

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): October 30, 2024

Edesa Biotech, Inc.

(Exact Name of Registrant as Specified in its Charter)

British Columbia, Canada

(State or Other Jurisdiction  
of Incorporation)

001-37619

(Commission  
File Number)

N/A

(IRS Employer  
Identification No.)

100 Spy Court  
Markham, Ontario, Canada L3R 5H6  
(Address of Principal Executive Offices)

(289) 800-9600

Registrant's telephone number, including area code

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Common Shares

Trading Symbol(s)

EDSA

Name of exchange on which registered

The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

### Item 1.01 Entry into a Material Definitive Agreement.

On October 30, 2024 (the “**Execution Date**”), Edesa Biotech, Inc. (the “**Company**”) entered into a Securities Purchase Agreement (the “**Purchase Agreement**”) with Pardeep Nijhawan Medicine Professional Corporation (the “**Purchaser**”), an entity controlled by Pardeep Nijhawan, the Company’s Chief Executive Officer, Secretary and member of the Board of Directors of the Company, pursuant to which the Company agreed to issue and sell to the Purchaser in a private placement, up to \$5,000,000 of shares (the “**Preferred Shares**”) of the Company’s newly designated Series A-1 Convertible Preferred Shares, stated value \$10,000 per share, each of which is initially convertible into approximately 2,903 common shares (the “**Conversion Shares**”), without par value, of the Company (the “**Common Shares**”) at a conversion price of \$3.445 per Conversion Share, and warrants (the “**Warrants**”) to purchase Common Shares (the “**Warrant Shares**”) at an exercise price of \$3.445 per Warrant Share. The Preferred Shares and the Warrants are being sold together in a fixed combination of one Preferred Share and a Warrant to purchase a number of Common Shares equal to 75% of the underlying Conversion Shares at a combined purchase price of \$10,272.13 per Preferred Share and related Warrants. Under the Purchase Agreement, the Purchaser has purchased 150 Preferred Shares initially convertible into an aggregate of 435,414 Conversion Shares and Warrants to purchase up to an aggregate of 326,560 Warrant Shares for an aggregate purchase price of \$1,540,819. The offering of the Preferred Shares and Warrants was structured as an at-market offering under the rules of The Nasdaq Stock Market. The Purchaser will not have the right to convert any portion of its Preferred Shares if, together with its affiliates, it would beneficially own in excess of 19.99% of the number of Common Shares outstanding immediately after giving effect to such conversion. For a description of the terms of the Preferred Shares, see Item 5.03 below.

The Warrants expire five years from the issuance date. The Warrants may only be exercised on a cashless basis if there is no registration statement registering, or the prospectus contained therein is not available for, the issuance or resale of the Common Shares issuable upon exercise of the Warrants to or by the holders thereof. The exercise price of the Warrants is subject to customary antidilution adjustments in the event of share splits, reclassifications, recapitalizations and similar events. The Purchaser will not have the right to exercise any portion of its Warrants if, together with its affiliates, it would beneficially own in excess of 19.99% of the number of Common Shares outstanding immediately after giving effect to such exercise.

The Company has the right to require the Purchaser to purchase additional Preferred Shares and Warrants (up to an aggregate investment of \$5.0 million); provided however, no more than an aggregate of \$2.0 million of Preferred Shares and Warrants may be issued and sold pursuant to the Purchase Agreement without shareholder approval in accordance with applicable Canadian securities laws.

The Purchase Agreement contains customary representations and warranties and agreements of the Company and the Purchaser and customary indemnification rights and obligations of the parties. The representations and warranties of each party set forth in the Purchase Agreement have been made solely for the benefit of the other parties to the Purchase Agreement, and such representations and warranties should not be relied on by any other person.

The Purchase Agreement and the form of Warrant are attached as Exhibits 10.1 and 4.1 hereto, respectively. The descriptions of the terms of the Purchase Agreement and the Warrants are not intended to be complete and are qualified in their entirety by reference to such exhibits.

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On October 31, 2024, the Company issued a press release announcing the execution of the Purchase Agreement and termination of the Credit Agreement (as defined below). The full text of the press release is attached hereto as Exhibit 99.1 and incorporated by reference herein.

**Item 1.02 Termination of a Material Definitive Agreement.**

Effective October 30, 2024, the Company and the Purchaser terminated the Credit Agreement (the “**Credit Agreement**”), dated October 20, 2023, between the Company and the Purchaser, which provided for an unsecured revolving credit facility in the principal amount of up to \$10 million. Prior to the termination of the Credit Agreement, the Company had not borrowed any funds thereunder. The Company incurred no termination penalties in connection with the termination of the Credit Agreement.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information set forth under Item 1.02 with respect to the termination of the Credit Agreement is incorporated into this Item 2.03 by reference.

**Item 3.02 Unregistered Sales of Equity Securities.**

The information contained above in Item 1.01 is hereby incorporated by reference into this Item 3.02. The Preferred Shares, Warrants, Conversion Shares and Warrant Shares (collectively, the “**Securities**”) have not been registered under the Securities Act of 1933, as amended (the “**Securities Act**”), and were offered pursuant to the exemption provided in Section 4(a)(2) under the Securities Act and Rule 506(b) promulgated thereunder. The Securities were offered in a private placement in Canada to “accredited investors” within the meaning of the Canadian *National Instrument 45-106 – Prospectus Exemptions*. The Securities issued are subject to applicable Canadian hold periods imposed under applicable securities legislation.

**Item 3.03 Material Modification to Rights of Security Holders.**

The description of the terms of the Preferred Shares under Item 1.01 and Item 5.03 is incorporated herein by reference.

**Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.**

On October 30, 2024, the Company filed Amended Articles to amend the rights, preferences, restrictions and other matters pertaining to the Preferred Shares. The Preferred Shares have no par value and a stated value of \$10,000 per share and rank, with respect to redemption payments, rights upon liquidation, dissolution or winding-up of the Company, or otherwise, senior in preference and priority to the Common Shares. Until the three-year anniversary of the day of issuance, holders of Preferred Shares are entitled to an annual return equal to 10% of the stated value per Preferred Share payable by the issuance of Common Shares at the conversion price upon a buy-back by the Company, liquidation or on conversion at the conversion price (calculated daily). Holders of Preferred Shares will be entitled to dividends, on an as-if converted basis, equal to and in the same form as dividends actually paid on the Common Shares when and if actually paid.

Each Preferred Share is convertible into a number of Common Shares calculated by dividing (i) the sum of the stated value of such Preferred Share plus a return equal to 10% of the stated value per Preferred Share per annum, calculated daily, by (ii) a fixed conversion price of \$3.445. A holder of Series A-1 Shares will not have the right to convert any portion of its Preferred Shares if the holder, together with its affiliates, would beneficially own in excess of 19.99% of the number of common shares outstanding immediately after giving effect to such conversion. The Preferred Shares do not have the right to vote on any matters except as required by law and do not contain any variable pricing features, or any price-based anti-dilutive features.

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In the event of any liquidation, dissolution or winding-up of the Company, a holder of Preferred Shares shall be entitled to receive, before any distribution or payment may be made with respect to Common Shares, an amount equal to 100% of the stated value, plus a return equal to 10% of the stated value per Preferred Share per annum, calculated daily.

Beginning three years after the date of issuance, the Company may buy-back some or all outstanding Preferred Shares for a cash payment per share equal to the stated value, plus all unpaid accrued dividends.

The foregoing summary of the rights, preferences, restrictions and other matters pertaining to the Preferred Shares is not intended to be complete and is qualified in its entirety by reference to Part 27 of the Amended and Restated Articles of Edesa – Special Rights and Restrictions Attaching to the Series A-1 Convertible Preferred Shares, a copy of which is attached hereto as Exhibit 3.1 and incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

**(d) Exhibits**

<b>Exhibit No.</b>	<b>Description</b>
<a href="#">3.1</a>	<a href="#">Amended and Restated Articles of Edesa Biotech, Inc.</a>
<a href="#">4.1</a>	<a href="#">Form of Warrant</a>
<a href="#">10.1</a>	<a href="#">Securities Purchase Agreement, dated October 30, 2024, between Edesa Biotech, Inc. and Pardeep Nijhawan Medicine Professional Corporation</a>
<a href="#">99.1</a>	<a href="#">Press Release, dated October 31, 2024</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**EDESA BIOTECH, INC.**

Date: October 31, 2024

By: /s/ Stephen Lemieux

Name: Stephen Lemieux

Title: Chief Financial Officer

**EDESA BIOTECH, INC.**  
**(the "Company")**

**THE FOLLOWING IS AN EXTRACT OF RESOLUTIONS OF THE DIRECTORS OF THE  
COMPANY CONSENTED TO IN WRITING ON OCTOBER 30, 2024 AND EFFECTIVE AS OF  
OCTOBER 30, 2024**

**"NOW, THEREFORE, BE IT RESOLVED THAT:**

**Amendment to Articles to Reflect Amended Terms of Series A-1 Convertible Preferred  
Shares**

5. The Alteration is approved whereby:
  - (a) The authorized share structure of the Company is altered by increasing the number of Series A-1 Preferred shares the Company is authorized to issue from 250 to 500.
  - (b) The existing special rights and restrictions attached to the Series A-1 Preferred shares as set out in Part 27 of the Articles is altered by deleting the existing special rights and restrictions attached to the Series A-1 Preferred Shares as set out in Part 27 of the Articles and replacing them in their entirety with the special rights and restrictions in the form as set out in Schedule "B" attached hereto and the existing Articles of the Company are amended by deleting the existing Part 27 and replacing them in their entirety with Part 27 as set out in Schedule "B".
6. The alterations made to the Company's authorized share structure and Articles shall not take effect until the Notice of Articles of the Company is altered to reflect such alterations to the authorized share structure and Articles of the Company.
7. The Notice of Articles of the Company be altered to reflect the alterations to the authorized share structure and the Articles of the Company by filing a Notice of Alteration with the Registrar of Companies.
8. The Series A-1 Preferred Shares to be issued to the Investor may be issued as uncertificated shares.
9. If a certificate for the Series A-1 Preferred Shares is to be issued, the form of share certificate for the Series A-1 Preferred Shares shall be such form as circulated to the directors .
10. The Company appoints Fasken Martineau DuMoulin LLP to act as its agent for filing the Notice of Alteration to the Notice of Articles, which Notice of Alteration to the Notice of Articles shall reflect the alteration to the authorized share structure and the Articles of the Company authorized herein.
11. Any one Director or Officer of the Company is, and the agents of the Company are, hereby authorized and directed for and on behalf of the Company to execute and deliver, under corporate seal of the Company or otherwise, the Notice of Alteration and all such other documents and instruments and to do all such other acts and things as in his or her opinion may be necessary or desirable to give full effect to the above Resolutions."

**EDESA BIOTECH, INC.**  
**(the "Company")**

**THE FOLLOWING IS AN EXTRACT OF DIRECTORS' SEPARATE RESOLUTIONS  
CONSENTED TO IN WRITING  
ON APRIL 17, 2020 EFFECTIVE AS OF APRIL 17, 2020**

**RESOLVED THAT**

**RESOLVED:**

the authorized share structure of the Company be amended to create a series of Preferred shares, without par value, designed with an identifying name of "Series A-1 Convertible Preferred shares", with the maximum number of Series A-1 Convertible Preferred shares which the Company is authorized to issue be set at 250, in accordance with the provisions of the *Business Corporations Act* (British Columbia) (the "Act"), and pursuant to authority expressly vested in it by the provisions of the Articles,;

**RESOLVED:** the existing Articles be altered by creating and attaching special rights and restrictions to the Series A-1 Convertible Preferred Shares as Part 27 of the Articles, as set out in Schedule "A".;

**RESOLVED:** the alterations made to the Company's authorized share structure and Articles shall not take effect until the Company's Notice of Articles is altered to reflect such alterations to the authorized share structure and Articles of the Company;

**RESOLVED:** the Notice of Articles of the Company be altered to reflect the alterations to the authorized share structure and Articles of the Company approved herein by filing a Notice of Alteration with the Registrar of Companies;

**RESOLVED:** any Proper Officer is, and the agents of the Company are, hereby authorized and directed for and on behalf of the Company to execute and deliver, under corporate seal of the Company or otherwise, the Notice of Alteration and all such other documents and instruments and to do all such other acts and things as in his or her opinion may be necessary or desirable to give full effect to the above resolutions;

**RESOLVED:** the Company hereby appoints Fasken Martineau DuMoulin LLP to act as its agent for filing the Notice of Alteration to the Notice of Articles, which Notice of Alteration to the Notice of Articles shall reflect the alteration to the authorized share structure and to the special rights and restrictions in the Articles authorized herein;

**RESOLVED:** the form of share certificate for the Series A-1 Convertible Preferred Shares, which is annexed hereto as Schedule "B", be and the same is hereby approved, and adopted.

**BUSINESS CORPORATIONS ACT**

**AMENDED AND RESTATED**

**ARTICLES OF**

**EDESA BIOTECH, INC.**

[name changed from Stellar Biotechnologies, Inc.  
Effective June 7, 2019]

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New Part 26 added by shareholders' annual general and special meeting held on March 27, 2018 and a Notice of Alteration filed with BC Registries on April 9, 2018 at 11:11 AM Pacific Time.

~~New Part 27 added by Directors' Resolutions consented to on April 17, 2020 and a Notice of Alteration filed with the BC Registries on April 17, 2020 at 11:36 AM Pacific Time~~

Part 27 deleted in its entirety and replaced with Part 27 attached hereto

Approved by Directors: October 30, 2024  
Effective: October 30, 2024



***BUSINESS CORPORATIONS ACT***

**AMENDED AND RESTATED**

**ARTICLES OF**

**EDESA BIOTECH, INC.**

[name changed from Stellar Biotechnologies, Inc.  
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***BUSINESS CORPORATIONS ACT***

**ARTICLES OF**

**EDESA BIOTECH, INC.**  
(the "Company")

Number: C0867178

**PART 1**

**INTERPRETATION**

**Definitions**

1.1 In these Articles, unless the context otherwise requires:

- (a) "**Act**" means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (b) "**board of directors**", "**directors**" and "**board**" mean the directors or sole director of the Company for the time being;
- (c) "**Interpretation Act**" means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (d) "**legal personal representative**" means the personal or other legal representative of the shareholder;
- (e) "**registered address**" of a shareholder means the shareholder's address as recorded in the central securities register;
- (f) "**seal**" means the seal of the Company, if any;
- (g) "**share**" means a share in the share structure of the Company; and
- (h) "**special majority**" means the majority of votes described in §11.2 which is required to pass a special resolution.

**Act and Interpretation Act Definitions Applicable**

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

## PART 2

### SHARES AND SHARE CERTIFICATES

#### Authorized Share Structure

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

#### Form of Share Certificate

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

#### Shareholder Entitled to Certificate or Acknowledgment

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

#### Delivery by Mail

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

#### Replacement of Worn Out or Defaced Certificate or Acknowledgement

2.5 If a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, the Company must, on production of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as are deemed fit:

- (a) cancel the share certificate or acknowledgment; and
- (b) issue a replacement share certificate or acknowledgment.

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

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

- (a) proof satisfactory to it of the loss, theft or destruction; and
- (b) any indemnity the directors consider adequate.

### **Splitting Share Certificates**

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

### **Certificate Fee**

2.8 There must be paid to the Company, in relation to the issue of any share certificate under §2.5, §2.6 or §2.7, the amount, if any, not exceeding the amount prescribed under the Act, determined by the directors.

### **Recognition of Trusts**

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

## **PART 3**

### **ISSUE OF SHARES**

#### **Directors Authorized**

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

#### **Commissions and Discounts**

3.2 The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person's purchase or agreement to purchase shares of the Company from the Company or any other person's procurement or agreement to procure purchasers for shares of the Company.

#### **Brokerage**

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

### **Conditions of Issue**

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

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

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

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

## **PART 4**

### **SHARE REGISTERS**

#### **Central Securities Register**

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

## **PART 5**

### **SHARE TRANSFERS**

#### **Registering Transfers**

5.1 A transfer of a share must not be registered unless the Company or the transfer agent or registrar for the class or series of shares to be transferred has received:

- (a) except as exempted by the Act, a duly signed proper instrument of transfer in respect of the share;

- (b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate;
- (c) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment; and
- (d) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, the due signing of the instrument of transfer and the right of the transferee to have the transfer registered.

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

5.2 The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates of that class or series or in some other form that may be approved by the directors.

#### **Transferor Remains Shareholder**

5.3 Except to the extent that the Act otherwise provides, the transferor of a share is deemed to remain the holder of it until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

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

5.4 If a shareholder, or the shareholder's duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

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

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

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

### **Transfer Fee**

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

## **PART 6**

### **TRANSMISSION OF SHARES**

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

6.1 In case of the death of a shareholder, the legal personal representative of the shareholder, or in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the Company shall receive the documentation required by the Act.

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

6.2 The legal personal representative of a shareholder has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the Act and the directors have been deposited with the Company. This §6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the name of the shareholder and the name of another person in joint tenancy.

## **PART 7**

### **PURCHASE, REDEEM OR OTHERWISE ACQUIRE SHARES**

#### **Company Authorized to Purchase, Redeem or Otherwise Acquire Shares**

7.1 Subject to §7.2, the special rights or restrictions attached to the shares of any class or series and the Act, the Company may, if authorized by the directors, purchase, redeem or otherwise acquire any of its shares at the price and upon the terms determined by the directors.

#### **Purchase When Insolvent**

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

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

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

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

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

#### **Company Entitled to Purchase, Redeem or Otherwise Acquire Share Fractions**

7.4 The Company may, without prior notice to the holders, purchase, redeem or otherwise acquire for fair value any and all outstanding share fractions of any class or kind of shares in its authorized share structure as may exist at any time and from time to time. Upon the Company delivering the purchase funds and confirmation of purchase or redemption of the share fractions to the holders' registered or last known address, or if the Company has a transfer agent then to such agent for the benefit of and forwarding to such holders, the Company shall thereupon amend its central securities register to reflect the purchase or redemption of such share fractions and if the Company has a transfer agent, shall direct the transfer agent to amend the central securities register accordingly. Any holder of a share fraction, who upon receipt of the funds and confirmation of purchase or redemption of same, disputes the fair value paid for the fraction, shall have the right to apply to the court to request that it set the price and terms of payment and make consequential orders and give directions the court considers appropriate, as if the Company were the "acquiring person" as contemplated by Division 6, Compulsory Acquisitions, under the Act and the holder were an "offeree" subject to the provisions contained in such Division, *mutatis mutandis*.

### **PART 8**

#### **BORROWING POWERS**

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

8.2 The powers conferred under this Part 8 shall be deemed to include the powers conferred on a company by Division VII of the *Special Corporations Powers Act* being chapter P-16 of the Revised Statutes of Quebec, 1988, and every statutory provision that may be substituted therefor or for any provision therein.



## PART 9

### ALTERATIONS

#### Alteration of Authorized Share Structure

9.1 Subject to §9.2 and the Act, the Company may by ordinary resolution (or a resolution of the directors in the case of §9.1(c) or §9.1(f)):

- (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (d) if the Company is authorized to issue shares of a class of shares with par value:
  - (i) decrease the par value of those shares; or
  - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (f) alter the identifying name of any of its shares; or
- (g) otherwise alter its shares or authorized share structure when required or permitted to do so by the Act where it does not specify by a special resolution;

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

#### Special Rights or Restrictions

9.2 Subject to the Act and in particular those provisions of the Act relating to the rights of holders of outstanding shares to vote if their rights are prejudiced or interfered with, the Company may by ordinary resolution:

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

and alter its Notice of Articles and Articles accordingly.

### **Change of Name**

9.3 The Company may by resolution of the directors authorize an alteration to its Notice of Articles in order to change its name or adopt or change any translation of that name.

### **Other Alterations**

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

## **PART 10**

### **MEETINGS OF SHAREHOLDERS**

#### **Annual General Meetings**

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

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

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

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

10.3 The directors may, at any time, call a meeting of shareholders.

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

10.4 The Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as an exceptional resolution, a special resolution or a special separate resolution, and any notice to consider approving an amalgamation into a foreign jurisdiction, an arrangement or the adoption of an amalgamation agreement, and any notice of a general meeting, class meeting or series meeting), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (a) if the Company is a public company, 21 days;
- (b) otherwise, 10 days.

### **Record Date for Notice**

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

- (a) if the Company is a public company, 21 days;
- (b) otherwise, 10 days.

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

### **Record Date for Voting**

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

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

10.7 The accidental omission to send notice of any meeting of shareholders to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive that entitlement or may agree to reduce the period of that notice. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

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

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

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

### **Place of Meetings**

10.9 In addition to any location in British Columbia, any general meeting may be held in any location outside British Columbia approved by a resolution of the directors.

## **PART 11**

### **PROCEEDINGS AT MEETINGS OF SHAREHOLDERS**

#### **Special Business**

- 11.1 At a meeting of shareholders, the following business is special business:
- (a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
  - (b) at an annual general meeting, all business is special business except for the following:
    - (i) business relating to the conduct of or voting at the meeting;
    - (ii) consideration of any financial statements of the Company presented to the meeting;
    - (iii) consideration of any reports of the directors or auditor;
    - (iv) the setting or changing of the number of directors;
    - (v) the election or appointment of directors;
    - (vi) the appointment of an auditor;
    - (vii) the setting of the remuneration of an auditor;
    - (viii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
    - (ix) any other business which, under these Articles or the Act, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

#### **Special Majority**

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

#### **Quorum**

11.3 Subject to the special rights or restrictions attached to the shares of any class or series of shares, and to §11.4, the quorum for the transaction of business at a meeting of shareholders is at least one person who is, or who represents by proxy, one or more shareholders who, in the aggregate, hold at least thirty-three and one-third percent (33 1/3%) of the issued shares entitled to be voted at the meeting.

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

- 11.4 If there is only one shareholder entitled to vote at a meeting of shareholders:
- (a) the quorum is one person who is, or who represents by proxy, that shareholder, and
  - (b) that shareholder, present in person or by proxy, may constitute the meeting.

### **Persons Entitled to Attend Meeting**

11.5 In addition to those persons who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company, any persons invited to be present at the meeting by the directors or by the chair of the meeting and any persons entitled or required under the Act or these Articles to be present at the meeting; but if any of those persons does attend the meeting, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

### **Requirement of Quorum**

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

### **Lack of Quorum**

- 11.7 If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:
- (a) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
  - (b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

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

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

### **Chair**

- 11.9 The following individual is entitled to preside as chair at a meeting of shareholders:
- (a) the chair of the board, if any; or
  - (b) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

### **Selection of Alternate Chair**

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

### **Adjournments**

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

### **Notice of Adjourned Meeting**

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

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

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

### **Declaration of Result**

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

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

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

### **Casting Vote**

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

### **Manner of Taking Poll**

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

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

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

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

### **Chair Must Resolve Dispute**

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

### **Casting of Votes**

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

### **No Demand for Poll on Election of Chair**

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

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

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

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

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

## **PART 12**

### **VOTES OF SHAREHOLDERS**

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

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

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

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

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

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

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

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

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

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



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

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

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

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

### **Proxy Provisions Do Not Apply to All Companies**

12.6 If and for so long as the Company is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply, then §12.7 to §12.15 are not mandatory, however the directors of the Company are authorized to apply all or part of such sections or to adopt alternative procedures for proxy form, deposit and revocation procedures to the extent that the directors deem necessary in order to comply with securities laws applicable to the Company.

### **Appointment of Proxy Holders**

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

### **Alternate Proxy Holders**

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

**Proxy Holder Need Not Be Shareholder**

12.9 A proxy holder need not be a shareholder of the Company.

**Deposit of Proxy**

12.10 A proxy for a meeting of shareholders must:

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

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages, including through Internet or telephone voting or by email, if permitted by the notice calling the meeting or the information circular for the meeting.

**Validity of Proxy Vote**

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

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

**Form of Proxy**

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

[name of company]  
(the "Company")

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

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

\_\_\_\_\_

Signed [month, day, year]

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

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

### **Revocation of Proxy**

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

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

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

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

- (a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or the shareholder's legal personal representative or trustee in bankruptcy;
- (b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under §12.5.

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

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

**PART 13**  
**DIRECTORS**

**First Directors; Number of Directors**

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

- (a) subject to §(b) and §(c), the number of directors that is equal to the number of the Company's first directors;
- (b) if the Company is a public company, the greater of three and the most recently set of:
  - (i) the number of directors set by a resolution of the directors (whether or not previous notice of the resolution was given); and
  - (ii) the number of directors in office pursuant to §14.4;
- (c) if the Company is not a public company, the most recently set of:
  - (i) the number of directors set by a resolution of the directors (whether or not previous notice of the resolution was given); and
  - (ii) the number of directors in office pursuant to §14.4.

**Change in Number of Directors**

13.2 If the number of directors is set under §13.1(b)(i) or §13.1(c)(i):

- (a) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number; or
- (b) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number then the directors, subject to §14.8, may appoint directors to fill those vacancies.

**Directors' Acts Valid Despite Vacancy**

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

**Qualifications of Directors**

13.4 A director is not required to hold a share as qualification for his or her office but must be qualified as required by the Act to become, act or continue to act as a director.

### **Remuneration of Directors**

13.5 The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders.

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

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

### **Special Remuneration for Directors**

13.7 If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, he or she may be paid remuneration fixed by the directors, or at the option of the directors, fixed by ordinary resolution, and such remuneration will be in addition to any other remuneration that he or she may be entitled to receive.

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

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

## **PART 14**

### **ELECTION AND REMOVAL OF DIRECTORS**

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

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

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

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

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

- (a) that individual consents to be a director in the manner provided for in the Act;
- (b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or

- (c) with respect to first directors, the designation is otherwise valid under the Act.

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

14.3 If:

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

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

- (c) when his or her successor is elected or appointed; and
- (d) when he or she otherwise ceases to hold office under the Act or these Articles.

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

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

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

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

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

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

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

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

### **Additional Directors**

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

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

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

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

14.9 A director ceases to be a director when:

- (a) the term of office of the director expires;
- (b) the director dies;
- (c) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (d) the director is removed from office pursuant to §14.10 or §14.11.

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

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

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

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

## **PART 15**

### **ALTERNATE DIRECTORS**

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

15.1 Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified to act as a director to be his or her alternate to act in his or

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

#### **Notice of Meetings**

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

#### **Alternate for More than One Director Attending Meetings**

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

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

#### **Consent Resolutions**

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

#### **Alternate Director an Agent**

15.5 Every alternate director is deemed to be the agent of his or her appointor.

#### **Revocation or Amendment of Appointment of Alternate Director**

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

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

15.7 The appointment of an alternate director ceases when:

- (a) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (b) the alternate director dies;



- (c) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (d) the alternate director ceases to be qualified to act as a director; or
- (e) the term of his appointment expires, or his or her appointor revokes the appointment of the alternate directors.

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

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

### **PART 16**

#### **POWERS AND DUTIES OF DIRECTORS**

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

16.1 The directors must, subject to the Act and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the Act or by these Articles, required to be exercised by the shareholders of the Company. Notwithstanding the generality of the foregoing, the directors may set the remuneration of the auditor of the Company.

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

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

### **PART 17**

#### **INTERESTS OF DIRECTORS AND OFFICERS**

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

17.1 A director or senior officer who holds a disclosable interest (as that term is used in the Act) in a contract or transaction into which the Company has entered or proposes to enter is liable to

account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the Act.

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

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

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

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

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

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

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

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

#### **No Disqualification**

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

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

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

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

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

**PART 18**

**PROCEEDINGS OF DIRECTORS**

**Meetings of Directors**

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

**Voting at Meetings**

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

**Chair of Meetings**

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

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

**Meetings by Telephone or Other Communications Medium**

18.4 A director may participate in a meeting of the directors or of any committee of the directors:

- (a) in person; or
- (b) by telephone or by other communications medium if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other.

A director who participates in a meeting in a manner contemplated by this §18.4 is deemed for all purposes of the Act and these Articles to be present at the meeting and to have agreed to participate in that manner.

### **Calling of Meetings**

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

### **Notice of Meetings**

18.6 Other than for meetings held at regular intervals as determined by the directors pursuant to §18.1, 48 hours' notice or such lesser notice as the Chairman in his discretion determines, acting reasonably, is appropriate in any unusual circumstances of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in §24.1 or orally or by telephone.

### **When Notice Not Required**

18.7 It is not necessary to give notice of a meeting of the directors to a director if:

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

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

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

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

18.9 Any director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director. Attendance of a director or alternate director at a meeting of the directors is a waiver of notice of the meeting unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

### **Quorum**

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

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

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

### **Consent Resolutions in Writing**

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

- (a) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (b) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who have not made such a disclosure consents in writing to the resolution.

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

## **PART 19**

### **EXECUTIVE AND OTHER COMMITTEES**

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

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

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

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

19.2 The directors may, by resolution:

- (a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (b) delegate to a committee appointed under §(a) any of the directors' powers, except:

- (i) the power to fill vacancies in the board of directors;
  - (ii) the power to remove a director;
  - (iii) the power to change the membership of, or fill vacancies in, any committee of the directors; and
  - (iv) the power to appoint or remove officers appointed by the directors; and
- (c) make any delegation referred to in §(b) subject to the conditions set out in the resolution or any subsequent directors' resolution.

#### **Obligations of Committees**

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

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

#### **Powers of Board**

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

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

#### **Committee Meetings**

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

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

**PART 20**  
**OFFICERS**

**Directors May Appoint Officers**

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

**Functions, Duties and Powers of Officers**

20.2 The directors may, for each officer:

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

**Qualifications**

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

**Remuneration and Terms of Appointment**

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

**PART 21**  
**INDEMNIFICATION**

**Definitions**

21.1 In this Part 21:

- (a) “**eligible party**”, in relation to a company, means an individual who:
  - (i) is or was a director, alternate director or officer of the Company;
  - (ii) is or was a director, alternate director or officer of another corporation
    - (A) at a time when the corporation is or was an affiliate of the Company, or

(B) at the request of the Company; or

(iii) at the request of the Company, is or was, or holds or held a position equivalent to that of, a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

and includes, except in the definition of “eligible proceeding”, and §163(1)(c) and (d) and §165 of the Act, the heirs and personal or other legal representatives of that individual;

(b) “**eligible penalty**” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(c) “**eligible proceeding**” means a proceeding in which an eligible party or any of the heirs and personal or other legal representatives of the eligible party, by reason of the eligible party being or having been a director, alternate director or officer of, or holding or having held a position equivalent to that of a director, alternate director or officer of, the Company or an associated corporation

(i) is or may be joined as a party; or

(ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

(d) “**expenses**” has the meaning set out in the Act and includes costs, charges and expenses, including legal and other fees, but does not include judgments, penalties, fines or amounts paid in settlement of a proceeding; and

(e) “**proceeding**” includes any legal proceeding or investigative action, whether current, threatened, pending or completed.

#### **Mandatory Indemnification of Eligible Parties**

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

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

21.3 Subject to any restrictions in the Act, the Company may agree to indemnify and may indemnify any person (including an eligible party) against eligible penalties and pay expenses incurred in connection with the performance of services by that person for the Company.

#### **Authority to Advance Expenses**

21.4 The Company may advance expenses to an eligible party to the extent permitted by and in accordance with the Act.



### **Non-Compliance with Act**

21.5 Subject to the Act, the failure of an eligible party of the Company to comply with the Act or these Articles or, if applicable, any former *Companies Act* or former Articles does not, of itself, invalidate any indemnity to which he or she is entitled under this Part 21.

### **Company May Purchase Insurance**

21.6 The Company may purchase and maintain insurance for the benefit of any eligible party (or the heirs or legal personal representatives of any eligible party) against any liability incurred by any eligible party.

## **PART 22**

### **DIVIDENDS**

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

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

#### **Declaration of Dividends**

22.2 Subject to the Act, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

#### **No Notice Required**

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

#### **Record Date**

22.4 The directors must set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months.

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

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

#### **Settlement of Difficulties**

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

- (a) set the value for distribution of specific assets;

- (b) determine that money in substitution for all or any part of the specific assets to which any shareholders are entitled may be paid to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (c) vest any such specific assets in trustees for the persons entitled to the dividend.

**When Dividend Payable**

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

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

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

**Receipt by Joint Shareholders**

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

**Dividend Bears No Interest**

22.10 No dividend bears interest against the Company.

**Fractional Dividends**

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

**Payment of Dividends**

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

**Capitalization of Retained Earnings or Surplus**

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

## PART 23

### ACCOUNTING RECORDS AND AUDITOR

#### Recording of Financial Affairs

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

#### Inspection of Accounting Records

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

## PART 24

### NOTICES

#### Method of Giving Notice

24.1 Unless the Act or these Articles provide otherwise, a notice, statement, report or other record required or permitted by the Act or these Articles to be sent by or to a person may be sent by:

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

### **Deemed Receipt of Mailing**

- 24.2 A notice, statement, report or other record that is:
- (a) mailed to a person by ordinary mail to the applicable address for that person referred to in §24.1 is deemed to be received by the person to whom it was mailed on the day (Saturdays, Sundays and holidays excepted) following the date of mailing;
  - (b) faxed to a person to the fax number provided by that person referred to in §24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and
  - (c) emailed to a person to the e-mail address provided by that person referred to in §24.1 is deemed to be received by the person to whom it was e-mailed on the day that it was emailed.

### **Certificate of Sending**

- 24.3 A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with §24.1 is conclusive evidence of that fact.

### **Notice to Joint Shareholders**

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

### **Notice to Legal Personal Representatives and Trustees**

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

### **Undelivered Notices**

- 24.6 If on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to §24.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

**PART 25**

**SEAL**

**Who May Attest Seal**

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

- (a) any two directors;
- (b) any officer, together with any director;
- (c) if the Company only has one director, that director; or
- (d) any one or more directors or officers or persons as may be determined by the directors.

**Sealing Copies**

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

**Mechanical Reproduction of Seal**

25.3 The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the Act or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more un-mounted dies reproducing the seal and such persons as are authorized under §25.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

**Amended and Restated**

Date: October 29, 2015

## PART 26

### SPECIAL RIGHTS AND RESTRICTIONS OF THE PREFERRED SHARES

#### Preferred Shares issuable in series

26.1 The Preferred Shares may include one or more series and, subject to the Business Corporations Act, the directors may, by resolution, if none of the shares of any particular series are issued, alter the Articles of the Company and authorize the alteration of the Notice of Articles of the Company, as the case may be, to do one or more of the following:

- (a) determine the maximum number of shares of that series that the Company is authorized to issue, determine that there is no such maximum number, or alter any such determination;
- (b) create an identifying name for the shares of that series, or alter any such identifying name; and
- (c) attach special rights or restrictions to the shares of that series, including, but without limiting or restricting the generality of the foregoing, the rate or amount of dividends (whether cumulative, non-cumulative or partially cumulative), the dates and places of payment thereof, the consideration for, and the terms and conditions of, any purchase for cancellation or redemption thereof (including redemption after a fixed term or at a premium), conversion or exchange rights, the terms and conditions of any share purchase plan or sinking fund, restrictions respecting payment of dividends on, or the repayment of capital in respect of, any other share of the Company and voting rights and restrictions; or alter any such special rights or restrictions; but no such special rights or restriction shall contravene any other provision of this Part 26.

#### Dissolution or Winding up

26.2 The holders of Preferred Shares shall be entitled, on the liquidation or dissolution of the Company, whether voluntary or involuntary, or on any other distribution of its assets among its shareholders for the purpose of winding up its affairs, to receive, before any distribution is made to the holders of common shares or any other shares of the Company ranking junior to the Preferred Shares with respect to the repayment of capital on the liquidation or dissolution of the Company, whether voluntary or involuntary, or on any other distribution of its assets among its shareholders for the purpose of winding up its affairs, the amount paid up with respect to each Preferred Share held by them, together with the fixed premium (if any) thereon, all accrued and unpaid cumulative dividends (if any and if preferential) thereon, which for such purpose shall be calculated as if such dividends were accruing on a day-to-day basis up to the date of such distribution, whether or not earned or declared, and all declared and unpaid non-cumulative dividends (if any and if preferential) thereon. After payment to the holders of the Preferred Shares of the amounts so payable to them, they shall not, as such, be entitled to share in any further distribution of the property or assets of the Company, except as specifically provided in the special rights and restrictions attached to any particular series. All assets remaining after payment to the holders of Preferred Shares as aforesaid shall be distributed rateably among the holders of the common shares.

**Voting Right**

- 26.3 Except for such rights relating to the election of directors on a default in payment of dividends as may be attached to any series of the Preferred Shares by the directors or in connection with convertible preferred shares, holders of Preferred Shares shall not be entitled, as such, to receive notice of, or to attend or vote at, any general meeting of shareholders of the Company.

## PART 27

### SPECIAL RIGHTS AND RESTRICTIONS ATTACHING TO THE SERIES A-1 CONVERTIBLE PREFERRED SHARES

The Series A-1 Convertible Preferred Shares (the “A-1 Preferred Shares”) of the Company shall have the rights and restrictions set forth below.

**27.1 Definitions.** For the purposes of this Section 27, the following terms shall have the following meanings:

“A-1 Holder” shall mean, from time to time, a registered holder of an outstanding A-1 Preferred Share as set out on the central securities register of the Company.

“A-1 Preferred Shares” shall have the meaning set forth above.

“Affiliate” means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 of the United States *Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder.

“Alternate Consideration” shall have the meaning set forth in Section 27.7(b).

“Attribution Parties” shall have the meaning set forth in Section 27.6(c).

“BCBCA” means the *Business Corporations Act* (British Columbia), as amended from time to time.

“Beneficial Ownership Limitation” shall have the meaning set forth in Section 27.6(c).

“Business Day” means any day except any Saturday, any Sunday, any day which is a federal legal holiday in Canada or any day on which banking institutions in the Province of Ontario are authorized or required by law or other governmental action to close.

“Common Shares” means the Company’s common shares, no par value, and stock of any other class of securities into which such securities may hereafter be reclassified or changed.

“Conversion Amount” means, with respect to any A-1 Preferred Share to be converted, the sum of (a) the Stated Value of such A-1 Preferred Share, (b) a return equal to 10% of the Stated Value per annum from the Original Issue Date of such A-1 Preferred Share; and (c) all other amounts due in respect of such A-1 Preferred Share.

“Conversion Date” shall have the meaning set forth in Section 27.6(a).

“Conversion Price” means US\$3.445 per Common Share.



“Conversion Shares” means, collectively, the Common Shares issuable upon conversion of the A-1 Preferred Shares in accordance with the terms hereof.

“Distribution” shall have the meaning set forth in Section 27.3.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Fundamental Transaction” shall have the meaning set forth in Section 27.7(b).

“Junior Securities” shall have the meaning set forth in Section 27.227.2(b).

“Liquidation” shall have the meaning set forth in Section 27.5(a).

“Liquidation Amount” means, with respect to any A-1 Preferred Share, the sum of (a) the Stated Value of such A-1 Preferred Share, (b) a return equal to 10% of the Stated Value per annum from the Original Issue Date of such A-1 Preferred Share; and (c) all other amounts due in respect of such A-1 Preferred Share.

“Notice of Conversion” shall have the meaning set forth in Section 27.6(a) and be substantially in the form set forth in Schedule 27.6(a).

“Optional Redemption” shall have the meaning set forth in Section 27.8(a).

“Optional Redemption Amount” means, with respect to any A-1 Preferred Share, the sum of (a) the Stated Value of such A-1 Preferred Share, (b) a return equal to 10% of the Stated Value per annum from the Original Issue Date of such A-1 Preferred Share; and (c) all other amounts due in respect of such A-1 Preferred Share.

“Optional Redemption Date” shall have the meaning set forth in Section 27.8(a).

“Optional Redemption Notice Date” shall have the meaning set forth in Section 27.8(a).

“Original Issue Date” means, with respect to any A-1 Preferred Share, the date of the first issuance of such A-1 Preferred Share regardless of the number of transfers of any particular A-1 Preferred Share and regardless of the number of certificates, if any, or other evidence which may be issued to represent such A-1 Preferred Share.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Stated Value” shall have the meaning set forth in Section 27.2(a).

“Successor Entity” shall have the meaning set forth in Section 27.7(b).

“Trading Day” means a day on which the principal Trading Market is open for business.

“Trading Market” means the Nasdaq Capital Market (or any of its successors, or any other stock exchange or over-the-counter securities trading market on which the Common Shares may be listed or quoted for trading where the majority of trading occurs, from time to time).

“Transfer Agent” means Computershare Investor Services Inc., the current transfer agent of the Company with a mailing address of 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 Canada and phone number of +1 (800) 564-6253, and any successor thereto.

“US\$” means the lawful currency of the United States.

## **27.2 Designation, Number, Par Value and Rank.**

- (a) The series of preferred shares shall be designated as Series A-1 Convertible Preferred Shares and the number of shares of such series so designated shall be 500 A-1 Preferred Shares, which shall not be subject to increase without the written consent of all of the A-1 Holders. Each A-1 Preferred Share shall have no par value and a stated value equal to US\$10,000 (the “Stated Value”). The A-1 Preferred Shares shall be issued and maintained as uncertificated securities on the books and records of the Company.
- (b) The A-1 Preferred Shares rank, with respect to redemption payments, rights (including as to the distribution of assets) upon liquidation, dissolution or winding-up of the Company, or otherwise, senior in preference and priority to the Common Shares and each other class or series of shares (collectively with the Common Shares, the “Junior Securities”), provided, however that no series of preferred shares of the Company shall have a priority in respect of return of capital (whether on dissolution of the Company or on the occurrence of any other event that entitles holders of shares of a series of preferred shares to a return of capital) over any other series of preferred shares then outstanding. If any return of capital in respect of any series of preferred shares are not paid in full, all series of preferred shares shall participate rateably in respect of any repayment of capital in accordance with the sums that would be payable on such repayment of capital if all sums so payable were paid in full.

**27.3 Dividends; Pro Rata Distributions.** The A-1 Preferred Shares shall not be entitled to receive dividends (if any) unless declared by the directors of the Company, acting in their sole and absolute discretion. During such time as the A-1 Preferred Shares are outstanding, if the Company declares or makes any dividend or other distribution of its assets (or rights to acquire its assets) to holders of Common Shares, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a “Distribution”), at any time after the issuance of these A-1 Preferred Shares, then, in each such case, an A-1 Holder shall be entitled to participate in such Distribution to the same extent that the A-1 Holder would have participated therein if the A-1 Holder had held the number of Common Shares acquirable upon conversion of the A-1 Holder’s A-1 Preferred Shares in full (without regard to any limitations on conversion hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the record date for such Distribution, or, if no record date is declared, the record date as of which the holders of Common Shares are to be determined for the participation in such Distribution (provided, however, to the extent that the A-1 Holder’s right to participate in any such Distribution would result in the A-1 Holder exceeding the Beneficial Ownership Limitation, then the A-1

Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any Common Shares as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the A-1 Holder until such time, if ever, as its right thereto would not result in the A-1 Holder exceeding the Beneficial Ownership Limitation, and, upon request in connection with a Distribution, the A-1 Holder will provide the Company with accurate information with respect to such A-1 Holder's current beneficial ownership of Common Shares for the purposes of not breaching the Beneficial Ownership Limitation).

**27.4 Voting Rights.** The A-1 Preferred Shares shall not have the right to vote on any matters except as required by law, including under the BCBCA. Where such vote is required by law, as of any record date or other determination date, each A-1 Holder shall be entitled to the number of votes such A-1 Holder would have been entitled to if all A-1 Preferred Shares held by such A-1 Holder on such date had been converted into Common Shares on the applicable record date.

**27.5 Liquidation.**

- (a) In the event of any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary (a "Liquidation"), A-1 Holders shall be entitled to be paid out of the assets of the Company legally available for distribution to the Company's shareholders, before any distribution or payment may be made to the holder of any Junior Securities, an amount in cash equal to the Liquidation Amount of all A-1 Preferred Shares held by such A-1 Holder, plus all declared but unpaid dividends on all such A-1 Preferred Shares. If amounts payable on a Liquidation, or on the occurrence of any other event that entitles the shareholders holding all series of preferred shares to be paid out of the assets of the Company legally available for distribution to the Company's shareholders, including a return of capital, are not paid in full, the shares of all series of preferred shares must participate rateably in such distribution.
- (b) After payment to the A-1 Holders of the Liquidation Amount to which they are entitled in full, such A-1 Holders, as such, will have no right or claim to any of the assets of the Company.
- (c) The value of any property not consisting of cash that is distributed by the Company to the A-1 Holders will equal the fair market value thereof (as determined in good faith by the board) on the date of distribution.
- (d) No holder of Junior Securities shall receive any cash upon a Liquidation unless the full Liquidation Amount to which the A-1 Holders are entitled has been paid in cash.
- (e) For the avoidance of doubt, a Fundamental Transaction or change of control shall not be treated as a Liquidation for the purpose of this Section (unless in connection therewith, the liquidation, dissolution or winding up of the Company is specifically approved), but shall be treated as provided in Section 27.7(c) hereof.

**27.6 Conversion.**

- (a) Conversions at Option of A-1 Holder. Each A-1 Preferred Share shall be convertible at any time after the Original Issue Date at A-1 Holder's option into that number of Common Shares (subject to

the limitation set forth in Section 27.6(c)) determined by dividing the applicable Conversion Amount by the Conversion Price. A-1 Holders shall effect conversions by providing the Company with a written election (a "Notice of Conversion"). Each Notice of Conversion shall specify the number of Common Shares beneficially owned prior to the conversion at issue, the number of A-1 Preferred Shares to be converted, the number of A-1 Preferred Shares owned prior to the conversion at issue, the number of A-1 Preferred Shares owned subsequent to the conversion at issue and the date on which such conversion is to be effected, which date may not be prior to the date that such Notice of Conversion to the Company is deemed delivered hereunder (such date, the "Conversion Date"). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion to the Company is deemed delivered hereunder. The calculations and entries set forth in the Notice of Conversion shall control in the absence of manifest or mathematical error. If required by the Company, an A-1 Holder shall deliver the certificate or other evidence representing such A-1 Preferred Shares concurrently with the Notice of Conversion. A-1 Preferred Shares converted into Common Shares in accordance with the terms hereof shall be cancelled and shall not be reissued.

By reason of the provisions of this Section 27.6(a), following the conversion of a portion of the A-1 Preferred Shares, the number of A-1 Preferred Shares available for conversion under any certificate or other physical evidence of the A-1 Preferred Shares at any given time may be less than the amount stated on the face of the certificate or other physical evidence. Absent manifest error, following any conversion of A-1 Preferred Shares, the remaining number of A-1 Preferred Shares available for conversion under any certificate or other physical evidence shall be equal to the applicable number contained in the Company's maintained for such purpose.

(b) Mechanics of Conversion

- (i) Delivery of Conversion Shares Upon Conversion. Not later than five (5) Trading Days after each Conversion Date, the Company shall deliver, or cause to be delivered, to the converting A-1 Holder Conversion Shares representing the number of Conversion Shares being acquired upon the conversion of the A-1 Preferred Shares. The Company shall use its commercially reasonable efforts to deliver the Conversion Shares required to be delivered by the Company under this Section 27.6 through the Transfer Agent's direct registration system. Conversion Shares may bear such legends as may be required under applicable United States and Canadian securities laws.
- (ii) Reservation of Shares Issuable Upon Conversion. The Company covenants that it will at all times reserve and keep available out of its authorized and unissued Common Shares for the sole purpose of issuance upon conversion of the A-1 Preferred Shares as herein provided, free from pre-emptive rights or any other actual contingent purchase rights of Persons other than the A-1 Holder, not less than such aggregate number of Common Shares as shall be issuable (taking into account the adjustments and restrictions of Section 27.7) upon the conversion of the then outstanding A-1 Preferred Shares. The Company covenants that all Common Shares that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and non-assessable.

- (iii) Fractional Shares. No fractional shares or scrip representing fractional shares shall be issued upon the conversion of the A-1 Preferred Shares. As to any fraction of a share which the A-1 Holder would otherwise be entitled to purchase upon such conversion, the Company shall round such fraction down to the nearest whole Common Share.
  - (iv) Transfer Taxes and Expenses. The issuance of Conversion Shares on conversion of these A-1 Preferred Shares shall be made without charge to any A-1 Holder for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such Conversion Shares, provided that the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such Conversion Shares upon conversion in a name other than that of the A-1 Holders and the Company shall not be required to issue or deliver such Conversion Shares unless or until the Person or Persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid. The Company shall pay all Transfer Agent fees required for rush processing of any Notice of Conversion required for rush electronic delivery of the Conversion Shares.
- (c) Beneficial Ownership Limitation. Notwithstanding any other provision of this Section 27.6, the Company shall not effect any conversion of the A-1 Preferred Shares, and an A-1 Holder shall not have the right to convert any portion of A-1 Preferred Shares, to the extent that, after giving effect to the conversion set forth on the applicable Notice of Conversion, such A-1 Holder (together with such A-1 Holder's Affiliates, and any Persons acting as a group together with such A-1 Holder or any of such A-1 Holder's Affiliates (such persons, "Attribution Parties")) would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of Common Shares beneficially owned by such A-1 Holder and its Affiliates or Attribution Parties shall include the number of Common Shares issuable upon conversion of the A-1 Preferred Shares with respect to which such determination is being made, but shall exclude the number of shares of Common Shares which are issuable upon (i) conversion of the remaining, unconverted Conversion Amount of A-1 Preferred Shares beneficially owned by such A-1 Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or unconverted portion of any other securities of the Company subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by such A-1 Holder or any of its Affiliates or Attribution Parties. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act. For purposes of this Section 27.6(c), in determining the number of outstanding Common Shares, an A-1 Holder may rely on the number of outstanding Common Shares as reflected in (A) the Company's most recent periodic or annual report filed with the United States Securities and Exchange Commission, as the case may be, (B) a more recent public announcement by the Company, or (C) a more recent written notice by the Company setting forth the number of Common Shares outstanding. Upon the written or oral request of an A-1 Holder, the Company shall within one (1) Trading Day confirm orally and in writing to the Holder the number of Common Shares then outstanding. In any case, the number of outstanding Common Shares shall be determined after giving effect to the conversion of securities of the Company, including the A-1 Convertible Shares, by the A-1 Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding Common Shares was reported. The "Beneficial Ownership Limitation" shall be 19.99% of the

number of Common Shares outstanding immediately after giving effect to the issuance of Common Shares issuable upon conversion of A-1 Preferred Shares held by the applicable A-1 Holder. An A-1 Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 27.6(c) applicable to its A-1 Preferred Shares provided that the Beneficial Ownership Limitation in no event exceeds 19.99% of the number of Common Shares outstanding immediately after giving effect to the issuance of Common Shares upon conversion of the A-1 Preferred Shares held by the A-1 Holder and the provisions of this Section 27.6(c) shall continue to apply. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 27.6(c) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of A-1 Preferred Shares.

#### 27.7 Certain Rights.

- (a) Share Dividends and Share Splits. If, at any time while these A-1 Preferred Shares are outstanding, the Company: (i) pays a share dividend or otherwise makes a distribution or distributions on Common Shares payable in Common Shares in which the A-1 Holders do not participate ratably (and for the avoidance of doubt no conversion of, or payment of a dividend on, the A-1 Preferred Shares shall constitute such a distribution), (ii) subdivides outstanding Common Shares into a larger number of shares, (iii) combines (including by way of a reverse share split) outstanding Common Shares into a smaller number of shares, or (iv) issues, in the event of a reclassification of Common Shares, any shares of capital stock of the Company, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of Common Shares (excluding any shares held by the Company or its subsidiaries) outstanding immediately before such event, and of which the denominator shall be the number of Common Shares outstanding immediately after such event, in each case excluding any shares held by the Company or its subsidiaries. Any adjustment made pursuant to this Section 27.7(a) shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.
- (b) Fundamental Transaction. If, at any time while these A-1 Preferred Shares are outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Shares are permitted to sell, tender or exchange their shares for other securities, cash or property and such offer has been accepted by the holders of 50% or more of the outstanding Common Shares, (iv) the Company, directly or indirectly, in one or more related transactions, effects any arrangement, reclassification, reorganization or recapitalization of the Common Shares or any compulsory share exchange pursuant to which the Common Shares are effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock

or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or plan of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding Common Shares (not including any Common Shares held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a "Fundamental Transaction"), then, the A-1 Holder shall have the right to receive, (without regard to any limitation in Section 27.6(c) on the conversion of the A-1 Preferred Shares), the same kind and amount of securities, cash or property, as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if had been, immediately prior to such Fundamental Transaction, the holder of Conversion Shares, assuming conversion of the A-1 Preferred Shares in accordance with its terms and any additional consideration (the "Alternate Consideration") as a result of such Fundamental Transaction a holder of the number of Common Shares for which the A-1 Preferred Shares are convertible immediately prior to such Fundamental Transaction would have the right to receive (without regard to any limitation in Section 27.6(c) upon the conversion of A-1 Preferred Shares).

For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one Common Share in such Fundamental Transaction, and the Company shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Shares are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the A-1 Holder shall be given the same choice as to the Alternate Consideration it receives upon any conversion of the A-1 Preferred Shares following such Fundamental Transaction.

To the extent necessary to effectuate the foregoing provisions, any successor entity to the Company after such Fundamental Transaction shall amend its articles or take such other corporate action as may be required to reflect the same terms and conditions and issue to the A-1 Holders new preferred shares consistent with the foregoing provisions and evidencing the A-1 Holders' right to convert such preferred stock into Alternate Consideration. The Company shall cause any successor entity in a Fundamental Transaction (the "Successor Entity") to assume all of the obligations of the Company applicable to the A-1 Preferred Shares in accordance with the provisions of this Section 27.7(c) pursuant to a written instrument substantially similar in form and substance to these terms prior to such Fundamental Transaction and, at the option of the A-1 Holder, shall cause the Successor Entity to deliver to the A-1 Holder in exchange for these A-1 Preferred Shares a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to these A-1 Preferred Shares which are convertible for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the Common Shares acquirable and receivable upon conversion of these A-1 Preferred Shares (without regard to any limitations on the conversion of these A-1 Preferred Shares) prior to such Fundamental Transaction, and with a conversion price which applies the Conversion Price hereunder to such shares of capital stock (but taking into account the relative value of the Common Shares pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such conversion price being for the purpose of protecting the economic value of the A-1 Preferred Shares immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory

in form and substance to the A-1 Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the rights and restrictions provided for herein referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company hereunder with the same effect as if such Successor Entity had been named as the Company herein.

- (c) Calculations. All calculations under this Section 27.7 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 27.7, the number of Common Shares deemed to be issued and outstanding as of a given date shall be the sum of the number of Common Shares (excluding any shares held by the Company or its subsidiaries) issued and outstanding.
- (d) Notice to the A-1 Holders.
  - (i) Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 27.7, the Company shall promptly deliver to each A-1 Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.
  - (ii) Notice to Allow Conversion by A-1 Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Shares, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of Common Shares, (C) the Company shall authorize the granting to all holders of Common Shares of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any shareholders of the Company shall be required in connection with any reclassification of Common Shares, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Shares are converted into other securities, cash or property, (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, or (F) the Company shall enter into an agreement to consummate any Fundamental Transaction, then, in each case, the Company shall cause to be delivered to each A-1 Holder at its last address as it shall appear upon the central securities register of the Company, at least ten (10) calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of Common Shares of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer share exchange, or other Fundamental Transaction is expected to become effective or close, and the date as of which it is expected that holders of Common Shares of record shall be entitled to exchange their Common Shares for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. The A-1 Holder



shall remain entitled to convert the Conversion Amount of these A-1 Preferred Shares (or any part hereof) during the 10-day period commencing on the date of such notice through the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

## 27.8 Redemption

- (a) Optional Redemption at Election of Company. Subject to the provisions of this Section 27.8(a) and the BCBCA, at any time after the third anniversary of the Original Issue Date, the Company may deliver a notice to the A-1 Holder (the date such notice is deemed delivered hereunder, the "Optional Redemption Notice Date") of its irrevocable election to redeem some or all of the then outstanding A-1 Preferred Shares for cash in an amount equal to the Optional Redemption Amount on the 20th Trading Day following the Optional Redemption Notice Date (such date, the "Optional Redemption Date" and such redemption, the "Optional Redemption"). Subject to 27.8(c), the Optional Redemption Amount is payable in full on the Optional Redemption Date.
- (b) Redemption Procedure. The payment of cash pursuant to an Optional Redemption shall be payable on the Optional Redemption Date. Notwithstanding anything to the contrary in this Section 27.8, the Company's determination to redeem A-1 Preferred Shares under Section 27.8(a) shall be applied ratably among the A-1 Holders. Any A-1 Holder may elect to convert its A-1 Preferred Shares pursuant to Section 27.6 prior to the Optional Redemption Date by the delivery of a Notice of Conversion to the Company.
- (c) Surrender of Certificates. If a certificate or other physical evidence representing A-1 Preferred Shares exists, then on or before the Optional Redemption Date, each of the A-1 Holders, unless such A-1 Holder has exercised his, her or its right to convert such A-1 Preferred Shares as provided in Section 27.6, shall surrender the certificate(s) or other physical evidence representing such A-1 Preferred Shares (or, if such A-1 Holder alleges that such physical evidence has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Company to indemnify the Company against any claim that may be made against the Company on account of the alleged loss, theft or destruction of such certificate) to the Company in the manner and at the place designated in the Optional Redemption Notice, and upon such surrender the Optional Redemption Amount for such A-1 Preferred Shares shall be payable to the order of the person whose name appears on such certificate or certificates or other physical evidence of the A-1 Preferred Shares as the owner thereof.

Schedule 27.6(a)

NOTICE OF CONVERSION

(TO BE EXECUTED BY THE REGISTERED A-1 HOLDER IN ORDER TO CONVERT A-1 PREFERRED SHARES)

The undersigned hereby elects to convert the number of shares of Series A-1 Convertible Preferred Shares (the "A-1 Preferred Shares") indicated below into Common Shares, no par value per share (the "Common Shares"), of Edesa Biotech, Inc., a British Columbia corporation, according to the conditions hereof, as of the date written below. If Common Shares are to be issued in the name of a Person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto. No fee will be charged to the A-1 Holders for any conversion, except for any such transfer taxes.

Conversion calculations:

Date to Effect Conversion: \_\_\_\_\_

Number of Common Shares owned prior to Conversion: \_\_\_\_\_

Number of A-1 Preferred Shares owned prior to Conversion: \_\_\_\_\_

Number of A-1 Preferred Shares to be Converted: \_\_\_\_\_

Conversion Amount of A-1 Preferred Shares to be Converted: \_\_\_\_\_

Number of Common Shares to be Issued: \_\_\_\_\_

Applicable Conversion Price: \_\_\_\_\_

Number of A-1 Preferred Shares Remaining Following Conversion: \_\_\_\_\_

(Choose One)

**Direct Registration System (DRS)**

Registration Name: \_\_\_\_\_

Address of Registration: \_\_\_\_\_

Delivery Address: \_\_\_\_\_

**[A-1 HOLDER]**

By: \_\_\_\_\_  
Name:  
Title:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE \_\_\_\_\_.

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

**FORM OF WARRANT TO PURCHASE COMMON SHARE PURCHASE OF**

**EDESA BIOTECH, INC.**

Warrant Shares: \_\_\_\_\_

Date: \_\_\_\_\_

THIS COMMON SHARE PURCHASE WARRANT (the "Warrant") certifies that, for value received, **Pardeep Nijhawan Medicine Professional Corporation** or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time from the date hereof until 5:00 p.m. (Toronto time) on \_\_\_\_\_ (the "Termination Date"), but not thereafter, to subscribe for and purchase from Edesa Biotech, Inc., a British Columbia corporation (the "Company"), up to \_\_\_\_\_ Common Shares under this Warrant (as subject to adjustment hereunder, the "Warrant Shares"). The purchase price of one Common Share under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Securities Purchase Agreement (the "SPA"), dated October 30, 2024, between the Company and the Holder.

Section 2. Exercise.

(a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time after the date hereof and on or before the Termination Date by delivery to the Company of a duly executed facsimile copy or PDF copy submitted by e-mail (or e-mail attachment) to [\*\*] of the Notice of Exercise in the form annexed hereto (the "Notice of Exercise"). Within the earlier of (i) two (2) days on which the principal Trading Market (as defined herein) is open for trading (the "Trading Day") and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined in Section 2(d)(i) herein) following the date of exercise as aforesaid, the Holder shall deliver the aggregate Exercise Price for the Warrant Shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States or Canadian bank unless the cashless exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and this Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date on which the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within one (1) Trading Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

Without limiting the rights of a Holder to receive Warrant Shares on a “cashless exercise”, in no event will the Company be required to net cash settle a Warrant exercise.

(b) Exercise Price. The exercise price per one Common Share under this Warrant shall be **US\$3.445**, subject to adjustment hereunder (the “**Exercise Price**”).

(c) Cashless Exercise. If at the time of exercise hereof there is no effective registration statement registering, or the prospectus contained therein is not available for the issuance or resale of the Warrant Shares to or by the Holder, then this Warrant may also be exercised, in whole or in part, at such time by means of a “cashless exercise” in which the Holder shall be entitled to receive a number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = as applicable: (i) the VWAP (as defined herein) on the Trading Day immediately preceding the date of the applicable Notice of Exercise if such Notice of Exercise is (1) both executed and delivered pursuant to Section 2(a) hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Section 2(a) hereof on a Trading Day prior to the opening of “regular trading hours” (as defined in Rule 600(b)(64) of Regulation NMS promulgated under the United States federal securities laws) on such Trading Day, (ii) at the option of the Holder, either (y) the VWAP on the Trading Day immediately preceding the date of the applicable Notice of Exercise or (z) the Bid Price (as defined herein) of the Common Shares on the principal Trading Market as reported by Bloomberg L.P. as of the time of the Holder’s execution of the applicable Notice of Exercise if such Notice of Exercise is executed during “regular trading hours” on a Trading Day and is delivered within two (2) hours thereafter (including until two (2) hours after the close of “regular trading hours” on a Trading Day) pursuant to Section 2(a) hereof or (iii) the VWAP on the date of the applicable Notice of Exercise if the date of such Notice of Exercise is a Trading Day and such Notice of Exercise is both executed and delivered pursuant to Section 2(a) hereof after the close of “regular trading hours” on such Trading Day;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

If Warrant Shares are issued in such a cashless exercise, the parties acknowledge and agree that in accordance with Section 3(a)(9) of the *Securities Act of 1933* as amended, and the rules and regulations promulgated thereunder (the “**Securities Act**”), the Warrant Shares shall take on the characteristics of the Warrants being exercised, and the holding period of the Warrant Shares being issued may be tacked on to the holding period of this Warrant. The Company agrees not to take any position contrary to this Section 2(c).

“**Trading Market**” means any of the following markets or exchanges on which the Common Shares are listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange (or any successors to any of the foregoing).

“**Bid Price**” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Shares are then listed or quoted on a Trading Market, the bid price of the Common Shares for the time in question (or the nearest preceding date) on the Trading Market on which the Common Shares are then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (Toronto time) to 4:02 p.m. (Toronto time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Shares for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Shares are not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Shares are then reported in the “Pink Sheets” published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per Common Share so reported, or (d) in all other cases, the fair market value of a Common Share as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

“**VWAP**” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Shares are then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Shares for such date (or the nearest preceding date) on the Trading Market on which the Common Shares are then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (Toronto time) to 4:02 p.m. (Toronto time)), (b) if OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Shares for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Shares are not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Shares are then reported in the “Pink Sheets” published by OTC Markets Group, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per Common Share so reported, or (d) in all other cases, the fair market value of a Common Share as determined by an independent appraiser selected in good faith by the Holders of a majority in interest of the Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

“**Person**” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint share company, government (or an agency or subdivision thereof) or other entity of any kind.

(d) Mechanics of Exercise.

(i) Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder’s or its designee’s balance account with Computershare Investor Services, Inc. through its Deposit or Withdrawal at Custodian system (“**DWAC**”) if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the Holder or (B) the Warrant Shares are eligible for resale by the Holder without volume or manner-of-sale limitations pursuant to Rule 144 that is promulgated by the United States Securities and Exchange Commission pursuant to the Securities Act (“**Rule 144**”) (assuming cashless exercise of the Warrants), and otherwise by physical delivery of a certificate or electronic delivery of a DRS advice evidencing registration in the transfer agent’s direct registration system, registered in the Company’s share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the earlier of (i) the earlier of (A) three (3) Trading Days after the delivery to the Company of the Notice of Exercise and (B) one (1) Trading Day after delivery of the aggregate Exercise Price to the Company and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined herein) after the delivery to the Company of the Notice of Exercise (such date, the “**Warrant Share Delivery Date**”). Upon delivery of the Notice of Exercise, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares, provided that payment of the aggregate Exercise Price (other than in the case of a cashless exercise) is received within the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period following delivery of the Notice of Exercise. The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable. As used herein, “Standard Settlement Period” means the standard settlement period, expressed in a number of Trading Days, on the Company’s primary Trading Market with respect to the Common Shares as in effect on the date of delivery of the Notice of Exercise.

(ii) Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

(iii) No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

(iv) Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all Transfer Agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares.



(v) Closing of Books. The Company will not close its shareholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

(e) Holder's Exercise Limitations. Unless otherwise agreed by the Company and Holder, the Company shall not knowingly effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons (as defined herein) acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "**Attribution Parties**")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined herein). For purposes of the foregoing sentence, the number of Common Shares beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of Common Shares issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of Common Shares which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Share Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "**Exchange Act**"). For purposes of this Section 2(e), in determining the number of outstanding Common Shares, a Holder may rely on the number of outstanding Common Shares as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of Common Shares outstanding. Upon the written or oral request of a Holder, the Company shall within one (1) Trading Day confirm orally and in writing to the Holder the number of Common Shares then outstanding. In any case, the number of outstanding Common Shares shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding Common Shares was reported. The "Beneficial Ownership Limitation" shall be 19.99% of the number of Common Shares outstanding immediately after giving effect to the issuance of Common Shares issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 19.99% of the number of Common Shares outstanding immediately after giving effect to the issuance of Common Shares upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61<sup>st</sup> day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

Section 3. Certain Adjustments.

(a) Share Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a share dividend or otherwise makes a distribution or distributions on Common Shares or any other equity or equity equivalent securities payable in Common Shares (which, for avoidance of doubt, shall not include any Common Shares issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding Common Shares into a larger number of shares, (iii) combines (including by way of reverse share split) outstanding Common Shares into a smaller number of shares, or (iv) issues by reclassification of Common Shares any capital shares of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of Common Shares (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of Common Shares outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

(b) **Fundamental Transaction.** If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Shares are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Shares, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Shares or any compulsory share exchange pursuant to which the Common Shares are effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding Common Shares (not including any Common Shares held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such share purchase agreement or other business combination) (each a “**Fundamental Transaction**”), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(e) on the exercise of this Warrant), the same kind and amount of securities, cash or property as such Holder would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of Common Shares and any additional consideration (the “**Alternate Consideration**”). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one Common Share in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Shares are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the “**Successor Entity**”) to assume in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 3(b) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of capital shares of such Successor Entity (or its parent entity) equivalent to the Common Shares acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such capital shares (but taking into account the relative value of the Common Shares pursuant to such Fundamental Transaction and the value of such capital shares, such number of capital shares and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant and the other transaction documents referring to the “Company” shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other transaction documents with the same effect as if such Successor Entity had been named as the Company herein.

(c) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of Common Shares deemed to be issued and outstanding as of a given date shall be the sum of the number of Common Shares (excluding treasury shares, if any) issued and outstanding.

(d) Notice to Holder of Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by facsimile or email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

Section 4. Transferability; New Warrants.

(a) Transferability. This Warrant is non-transferable; provided however, the Holder may transfer this Warrant, in whole or in part, to a subsidiary of the Holder or to an affiliate of the Holder who is controlled by the Holder or the shareholder of the Holder, if such transfer would not be in violation of any applicable securities laws or, if applicable, the rules and policies of the stock exchange upon which the Common Shares may then be listed and principally traded. Subject to the foregoing, the Company shall use reasonable commercial efforts to execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within two (2) Trading Days of the date on which the Holder delivers an assignment form to the Company assigning this Warrant in full. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

(b) New Warrants. This Warrant certificate may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrant certificates are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrant certificates issued on exchanges shall be dated the Issue Date of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

(c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the “**Warrant Register**”), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

(d) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5. Miscellaneous.

(a) No Rights as Shareholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a shareholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i).

(b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any share certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or share certificate, if mutilated, the Company will make and deliver a new Warrant or share certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or share certificate.

(c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

(d) Authorized Shares.

The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Shares a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Shares may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

(e) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the SPA.

(f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

(g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies, notwithstanding the fact that all rights hereunder terminate on the Termination Date.

(h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the SPA.

(i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Shares or as a shareholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

(j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

(k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

(l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

(m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

(n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

(o) Counterparts, Electronic Delivery. This Warrant may be executed in one or more counterparts each of which may be delivered by facsimile, by e-mail in pdf, or other legal permissible electronic signature, and each of which will be deemed to be an original, and all of which together will be deemed to be one and the same document.

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IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

**EDESA BIOTECH, INC.**

By: \_\_\_\_\_  
Name: Stephen Lemieux  
Title: Chief Financial Officer



**NOTICE OF EXERCISE**

TO: **EDESA BIOTECH, INC.**

(1) The undersigned hereby elects to purchase \_\_\_\_\_ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

in lawful money of the United States; or

if permitted the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in Section 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in Section 2(c).

(3) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

\_\_\_\_\_

The Warrant Shares shall be delivered to the following DWAC Account Number:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

(4) Accredited Investor. The undersigned is an “accredited investor” as defined in Regulation D promulgated under the Securities Act of 1933, as amended or an “accredited investor” as defined under National Instrument 45-106.

[SIGNATURE OF HOLDER]

Name of Investing Entity: \_\_\_\_\_

Signature of Authorized Signatory of Investing Entity: \_\_\_\_\_

Name of Authorized Signatory: \_\_\_\_\_

Title of Authorized Signatory: \_\_\_\_\_

Date: \_\_\_\_\_

Please send the completed Notice of Exercise Form to [\*\*]

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## SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "Agreement") is dated as of October 30, 2024, between Edesa Biotech, Inc., a British Columbia corporation (the "Company"), and Pardeep Nijhawan Medicine Professional Corporation (the "Purchaser").

**WHEREAS** the Company desires to issue to the Purchaser, and the Purchaser desires to acquire from the Company, units (the "Units") having an aggregate value of up to US\$5 million (the "Aggregate Proceeds") at a purchase price of US\$10,272.13 per Unit, in multiple tranches and subject to the terms and conditions set forth in this Agreement;

**AND WHEREAS** each Unit shall comprise (a) one Series A-1 Convertible Preferred Share (the "Preferred Shares") of the Company with no par value per Preferred Share and a stated value of US\$10,000 per Preferred Share, convertible into common shares of the Company ("Conversion Shares") at an exercise price of US\$3.445 per Conversion Share, and (b) that number of common share purchase warrants of the Company (each whole warrant, a "Warrant") as is equal to 0.75 of the number of Conversion Shares issuable upon conversion of each Preferred Share;

**AND WHEREAS** each Warrant shall expire five years from the date hereof, subject to the terms and conditions set forth in this Agreement and in the certificates representing the Warrants ("Warrant Certificates");

**NOW, THEREFORE, IN CONSIDERATION** of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and Purchaser agree as follows:

**ARTICLE I.**  
DEFINITIONS

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, for all purposes of this Agreement, the following terms have the meanings set forth in this Section 1.1:

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person as such terms are used in and construed under Rule 405 under the Securities Act.

"Aggregate Proceeds" has the meaning ascribed to such term in the Recitals to this Agreement.

"Amended Articles" has the meaning ascribed to such term in Section 2.5(a)(ii).

"Articles" means the articles of the Company, as amended from time to time.

"Business Day" means any day except any Saturday, any Sunday, any day which is a statutory holiday or any other day on which banking institutions in Toronto, Ontario, Canada are authorized or required by law or other governmental action to close.

"Canadian Commissions" has the meaning ascribed to such term in Section 4.8.

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“Closing” means the completion of the issue and sale by the Company of the Units on one or more Closing Dates.

“Closing Date” means the date of a Closing as may be agreed to by the Company and the Purchaser in writing, and initially shall mean the Initial Closing Date.

“Commission” means the United States Securities and Exchange Commission.

“Common Shares” means the common shares of the Company, with no par value per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

“Conversion Shares” has the meaning ascribed to such term in the Recitals to this Agreement.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Initial Closing” has the meaning ascribed to such term in Section 2.1.

“Legend Removal Date” has the meaning assigned to such term in Section 4.1(d).

“Offering” means the purchase and sale of Units to the Purchaser contemplated by this Agreement.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint share company, government (or an agency or subdivision thereof) or other entity of any kind.

“Preferred Shares” has the meaning ascribed to such term in the Recitals to this Agreement.

“Purchaser Information” has the meaning ascribed to such term in Section 4.8.

“Regulatory Authorities” has the meaning ascribed to such term in Section 2.5(a)(i);

“Rule 144” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

“Securities” means, collectively or individually, as applicable, any or all of the Units, Preferred Shares, the Conversion Shares, the Warrants, and the Warrant Shares.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Shareholders” means holders of the Common Shares;

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“Subsequent Closing” has the meaning ascribed to such term in Section 2.2.

“Subsequent Closing Date” means the Closing Date for any Subsequent Closing.

“Subsequent Units” has the meaning ascribed to such term in Section 2.2(b).

“Trading Day” means a day on which the principal Trading Market is open for trading.

“Trading Market” means any of the following markets or exchanges on which the Common Shares are listed or quoted for trading on the date in question: the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange (or any successors to any of the foregoing).

“Transaction Documents” means this Agreement, the Warrant Certificates and the Amended Articles.

“Transfer Agent” means Computershare Investor Services Inc., the current transfer agent of the Company, with a mailing address of 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, and any successor transfer agent of the Company.

“Warrant” has the meaning ascribed to such term in the Recitals to this Agreement.

“Warrant Share” means a Common Share underlying the Warrants.

“Warrant Certificates” has the meaning ascribed to such term in the Recitals to this Agreement.

## ARTICLE II. PURCHASE AND SALE

2.1 Initial Closing. The initial tranche of the Offering shall consist of the issuance and sale of 150 Units (the “Initial Closing”) for aggregate gross proceeds to the Company of US\$1,540,819 on the date hereof (the “Initial Closing Date”). The Initial Closing shall occur by the electronic exchange of documents and at the offices of the Company or such other location as the parties shall mutually agree.

2.2 Subsequent Closings.

(a) Until the third anniversary of the Initial Closing and subject to the terms and conditions of this Agreement, upon five Business Day’s notice to the Purchaser (or such shorter period as may be agreed to between the Purchaser and the Company), the Company shall have the option to cause the Purchaser to purchase additional tranches of Units (“Subsequent Units”) on such Subsequent Closing Date as may be agreed to by the Company and the Purchaser in writing. Any additional tranche of the Offering shall consist of the issuance and sale of Units (each such sale, a “Subsequent Closing”) in a minimum amount of US\$100,000 per Unit and in no event shall result in aggregate gross proceeds in excess of the Aggregate Proceeds (inclusive of the proceeds from the Initial Closing and any previous Subsequent Closing).

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(b) The obligations of the Purchaser to purchase Subsequent Units and the Company to sell Subsequent Units is subject to the satisfaction, at or before the applicable Subsequent Closing Date, of each of the conditions set forth in this Agreement related to such Subsequent Closing, provided that such conditions may be waived by each of the Purchaser and the Company, as applicable, at any time in its sole discretion by providing the other party with prior written notice thereof.

2.3 Closing Procedures. Each of the Initial Closing and any Subsequent Closing will occur at approximately 10:00 a.m., Toronto time on each of the Initial Closing Date and any Subsequent Closing Date, respectively (each, a "Closing Date").

2.4 Deliveries.

(a) On any applicable Closing Date, the Company and the Purchaser shall electronically exchange any documents or other materials necessary to evidence the satisfaction of the conditions of the respective tranche of the Offering.

(b) On any applicable Closing Date, the Company shall register or cause its Transfer Agent to register, as applicable, the Purchaser as the registered owner of the Preferred Shares in the records of the Company according to registration instructions provided to the Company by the Purchaser, deliver a notice of uncertificated issuance with respect to the Preferred Shares to the Purchaser, and deliver a physical Warrant Certificate to the Purchaser executed by an officer of the Company, either manually or through docusign.

(c) On any applicable Closing Date, the Company shall provide the Purchaser with a copy the executed resolutions of the Company's board of directors authorizing and approving the execution and delivery of this Agreement, the Warrant Certificate and the creation, issuance and delivery of the Preferred Shares and the Warrants.

(d) On any applicable Closing Date, the Subscriber shall deliver payment in full for the purchase price of the Units to be issued in the applicable tranche by wire transfer or other means of delivering same-day accessible funds as may be agreed to and as directed by the Company.

2.5 Closing Conditions.

(a) The Company's and the Purchaser's obligations to complete the Initial Closing and any Subsequent Closing, as applicable, shall be conditional upon and subject to satisfaction of each of the following conditions, which conditions are for the mutual benefit of the Company and the Purchaser and may only be waived, in whole or in part, by both the Company and the Purchaser, in each case in its sole discretion:

(i) the Company having provided any necessary notice to the NASDAQ Capital Market and any other applicable regulatory authority (collectively "Regulatory Authorities") in connection with the Offering and any tranche thereof;

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(ii) the Articles shall have been amended such that the Preferred Shares shall reflect terms satisfactory to both parties (the "Amended Articles"), substantially on the terms expressed in the form of amended articles agreed to between the Company and the Purchaser and attached hereto as Schedule "A"; and

(iii) there shall be no outstanding judicial or regulatory order, decree or proceeding enjoining, or which may have the effect of enjoining, the Offering or any tranche thereof that has not yet been completed.

(b) The obligations of the Company in connection with the Initial Closing and any Subsequent Closing are subject to the following conditions being met:

(i) the accuracy in all material respects when made and on the applicable Closing Date of the representations and warranties of the Purchaser contained herein (unless made as of a specific date in which case they shall be accurate as of such date);

(ii) all obligations, covenants and agreements of the Purchaser required to be performed at or prior to the applicable Closing Date shall have been performed; and

(iii) the delivery by the Purchaser of the items set forth in Section 2.4(d) of this Agreement.

(c) The obligations of the Purchaser hereunder in connection with the Closing are subject to the following conditions being met:

(i) all obligations, covenants and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed; and

(ii) the delivery by the Company of the items set forth in Sections 2.4(b) and 2.4(c) of this Agreement.

(d) In addition to the conditions above, any Subsequent Closing that would result in aggregate gross proceeds from the sale of Units (for clarity, including the proceeds of the Initial Closing) being in excess of US\$2,000,000 shall be subject to the Company having received the prior approval of Shareholders, excluding the Purchaser, of an ordinary resolution approving the Offering and the sale of Securities thereunder to the Purchaser, and any other matters that may require the approval of Shareholders in satisfaction of any policies of any Regulatory Authority, the Commission or Canadian Commission in order to effect the Offering. Such approval shall be obtained at a special meeting of Shareholders, and in connection with such special meeting, the Company's board of directors shall have unanimously recommended to all Shareholders that they vote in favour of such resolution, and such recommendation shall not have been withdrawn, modified or qualified, nor shall any public proposal or statement that the Company intends to withdraw, modify or qualify such unanimous recommendation in any manner adverse to the Purchaser shall have been made.

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**ARTICLE III.**  
**REPRESENTATIONS AND WARRANTIES**

3.1 Representations and Warranties of Purchaser. Purchaser hereby represents and warrants as of the date hereof to the Company as follows (unless as of a specific date therein, in which case they shall be accurate as of such date):

(a) Understandings or Arrangements. Purchaser understands that the Units are “restricted securities” and have not been registered under the Securities Act or any applicable state securities law or qualified under the laws of any Canadian or foreign jurisdiction and are being issued in reliance upon the exemption from the registration requirements thereof afforded by Regulation S and/or other exemptions under the Securities Act, or with any state securities commission or agency, and applicable Canadian prospectus requirements. Purchaser is acquiring such Securities for investment purposes as principal for its own account (and not for the account of any U.S. Person within the meaning of Rule 902(a) of Regulation S) and not with a view to or for distributing or reselling such Securities or any part thereof, including in violation of the Securities Act or any applicable state securities law or Canadian or foreign securities law. Purchaser has no present intention of distributing any of such Securities in violation of the Securities Act or any applicable state securities law or Canadian or foreign securities law and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities in violation of the Securities Act or any applicable provincial, state or Canadian securities law or foreign securities law. No sale by Purchaser of the Securities has been pre-arranged with any prospective buyer in the United States or Canada. In connection with the transactions that are the subject of this Agreement, Purchaser acknowledges that offers respecting the sale of the Securities directed by the Company were received outside of the United States and that Purchaser has not and is not engaged in or directed any unsolicited offers to buy the Securities in the United States on behalf of any U.S. Person. Purchaser agrees and acknowledges that the Company will annotate any evidence of the Preferred Shares and Warrants (and Conversion Shares and Warrant Shares, if applicable) with legends prohibiting the transfer of the Securities delivered under this Agreement or the Warrant Certificate made in violation of applicable securities laws. The Company has advised the Purchaser that the Company is relying on an exemption from the requirements to provide the Purchaser with a prospectus under Canadian securities laws and, as a consequence of acquiring the Shares pursuant to these exemptions, certain protections, rights and remedies provided by Canadian securities laws, including applicable statutory rights of rescission or damages, will not be available to Purchaser, and no prospectus or registration statement has been filed by the Company with any securities commission or similar regulatory authority in any jurisdiction in connection with the issuance of the Preferred Shares.

(b) Purchaser Status. At the time Purchaser was offered the Units, it was not, and as of the date hereof it is not a U.S. Person within the meaning of Rule 902(a) of Regulation S. At the time Purchaser was offered the Units, the Purchaser was, and as of the date hereof is, an “accredited investor” as defined in National Instrument 45-106 - *Prospectus Exemptions*.

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(c) United States Accredited Investor. At the time the Purchaser was offered the Securities, it was, and as of the date hereof it is, and on each date on which it exercises any Warrants or converts any of the Preferred Shares, it will be an “accredited investor” as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7), (a)(8), (a)(9), (a)(12), or (a)(13) under the Securities Act.

(d) Experience of Purchaser. Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Units, and has so evaluated the merits and risks of such investment. Purchaser is able to bear the economic risk of an investment in the Units and, at the present time, is able to afford a complete loss of such investment.

(e) Access to and Reliance on Information. The Purchaser has not received, nor has the Purchaser requested, nor does the Purchaser have any need to receive, any offering memorandum or any other document describing the business and affairs of the Company that constitutes an offering memorandum as such term is defined under applicable Canadian securities laws, nor has any such document been prepared for delivery to, or review by, the Purchaser in order to assist in making an investment decision in respect of the Units. In making its decision to enter into this Agreement for the purchase of the Units, the Purchaser has relied solely on the Company’s current public disclosure record available at [www.edgar.com](http://www.edgar.com) and [www.sedarplus.ca](http://www.sedarplus.ca).

(f) No Material Undisclosed Information. The Units are not being purchased by the Purchaser as a result of or with knowledge of any material information concerning the Corporation that has not been publicly disclosed, and the Purchaser has no knowledge of a “material fact” or “material change” with respect to the Company (as those terms are defined in applicable securities laws, and which generally includes a fact or change which would reasonably be expected to have a significant effect on the market price of the Common Shares) that has not been generally disclosed to the public;

(g) General Solicitation. Purchaser is not purchasing the Units as a result of any advertisement, article, notice or other communication regarding the Units published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or, to the knowledge of Purchaser, any other general solicitation or general advertisement.

(h) Restricted Securities. Purchaser agrees that the Securities acquired by it pursuant to this Agreement (including, for clarity the Conversion Shares and the Common Shares underlying the Warrants) will not be registered under the Securities Act and shall not be voluntarily sold, transferred or otherwise disposed of in the United States or Canada or to any U.S. Person except pursuant to an available exemption from the registration requirements of the Securities Act or pursuant to an effective registration statement thereunder or pursuant to an available exemption from the prospectus requirements of applicable Canadian securities laws, and otherwise in compliance with any applicable state or provincial securities laws. Purchaser agrees that there are restrictions on Purchaser’s ability to resell the Securities under applicable Canadian securities laws and it is the responsibility of Purchaser to find out what those restrictions are and to comply with them before selling the Securities. Purchaser acknowledges that no transfer of Securities shall be made by the Company’s registrar and transfer agent upon the Company’s transfer books or records unless there has been compliance with the terms of this Agreement, including the above provisions. Purchaser agrees to indemnify and hold the Company harmless from and against liabilities, claims, damages and expenses (including reasonable attorneys’ fees) that may result from or arise out of any disposition of the Securities in violation of this Agreement.

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(i) Limited Resale. Purchaser understands that it may not be able to resell the Securities except in accordance with limited exemptions available under applicable securities laws, and that Purchaser is solely responsible for Purchaser's compliance with applicable resale restrictions. Subject to any exemptions available under applicable securities laws, Purchaser will comply with all applicable securities laws concerning the resale of the Shares and will not resell any of the Shares except in accordance with the provisions of applicable securities laws.

(j) Control Person and Associated Restrictions. The Purchaser is not a "control person" of the Corporation (within the meaning of applicable securities laws, and which generally includes a person holding or controlling (alone or jointly or in concert with other persons) more than 20% of the Common Shares), and the purchase of the Units contemplated by this Agreement will not result in the Purchaser becoming a "control person". The Purchaser acknowledges that the terms of the Preferred Shares and the Warrant Certificates will include restrictions on the ability of the Purchaser to hold more than 19.99% of the outstanding Common Shares from time to time.

(k) Subscription Funds Not Proceeds of Crime. None of the funds the Purchaser is using to purchase the Units represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "PCMLTFA") or the United States Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (the "Patriot Act") and the Purchaser acknowledges that the Corporation may in the future be required by law to disclose the Purchaser's (and if applicable, the Disclosed Principal's) name and other information relating to this Subscription Agreement and the Purchaser's (and if applicable, the Disclosed Principal's) subscription hereunder, on a confidential basis, pursuant to the PCMLTFA or the Patriot Act. To the best of its knowledge: (i) none of the subscription funds to be provided by the Purchaser: (A) have been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States or any other jurisdiction; or (B) are being tendered on behalf of a person or entity who has not been identified to the Purchaser, and (ii) it shall promptly notify the Corporation if the Purchaser discovers that any of such representations ceases to be true, and to provide the Corporation with appropriate information in connection therewith.

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(l) No Brokers. There is no person acting or purporting to act in connection with the Offering who is entitled to any brokerage or finder's fee and if any person establishes a claim that any fee or other compensation is payable in connection with this subscription for Units, the Purchaser covenants to indemnify and hold harmless the Company with respect thereto and with respect to all costs reasonably incurred in the defence thereof.

**ARTICLE IV.**  
OTHER AGREEMENTS OF THE PARTIES

4.1 Removal of Legends.

(a) The Securities may only be disposed of in compliance with applicable provincial, state and federal securities laws. In connection with any transfer of the Securities other than pursuant to an effective registration statement, to the Company or to an Affiliate of a Purchaser, the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act or any applicable foreign securities law.

(b) Purchaser agrees to the imprinting, so long as is required by this Section 4.1, of a legend on any of the Securities in the following form:

“NEITHER THIS SECURITY NOR THE SECURITIES INTO WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.”

(c) Purchaser also agrees to the imprinting of an additional legend on any of the Securities in substantially the following form, to the extent that any Securities are issued prior to the expiry of any applicable hold period:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE [the date which is four months and one day after the Closing Date will be inserted].”

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(d) In connection with a sale of Conversion Shares or Warrant Shares by Purchaser in reliance on Rule 144, Purchaser or its broker shall deliver to the Company a broker representation letter reasonably acceptable to the Company and the Transfer Agent, providing to the Company the information required under Rule 144 to determine that the sale of such Conversion Shares or Warrant Shares is made in compliance with Rule 144, including, as may be appropriate, a certification that Purchaser is not an affiliate of the Company (as defined in Rule 144) and a certification as to the length of time that such securities have been held. Upon receipt of such representation letter, the Company shall promptly remove the notation of a restrictive legend in Purchaser's book-entry account maintained by the Company, including the legend referred to in Section 4.1(b), and the Company shall bear all costs associated with the removal of such legend in the Company's books. The Company shall cooperate with Purchaser to effect the removal of the legend referred to in Section 4.1(b), at any time such legend is no longer appropriate. Without limiting the foregoing, upon the written request of Purchaser, any legend (including the legend set forth in Section 4.1(b), hereof) on Conversion Shares or Warrant Shares shall be removed (i) while a registration statement covering the resale of such security is effective under the Securities Act, (ii) if such Conversion Shares are eligible for sale under Rule 144 without the requirement to be in compliance with Rule 144(c)(1), or (iii) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission), subject in the case of clauses (ii) and (iii) to receipt from Purchaser by the Company and the Transfer Agent of customary representations reasonably acceptable to the Company and the Transfer Agent in connection with such request. Upon such request and receipt of such representations, the Company shall (A) deliver to the Transfer Agent irrevocable instructions to the Transfer Agent to remove the legend, and (B) cause its counsel to deliver to the Transfer Agent one or more legal opinions to the effect that the removal of such legend in such circumstances may be effected under the Securities Act if required by the Transfer Agent to effect the removal of the legend in accordance with the provisions of this Agreement. If all or any portion of a Preferred Share is converted into Conversion Shares or a Warrant is exercised for Warrant Shares and either (i) a registration statement covering the resale of such security is then effective under the Securities Act, (ii) the Conversion Shares or Warrant Shares issuable upon such conversion or exercise are then eligible for sale under Rule 144 without the requirement to be in compliance with Rule 144(c)(1), or (iii) if a legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission), then such Conversion Shares or Warrant Shares, as applicable, shall be issued free of all legends, subject in the case of clauses (ii) and (iii) to receipt from Purchaser by the Company and the Transfer Agent of customary representations reasonably acceptable to the Company and the Transfer Agent in connection therewith. The Company agrees that following the effective date of a registration statement covering the resale of the Conversion Shares or Warrant Shares or at such time as such legend is no longer required under this Section 4.1(d), it will, no later than two Trading Days following the delivery by Purchaser to the Company or the Transfer Agent of a request for legend removal, and if relying on Rule 144, receipt from Purchaser by the Company and the Transfer Agent of customary representations reasonably acceptable to the Company and the Transfer Agent in connection therewith (such second Trading Day, the "Legend Removal Date"), deliver or cause to be delivered to Purchaser, as may be requested by Purchaser, a certificate or book-entry position evidencing such Conversion Shares or Warrant Shares that is free from all restrictive and other legends.

4.2 Integration. The Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities in a manner that would require the registration under the Securities Act of the sale of the Securities or that would be integrated with the offer or sale of the Securities for purposes of the rules and regulations of any Trading Market such that it would require shareholder approval prior to the closing of such other transaction unless shareholder approval is obtained before the closing of such subsequent transaction.

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4.3 Publicity. The Company and Purchaser shall consult with each other in issuing any other press releases with respect to the transactions contemplated hereby, and neither the Company nor Purchaser shall issue any such press release nor otherwise make any such public statement without the prior consent of the Company, with respect to any press release of Purchaser, or without the prior consent of Purchaser, with respect to any press release of the Company, which consent shall not unreasonably be withheld or delayed, except if such disclosure is required by law, in which case the disclosing party shall promptly provide the other party with prior notice of such public statement or communication.

4.4 Indemnification. Subject to the provisions of this Section 4.4, the Company and Purchaser will indemnify and hold each other and each other's directors, officers, members, partners, employees and agents (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title), each Person who controls such Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, shareholders, agents, members, partners or employees (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title) of such controlling persons (each, an "Indemnified Party") harmless from any and all losses (excluding loss of profit), liabilities, obligations, claims, contingencies, damages, costs and expenses, including all judgments, amounts paid in settlements, court costs and reasonable attorneys' fees and costs of investigation that any such Indemnified Party may suffer or incur as a result of or relating to any breach of any of the representations, warranties, covenants or agreements made by the other party in this Agreement. If any action shall be brought against an Indemnified Party in respect of which indemnity may be sought pursuant to this Agreement, such Indemnified Party shall promptly notify the other party in writing, and the other party shall have the right to assume the defense thereof with counsel of its own choosing reasonably acceptable to the Indemnified Party. Any Indemnified Party shall have the right to employ one separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party except to the extent that (a) the employment thereof has been specifically authorized by the other party in writing, (b) the other party has failed after a reasonable period of time to assume such defense and to employ counsel or (c) in such action there is, in the reasonable opinion of counsel, a material conflict on any material issue between the position of the other party and the position of such Indemnified Party, in which case the other party shall be responsible for the reasonable fees and expenses of no more than one such separate counsel. The other party will not be liable to any Indemnified Party under this Agreement (1) for any settlement by an Indemnified Party effected without the other party's prior written consent, which shall not be unreasonably withheld or delayed; or (2) to the extent, but only to the extent that a loss, claim, damage or liability is attributable to any Indemnified Party's breach of any of the representations, warranties, covenants or agreements made by such Indemnified Party in this Agreement. The indemnification required by this Section 4.4 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or are incurred.

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4.5 Reservation of Common Shares. As of the date hereof, the Company has reserved and the Company shall continue to reserve and keep available at all times, free of preemptive rights, a sufficient number of Common Shares for the purpose of enabling the Company to issue the Conversion Shares and the Warrant Shares.

4.6 Listing of Common Shares. The Company hereby agrees to use reasonable best efforts to maintain the listing or quotation of the Common Shares on the Trading Market on which it is currently listed and will comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of the Trading Market. If required by the Trading Market, the Company shall apply to list or quote all of the Conversion Shares and Warrant Shares on such Trading Market and promptly secure the listing of all of the Conversion Shares and Warrant Shares on such Trading Market. The Company further agrees, if the Company applies to have the Common Shares traded on any other Trading Market, it will then include in such application all of the Conversion Shares and Warrant Shares, and will take such other action as is necessary to cause all of the Conversion Shares and Warrant Shares to be listed or quoted on such other Trading Market as promptly as possible. The Company will then take all action reasonably necessary to continue the listing or quotation and trading of its Common Shares on a Trading Market and will comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of the Trading Market. The Company agrees to maintain the eligibility of the Common Shares for electronic transfer through the Depository Trust Company or another established clearing corporation, including, without limitation, by timely payment of fees to the Depository Trust Company or such other established clearing corporation in connection with such electronic transfer.

4.7 Blue Sky Filings. The Company shall take such action, if any, as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Securities for, issuance to Purchaser at the Closing under applicable securities or "Blue Sky" laws of the states of the United States, and shall provide evidence of such actions promptly upon request of Purchaser.

4.8 Privacy. This Agreement requires the Purchaser to provide certain personal information to the Corporation. By accepting this Agreement, the Company agrees that it will not collect any information about Purchaser except that which is provided by Purchaser in this Agreement (collectively, the "Purchaser Information"). The Company also agrees that it will keep all Purchaser Information confidential, and will use and disclose the Purchaser Information only for the purposes described below, unless (a) the Company informs Purchaser of a proposed use or disclosure of the Purchaser Information and Purchaser consents; or (b) the use or disclosure is permitted by law to be made without the consent of Purchaser, or is required by law, or by the by-laws, rules, regulations or policies or any regulatory organization governing the Company. By signing this Agreement, Purchaser agrees that the Company may collect and use the Purchaser Information for the following purposes and consents to the following: (c) the Company delivering to the applicable securities regulatory authorities, including the British Columbia Securities Commission, (collectively, the "Canadian Commissions") any personal information provided by Purchaser respecting itself including such Purchaser's full name, residential address and telephone number, the amount of securities purchased, the purchase price, the exemption relied on by Purchaser and the date of distribution, such information being collected indirectly by the Canadian Commissions under the authority granted to in applicable securities laws for the purposes of the administration and enforcement of applicable securities laws in British Columbia, (d) to provide Purchaser with information; (e) completing the offering of Units contemplated hereby, including without limitation, determining the Purchaser's eligibility to purchase the Units under applicable securities legislation, preparing and registering certificates (or other evidence of subscription) representing the Preferred Shares and Warrants to be issued to the Purchaser, and to otherwise administer Purchaser's investment in the Company in accordance with the terms of this Agreement; (f) for use and disclosure for income tax related purposes, including without limitation, where required by law, disclosure to Canada Revenue Agency; (g) for disclosure to a governmental or other authority to which the disclosure is required by court order or subpoena compelling such disclosure and where there is no reasonable alternative to such disclosure; (h) for disclosure to professional advisers of the Company in connection with the performance of their professional services; (i) for disclosure to any person where such disclosure is necessary for legitimate business reasons and is made with Purchaser's prior written consent; (j) for disclosure to a court determining the rights of the parties under this Agreement; and (k) for use and disclosure as otherwise required or permitted by law. Purchaser acknowledges and consents to the Company retaining the personal information for as long as permitted or required by applicable law or business practices. Purchaser consents to the indirect collection of such information by the Canadian Commissions and acknowledges that it may contact the following public official in British Columbia, with respect to questions about the British Columbia Securities Commission's indirect collection of such information at the following address and telephone number: British Columbia Securities Commission: P.O. Box 10142, Pacific Centre 701 West Georgia Street Vancouver, British Columbia V7Y 1L2 Inquiries: (604) 899-6854 Toll free in Canada: 1-800-373-6393 Facsimile: (604) 899-6581 Email: [inquiries@bcsc.bc.ca](mailto:inquiries@bcsc.bc.ca).

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4.9 Disclosure of Transaction and Other Material Information. Within four (4) Business Days of the date of this Agreement, the Company shall file a Current Report on Form 8-K describing the terms and conditions of the transactions contemplated by this Agreement in the form required by the Exchange Act.

4.10 Issuance of Preferred Shares. For so long as Purchaser holds Preferred Shares, the Company shall not, without the prior written consent of Purchaser, create or issue any preferred shares pursuant to the Articles where such preferred shares rank in parity or priority to any right or special right attached to the Preferred Shares under the *Business Corporations Act* (British Columbia) or the Articles.

**ARTICLE V.**  
**MISCELLANEOUS**

5.1 Fees and Expenses. Except as expressly set forth in this Agreement to the contrary, the Company shall pay the fees and expenses of its and the Purchaser's advisers, counsel, accountants and other experts, if any, and all other expenses incurred by each party incident to the negotiation, preparation, execution, delivery and performance of this Agreement. The Company shall pay all Transfer Agent fees, stamp taxes and other taxes and duties levied in connection with the delivery of any Securities to Purchaser.

5.2 Entire Agreement. The Transaction Documents, together with the exhibits and schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

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5.3 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the time of transmission, if such notice or communication is delivered via email at the email address as set forth on the signature pages attached hereto at or prior to 5:30 p.m. (Toronto, Ontario time) on a Trading Day, (b) the next Trading Day after the time of transmission, if such notice or communication is delivered via email at the email address as set forth on the signature pages attached hereto on a day that is not a Trading Day or later than 5:30 p.m. (Toronto, Ontario time) on any Trading Day, (c) the second Trading Day following the date of mailing, if sent by Canadian nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto.

5.4 Amendments; Waivers. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed by the Company and Purchaser. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right. Any amendment effected in accordance with this Section 5.4 shall be binding upon Purchaser, any holder of Securities and the Company.

5.5 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

5.6 Successors and Assigns. Neither the Company nor the Purchaser may assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party, as applicable.

5.7 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 4.4.

5.8 Governing Law and Disputes. The contract arising out of this Subscription Agreement and all documents relating thereto shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Ontario.

5.9 Survival. The representations and warranties contained herein shall survive the Closing and the delivery of the Securities for a period of one year.

5.10 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to each other party, it being understood that the parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a “.pdf” format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or “.pdf” signature page were an original thereof.

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5.11 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

5.12 Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

5.13 Construction. The parties agree that each of them and/or their respective counsel have reviewed and had an opportunity to revise this Agreement and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments hereto. In addition, each and every reference to share prices and Common Shares in this Agreement shall be subject to adjustment for reverse and forward share splits, share dividends, share combinations and other similar transactions of the Common Shares that occur after the date of this Agreement.

*(Signature Page Follows)*

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IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

**EDESA BIOTECH, INC.**

By: /s/ Stephen Lemieux  
Name: Stephen Lemieux  
Title: Chief Financial Officer

Address for Notice:

100 Spy Court  
Markham, ON, L3R 5H6 Canada  
Attention: Chief Financial Officer  
Email: [\*\*]

With copies to (which shall not constitute notice):

Fasken Martineau DuMoulin LLP  
333 Bay Street, Suite 2400,  
Toronto, ON, M5H 2T6 Canada  
Attention: Wojtek Baraniak  
Email: [\*\*]

Lowenstein Sandler LLP  
1251 Avenue of the Americas  
New York, NY, 10020, U.S.A.  
Attention: Steven Skolnick  
Email: [\*\*]

**PARDEEP NIJHAWAN MEDICINE PROFESSIONAL CORPORATION**

By: /s/ Pardeep Nijhawan  
Name: Pardeep Nijhawan  
Title: President

Address for Notice:

330 Highway 7 East, 510,  
Richmond Hill, Ontario,  
Canada,  
L4B 3P8  
Email: [\*\*]

With a copy to (which shall not constitute notice):

Baker & McKenzie LLP  
181 Bay Street, Suite 2100  
Toronto, ON M5J 2T3 Canada  
Attention: David Palumbo  
Email: [\*\*]

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**SCHEDULE "A"**  
**AMENDED ARTICLES**

## Edesa Biotech's Founder Makes Strategic Investment in the Company

TORONTO, Oct. 31, 2024 (GLOBE NEWSWIRE) -- Edesa Biotech, Inc. (Nasdaq:EDSA), a clinical-stage biopharmaceutical company focused on developing host-directed therapeutics for immuno-inflammatory diseases, today announced that the company has entered into a purchase agreement with an entity affiliated with Par Nijhawan, MD, Edesa's Chief Executive Officer and Founder, to invest up to \$5.0 million in the company, including an immediate investment of approximately \$1.5 million.

The entity will purchase shares of the company's Series A-1 Convertible Preferred Shares, as amended (the "Series A-1 Preferred Shares"), having a stated value of \$10,000 per share, and warrants (the "Warrants") to purchase the company's common shares in a transaction structured as an at-the-market issuance under Nasdaq rules. The Series A-1 Preferred Shares will be convertible into the company's common shares at a conversion price of \$3.445. The Warrants will be exercisable for a number of common shares equal to 75% of the common shares initially issuable upon the conversion of the Series A-1 Preferred Shares.

Commenting on today's announcement, Dr. Nijhawan said "I am pleased to demonstrate my strong belief in Edesa's future growth opportunities and my continuing commitment to lead the company's strategic initiatives. I believe Edesa has a strong development pipeline, and I am confident that we can continue to build on our operational and clinical success."

Subject to certain exceptions and adjustments for share splits, each Series A-1 Preferred Share is convertible into a number of Edesa's common shares calculated by dividing (i) the sum of the stated value of the Series A-1 Shares being converted plus a return equal to 10% of such stated value per annum by (ii) the conversion price. The Warrants will have an exercise price of \$3.445 per share, will be exercisable immediately upon issuance and will expire five years from the date of issuance. Under applicable Canadian securities laws, purchases of Series A-1 Preferred Shares under the purchase agreement in an aggregate amount greater than \$2.0 million will be subject to the prior approval of the company's shareholders, excluding Dr. Nijhawan. The company also announced that in connection with the transactions contemplated by the purchase agreement, the \$10 million revolving credit agreement previously entered into with the purchaser has been terminated. The company did not draw any funds from the facility.

The securities described above have not been and will not be registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

### About Edesa Biotech, Inc.

Edesa Biotech, Inc. (Nasdaq: EDSA) is a clinical-stage biopharmaceutical company developing innovative ways to treat inflammatory and immune-related diseases. Its clinical pipeline is focused on two therapeutic areas: Medical Dermatology and Respiratory. In Medical Dermatology, Edesa is developing EB06, an anti-CXCL10 monoclonal antibody candidate, as therapy for vitiligo, a common autoimmune disorder that causes skin to lose its color in patches. Its medical dermatology assets also include EB01 (1.0% daniluromer cream), a Phase 3-ready asset developed for use as a potential therapy for moderate-to-severe chronic Allergic Contact Dermatitis (ACD), a common occupational skin condition. The company's most advanced Respiratory drug candidate is EB05 (paridiprubart), which is being evaluated in a U.S. government-funded platform study as a treatment for Acute Respiratory Distress Syndrome (ARDS), a life-threatening form of respiratory failure. The EB05 program has been the recipient of two funding awards from the Government of Canada to support the further development of this asset. In addition to EB05, Edesa is preparing an investigational new drug application (IND) in the United States for EB07 (paridiprubart) to conduct a future Phase 2 study in patients with pulmonary fibrosis. Sign up for news alerts. Connect with us on X and LinkedIn.

### Edesa Forward-Looking Statements

*This press release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements may be identified by the use of words such as "anticipate," "believe," "plan," "estimate," "expect," "intend," "may," "will," "would," "could," "should," "might," "potential," or "continue" and variations or similar expressions, including statements related to: the company's belief that Dr. Nijhawan's investment is strategic and demonstrates a strong belief in Edesa's future growth opportunities and a continuing commitment to lead the company's strategic initiatives; the company's belief that it has a strong development pipeline; the company's confident belief that it can continue to build on its operational and clinical success; and the company's timing and plans regarding its clinical studies in general. Readers should not unduly rely on these forward-looking statements, which are not a guarantee of future performance. There can be no assurance that forward-looking statements will prove to be accurate, as all such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results or future events to differ materially from the forward-looking statements. Such risks include: the ability of Edesa to obtain regulatory approval for or successfully commercialize any of its product candidates, the risk that access to sufficient capital to fund Edesa's operations may not be available or may be available on terms that are not commercially favorable to Edesa, the risk that Edesa's product candidates may not be effective against the diseases tested in its clinical trials, the risk that Edesa fails to comply with the terms of license agreements with third parties and as a result loses the right to use key intellectual property in its business, Edesa's ability to protect its intellectual property, the timing and success of submission, acceptance and approval of regulatory filings, and the impacts of public health crises. Many of these factors that will determine actual results are beyond the company's ability to control or predict. For a discussion of further risks and uncertainties related to Edesa's business, please refer to Edesa's public company reports filed with the U.S. Securities and Exchange Commission and the British Columbia Securities Commission. All forward-looking statements are made as of the date hereof and are subject to change. Except as required by law, Edesa assumes no obligation to update such statements.*

#### Contact:

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Edesa Biotech, Inc.  
(289) 800-9600  
investors@edesabiotech.com