

# **SUMMARY OF DIFFERENCES – SHAREHOLDER RIGHTS CANADA AND SWEDEN APPLICABLE TO BLACKPEARL RESOURCES INC.**

Dated: December 19, 2014

The following is a summary of the main differences between the rights of shareholders in BlackPearl Resources Inc. (“BlackPearl” or the “Company”) based upon current Alberta legislation, Canadian legislation, Canadian corporate governance principles and the Company’s current articles as compared to the rights of shareholders generally under Swedish corporate law (in those parts applicable on companies whose share are subject to trading on a regulated market) and Swedish corporate governance principles. The summary is of a general nature and is not an exhaustive review of all potentially relevant differences between Canada and Swedish law or corporate governance requirements.

## **The business of BlackPearl**

### **CANADA**

The articles of incorporation do not restrict the business that the Company can carry on.

### **SWEDEN**

Under Swedish corporate law, the objectives of a corporation must be set out in the articles of association. These objectives set out the limits which the corporation can operate within.

## **Shares**

### **CANADA**

The Shares have been issued in accordance with the CBCA. The capital structure of the Company is composed of an unlimited number of common shares without par value (referred to as “Shares” in this prospectus).

### **SWEDEN**

Under Swedish corporate law, a corporation may issue different classes of shares provided that such classes of shares are specified in a company’s articles of association and that the maximum number of shares in the articles of association is not exceeded.

## **Voting rights**

### **CANADA**

Under the CBCA, a corporation is required to prepare a voting list and each shareholder on the list is entitled to vote his or her corresponding number of shares. A registered shareholder can either attend

the meeting and vote him or herself or appoint someone else to vote his or her shares (a "proxy holder"). A shareholder appoints a proxy holder to attend and act on the shareholder's behalf at a meeting of shareholders by giving the proxy holder a completed and executed form of proxy. A proxy holder is required to vote the shares in accordance with the shareholder's instructions.

A non-registered shareholder has beneficial ownership of the shares, but a bank, trust company, securities broker or other financial institution (an "intermediary") is the registered holder that holds the shares on behalf of the beneficial owner. The intermediary cannot vote the shares registered in its name unless it receives written voting instructions from the beneficial owner. If the beneficial owner requests and provides an intermediary with appropriate documentation, the intermediary must appoint the beneficial owner or nominee of the beneficial owner as proxy holder.

Instead of attending a meeting, a shareholder can also vote electronically. Unless the by-laws otherwise provide, any vote may be held entirely by means of a telephonic, electronic or other communication facility, provided the corporation makes available such a communication facility and it is in accordance with the regulations under the CBCA.

## **SWEDEN**

Under the Swedish Companies Act, different classes of shares may have different voting rights. No share may however have a voting right which exceeds the voting rights of any other share by ten times. Under the Swedish Companies Act, shareholders of record as of the record date are entitled to vote at a general meeting (in person or by appointing a proxyholder). Shareholders who have their shares registered through a nominee and wish to exercise their voting rights at a general meeting must request to be temporary registered as a shareholder of record at the record date.

Under the Swedish Companies Act, in order for a shareholder in a company to participate in a shareholders' meeting, the holder must have his shares registered in his own name in the shareholders' register kept by the CSD on the fifth business day prior to the date of the shareholders' meeting. Shareholders must also, if provided for in the articles of association, give notice of their intention to attend the shareholders' meeting.

## **Shareholder meetings**

### **CANADA**

Under the CBCA, companies are required to hold an annual meeting of shareholders not later than fifteen months after holding the last preceding annual meeting but no later than six months after the end of the corporation's preceding financial year. Meetings of shareholders can be held at any place in Canada.

Special meetings of shareholders may be called by the Board at any time or by a court upon the application of a director or shareholder. The holders of not less than five percent of the issued shares may also requisition the directors to call a meeting of the shareholders for the purposes stated in the requisition, and if the directors fail to do so within 21 days, any shareholder who signed the requisition may call the meeting.

Under the CBCA, shareholder action without a meeting may only be taken by written resolution signed by all shareholders who would be entitled to vote thereon at a meeting.

## **SWEDEN**

Under the Swedish Companies Act, shareholders' meetings shall be held in the city where the board of directors holds its office as specified in the articles of association. Moreover, the Swedish corporate governance code stipulates that the chairman of the board of directors together with a quorum of directors, as well as the chief executive officer, shall attend shareholders' meetings. The chairman of the shareholders' meeting shall be nominated by the nomination committee and elected by the shareholders' meeting. The minutes of a shareholders' meeting shall be available on the company's website no later than two weeks after the meeting.

## **Notices**

### **CANADA**

At least 21 days prior to the meeting date, the Company is required to mail a notice of the security holder meeting and a management proxy solicitation information circular to all registered shareholders and the beneficial owners who have requested to receive a copy and who hold shares as at the record date.

### **SWEDEN**

Under the Swedish Companies Act, a general meeting of shareholders must be preceded by a notice. The notice of the annual general meeting of shareholders must be given no sooner than six weeks and no later than four weeks before the date of an annual general meeting. In general, notice of other extraordinary general meetings must be given no sooner than six weeks and no later than three weeks before the meeting. Public limited companies must always notify shareholders of a general meeting by advertisement in the Swedish Official Gazette and on the company's website. Subject to its articles of association, the company must either publish the full notice in a daily newspaper with nationwide circulation or a short form message containing information regarding the notice and where it can be found. The notice shall include an agenda listing each item that the meeting is to resolve upon. Pursuant to the Swedish corporate governance code, a company shall, as soon as the time and venue of a shareholders' meeting have been decided, and no later than in conjunction with the third quarter report, post such information on the company's website.

## **Record date**

### **CANADA**

The record date for a meeting of shareholders is set by the Board. The Company is required to file on SEDAR a notice of record date and meeting date at least 25 days before the record date for the meeting. 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 under the CBCA by more than four months. The record date must not precede the date on which the meeting is held by fewer than 21 days.

## **SWEDEN**

Under the Swedish Companies Act the record date for a shareholders' meeting is the fifth business day prior to the date of the meeting.

## **Issue of Shares**

### **CANADA**

Under the TSX regulations, shareholder approval is required in those instances where the number of securities issued or issuable exceeds 25 percent of the number of securities of the issuer which are outstanding, on a non-diluted basis.

Under the CBCA:

- (1) shares may be issued at such times and to such persons and for such consideration as the directors may determine;
- (2) shares issued by the company are non-assessable, and the holders are not liable to the company or to its creditors in respect thereof; and
- (3) a share shall not be issued until the consideration for the share is fully paid in money or in property or past services that are not less in value than the fair equivalent of the money that the company would have received if the share had been issued for money.

### **SWEDEN**

Under the Swedish Companies Act, resolutions on new share issues are passed by the shareholders' meeting. A shareholders' meeting may also authorise the board of directors to issue new shares, provided that the authorisation is within the limits of the number of shares and share capital set out in the company's articles of association. Further, the board of directors may resolve to issue new shares without such authorisation, provided that the resolution is conditioned upon the shareholders' approval and within the limits of the number of shares and share capital set out in the company's articles of association.

## **Pre-emption rights**

### **CANADA**

Under the CBCA, if the articles of a corporation so provide, no shares of a class are to be issued unless the shares have first been offered to the shareholders holding shares of that class, and those shareholders have a pre-emptive right to acquire the offered shares in proportion to their shareholdings of that class, at the price and on the terms as those shares are to be offered to others. However, despite what is provided for in the articles, no pre-emptive rights exist in respect of shares issued for consideration other than money, as a share dividend or pursuant to the exercise of conversion privileges, options or rights previously granted by the corporation.

The articles of BlackPearl do not contain any pre-emption rights.

## **SWEDEN**

Under the Swedish Companies Act, shareholders of any class of shares have a pre-emption right (Sw. Företrädesrätt) to subscribe for shares issued of any class in proportion to their shareholdings. Pre-emption right to subscribe does not apply in respect of shares issued for consideration other than cash or of shares issued pursuant to convertible debentures or warrants previously granted by the company. The pre-emption right to subscribe for new shares may also be set aside by a resolution passed by two thirds of the votes cast and shares represented at the shareholders' meeting resolving upon the issue.

## **Dividends**

### **CANADA**

Under the CBCA, a corporation may pay a dividend in money or property or by issuing fully paid shares of the corporation. A corporation shall not declare or pay a dividend if there are reasonable grounds for believing that: (a) the corporation is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities and stated capital of all classes.

### **SWEDEN**

Under the Swedish Companies Act, only a shareholders' meeting may authorise the payment of dividends. A resolution to pay dividends may, with some exceptions, not exceed the amount recommended by the board of directors. Dividends may only be made if, after the payment of the dividend, there is sufficient coverage for the company's restricted equity and the payment of dividends are justified, taking into consideration the equity required for the type of operations, the company's need for consolidation and liquidity as well as the company's financial position in general. Each person who is listed as a shareholder in the printout of the entire share register as of the record date for the dividend (usually the third business day following the shareholders' meeting) will be entitled to receive the dividend distribution. Dividends are normally distributed to the shareholders through Euroclear.

## **Distribution of assets on liquidation**

### **CANADA**

Under the CBCA, a company may apply to the court to supervise a voluntary liquidation. After the final accounts have been approved by the court, the liquidator will distribute any remaining property of the corporation, after the discharge of its obligations, among the shareholders according to their respective rights.

### **SWEDEN**

Under the Swedish Companies Act, all shares carry equal rights in a liquidation unless otherwise provided for in articles of association.

## Certain extraordinary corporate actions

### CANADA

Under the CBCA, certain extraordinary corporate actions, such as certain amalgamations, continuances, and sales, leases or exchanges of all or substantially all of the property of a corporation other than in the ordinary course of business, and other extraordinary corporate actions such as liquidations, dissolutions and (if ordered by a court) arrangements, are required to be approved by special resolution. A special resolution is a resolution passed at a meeting by not less than two-thirds of the votes cast by the shareholders who voted in respect of that resolution or a resolution signed by all of the shareholders entitled to vote on that resolution. In certain cases, a special resolution to approve an extraordinary corporate action is also required to be approved separately by the holders of a separate class or series of shares.

### SWEDEN

Under the Swedish Companies Act, a merger requires a resolution passed at a shareholders meeting. The number of votes required for a valid resolution depends on the type of companies involved, however not less than two-thirds of the votes cast and the shares represented at the meeting. A liquidation requires a resolution passed at a shareholders meeting supported by more than half of the votes cast, unless otherwise provided in the articles of association of the company. A material change of the operations conducted by the company may require a change of the company's objects and purposes in the articles of association, see section "Amendment to the articles or the by-laws" below.

## Restrictions on change of control

### CANADA

The Company does not have any shareholder rights plans in effect.

### SWEDEN

Not applicable.

## Mandatory takeover bids/ squeeze-out rules

### CANADA

The CBCA contains the procedural requirements for takeover bids and going-private transactions. If a bid is accepted by more than ninety percent of the shares of any class of shares to which the take-over bid relates, other than shares held at the date of the take-over bid by or on behalf of the offeror or an affiliate, or associate of the offeror, the offeror is entitled to acquire the shares held by any dissenting offerees.

If the acquiring company elects to proceed by way of takeover bid but fails to acquire the requisite percentage of the shares to permit a force-out of the minority, the company may elect to squeeze out the minority through an amalgamation process.

## **SWEDEN**

Under Swedish law an obligation to launch a takeover bid applies when a party becomes the owner of 30 per cent or more of the votes in a company whose shares are listed on a regulated market.

Under the Swedish Companies Act a shareholder holding more than 90% of the shares in a company shall be entitled, on a compulsory basis, to buy-out the remaining shares of the other shareholders in the company. A minority shareholder whose shares may become subject to such squeeze-out is entitled to demand that the majority shareholder purchases his shares.

## **Redemption provisions**

### **CANADA**

Under the CBCA, a corporation may liquidate and dissolve by special resolution of the shareholders or, where the corporation has issued more than one class of shares, by special resolutions of the holders of each class whether or not they are otherwise entitled to vote.

After giving the appropriate notice and adequately providing for the payment or discharge of all its obligations, the Corporation will distribute its remaining property, either in money or in kind, among its shareholders according to their respective rights.

Dissenting shareholders are entitled to be paid the fair value of their shares in accordance with CBCA. If a dissenting shareholder elects to demand payment of the fair value of the shares, the offeror may, within twenty days after it has paid the money or transferred the other consideration apply to a court to fix the fair value of the shares of that dissenting offeree.

A listed company can file a Notice of Intention to Make a Normal Course Issuer Bid with the TSX seeking approval for the company to purchase by normal market purchases up to two percent of a class of its own shares in a given 30-day period up to a maximum in a 12 month period of the greater of five percent of the outstanding shares or ten percent of the Public Float.

### **SWEDEN**

Under the Swedish Companies Act, a listed company may purchase a maximum of ten per cent of all outstanding shares in the company provided that a shareholders meeting has resolved upon this with a qualified majority. A shareholders' meeting may also resolve upon the redemption of the company's shares.

## **Amendments to the articles or by-laws**

### **CANADA**

Under the CBCA, any amendment to the articles generally requires approval by special resolution, which is a resolution passed by a majority of not less than two-thirds of the votes cast by the shareholders who voted in respect of that resolution or a resolution signed by all of the shareholders entitled to vote on that resolution. The CBCA provides that unless the articles or by-laws, or a unanimous shareholder agreement, otherwise provide, the directors may, by resolution, make, amend or repeal any by-laws

that regulate the business or affairs of a corporation. Where the directors make, amend or repeal a by-law, they are required under the CBCA to submit the by-law, amendment or repeal to the shareholders at the next meeting of shareholders, and the shareholders may confirm, reject or amend the by-law, amendment or repeal by an ordinary resolution, which is a resolution passed by a majority of the votes cast by shareholders entitled to vote on the resolution.

## **SWEDEN**

Under the Swedish Companies Act, an alteration of the articles of association requires a resolution passed at a shareholders meeting. The number of votes required for a valid resolution depends on the type of alteration. However, not less than two-thirds of the votes cast and of the shares represented at the meeting. The board of directors is not allowed to make amendments to the articles of association.

## **Directors and the board of directors**

### **NUMBER OF DIRECTORS**

#### **CANADA**

Under the CBCA, a distributing corporation must have no fewer than three directors, at least two of whom are not officers or employees of the corporation or its affiliates and at least 25 percent of the directors must be resident Canadians. However, if a corporation has less than four directors, at least one director must be resident Canadian. The directors are elected at the annual meeting of BlackPearl shareholders for a term expiring at the end of the next annual meeting. Under the CBCA, the directors may also, if the articles so provide, appoint one or more additional directors, who shall also hold office for a term expiring at the end of the next annual meeting, provided that the total number of directors so elected shall not exceed one third of the number of directors elected at the previous annual meeting.

The Articles of the Company provide that the Company shall have a minimum of 3 and a maximum of 10 directors, and that the number of directors may be determined from time to time by resolution of the Board.

#### ***Sweden***

Under the Swedish Companies Act, a public company shall have a board of directors consisting of at least three board members. More than half of the directors shall be resident within the European Economic Area (unless otherwise approved by the companies registration office). The actual number of board members shall be determined by a shareholders' meeting, within the limits set out in the company's articles of association. Under the Swedish corporate governance code, not more than one director may also be a senior executive of the relevant company or a subsidiary. The Swedish corporate governance code includes certain independence requirements for the directors, according to which more than 50 percent of the directors shall be independent of the company and two out of these shall also be independent of major shareholders

## **NOMINATION, APPOINTMENT AND REMOVAL OF DIRECTORS**

### **CANADA**

Under the CBCA, the shareholders of a corporation may remove any director or directors from office by an ordinary resolution which is passed by a majority of the votes cast by the shareholders entitled to vote on the resolution. However, there are a couple of exceptions. Where the holders of any class or series of shares of a corporation have an exclusive right to elect one or more of the directors such that a director so elected may only be removed by an ordinary resolution at a meeting of the shareholders of that class or series. In addition, where the articles provide for cumulative voting, a director may not be removed if the number of votes cast in favour of his removal are less than the number that results from multiplying the number of votes cast against his removal by the number of directors required by the corporation's articles.

### *Sweden*

Under Swedish law, the board of directors shall, except for any employee representatives, be elected by the annual general meeting of shareholders, unless the articles of association provide otherwise. The members of the board of directors are usually elected for the period until the end of the next annual general meeting of shareholders, unless a longer term of up to four financial years is set out in the articles of association. It is possible for a board member to be re-elected for a new term of office.

Companies to which the Swedish corporate governance code applies shall have a nomination committee. In addition to nominating directors, the nomination committee shall nominate the chairman of the board of directors and the auditors and shall also propose fees to each director and to the auditors. The nomination committee's proposals are to be presented in the notice of the shareholders' meeting and on the company's website. At the same time, the nomination committee is to issue a statement on the company's website explaining its proposals and providing more information about the candidates proposed for election or re-election.

Under the Swedish corporate governance code, the annual general meeting of shareholders shall either appoint the members of a nomination committee or pass a resolution specifying how the members are to be appointed. The nomination committee shall have at least three members, the majority of which shall be independent of the company. One of the independent members shall also be independent of the company. One of the independent members shall also be independent of the major shareholders. The chief executive officer and other senior executives may not be members of the nomination committee.

### **MAJORITY VOTING POLICY**

The Board has adopted a policy to apply majority voting in uncontested elections. If any nominee for director receives a greater number of WITHHOLD votes than FOR votes for his election, of the Common Shares represented in person or by proxy of the Meeting, he must promptly submit his resignation to the Board. Following which the independent directors will review the matter and decide whether or not to accept the resignation based on the recommendation of the Corporate Governance and Nominating Committee. Until the decision is made, the affected director will not participate in any deliberations by

the Board or the Corporate Governance and Nominating Committee. The Board will publicly disclose its decision on whether to accept the resignation and the reasons why within 90 days of the vote. If the Board accepts the resignation, the Corporate Governance and Nominating Committee will recommend the Board appoint a new director to fill the vacancy or reduce the Board's size.

## REMUNERATION

### CANADA

According to the by-laws of the Company, the directors shall be paid such remuneration for their services as the Board may from time to time determine. The directors shall also be entitled to be reimbursed for reasonable travelling and other expenses properly incurred by them in attending meetings of the Board or any committee thereof.

The compensation package for directors is intended to provide a competitive level of remuneration reflective of the responsibilities, accountability and time commitments of the Board members. Executive officers of the Company who also act as directors of the Company do not receive any additional compensation for services rendered in such capacity, other than as paid by the Company to such executive officers in their capacity as executive officers. There is no formal policy for the granting of options to directors. Options may be granted from time to time upon the recommendation of the remuneration committee.

### *Sweden*

Under the Swedish Companies Act, the remuneration to the board of directors shall be determined by the annual general meeting of shareholders, specifying the amount for each director. For companies complying with the Swedish corporate governance code, the nomination committee's proposal to the annual general meeting of shareholders shall include a proposal regarding the remuneration to each member of the board.

In addition, companies shall pursuant to the Swedish Code have a remuneration committee. The remuneration committee shall prepare the board of directors' resolutions regarding executive compensation and shall also monitor and evaluate the company's principles and levels of remuneration to the executive management, including programmes for variable compensation. The Swedish Code also stipulates that variable compensation paid in cash to the executive management shall be subject to predetermined limits regarding the total outcome. The board of directors shall consider (i) to make payment conditional on the performance proving to be sustainable over time, and (ii) to introduce the right to reclaim remuneration that has been paid on the basis of information which later proves to be manifestly misstated. Furthermore, all share and share-price related incentive schemes for the executive management shall be approved by a shareholders' meeting.

## Powers of the board of directors

### CANADA

Directors of corporations governed by the CBCA have fiduciary obligations to the corporation. Under the CBCA, the duty of loyalty requires directors of a Canadian corporation to act honestly and in good faith

with a view to the best interests of the corporation, and the duty of care requires that the directors exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board is responsible for the stewardship of the business and for acting in the best interests of the Company and its shareholders. The specific duties of the Board are contained in the Charter of the Board of Directors. A copy of the Charter of the Board of Directors is attached as Schedule “A” to the Information Circular dated 29 March 2012.

## **SWEDEN**

Under the Swedish Companies Act, the board of directors in a public company shall appoint a managing director and may also appoint one or more deputy managing directors. The managing director is responsible for the day-to-day management of the company in accordance with law, which normally includes appointing the other senior executives. The managing director shall be resident within the European Economic Area (unless otherwise approved by the companies registration office).

## **Right to indemnification**

### **CANADA**

Under the CBCA, a corporation may indemnify a director or officer, a former director or officer, a person who acts or acted at the corporation’s request as a director or officer, or an individual acting in a similar capacity, of another entity (an “Indemnifiable Person”), against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him or her in respect of any civil, criminal, administrative, investigative or other proceeding to which he or she is made a party by reason of being or having been a director or officer of such corporation or such body corporate, if: (a) he or she acted honestly and in good faith with a view to the best interests of such corporation; and (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he or she had reasonable grounds for believing that his or her conduct was lawful.

A corporation may, with the approval of a court, also indemnify an Indemnifiable Person or advance him or her money in respect of derivative actions—actions by or on behalf of the corporation or other body corporate—to procure a judgment in his or her favour, to which such person is made a party because of the individual's associations with the corporation against all costs, charges and expenses reasonably incurred in connection with the action if he or she fulfils the conditions set out in (a) and (b) above.

The CBCA also creates a right or entitlement to indemnification, independent of contract. An Indemnifiable Person is entitled to recover costs of defending an action or proceeding brought against him or her as a result of that person's association with the corporation or other entity if he or she was not judged by the court or other competent authority to have committed any fault or omitted to do anything that the individual ought to have done, and fulfils the conditions set out in (a) and (b) above.

The CBCA also allows a corporation to advance moneys to a director, officer or other individual for the costs, charges, expenses of a proceeding mentioned above. The individual is required to repay the moneys if the individual does not fulfil the conditions noted in (a) and (b) above.

## **SWEDEN**

Swedish corporate law does not contain specific provisions requiring that the articles of association provide for indemnification of board members, officers or other persons. It is not uncommon, however, for listed Swedish companies to have specific insurance protection arrangements for its board members and officers. Under the Swedish Companies Act, the annual general meeting of shareholders shall resolve on the discharge of the board of directors from liability. An action for damages on behalf of the company may be available in certain circumstances against a founder, board member, managing director, auditor or shareholder of the company. Such an action may be instituted where at a general meeting of shareholders the majority, or a minority comprising the owners of at least one-tenth of all shares, has supported the proposal that such an action be instituted. The action for damages in favour of a company may be conducted by owners of at least one-tenth of all shares.

## **Financial statements, auditor's reports, auditors and audit committee**

### **CANADA**

Under the CBCA, the directors of the Company must place before the shareholders at every annual meeting (a) comparative financial statements as prescribed relating separately to the period that began immediately after the end of the last completed financial year and ended not more than six months before the annual meeting, and the immediately preceding financial year; and (b) the report of the auditor, if any.

Issuers are required to prepare and file on SEDAR its annual financial statements and annual management discussion and analysis along with the report of the auditor, if any, within 90 days of financial year-end. Issuers are required to prepare and file on SEDAR its quarterly financial statements and interim management discussion and analysis within 45 days of the end of the first, second and third financial quarter.

The Audit Committee is appointed by the Board pursuant to provisions of the CBCA and the bylaws of the Corporation. The primary responsibility for the Corporation's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board. The Audit Committee is a standing committee of the Board established to assist it in fulfilling its responsibilities in this regard. The Audit Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so.

### **SWEDEN**

Under the Swedish Companies Act, the annual general meeting shall adopt the balance sheet and the profit and loss statement. Further, it makes decisions in respect of the disposition of the company's profit or loss (such as payment of dividends). The annual report must be prepared not later than five months after the end of financial year and then be reviewed by the auditor. Swedish Companies whose

shares are subject to trading on a regulated market are required to make their annual reports public not later than four months after the end of the financial year.

The annual report, together with the auditor's report, must be presented at a shareholders annual meeting held within six months after the end of the financial year.

Auditors are appointed by a general meeting of shareholders, whereby a registered account firm may be appointed as auditor. The Swedish corporate governance code requires that the board of directors shall at least once annually meet the company's auditor without any member of the executive management present.

Companies whose shares are listed on a regulated market must have an audit committee, unless the assignments of such committee, unless the assignments of such committee are carried out by the board of directors. The audit committee shall (i) monitor the company's financial reporting; (ii) monitor the efficiency of the company's internal control, internal audit and risk management; (iii) keep itself informed regarding the audit of the annual report and consolidated financial statements; (iv) review and monitor the auditor's impartiality and independence, paying particular attention to whether the auditor provides the company with services other than auditing services; and (v) assist in the preparation of a proposal to the general meeting for a resolution regarding the election of auditors.

## Corporate governance reports and website

### CANADA

Companies listed on the TSX must provide corporate governance information in the management information circular (usually referred to as a proxy circular). The circular is distributed together with the Company's notice of annual shareholders' meeting and is filed on SEDAR. There is no requirement to include the management information circular on the Company's website, or to have the management information circular reviewed by the Company's auditors. The content of the management information circular is regulated by Canadian securities laws, and the circular must, among other things include a discussion of the Company's compliance with the Canadian corporate governance principles. Although there are no legal requirements regarding the information on the Company's website, the Company does include information useful to investors.

### SWEDEN

Swedish companies whose shares are subject to trading on a regulated market shall according to law prepare an annual corporate governance report, with information about, among other things, the key elements of the internal control systems, information about major shareholders, information about the board of directors and its committees and any mandates for the board of directors to issue new shares or acquire treasury shares.

The Swedish corporate governance code requires that the company states which rules of the Swedish corporate governance code it has not complied with and to explain the reasons for each case of non-compliance and describe the solution it has adopted instead.

The company must also have a section on its website devoted to corporate governance matters, where the company's three most recent corporate governance reports are to be posted, together with, among other things, the articles of association, information about upcoming shareholders' meetings, the minutes of shareholders' meetings held during the past three years, information about the directors, the chief executive officer and the auditor, and a description of the company's system of variable remuneration to the board of directors and the executive management, as well as of each outstanding share and share price related incentive scheme.

## **Company's obligation to disclose changes in its share capital**

### **CANADA**

The Company is required to file a report with the TSX within ten days of the end of each month in which any change to the number of outstanding or reserved listed securities has occurred (including a reduction in such number that results from a cancellation or redemption of securities).

As a result of the Listing on NASDAQ OMX Stockholm, the Company is required, under Swedish law, to report any change in the Company's share capital. Such disclosure shall be made on the last trading day of the calendar month in which the increase or decrease of the share capital occurred.

## **Distribution of information to the Canadian and Swedish markets**

The content and format of the disclosure obligations of Canadian issuers is mandated under National Instrument 51-102 and other National Instruments. The Canadian Securities Administrators have implemented National Policy 51-201 Disclosure Standards to provide "best disclosure" practices in order that everyone investing in securities will have equal access to information that may affect their investment decisions. Canadian securities legislation prohibits a reporting issuer from selective disclosure or informing any person or company in a special relationship with a reporting issuer, other than in the necessary course of business, of a material fact or a material change before that material information has been generally disclosed. Securities legislation also prohibits anyone in a special relationship with a reporting issuer from purchasing or selling securities of the reporting issuer with knowledge of a material fact or material change about the issuer that has not been generally disclosed.

The Company maintains a disclosure policy to ensure that communications to the investing public about the Company are (i) timely, factual and accurate and (ii) broadly disseminated in accordance with all applicable legal and regulatory requirements. The disclosure policy extends to all employees, consultants and the Board of the Company and its subsidiaries and those individuals authorized to speak on behalf of the Company or its subsidiaries.

The Board has established a disclosure committee responsible for overseeing the Company's disclosure practices. The committee consists of the Chief Executive Officer, the Chief Financial Officer and the Corporate Secretary. Other officers will be consulted as required. The committee will set benchmarks for

a preliminary assessment of materiality and will determine when developments justify public disclosure. The committee will meet as conditions dictate and report to the Board as requested or as required by the policy.

Following the Listing on NASDAQ OMX Stockholm the Company will be subject to the rules on disclosure of the NASDAQ OMX Stockholm Rulebook for Issuers. Financial reports and press releases will be published on the Company's website at [www.blackpearlresources.com](http://www.blackpearlresources.com) and by its news distributors. Financial reports and press releases are also filed on SEDAR at [www.sedar.com](http://www.sedar.com). The information will be in English only.

## Swedish insider reporting rules

In addition to any reporting requirements under applicable Canadian laws, persons holding an insider position (Sw. Insynställning) in BlackPearl will, by reason of the Listing, be required to report their holdings of Shares and other financial instruments to the SFSA. Such reporting shall be made in accordance with Swedish Act on Reporting Obligations for Certain Holdings of Financial Instruments (SFS 2000:1087). These reports are publicly available on the SFSA's website [www.fi.se](http://www.fi.se). In addition, the same act stipulates a trading ban for the chief executive officer, the deputy chief executive officer(s), the members and deputy members of the Board, and the external auditor and deputy auditor of the Company during the thirty days preceding the publication of the Company's ordinary quarterly interim reports (including the day of publication).

Furthermore, following the Listing, the Company must publish information on any acquisitions or transfer results in the portion of the Shares in the Company held by the Company itself, or the portion of the total number of voting interests in the Company represented by the Company's own Shares, reaching, exceeding or falling below 5, 10, 15, 20, 25, 30, 50,  $66\frac{2}{3}$ , or 90 percent of the aggregate number of Shares or the voting rights in the Company. The Company will also be subject to additional disclosure rules of NASDAQ OMX Stockholm.