address, or to the first recorded address if there are more than one. The mailing of a cheque in accordance with this section, unless not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

**9.3 Non-Receipt of Cheques.** In the event of non-receipt of any dividend cheque by the person to whom it is sent in accordance with section 9.2, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses, and evidence of non-receipt and of title as the board may, from time to time, prescribe, whether generally or in any particular case.

**9.4 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 right to subscribe for securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities; and notice of any such record date, unless waived in accordance with the Act, shall be given not less than seven days before such record date in the manner provided for by the Act. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the board.

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

## MEETINGS OF SHAREHOLDERS

**10.1 Annual Meetings.** The annual meeting of shareholders shall be held at such time and on such day in each year and, subject to section 10.3, at such place as the board may, from time to time, determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors (unless the Corporation is exempted under the Act from appointing an auditor) and for the transaction of such other business as may properly be brought before the meeting.

**10.2 Special Meetings.** The board shall have power to call a special meeting of shareholders at any time.

**10.3 Place of Meetings.** Meetings of shareholders shall be held at: (i) the registered office of the Corporation; (ii) elsewhere in the municipality in which the head office is situate; or (iii) if the board shall so determine, at some other place within or outside Ontario.

**10.4 Meetings Held by Electronic Means.** The directors or shareholders who call a meeting of shareholders pursuant to the Act, may determine that the meeting shall be held, in accordance with the Act and the regulations thereto, by means of a telephonic, electronic or other communication facility that permits all participants to communicate instantaneously and simultaneously with each other during the meeting, provided the Corporation makes provision for electronic voting at such meeting in accordance with the Act and section 10.21. Any person who participates in a meeting through those means shall be deemed for the purposes of the Act to be present in person at such meeting.

**10.5 Notice of Meetings.** Notice of the time and place of each meeting of shareholders shall be given in the manner provided in Article Eleven not less than 10 days, unless the Corporation is an offering Corporation, in which case not less than 21 days, and in each case no more than 60 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 the consideration of minutes of an earlier meeting, consideration of the financial statements and auditor's report thereon (if any), election of directors and re-appointment of the incumbent auditor shall state the nature of such business in sufficient detail to permit the shareholder to form a reasonable judgment thereon and shall state the text of any special resolution or by-law to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of or otherwise consent to a meeting of shareholders, and, subject to the Act, attendance of any such shareholder or any such other person is a waiver of notice of the meeting.

**10.6 List of Shareholders Entitled to Notice.** For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting in accordance with the Act. If a record date for the meeting is fixed pursuant to section 10.7, 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 registered office of the Corporation or at the place where the central securities register is maintained and at the meeting for which the list was prepared. Where a separate list of shareholders has not been prepared, the names of persons appearing in the securities register at the requisite time as the holder of one or more shares carrying the right to vote at such meeting shall be deemed to be a list of shareholders.

**10.7 Record Date for Notice.** The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 30 days, as the record date for the determination of the shareholders entitled to notice of the meeting, and notice of any such record date shall, unless waived in accordance with the Act, be given not less than seven days before such record date, by newspaper advertisement in the manner provided in the Act. If no 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 day immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

**10.8 Meetings Without Notice.** A meeting of shareholders may be held without notice at any time and place permitted by the Act: (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy 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 meeting, any business may be transacted which the Corporation

at a meeting of shareholders may transact. If the meeting is held at a place outside Ontario, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to the meeting being held at such place.

**10.9 Chairperson, Secretary and Scrutineers.** The chairperson of any meeting of shareholders shall be the first mentioned of the following officers as have been appointed and who is present at the meeting: chairperson of the board, president 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 chairperson. If the secretary of the Corporation is absent, the chairperson of the meeting shall appoint a person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairperson of the meeting with the consent of the meeting.

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

**10.11 Participation in Meeting by Electronic Means.** Any person entitled to attend a meeting of shareholders may participate in the meeting, in accordance with the Act and the by-laws, by means of telephonic, electronic or other communications facilities that permits all participants to communicate instantaneously and simultaneously with each other during the meeting, provided the Corporation makes available such telephonic, electronic or other communications facility. A person participating in such a meeting is deemed to be present in person at the meeting and a shareholder or proxy holder entitled to vote at such a meeting may vote, in accordance with the Act, by means of the telephonic, electronic or other communications facility that the Corporation has made available for that purpose, whether such meeting is to be held at a designated place or solely by means of a telephonic, electronic or other communications facility.

**10.12 Quorum.** Subject to the Act, at each meeting of shareholders, all of the shareholders or two shareholders, whichever number be the lesser, personally present in person or represented by proxy, shall constitute a quorum. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented by proxy may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of any meeting of shareholders, the shareholders present or represented by proxy may adjourn the meeting to a fixed time and place but may not transact any other business.

**10.13 Separate Class Vote.** Subject to the Act, where a separate vote by a class or series or classes or series is required, a majority of the outstanding shares of such class or series or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to vote on that matter and, in all matters other than the election of directors, the affirmative vote of the majority of shares of such class or series or classes or series present in person or represented by proxy at the meeting shall be the act of such class or series or classes or series.

**10.14 Right to Vote.** Subject to the provisions of the Act as to authorized representatives of any other body corporate or association, at any meeting of shareholders for which the Corporation has prepared the list referred to in section 10.6, every person who is named in such list shall be entitled to vote the shares shown thereon opposite that person's name at the meeting to which such list relates. At any meeting of shareholders for which the Corporation has not prepared the list referred to in section 10.6, every person

shall be entitled to vote at the meeting who at the time of the commencement of the meeting is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

**10.15 Proxyholders 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 a shareholder, to attend and act as the shareholder's representative at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or the shareholder's attorney or, if the shareholder is a body corporate, by an officer or attorney of such shareholder duly authorized, and shall conform to the requirements of the Act. Alternatively, a shareholder which is a body corporate or association may authorize by resolution of its directors or governing body an individual 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 chairperson of the meeting. Any such proxyholder or representative need not be a shareholder.

**10.16 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 by not more than 48 hours (excluding non-business days) before which time proxies to be used at that meeting must be deposited with the Corporation or an agent thereof, and any period of time so fixed shall be specified in the notice calling the meeting. 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 the notice or, if no time is specified in the notice, it has been received by the secretary of the Corporation or by the chairperson of the meeting or any adjournment thereof prior to the time of voting.

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

**10.18 Votes to Govern.** At any meeting of shareholders, every question shall, unless otherwise required by the articles, the by-laws or by law, be determined by a majority of the votes cast on the question. In case of an equality of votes, either upon a show of hands or upon a poll, the chairperson of the meeting shall not be entitled to a second or casting vote in addition to the vote or votes to which the chairperson is entitled as a shareholder or proxy nominee.

**10.19 Show of Hands.** Subject to the provisions of the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands, every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairperson of the meeting that the vote upon the question has been carried, carried by a particular majority or defeated 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 question, and the result of the vote so taken shall be the decision of the shareholders upon the question.

**10.20 Ballots.** On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chairperson of the meeting or any person who is present and entitled to vote, whether as shareholder, proxyholder or representative, on such questions at the meeting may demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairperson of the meeting 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 such person 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.

**10.21 Electronic Voting.** Any vote referred to in sections 10.19 and 10.20 may be held entirely by means of a telephonic, electronic or other communication facility if the Corporation makes available such a communication facility; provided the facility enables the votes to be gathered in a manner that permits their subsequent verification.

**10.22 Adjournment.** The chairperson at a meeting of shareholders may, with the consent of the meeting, adjourn the meeting, from time to time, and place to place. If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earlier meeting that it has been adjourned. Subject to the Act, 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 if for an original meeting.

In addition, the chairperson at a meeting of shareholders may, without the consent of the meeting, if the electronic platform at a meeting of shareholders held in part or entirely by means of a telephonic, electronic or other communication facility has become inadequate for the purposes referred to in sections 10.4 and 10.20, interrupt or adjourn the meeting. All business conducted at that meeting of shareholders up to the time of that adjournment shall be valid.

**10.23 Resolution in Writing by Shareholders.** A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting is as valid as if it had been passed at a meeting of the shareholders unless a written statement or written representation with respect to the subject matter of the resolution is submitted by a director or the auditor, respectively, in accordance with the Act. A resolution in writing may be signed by the shareholders in any number of counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same resolution in writing, and by a shareholder using a facsimile or other electronic signature, in which case the other shareholders, the Corporation and the directors are entitled to rely on such electronic signature as conclusive evidence that such resolution in writing has been duly executed by such shareholder.

**10.24 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 duly represented by proxy constitutes a meeting.

## ARTICLE 11 NOTICES

**11.1 Method of Giving Notices.** Any notice, communication or other document to be given by the Corporation to a shareholder, director, officer, or auditor of the Corporation under any provision of the articles or by-laws shall be sufficiently given if: (i) delivered personally to the person to whom it is to be given; or (ii) delivered to such person's last address as shown on the records of the Corporation; or (iii) mailed by prepaid post in a sealed envelope addressed to such person at the last address shown on the records of the Corporation; or (iv) sent by electronic document in accordance with the *Electronic Commerce Act, 2000* (Ontario) or electronic transmission, including the use of, or participation in, one or more electronic networks or databases (including one or more distributed electronic networks or databases). A notice, communication or document so delivered shall be deemed to have been given when: (i) delivered personally, when it is delivered; (ii) delivered to such person's last address shown on the records of the Corporation, when delivered at the address aforesaid; (iii) mailed by prepaid post, on the fifth day after

mailing, unless there are reasonable grounds for believing that the addressee did not receive the notice or document at that time or at all; and (iv) sent by way of electronic document, when it is sent through an information system used to generate, send, receive, store, or otherwise process an electronic document. The secretary may change the address on the records of the Corporation of any shareholder, director, officer, or auditor of the Corporation in accordance with any information believed by the secretary to be reliable.

**11.2 Notice to Joint Holders.** 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 addressed to one of such persons shall be sufficient notice to all of them.

**11.3 Computation of Time.** In computing the date when notice must be given under any provision of the articles or the by-laws 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.

**11.4 Undelivered Notices.** If any notice given or document sent to a shareholder pursuant to section 11.1 is returned on three consecutive occasions because the shareholder cannot be found, the Corporation shall not be required to give any further notices or send further documents to the shareholder until the shareholder informs the Corporation in writing of the shareholder's new address.

**11.5 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.

**11.6 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 that person derives title to such share prior to the name and address of that person being entered on the securities register (whether such notice was given before or after the happening of the event upon which the person became so entitled) and prior to the person furnishing to the Corporation the proof of authority or evidence of entitlement prescribed by the Act.

**11.7 Waiver of Notice.** Any shareholder, proxyholder, other person entitled to attend a meeting of shareholders, 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 that person under any provision of the Act, the articles, the by-laws or otherwise, and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of such notice, as the case may be. Any waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board or of a committee of the board which may be given in any manner.

## **ARTICLE 12 FORUM SELECTION**

**12.1 Forum for Adjudication of Certain Disputes.** Unless the Corporation consents in writing to the selection of an alternative forum, the Superior Court of Justice of the Province of Ontario, Canada and the appellate Courts therefrom (or, failing such court, any other "court" as defined in the Act) having jurisdiction and the appellate Courts therefrom), shall, to the fullest extent permitted by law, be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of the Corporation; (ii) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any director, officer, or other employee of the Corporation to the Corporation; (iii) any action or proceeding asserting a claim arising

pursuant to any provision of the Act or the articles or the by-laws of the Corporation (as either may be amended, from time to time); or (iv) any action or proceeding asserting a claim otherwise related to the “affairs” (as defined in the Act) of the Corporation. If any action or proceeding, the subject matter of which is within the scope of the preceding sentence, is filed in a Court other than a Court located within the Province of Ontario (a “Foreign Action”) in the name of any securityholder, such securityholder shall be deemed to have consented to: (a) the personal jurisdiction of the provincial and federal Courts located within the Province of Ontario in connection with any action or proceeding brought in any such Court to enforce the forum set out in the preceding sentence; and (b) having service of process made upon such securityholder in any such action or proceeding by service upon such securityholder’s counsel in the Foreign Action as agent for such securityholder.

**ARTICLE 13**  
**EFFECTIVE DATE**

**13.1 Effective Date.** This by-law shall come into force when made by the board in accordance with the Act.

**13.2 Repeal.** All previous by-laws of the Corporation are repealed as of the coming into force of this by-law. Such repeal shall not 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, or the validity of any articles or predecessor charter documents of the Corporation obtained 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 the board or a committee of the 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.

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The foregoing is the complete text of By-law No. 1 of the Corporation, as adopted by the board of the Corporation on July 18, 2019.

DATED July 18, 2019.

*“Marc Henderson”*

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Marc Henderson  
Director and Interim CEO

*“Eric Lowy”*

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Eric Lowy  
Secretary

**APPENDIX B**  
**CORPORATE GOVERNANCE DISCLOSURE**

Cyberpunk believes that effective corporate governance practices are fundamental to the overall success of a company. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) requires the Corporation to disclose its corporate governance practices by providing in the Circular the disclosure required by Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)* (“**Form 58-101F2**”). National Instrument 58-201 – *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. The Corporation’s disclosure of corporate governance practices pursuant to NI 58-101 is set out below in the form required by Form 58-101F2:

	<b>Governance Disclosure Guidelines under <u>NI 58-101</u></b>	<b><u>Comments</u></b>
<b>1.</b>	<b>Board of Directors</b>	
	Disclose how the board of directors (the “Board”) facilitates its exercise of independent supervision over management, including:	The Board is responsible for the stewardship of the Corporation and for the supervision of management to protect shareholder interests. The Board oversees the development of the Corporation’s strategic plan and the ability of management to continue to deliver on the corporate objectives.
	(i) the identity of directors who are independent; and	As at September 30, 2018, the following directors were independent:  Dominic Frisby, Michael Sadhra and Blaise Yerly.
	(ii) the identity of directors who are not independent, and the basis for that determination.	As at September 30, 2018, the following directors were not independent:  Marc Henderson and Mohammed Adham.
<b>2.</b>	<b>Directorships</b>	
	If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	Marc Henderson is a director of Laramide Resources Ltd. and Treasury Metals Inc.  Michael Sadhra is a director of Growmax Resources Corp., Algernon Pharmaceuticals Inc., Karam Minerals Inc. and Cairo Resources Inc.  Dominic Frisby is a director of Frazdom Ltd.  Mohammed Adham is a director of Bitaccess Inc.
<b>3.</b>	<b>Orientation and Continuing Education</b>	
	Briefly describe what steps, if any, the Board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.	The Board recognizes the importance of providing new directors with an orientation upon election to the Board and with continuing education in the business of the Corporation. The Board takes measures to ensure that appropriate orientation and education programs are in place for new directors and committee members.
		Upon becoming a member of the Board, an individual will be provided with copies of the Corporation’s principal

	<b>Governance Disclosure Guidelines under <u>NI 58-101</u></b>	<b><u>Comments</u></b>
		<p>continuous disclosure documents and a series of interviews or meetings with senior personnel in order to be informed on various business, operational and organizational aspects of the Corporation. Orientation will also include such things as:</p> <ul style="list-style-type: none"> <li>● organized visits to the Corporation's facilities;</li> <li>● familiarization with the service providers and partners;</li> <li>● company history and other relevant data;</li> <li>● information concerning mission, goals, strategy, philosophy and major policies of the Corporation;</li> <li>● review of recent analyst reports;</li> <li>● information pertaining to personal liability and insurance coverage;</li> <li>● rules for purchasing and selling securities of the Corporation; and</li> <li>● rules regarding insider information.</li> </ul>
		<p>Continuing education could include: reports from the Chief Executive Officer on industry developments to the Board of Directors at each meeting. Directors are also regularly provided with copies of the Corporation's ongoing continuous disclosure documents, and receive management presentations and information and presentations from the Corporation's external advisors and experts, as appropriate, from time to time.</p>
	<b>4. Ethical Business Conduct</b>	
	<p>Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.</p>	<p>The Board of Directors has a written disclosure policy aimed at informative, timely and broadly disseminated disclosure of material information to the market, in accordance with applicable securities legislation.</p> <p>The Board has also established a written insider trading policy which is intended as a guideline to eliminate any transaction by an insider which would not be in full compliance with applicable securities legislation or which, by implication, might suggest trading by insiders was carried out when they were in possession of privileged or material information not yet disclosed to the public.</p>
	<b>5. Nomination of Directors</b>	
	<p>Disclose what steps, if any, are taken to identify new candidates for board nomination, including:</p> <p>(i) who identifies new candidates; and</p> <p>(ii) the process of identifying new candidates.</p>	<p>The directors of Cypherpunk are encouraged to submit names of potential directors. Candidates' names are also obtained through analysis of other corporate boards and through reviews of senior corporate executives in other types of enterprises. Shareholders are also welcome to submit names for consideration. Potential director</p>

	<b>Governance Disclosure Guidelines under <u>NI 58-101</u></b>	<b><u>Comments</u></b>
		<p>candidates are reviewed by the Board on a regular basis as needed.</p> <p>The Board reviews the size, structure and composition of the Board from time to time so that when a vacancy occurs, the most appropriate candidate can be readily identified. When a vacancy occurs, the Board reviews and selects suitable candidates.</p>
		<p>Once the Board agrees on the best candidate, an approach is made to that person in a manner deemed most appropriate by the Board. The approach would be followed by personal interviews with the prospective director involving the Chairman of the Board and other Board members as circumstances warrant.</p> <p>If there is agreement to serve as a director, a Board orientation process is then carried out by the Chairman of the Board. After appointment or election, as the case may be, orientation with management is carried out.</p>
<b>6.</b>	<b>Compensation</b>	
	<p>Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:</p> <p>(i) who determines compensation; and</p> <p>(ii) the process of determining compensation.</p>	<p>The Compensation Committee is charged with developing, for recommendation to the Board, a compensation philosophy and guidelines for the CEO and other executive officers of the Corporation. It recommends to the Board the level of compensation for the CEO and other executive officers of the Corporation. The Compensation Committee also considers and, if deemed appropriate, makes recommendations to the Board about any option or benefit plans to be established for the CEO and other executive officers of the Corporation.</p> <p>The Compensation Committee is also charged with developing, for recommendation to the Board, a compensation philosophy and guidelines for the directors. It recommends the level of compensation for the directors based on a review of compensation paid by other public companies of the same size as the Corporation and in the same industry as the Corporation.</p> <p>Further details are also set out in the Circular under the heading “Compensation Discussion and Analysis”.</p>
<b>7.</b>	<b>Other Board Committees</b>	
	<p>If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>Other than the Audit Committee and the Compensation Committee, there are no other standing committees of the Board.</p> <p>Further details are also set out in the Circular under the heading “Committees of the Board of Directors”.</p>
<b>8.</b>	<b>Assessments</b>	

	<b>Governance Disclosure Guidelines under <u>NI 58-101</u></b>	<b><u>Comments</u></b>
	Disclose what steps, if any, that the board takes to satisfy itself that the board, the committees and its individual directors are performing effectively.	The Board conducts annually an evaluation of the effectiveness of the Board and its committees. In such evaluation, the Board assesses the effectiveness of the Board and its committees, the adequacy of information provided to directors, communication processes between the Board and management, agenda planning for Board and committee meetings and strategic planning.