

Item 2.2.17: Statement of details outlined on pages 9 and 10 of Guidance Note 4 – Foreign Entities Listing on ASX

- Simavita Limited (**Simavita**) is incorporated in Canada, under the laws of Yukon and was continued into British Columbia on November 27, 2013.
- As Simavita is not established in Australia, its general corporate activities (apart from any offering of securities in Australia) are not regulated by the *Corporations Act 2001* of the Commonwealth of Australia or by the Australian Securities and Investments Commission but instead are regulated by the *Business Corporations Act (British Columbia) (BCBCA)* and all applicable Canadian securities legislation, including the *Securities Act (British Columbia)*.
- Unless the BCBCA or Simavita's articles of incorporation state that Simavita requires a matter to be approved by way of special resolution, all resolutions are passed by a simple majority of votes cast on the resolution. The majority of votes required for Simavita to pass a special resolution at a general meeting of members is two-thirds of the votes cast on the resolution.

The transactions which require a simple security holder approval (i.e. ordinary resolutions that require a simple majority) are as follows:

- » Approval of audited financial statements;
- » Setting or changing the number of directors for the year;
- » Election of directors for the year;
- » Appointment of auditor; and
- » Setting the remuneration of the auditor.

In addition, the Simavita articles require a special resolution (which is two-thirds of the votes cast on the resolution) on certain matters, including:

- » alterations or authorized stock structure;
 - » change of name of the company;
 - » alteration of the articles; and
 - » removing a director prior to expiration of his term.
- Simavita security holders have a right to request or requisition a meeting of security holders.
 - Simavita security holders have a right to appoint proxies to attend and vote at meetings on their behalf.
 - As noted above, a special resolution of members is required in order to change the rights attaching to securities in Simavita. Further, any matters concerning the alteration of the Company's share capital is 'regulated' by the BCBCA.
 - Under the BCBCA, a member or any other person whom the courts considers appropriate can apply for a court order on the ground that the affairs of Simavita are being conducted in a manner that is oppressive, or that some action has been or may be taken which is unfairly prejudicial, provided that the application is one of the persons being oppressed or prejudiced and that the application has been brought in a timely manner (i.e. if a course of conduct that constitutes oppression is continuing or if its effects are continuing).

The ambit of claims that could be asserted is almost unlimited. Oppression claims are intensely fact-specific and the remedies available are broad enough to encompass a wide variety of potential claims.

- Under the BCBCA, there are three divisions (as outlined below) in which disagreements between a company and shareholders arise whereby court proceedings can be brought forward:
 - 1) those relating to court proceedings initiated by shareholders complaining of the conduct of the company (oppression actions);
 - 2) procedures for dissent in the event the company takes action which is properly authorized but disadvantageous to a shareholder (dissent rights of a shareholder); and
 - 3) court-ordered investigations of a company's activities.
- There is no equivalent in Canadian law to the "two strikes" rule in relation to remuneration reports in Part 2G.2 Division 9 of the Corporations Act.
- Under Canadian law, where an acquirer makes an offer to all holders of the securities to be acquired pursuant to a take-over bid circular, the consideration offered must be identical for all security holders and the acquirer cannot offer "collateral benefits" to certain security holders (this can be an issue for employment contracts, stock options, etc., which may require exemption orders from the applicable securities commissions). If 90% of the issued shares of Simavita (other than shares of Simavita held by the acquirer or its affiliates) are tendered to the bid, the acquirer can "compulsorily" acquire the balance. Simavita shareholders who do not tender (i.e., who are part of the 10%) can apply to the court to have the "fair value" of their shares determined. It is open to make it a condition of the bid that there be no dissenting shareholders.