

## **Compliance with NASDAQ Corporate Governance Standards**

As a Canadian corporation listed on the NASDAQ Capital Market ("Nasdaq"), we are not required to comply with certain of the Nasdaq corporate governance standards, so long as we comply with Canadian corporate governance practices. In order to claim such an exemption, however, we must disclose the significant differences between our corporate governance practices and those required to be followed by U.S. domestic issuers under the Nasdaq corporate governance standards.

The following is a summary of the significant ways in which our corporate governance practices differ from those required to be followed by U.S. domestic issuers under the Nasdaq corporate governance standards. Except as described in this summary, we are in compliance with the Nasdaq corporate governance standards in all significant respects.

We do not follow Nasdaq Rule 5620(c), under which the Nasdaq minimum quorum requirement for a shareholder meeting is 33-1/3% of the outstanding shares of common stock. In addition, a company listed on the Nasdaq is required to state its quorum requirement in its by-laws. Our quorum requirement are set forth in our articles. Our quorum requirement for a meeting of shareholders is two shareholders or proxyholders that hold or represent, as applicable, holding not less than 5% of the issued and outstanding shares entitled to be voted at the meeting. In lieu of following Nasdaq Rule 5620(c) (shareholder quorum), we follow the rules set forth in our articles.

We don't follow Nasdaq Rule 5620(b), under which a listed company that is not a limited partnership must solicit proxies and provide proxy statements for all meetings of shareholders, and also provide copies of such proxy solicitation materials to Nasdaq. The Company is a "foreign private issuer" as defined in Rule 3b-4 under the Exchange Act, and the equity securities of the Company are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Exchange Act. In lieu of following Nasdaq Rule 5620(b), the Company solicits proxies in accordance with applicable rules and regulations in Canada.

The foregoing is consistent with the laws, customs, and practices in the province of British Columbia and the federal laws of Canada.