

AMALGAMATION AGREEMENT

THIS AGREEMENT is made as of November 5, 2015.

BETWEEN:

ROYCE RESOURCES CORP., a corporation existing under the laws of British Columbia.

(hereinafter called "**Royce**")

AND:

1054527 B.C. LTD., a corporation existing under the laws of British Columbia.

(hereinafter called "**Subco**")

AND:

1045564 B.C. LTD., a corporation existing under the laws of British Columbia.

(hereinafter called "**1045564**")

WHEREAS:

- A. Royce is a corporation existing under the laws of British Columbia. The common shares of Royce are listed for trading on the NEX Board of the TSX Venture Exchange (the "**Exchange**") under the symbol "ROY.H".
- B. Subco was incorporated under the laws of Canada on November 5, 2015 and Subco is a wholly-owned subsidiary of Royce.
- C. 1045564 is a corporation existing under the laws of Canada, and is a privately held company.
- D. 1045564 has entered into an option agreement (the "**Option Agreement**") with Clayton Valley Lithium Inc. (a copy of which is attached hereto as Appendix "D") pursuant to which 1045564 has, among other things, the option to acquire a 100% interest in certain placer claims located in Nevada owned by Clayton Valley Lithium Inc.
- E. The authorized capital of Royce consists of an unlimited number of common shares without par value (the "**Royce Shares**"), of which 10,029,063 Royce Shares are issued and outstanding as fully paid and non-assessable securities, as of the date of this Agreement, and an unlimited number of preferred shares, none of which are issued or outstanding as at the date of this Agreement.
- F. The authorized capital of Subco consists of an unlimited number of common shares without par value of which 1 common share (registered in the name of Royce) is issued and outstanding as a fully paid and non-assessable security, as of the date of this Agreement.
- G. The authorized capital of 1045564 consists of an unlimited number of common shares of which 5,000,000 common shares are issued and outstanding as fully paid and non-assessable securities, as of the date of this Agreement, and an unlimited number of preferred shares, none of which are issued or outstanding as at the date of this Agreement.

- H. Royce and 1045564 wish to combine their respective businesses by way of the amalgamation (the "**Amalgamation**") of Subco and 1045564 to form one corporation ("**Amalco**") under Section 270 of the British Columbia *Business Corporations Act* ("**BCBCA**"). Immediately following the Amalgamation becoming effective, Royce will issue securities of Royce to the former security holders of 1045564 in exchange for their securities of 1045564 outstanding at the Effective Time (as hereafter defined) on a one (1) for one (1) basis, and Amalco will become a wholly-owned subsidiary of Royce all in the manner contemplated herein and pursuant to the terms and conditions hereof.
- I. The transaction consisting of the Amalgamation and other matters contemplated herein (including but not limited to completion of a private placement, a change of name of Royce and changes in Royce's board of directors and management) will constitute a change of business for Royce (the "**Transaction**") pursuant to and in accordance with the policies of the Exchange.

THEREFORE this Agreement witness that in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

Article 1 INTERPRETATION AND CONSTRUCTION

1.1 Defined Terms

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following words and terms will have the indicated meanings and grammatical variations of such words and terms will have corresponding meanings:

- (a) "**1045564**" means 1045564 B.C. Inc.;
- (b) "**1045564 Dissent Shares**" has the meaning set forth in section 2.4 hereof;
- (c) "**1045564 Financial Statements**" has the meaning set forth in subsection 2.8(a)(i) hereof;
- (d) "**1045564 Shareholders**" means, collectively, the holders of the 1045564 Shares;
- (e) "**1045564 Shares**" means the common shares in the capital of 1045564;
- (f) "**Agreement**" means this Amalgamation Agreement and any supplementary or ancillary agreement, instrument or document hereto, all as may be amended from time to time;
- (g) "**Amalco**" has the meaning set out in the recitals hereof;
- (h) "**Amalco Shares**" means common shares in the capital of Amalco;
- (i) "**Amalgamating Companies**" means Subco and 1045564;
- (j) "**Amalgamation**" has the meaning set out in the recitals hereof;
- (k) "**Amalgamation Resolutions**" means the resolutions passed by unanimous consent of the 1045564 Shareholders (as applicable) approving the Amalgamation;
- (l) "**BCBCA**" has the meaning set out in the recitals hereof;

- (m) "**Business Day**" means any day other than a Saturday, Sunday or statutory holiday in the Province of British Columbia;
- (n) "**Certificate of Amalgamation**" means a certificate of amalgamation issued by the Registrar pursuant to the BCBCA to evidence the Amalgamation;
- (o) "**Closing**" means the completion of the Amalgamation and the other transactions contemplated herein;
- (p) "**Confidential Information**" has the meaning set out in section 7.3 hereof;
- (q) "**Disclosure Document**" has the meaning set forth in subsection 2.8(a)(ii) hereof;
- (r) "**Dissent Rights**" has the meaning set forth in section 2.3 hereof;
- (s) "**Effective Date**" means the date of the Amalgamation, as set out on the Certificate of Amalgamation;
- (t) "**Effective Time**" means the time on the Effective Date that the Amalgamation becomes effective;
- (u) "**Escrow Arrangements**" has the meaning set forth in subsection 4.2(e) hereof;
- (v) "**Exchange**" has the meaning set forth in the recitals hereof;
- (w) "**Promissory Notes**" means the promissory notes issued by 1045564 to various persons in the aggregate principal amount of US\$40,000, which Promissory Notes bear no interest and have no set repayment date;
- (x) "**Registrar**" means the Registrar of Corporations duly appointed under the BCBCA;
- (y) "**Royce**" means Royce Resources Corp.;
- (z) "**Royce Options**" means the outstanding incentive stock options to purchase an aggregate of 915,000 Royce Shares and which are held by various directors and officers of Royce;
- (aa) "**Royce Shares**" has the meaning set out in the recitals hereof;
- (bb) "**Royce Private Placement**" means the private placement of 11,696,669 Royce Shares at a price of \$0.15 per share for aggregate proceeds of up to \$1,754,500.35;
- (cc) "**Subco**" means 1054527 B.C. Ltd., a wholly owned subsidiary of Royce incorporated under the BCBCA for the purposes of the Amalgamation;
- (dd) "**Subco Shareholder**" means Royce, the holder of all the Subco Shares;
- (ee) "**Subco Shares**" means common shares in the capital of Subco;
- (ff) "**Subsidiary**" has the meaning ascribed thereto under the BCBCA; and
- (gg) "**Transaction**" has the meaning set out in the recitals hereof.

1.2 Construction

In this Agreement, unless there is something in the context or subject matter inconsistent therewith:

- (a) the terms "this Agreement", "herein", "hereof" and "hereunder" and similar expressions refer to this Agreement and any supplementary or ancillary agreement, instrument or document hereto, all as may be amended from time to time, and not to any particular article, section or other portion of this Agreement;
- (b) any reference to a currency shall refer to Canadian currency unless otherwise specifically referenced;
- (c) words importing the singular shall include the plural, and vice versa; words importing gender shall include the opposite gender; words importing natural persons shall include corporations, partnerships, trusts and other legal entities, and vice versa; and words importing a particular form of legal entity shall include all other forms of legal entities interchangeably; and
- (d) the division of this Agreement into Articles, sections, subsections, paragraphs and other subdivisions, and the use of headings, are for ease of reference only and shall not affect the interpretation or construction hereof.

1.3 Date for Any Action

If the date on which any action is required to be taken hereunder is not a Business Day in the place where an action is required to be taken, such action shall be required to be taken on the next succeeding day that is a Business Day in such place.

1.4 Appendices

The following appendices are hereby incorporated in and form part of this Agreement:

- Appendix A – Articles of Amalco
- Appendix B – Amalgamation Application
- Appendix C – Issued and Outstanding Securities (and obligations to issue securities) of Royce, Subco and 1045564
- Appendix D – Option Agreement between 1045564 and Clayton Valley Lithium Inc.

Article 2 THE AMALGAMATION AND ACQUISITION

2.1 Statement of General Intent

This Agreement and the Amalgamation are intended, subject to the terms and conditions hereof, to result in the Amalgamation to form Amalco; the issuance of Royce Shares to the former 1045564 Shareholders in exchange for their 1045564 Shares outstanding at the Effective Time as to one (1) Royce Share in exchange for every one (1) 1045564 Share; and Amalco becoming a wholly-owned subsidiary of Royce. To this end, each of Royce, Subco and 1045564 agrees to act in good faith and use all commercially reasonable efforts to take and do, or cause to be taken and done, all acts and other things necessary, proper or advisable to obtain all necessary approvals to complete the Amalgamation and Transaction in

accordance with the terms and conditions hereof and applicable laws, and to cooperate with each other in good faith in connection therewith.

2.2 Structure of Amalgamation

Upon and subject to the terms and conditions hereof, the Amalgamating Companies hereby agree to effect the Amalgamation under Section 270 of the BCBCA and to continue as one corporation subsequent to the Amalgamation on the terms and conditions prescribed herein. At the Effective Time:

- (a) the Amalgamating Companies shall be amalgamated under the BCBCA and shall continue as one corporation subsequent to the Amalgamation on the terms and conditions prescribed in this Agreement, and in connection therewith:
 - (i) the Amalgamation of the Amalgamating Companies and their continuation as one company shall become irrevocable;
 - (ii) the Articles of Amalco, shall be the Articles attached as Schedule "A" hereto, executed by one of the first directors of Amalco;
 - (iii) Amalco shall become capable immediately of exercising the functions of an incorporated company under the BCBCA;
 - (iv) the shareholders of Amalco shall have the powers and liability provided in the BCBCA;
 - (v) each shareholder of each of the Amalgamating Companies is bound by this Agreement, in accordance with the terms of this Agreement;
 - (vi) the property, rights and interests of each of the Amalgamating Companies shall continue to be the property, rights and interests of Amalco;
 - (vii) Amalco shall continue to be liable for the obligations of each of the Amalgamating Companies;
 - (viii) an existing cause of action, claim or liability to prosecution is unaffected;
 - (ix) a legal proceeding being prosecuted or pending by or against either of the Amalgamating Companies may be prosecuted, or its prosecution may be continued, as the case may be, by or against Amalco; and
 - (x) a conviction against, ruling, order or judgment in favour or against either of the Amalgamating Companies may be enforced by or against Amalco;
- (b) each Subco Share issued and outstanding at the Effective Time shall be exchanged for one fully paid and non-assessable Amalco Share, and thereafter all the Subco Shares shall be cancelled without any repayment of capital in respect thereof; and
- (c) each 1045564 Share issued and outstanding at the Effective Time, other than in respect of the 1045564 Dissent Shares, shall be exchanged for one (1) fully paid and non-assessable Royce Share, and thereafter all the 1045564 Shares shall be cancelled without any repayment of capital in respect thereof.

No fractional shares will be issued pursuant to this Agreement, and in the event that any share exchange pursuant to paragraphs (b) and (c) above results in the issuance of a fraction of a share, the number of shares to be issued will be rounded up to the next nearest whole number if the fraction is greater than or equal to 0.5 and rounded down without any compensation in lieu thereof to the next nearest whole number if the fraction is less than 0.5.

2.3 Rights of Dissent for Subco Shareholders

Subco Shareholders may exercise rights of dissent ("**Dissent Rights**") in respect of the Amalgamation pursuant to, in the manner set forth in, and in strict compliance with Division 2 of Part 8 of the BCBCA.

Royce, being the sole Subco Shareholder and having full notice and knowledge of the Dissent Rights and the details of the Amalgamation, hereby irrevocably and unconditionally waives its Dissent Rights in respect of the Amalgamation.

2.4 Rights of Dissent for 1045564 Shareholders

The 1045564 Shareholders may exercise Dissent Rights in respect of the Amalgamation pursuant to, in the manner set forth in, and in strict compliance with Division 2 of Part 8 of the BCBCA. The 1045564 Shareholders who duly exercise their Dissent Rights (the "**Dissenting Shareholders**") with respect to their 1045564 Shares (the "**1045564 Dissent Shares**") will:

- (a) if they are ultimately entitled to be and are paid fair value for their 1045564 Dissent Shares, be deemed to have transferred their 1045564 Dissent Shares to 1045564 immediately prior to the Effective Time for cancellation without any repayment of capital in respect thereof and the certificates representing same shall cease to represent any right or claim of any nature or kind; or
- (b) if they are not ultimately entitled, for any reason, to be paid fair value for their 1045564 Dissent Shares, be deemed to have participated in the Amalgamation on the same basis as a 1045564 Shareholder who did not exercise the Dissent Rights, and shall receive Royce Shares in exchange for their 1045564 Shares on the same basis as every other 1045564 Shareholder in accordance with subsection 2.2(c),

always provided that in no case shall Royce or Amalco be required to recognize such persons as holding 1045564 Shares on or after the Effective Time.

1045564 shall provide prompt notice to Royce of any 1045564 Shareholder's exercise or purported exercise of Dissent Rights.

In no circumstances shall 1045564, Royce or any other entity be required to recognize a Person exercising Dissent Rights unless such Person is a registered holder of those 1045564 Shares in respect of which such rights are sought to be exercised. For greater certainty, in no case shall 1045564, Royce or any other Person be required to recognize Dissenting Shareholders as holders of 1045564 Shares after the Effective Time, and the names of such Dissenting Shareholders shall be deleted from the register of 1045564 Shareholders as of the Effective Time. In addition to any other restrictions under Division 2 of Part 8 of the BCBCA and, for greater certainty, 1045564 Shareholders who vote, or who have instructed a proxy holder to vote, in favour of the Amalgamation Resolution shall not be entitled to exercise Dissent Rights.

2.5 Share Certificates

After the Effective Time, the certificates formerly representing Subco Shares and 1045564 Shares (other than the 1045564 Dissent Shares in respect of which subsection 2.4(a) applies) shall represent the right to receive, respectively, Amalco Shares and Royce Shares in accordance with the terms hereof, and:

- (a) the holders of the certificates representing such Subco Shares and 1045564 Shares, upon surrender of said certificates to, respectively, 1045564 Shareholders and Royce, shall receive certificates representing, respectively, the Amalco Shares and Royce Shares to which they are entitled pursuant to, as the case may be, subsections 2.2(b) and 2.2(c) or by operation of subsection 2.4(b) hereof;
- (b) upon the surrender of certificates representing Subco Shares and 1045564 Shares under subsection (a) above, such certificates shall be cancelled; and
- (c) upon the issuance by Royce of the Royce Shares under subsection 2.2(c) hereof, Amalco shall issue to Royce a certificate representing the Amalco Shares to which Royce is entitled pursuant to subsection 2.2(b),

always provided that if any certificate formerly representing Subco Shares and 1045564 Shares is not surrendered in accordance with the terms of this section 2.5 on or prior to 4:00 p.m. (Vancouver Time) on the fifth (5th) anniversary after the Effective Date, such certificates shall cease to represent any right or claim of any nature or kind, and the Amalco Shares and Royce Shares issued in respect thereof pending the surrender of such certificates shall be cancelled and returned to treasury.

2.6 Initial Amalco Corporate Matters

At the Effective Time, and thereafter subject to such change as may be properly effected under the BCBCA and the Articles of Amalco, as the case may be:

- (a) **Name.** The name of Amalco shall be as a numbered company as determined by the Registrar of Companies for British Columbia, or given such other name as agreed to by the parties.
- (b) **Registered Office.** The registered and records office of Amalco shall be 25th Floor, 700 West Georgia Street, Vancouver, British Columbia, V7Y 1B3.
- (c) **First Director.** The first director of Amalco shall be Brian Paes-Braga;.
- (d) **Authorized Capital.** The authorized capital of Amalco shall consist of an unlimited number of common shares without par value and an unlimited number of preferred shares.
- (e) **Restrictions on Business.** There shall be no restrictions on the business that Amalco may carry on.
- (f) **Restrictions on Share Transfer.** Unless and for so long as Amalco is not a public company, no Amalco Shares may be transferred without the written consent of the directors of Amalco, which consent may be withheld at their sole discretion and without reason therefor.
- (g) **Fiscal Year.** The fiscal year end of Amalco shall be June 30 of each calendar year, or such other date as the parties shall elect.
- (h) **Auditor.** The auditor of Amalco will be the auditor of Royce, unless the appointment of an auditor is waived.

- (i) **Articles of Amalgamation.** The form of the Articles of Amalco is attached hereto as Appendix "A".

2.7 Royce Corporate Matters on Closing

Subject to the terms and conditions of this Agreement, at the Closing:

- (a) **Directors.** Royce shall reconstitute its board of directors such that all existing directors will resign, as applicable, and the following directors will be appointed in substitution thereof, subject to Royce's receipt of all necessary documentation and regulatory approvals (if required) to effect such appointments and to any changes made by 1045564 in its sole discretion:
- Brian Paes-Braga
 - Geir Liland
 - Harry Pokrandt; and
 - Rob McLeod.
- (b) **Officers.** Royce shall reconstitute its senior management such that all existing officers will resign, as applicable, and the following officers will be appointed in substitution thereof, subject to Royce's receipt of all necessary documentation and regulatory approvals (if required) to effect such appointments and to any changes made by 1045564 in its sole discretion:
- Brian Paes-Braga – President and Chief Executive Officer
 - Daniel Kriznic – Chief Financial Officer
 - Jasvir Kaloti – Corporate Secretary
- (c) **Name.** Royce shall change its name to “Lithium X Energy Corp.”

2.8 Required Approvals

Subject to the terms and conditions of this Agreement:

- (a) each of Royce and 1045564 shall take all necessary steps to obtain the Exchange's approval for the Transaction, and in respect thereof 1045564 shall provide to Royce:
- (i) all such information regarding the 1045564 Shareholders as may be required for inclusion in or for purposes of preparing disclosure for the Disclosure Document; and
- (ii) all such other documentation and information, and executed agreements and instruments, as may be required for purposes of the Disclosure Document, the Exchange's review and approval of the Transaction (including, but not limited to, any Escrow Arrangements) or any other request of any regulatory authorities having jurisdiction;
- (b) each of Subco and 1045564 shall take all necessary steps to have this Agreement adopted by their respective shareholders in accordance with Section 270 of the BCBCA, and shall take all necessary steps so that the Amalgamation may be effected as provided for herein; and
- (c) as soon as reasonably practicable after the receipt of the approvals and adoption by shareholders and completion of the necessary steps referenced in subsections (a) and (b)

above, and the satisfaction or waiver of all conditions precedent to the Amalgamation and Acquisition, each of Royce, Subco and 1045564 shall take all necessary steps and actions required to effect the Amalgamation, including but not limited to the filing of the Amalgamation Application substantially in the form attached hereto as Appendix "B" and all supporting documents thereto or required in respect thereof, and attend to the Closing.

Article 3

CONDITIONS PRECEDENT TO THE AMALGAMATION

3.1 Mutual Conditions Precedent

Each party's obligation to satisfy their respective covenants herein and consummate the Amalgamation and other transactions contemplated herein is subject to the satisfaction, on or before the Effective Date (or such other date as otherwise may be specifically indicated), of the following conditions, any of which may be waived by mutual consent of the parties and without prejudice to their rights to rely on one or more other conditions precedent:

- (a) Royce shall have received the Exchange's conditional approval for the Transaction on terms satisfactory to each of the parties hereto, acting reasonably;
- (b) Royce shall have completed the Royce Private Placement on terms acceptable to Royce, and in such amount as is necessary to complete the Transaction and to meet the initial listing requirements of the Exchange;
- (c) each of Subco and 1045564 shall have received the requisite approval of their respective shareholders for the adoption of this Agreement and the completion of the Amalgamation as required by the BCBCA, and shall have taken all necessary steps so that the Amalgamation may be effected;
- (d) all other approvals, consents and orders that are necessary or advisable for the consummation of the Amalgamation and other transactions contemplated herein will have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, all on terms satisfactory to each of the parties hereto, acting reasonably;
- (e) there will not be in force any order or decree restraining or enjoining the consummation of the Amalgamation or the other transactions contemplated herein, and for purposes hereof any Exchange suspension of Royce Shares pending the completion of the Transaction shall not be considered such an order or decree; and
- (f) the Amalgamation will be completed in accordance with the applicable laws of Canada.

3.2 Royce's and Subco's Conditions Precedent

Royce's and Subco's obligations to satisfy their respective covenants herein and consummate the Amalgamation and other transactions contemplated herein are subject to the satisfaction, on or before the Effective Date (or such other date as otherwise may be specifically indicated), of the following conditions, any of which may be waived by mutual consent of Royce and Subco and without prejudice to their rights to rely on one or more other conditions precedent:

- (a) 1045564 shall have delivered to Royce such documents and other information as Royce, the Exchange, and any other regulatory authority or body having jurisdiction shall have requested;

- (b) 1045564 shall have obtained all consents, approvals and other authorizations of any regulatory authorities, shareholders or third parties, as applicable;
- (c) the Option Agreement shall have been entered into between 1045564 and Clayton Valley Lithium Inc., and shall be in good standing;
- (d) 1045564 shall have no more than 5,000,000 1045564 Shares issued and outstanding;
- (e) the 1045564 Dissent Shares shall not constitute more than 10% of the 1045564 Shares issued and outstanding as at the Effective Time;
- (f) each of the persons required by the Exchange to enter into escrow, pooling or other restricted resale arrangements shall have entered into or consented in writing to such agreements, instruments or other arrangements (the "**Escrow Arrangements**") to effect same in form and content satisfactory to the Exchange in its sole discretion;
- (g) 1045564 shall have delivered to Royce a list of all 1045564 Shareholders and all the 1045564 Shares held by each of them as at the Effective Time;
- (h) 1045564 having aggregate liabilities which do not exceed US\$40,000, not including any amounts which may be owing to Royce;
- (i) 1045564 shall have delivered to Royce such financial statements, audited or otherwise, as may be required pursuant to the policies of the Exchange, and under applicable securities laws, for the periods required pursuant to applicable regulatory policies, for inclusion in any Disclosure Document or other filing required by applicable regulatory authorities;
- (j) 1045564 shall have provided such evidence, in a form acceptable to Royce, as is necessary to demonstrate the satisfaction of applicable initial listing requirements of the Exchange;
- (k) there will have been no material adverse changes, or any other event or development that could reasonably have a material adverse effect on the business, affairs, operations or financial results of 1045564;
- (l) the representations and warranties of 1045564 herein will be true and correct in all material respects as at the Effective Time as if repeated thereat;
- (m) all covenants, obligations and conditions of 1045564 herein on its part to be performed, satisfied and observed prior to or at the Effective Time shall have been performed, satisfied and observed in all material respects; and
- (n) no cease trading order with respect to the 1045564 Shares shall be outstanding.

3.3 1045564's Conditions Precedent

1045564's obligation to satisfy its covenants herein and consummate the Amalgamation and other transactions contemplated herein is subject to the satisfaction, on or before the Effective Date (or such other date as otherwise may be specifically indicated), of the following conditions, any of which may be waived by 1045564 subject to the satisfaction or in absence of such further conditions with respect to the giving of such waiver, and without prejudice to its rights to rely on one or more other conditions precedent:

- (a) each of Royce and Subco shall have delivered to 1045564 such documents and other information as 1045564, the Exchange, and any other regulatory authority or body having jurisdiction shall have reasonably requested;
- (b) each of Royce and Subco shall have obtained all consents, approvals and other authorizations of any regulatory authorities, shareholders or third parties;
- (c) Royce shall have a minimum cash position of Cdn\$1,500,000 on the Effective Date;
- (d) the Exploration Management Agreement entered into between 1045564 and GeoXplor Inc. shall be in good standing;
- (e) each of Royce and Subco shall have conducted its business in the ordinary course and shall not have expended any cash or incurred any liabilities or other obligations (contingent or otherwise) other than in the ordinary course of business or in connection with the transactions contemplated herein;
- (f) there will have been no material adverse changes, adverse change of material fact, or any other event or development that could reasonably have a material adverse impact on the business, affairs, operations, financial results or prospects of Royce or Subco;
- (g) the representations and warranties of Royce and Subco herein will be true and correct in all material respects as at the Effective Time as if repeated thereat; and
- (h) all covenants, obligations and conditions of Royce and Subco herein on their respective part to be performed, satisfied and observed prior to or at the Effective Time shall have been performed, satisfied and observed in all material respects.

Article 4 CLOSING

4.1 Time and Place of Closing

The Closing shall take place at the Effective Time at such place as may be mutually agreed between Royce and 1045564, or as soon as reasonably practicable thereafter at such time, on such date and at such place as Royce and 1045564 may otherwise agree.

4.2 Royce's Deliveries at Closing

At the Closing, Royce shall deliver to 1045564:

- (a) a certified copy of the sole shareholder's resolution evidencing its adoption of this Agreement and approval of the Amalgamation as sole shareholder of Subco;
- (b) a copy of the share certificates representing the Royce Shares issued pursuant to subsection 2.2(c) hereof, it being acknowledged and agreed that said share certificates will be held by Royce pending receipt of and in exchange for 1045564 share certificates pursuant to subsection 2.5(a);
- (c) copies of the resignations of certain directors and officers of Royce to be agreed between the parties hereto, effective on the Effective Date, and a copy of the directors resolutions appointing new directors to the Board to be agreed between the parties hereto, effective on the Effective Date;

- (d) a certificate signed by the Chief Executive Officer of Royce confirming that all Royce's conditions precedent to the Transaction, other than the Exchange's final approval of the Transaction, have been satisfied, and that all representations and warranties of Royce contained herein are true and correct as at the Effective Time; and
- (e) such other documents and instruments in connection with the Closing as may be reasonably requested by 1045564.

4.3 Amalco's Deliveries at Closing

At the Closing, Amalco shall deliver to Royce share certificates representing the Amalco Shares issued pursuant to subsection 2.2(b) hereof.

4.4 1045564's Deliveries at Closing

At the Closing, 1045564 shall deliver to Royce:

- (a) a copy of the Certificate of Amalgamation;
- (b) a certified copy of the shareholders' resolutions evidencing the 1045564 Shareholders' adoption of this Agreement and approval of the Amalgamation;
- (c) a certificate signed by a director of 1045564 confirming the exercise (or lack thereof) of any Dissent Rights and identifying the 1045564 Shareholders who exercised Dissent Rights and their respective 1045564 Dissent Shares, together with all correspondence and other documentation in relation thereto;
- (d) a certificate signed by a director or officer of 1045564 confirming that all 1045564's conditions precedent to the Transaction, other than the Exchange's final approval of the Transaction, have been satisfied, and that all representations and warranties of 1045564 contained herein are true and correct as at the Effective Time;
- (e) the minute books and corporate records of 1045564; and
- (f) such other documents and instruments in connection with the Closing as may be reasonably requested by Royce.

Article 5 TERMINATION

5.1 Right to Terminate

This Agreement may be terminated at any time prior to the Effective Time, by the mutual consent of the parties or in the following circumstances by written notice given by the terminating party to the other parties hereto:

- (a) by either of Royce or 1045564, if the Exchange's conditional approval for the Transaction on terms satisfactory to each of the parties hereto is not received on or before December 15, 2015 or such other later date as may be agreed to by the parties;
- (b) by either of Royce or 1045564, if the Effective Time has not occurred on or before December 15, 2015 or such other later date as may be agreed to by the parties; or

- (c) by either of Royce or 1045564, if the other party hereto is in default of any material covenant or condition on its part to be performed hereunder, and the first party has given written notice of such default to the other party and the other party has failed to cure such default within 14 days of such notice, to the reasonable satisfaction of the other party,

and in such event, each party hereto shall be released from all obligations under this Agreement without liability, always provided that such release without liability shall not apply if such termination is a result of the party's failure to perform, satisfy or observe in good faith its obligations to be performed, satisfied or observed hereunder.

5.2 Effect of Termination

Notwithstanding section 5.1, each party's right of termination under this Article is in addition to and not in derogation of or limitation to any other rights, claims, causes of action or other remedy that such party may have under this Agreement or otherwise at law with respect to any misrepresentation, breach of covenant or indemnity contained herein.

Article 6 CONDUCT OF AFFAIRS PRIOR TO CLOSING

6.1 Conduct of Business

From the date of this Agreement until the earlier of the Closing or the termination of this Agreement, and except as expressly contemplated by this Agreement, each party hereto shall conduct its business, affairs and operations in the ordinary and usual course consistent with past practices and will not:

- (a) enter into (or terminate) any material contract or material transaction;
- (b) expend any material amount of funds or incur any material liabilities or obligations; and
- (c) issue any securities other than in accordance with the terms and conditions of a previously issued convertible security outstanding at the date hereof, all of which previously issued convertible securities outstanding as at the date hereof, for each party, are fully and accurately disclosed in Appendix "C" hereto,

or otherwise take any other action with the intent or foreseeable effect of leading to any of the foregoing, without first obtaining the written of the other parties hereto, which consent shall not be unreasonably withheld or delayed.

6.2 Non-Solicitation

From the date of this Agreement until the earlier of the Closing or the termination of this Agreement, each party hereto and their respective directors, officers, employees and agents shall not, and will not permit any other person to, directly or indirectly discuss, solicit, encourage, accept or approve any offer to acquire it or its business or assets, whether as a primary or back-up offer, or take any other action with the intent or foreseeable effect of leading to any negotiation, agreement, commitment or understanding for the acquisition of it or its business or assets or leading to the frustration of or any interference with this Agreement.

Nothing in this paragraph shall prevent the board of directors of 1045564 or Royce from responding as required by law to any unsolicited offer, provided that 1045564 or Royce shall promptly and fully inform the other party of the complete details thereof and any changes thereto.

6.3 Access to Information; Use and Confidentiality

From the date of this Agreement until the earlier of the Closing or the termination of this Agreement, each party hereto shall give to the other parties full access during normal business hours to all directors, officers, employees, consultants, properties, assets, contracts, books, accounts, records and other information, data and documents pertaining to the party and its business, affairs, operations, properties, assets, liabilities and financial condition ("**Confidential Information**"), always provided that such access will not materially interfere with the normal business operations of the person. Upon the termination of this Agreement for any reasons, any party in receipt of Confidential Information shall promptly return same to the originating party together with any copies thereof and any other information, data and documents in any form produced, made or derived therefrom.

Confidential Information to which a party receives access to or is given in accordance herewith shall be used solely for the purpose of completing the Transaction and will be treated on a strictly confidential basis, except any such information, data and documents which has been previously or has become generally disclosed to the public other than through a breach of this confidentiality provision, or that is required to be disclosed by a court of competent jurisdiction. The parties agree to restrict access to Confidential Information on a need to know basis and to take all appropriate steps to safeguard against the accidental disclosure or improper use of Confidential Information.

6.4 Public Disclosure

All public announcements regarding any part of this Agreement or the Transaction will be subject to review and reasonable consultation of all parties hereto as to form, content and timing, before public disclosure, always provided that a party shall be entitled to make such public announcement if required by applicable law or regulatory requirements (including by the Exchange) to immediately do so and it has taken reasonable efforts to comply herewith.

Article 7 REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties of Royce and Subco

Each of Royce and Subco, jointly and severally represents and warrants to 1045564 that:

- (a) each of Royce and Subco is incorporated or otherwise formed under the laws of British Columbia, is a valid and existing company, and with respect to the filing of annual reports is in good standing;
- (b) where applicable, it has all requisite corporate power and capacity to carry on its business as now conducted and to own, lease and operate its property and assets, and it is duly and appropriately registered, licensed and otherwise qualified to carry on its business and to own, lease and operate its property and assets and is in good standing in all material respects in each jurisdiction where it carries on business or owns, leases or operates its property or assets;
- (c) it has all requisite corporate power and capacity and has taken all necessary corporate action to authorize it to execute and deliver this Agreement and perform its obligations hereunder, and this Agreement has been duly authorized, executed and delivered by it and constitutes a legal, valid and binding obligation enforceable against it in accordance with this Agreement's terms, except as may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other similar laws of general application

affecting the enforceability of remedies and rights of creditors and except that equitable remedies such as specific performance and injunction are in the discretion of a court;

- (d) its execution and delivery of this Agreement and its performance of its obligations hereunder does not and will not result in the breach of, constitute a default under or conflict with: (i) any provision of its constating documents; (ii) any resolutions of its shareholders or directors; (iii) any statute, rule or regulation applicable to it or its property; (iv) any order, decree or judgment of a court or regulatory authority or body having jurisdiction over it or its property; or (v) any mortgage, indenture or other agreement to which it is a party or it or its property is bound;
- (e) there are no claims, actions, suits or proceedings (judicial, administrative or otherwise) commenced, pending or threatened against it, nor to its knowledge is any of the foregoing contemplated nor to its knowledge is there any basis therefore;
- (f) other than as contemplated by this Agreement, all consents, approvals, permits, authorizations or filings as may be required for the execution and delivery of this Agreement, and the consummation of the Amalgamation contemplated thereby, have been obtained; and
- (g) neither Subco nor Royce is a party to or bound by any agreement which would restrict or limit its right to carry on any business or activity or to solicit business from any person or in any geographical area or otherwise to conduct its business as it may determine.

7.2 Additional Representations and Warranties of Royce

Royce represents and warrants to 1045564 that:

- (a) it is a reporting issuer in the Provinces of British Columbia and Alberta and is not in default of any material requirement under the securities laws of said provinces;
- (b) the Royce Shares are listed for trading on the Exchange, and it is not in material default of any material requirement under the policies of the Exchange; and
- (c) all public information filed by it with the securities regulatory authorities having jurisdiction over it (including but not limited to information available through SEDAR) as at the date of such filing does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made.

7.3 Representations and Warranties of 1045564

1045564 represents and warrants to each of Royce and Subco that:

- (a) 1045564 exists under the laws of British Columbia, and is a valid and existing company and with respect to the filing of annual reports is in good standing;
- (b) 1045564 has no outstanding debts, liabilities or obligations, contingent or otherwise, except for the US\$40,000 owing pursuant to the Promissory Notes and any obligations it has pursuant to the Option Agreement;

- (c) it has all requisite corporate power and capacity to carry on its business as now conducted and to own, lease and operate its property and assets, and it is duly and appropriately registered, licensed and otherwise qualified to carry on its business and to own, lease and operate its property and assets and is in good standing in each jurisdiction where it carries on business or owns, leases or operates its property or assets;
- (d) its authorized and issued share capital is as set out set out in Appendix "C" hereto, and:
 - (i) there are no rights, privileges or agreements requiring it to repurchase, redeem, retract or otherwise acquire, whether directly or indirectly, any of its issued shares or other securities; and
 - (ii) there are no options, warrants, rights, privileges or agreements requiring it to sell, or otherwise issue (by exercise, conversion, exchange or otherwise), whether directly or indirectly, any of its unissued shares;

and such information contained in Appendix "C" hereto shall remain accurate and complete in all material respects at the Closing;

- (e) it has entered into the Option Agreement and the Option Agreement is in good standing;
- (f) it has all requisite corporate power and capacity and has taken all necessary corporate action to authorize it to execute and deliver this Agreement and perform its obligations hereunder, and this Agreement has been duly authorized, executed and delivered by it and constitutes a legal, valid and binding obligation enforceable against it in accordance with this Agreement's terms except as may be limited by bankruptcy, insolvency, liquidation, reorganization, reconstruction and other similar laws of general application affecting the enforceability of remedies and rights of creditors and except that equitable remedies such as specific performance and injunction are in the discretion of a court;
- (g) its execution and delivery of this Agreement and its performance of its obligations hereunder does not and will not result in the breach of, constitute a default under or conflict with: (i) any provision of its constating documents; (ii) any resolutions of its shareholders or directors; (iii) any statute, rule or regulation applicable to it or its property; (iv) any order, decree or judgment of a court or regulatory authority or body having jurisdiction over it or its property; or (v) any mortgage, indenture or other agreement to which it is a party or it or its property is bound;
- (h) there are no claims, actions, suits or proceedings (judicial, administrative or otherwise) commenced, pending or threatened against it, nor to its knowledge is any of the foregoing contemplated nor to its knowledge is there any basis therefor;
- (i) it is not a reporting issuer or equivalent in any jurisdiction and has not contravened any applicable securities laws of any jurisdiction, including without limitation in relation to the issuing of its seed shares, founders shares or any other shares or other securities;
- (j) 1045564 is not in default or breach or violation of, and the execution and delivery of, and the performance of, and compliance with, the terms of the Transaction does not and will not:
 - (i) result in any breach of, or constitute a default under, and does not and will not create a state of facts which, after notice or lapse of time or both, would result in a breach of or constitute a default under, any term or provision of the constating

documents or resolutions of 1045564, any applicable laws, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which 1045564 is a party or by which it is bound, or any judgment, decree, order, statute, rule or regulation applicable to 1045564, which default or breach might reasonably be expected to have a material adverse effect; or

- (ii) create a right for any other party to terminate, accelerate or in any way alter any other rights existing under any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which 1045564 is a party or by which 1045564 is bound which, upon exercise of such right, might reasonably be expected to have a material adverse effect;
- (k) and
- (l) no officer, director, employee or any other person not dealing at arm's length with 1045564, or to the knowledge of 1045564, any associate or affiliate of such person, owns, has or is entitled to any royalty, net profits interest, carried interest, licensing fee, or any other encumbrances or claims of any nature whatsoever which are based on the revenues of 1045564.

Article 8 GENERAL

8.1 Expenses

The parties hereto acknowledge and agree that each party shall be responsible for its own costs, whether or not the transactions contemplated herein are completed, including but not limited to any fees, disbursements and charges incurred with respect to its due diligence investigations and the preparation of this Agreement and any other documents, certificates and opinions required for Closing by the respective parties or otherwise required in connection herewith.

8.2 Notices

Each notice, demand or other communication required or permitted to be given hereunder shall be effective if in writing and delivered personally, transmitted by fax (with electronic confirmed receipt) or sent by prepaid mail as follows:

- (a) If to Royce or to Subco:

Royce Resources Corp.
3123 - 595 Burrard Street
Vancouver, BC V7X 1J1

Attention: Geir Liland

- (b) If to 1045564:

1045564 B.C. Ltd.
3123 - 595 Burrard Street
Vancouver, BC V7X 1J1

Attention: Brian Paes-Braga, President

and any notice, demand or other communication given as aforesaid shall be deemed to be received on the date of personal delivery or facsimile transmission if delivered or transmitted during normal business hours (and on the first Business Day thereafter if delivered or transmitted after normal business hours), and the third Business Day after mailing if sent by prepaid mail, excluding all days when normal mail service is interrupted. Any party may from time to time change its address of service by notice to the other parties in accordance herewith.

8.3 Entire Agreement and Further Assurances

This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, whether oral or written, existing between the parties with respect to the subject matter hereof.

The parties shall from time to time promptly execute or cause to be executed all such deeds, conveyances and other documents and instruments and do or cause to be done all such acts and other things which may be necessary or advisable to fully carry out and give effect to the intent of and matters contained in this Agreement.

8.4 Amendments and Waivers

This Agreement may only be amended by instrument in writing signed by the parties hereto without further notice to or consent or approval by their respective shareholders unless such consent or approval is strictly required by applicable law.

Any waiver or consent hereunder must be in writing and signed by the party giving the waiver or consent. No waiver or consent hereunder shall be construed or deemed to be a waiver or consent with respect to any other provision hereof or to be a continuous waiver or consent unless so expressly provided for.

8.5 Severability

If any provision or part thereof of this Agreement is declared by a court or other judicial or administrative body of competent jurisdiction to be illegal, invalid or unenforceable, that provision or part thereof shall be severed from this Agreement and the remaining provisions of part thereof of this Agreement shall continue in full force and effect and unaffected thereby.

8.6 Assignment and Enurement

This Agreement is personal in nature and may not be assigned in whole or in part without the express written consent of the other parties hereto. This Agreement shall enure to the benefit of and be binding upon the parties and their respective successors and permitted assigns.

8.7 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of British Columbia and the federal laws of Canada applicable therein. The parties hereto acknowledge and agree that the courts of British Columbia shall have exclusive jurisdiction with respect to any dispute or other matter arising hereunder.

8.8 Time of the Essence

Time shall be of the essence hereof.

8.9 Independent Legal Advice

The parties hereto acknowledge and agree that they have carefully read this Agreement and know and understand the contents and import hereof. The parties further acknowledge and agree that Farris, Vaughan, Wills & Murphy LLP has prepared this Agreement as counsel to Royce.

8.10 Execution and Delivery

This Agreement may be signed and delivered in two or more counterparts and by facsimile or functionally equivalent electronic means, and when taken together such counterparts and facsimiles shall be deemed to constitute one and the same and an originally executed instrument having effect from the date first above written notwithstanding the date of execution and delivery.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

ROYCE LTD.

"Geir Liland"

per: _____
Authorized Signatory

1054527 B.C. LTD.

"Brian Paes-Braga"

per: _____
Authorized Signatory

1045564 B.C. LTD.

"Brian Paes-Braga"

per: _____
Authorized Signatory

APPENDIX A
to the Amalgamation Agreement made effective as of November 5, 2015
between Royce Resources Corp., 1054527 B.C. Ltd.,
and 1045564 B.C. Ltd.

ARTICLES OF AMALCO

Incorporation number: _____

◆
(the "Company")

The Company has as its articles the following articles.

Full name and signature of each incorporator	Date of signing
◆ Per: _____ <i>Authorized Signatory</i>	◆

◆
(the "Company")

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◆
(the "Company")

1. INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

- (1) "board of directors", "directors" and "board" mean the directors or sole director of the Company, as the case may be;
- (2) "*Business Corporations 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;
- (3) "*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;
- (4) "legal personal representative" means the personal or other legal representative of a shareholder, and includes a trustee in bankruptcy of the shareholder;
- (5) "registered address" of a shareholder means that shareholder's address as recorded in the central securities register; and
- (6) "seal" means the seal of the Company, if any.

1.2 *Business Corporations Act* and *Interpretation Act* Definitions Applicable

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

1.3 Conflicts Between Articles and the *Business Corporations Act*

If there is a conflict or inconsistency between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

2. SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company is an unlimited number of common shares (the "Common Shares"), without nominal or par value, having attached thereto the rights, privileges, restrictions and conditions as set forth below:

- (1) The holders of the Common Shares shall be entitled to receive notice of and to vote at every meeting of the shareholders of the Company and shall have one vote thereat for each Common Share so held;

- (2) The Board of Directors may from time-to-time declare a dividend, and the Company shall pay thereon out of the monies of the Company properly applicable to the payment of the dividends to the holders of Common Shares. For the purpose hereof, the holders of Common Shares receive dividends as shall be determined from time-to-time by the Board of Directors whose determination shall be conclusive and binding upon the Company and the holders of Common Shares; and
- (3) In the event of liquidation, dissolution or winding-up of the Company or upon any distribution of the assets of the Company among shareholders being made (other than by way of dividend out of the monies properly applicable to the payment of dividends) the holders of Common Shares shall be entitled to share equally.

2.2 Form of Share Certificate

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

2.3 Shareholder Entitled to Share Certificate or Acknowledgement

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 acknowledgement 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 acknowledgement, and delivery of a share certificate or acknowledgement, for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgement 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 acknowledgement is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Share Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgement of a shareholder's right to obtain a share certificate is worn out or defaced, the directors must, on production to them of the share certificate or acknowledgement, as the case may be, and on such other terms, if any, the directors think fit:

- (1) order the share certificate or acknowledgement, as the case may be, to be cancelled; and
- (2) issue a replacement share certificate or acknowledgement, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Share Certificate or Acknowledgement

If a share certificate or a non-transferable written acknowledgement of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgement, as the case may be, must be issued to the person entitled to that share certificate or acknowledgement, as the case may be, if the directors receive:

- (1) proof satisfactory to the directors that the share certificate or acknowledgement is lost, stolen or destroyed; and
- (2) any indemnity the directors consider adequate.

2.7 Splitting Share Certificates

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.

2.8 Share Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

2.9 Recognition of Trusts

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 by law or statute or these Articles provided 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.

3. ISSUE OF SHARES

3.1 Directors Authorized

Subject to the Business Corporations Act and rights of the holders of issued shares of the Company, the Company may issue, allot, 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 issue prices (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.

3.2 Commissions and Discounts

The Company may at any time, pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

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.

3.4 Conditions of Issue

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

- (1) consideration is provided to the Company for the issue of the share by one or more of the following:
 - (a) past services performed for the Company;
 - (b) property;
 - (c) money; and

- (2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations 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.

4. SECURITIES REGISTERS

4.1 Central Securities Register

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its 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.

4.2 Closing Register

The Company must not at any time close its central securities register.

5. SHARE TRANSFERS

5.1 Registering Transfers

A transfer of a share of the Company must not be registered unless:

- (1) a duly signed instrument of transfer in respect of the share has been received by the Company;
- (2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and
- (3) if a non-transferable written acknowledgement 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 acknowledgement has been surrendered to the Company.

5.2 Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, a transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.3 Signing of Instrument of Transfer

If a shareholder, or his or her 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 acknowledgements deposited with the instrument of transfer:

- (1) in the name of the person named as transferee in that instrument of transfer; or

- (2) 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.

5.4 Enquiry as to Title Not Required

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, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgement of a right to obtain a share certificate for such shares.

5.5 Transfer Fee

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

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, 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, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

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 *Business Corporations Act* and the directors have been deposited with the Company.

7. PURCHASE OR REDEMPTION OF SHARES

7.1 Company Authorized to Purchase or Redeem Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations 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 specified in such resolution.

7.2 Purchase or Redemption When Insolvent

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:

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

7.3 Sale and Voting of Purchased Shares

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:

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

8. BORROWING POWERS

The Company, if authorized by the directors, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that the directors consider appropriate;
- (2) 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;
- (3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (4) 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.

9. ALTERATIONS

9.1 Alteration of Authorized Share Structure

- (1) Subject to the *Business Corporations Act*, the Company may by resolution of the board of directors:
 - (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) subject to Article 2.1(2), alter the identifying name of any of its shares;
 - (d) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
 - (e) if the Company is authorized to issue shares of a class of shares with par value:
 - (A) decrease the par value of those shares; or
 - (B) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
 - (f) 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; or

- (g) subject to Article 2.1(2), otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

9.2 Change of Name

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

9.3 Other Alterations

If the *Business Corporations 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.

10. MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations 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.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* 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 Article 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.

10.3 Calling of Meetings of Shareholders

The directors may, whenever they think fit, call a meeting of shareholders.

10.4 Location of Meeting

A general meeting of the Company may be held anywhere in the world as determined by the directors.

10.5 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders, 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:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

10.6 Record Date for Notice

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 *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

If no record date is set, the record date is 5:00 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.

10.7 Record Date for Voting

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 *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5:00 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.

10.8 Class Meetings and Series Meetings of Shareholders

Subject to the provisions of the *Business Corporations Act*, unless specified otherwise in these Articles or in the special rights and restrictions attached to any class or series of shares, the provisions of these Articles relating to general meetings will apply, with the necessary changes and so far as they are applicable, to a class meeting or series meeting of shareholders holding a particular class or series of shares.

10.9 Failure to Give Notice and Waiver of Notice

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 or reduce the period of notice of such meeting.

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

- (1) 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;
- (2) at an annual general meeting, all business is special business except for the following:
 - (a) business relating to the conduct of, or voting at, the meeting;
 - (b) consideration of any financial statements of the Company presented to the meeting;
 - (c) consideration of any reports of the directors or auditor;
 - (d) the setting or changing of the number of directors;
 - (e) the election or appointment of directors;
 - (f) the appointment of an auditor;
 - (g) the setting of the remuneration of an auditor;

- (h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
- (i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

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

11.3 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two (2) persons who are, or represent by proxy, shareholders holding, in the aggregate, at least five percent (5%) of the issued shares entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

- (1) the quorum is one person who is, or who represents by proxy, that shareholder, and
- (2) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Other Persons May Attend

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), the auditor of the Company, the lawyers for the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, 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.

11.6 Requirement of Quorum

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.

11.7 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved; and
- (2) 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.

11.8 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.7(2) 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, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.9 Chair

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

- (1) the chair of the board, if any;
- (2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any;
or
- (3) such other person designated by the directors.

11.10 Selection of Alternate Chair

If, at any meeting of shareholders, the person appointed under section 11.9 above is not present within 15 minutes after the time set for holding the meeting, or if such person is unwilling to act as chair of the meeting, or if such person has advised the secretary, if any, or any director present at the meeting, that such person will not be present at the meeting, the directors present must choose: one of their number, a senior officer or counsel to the Company to chair the meeting or if the director, senior officer or counsel present declines to take the chair or if the directors fail to so choose or if no director, senior officer or counsel is present, 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.

11.11 Adjournments

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.

11.12 Notice of Adjourned Meeting

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

11.13 Decisions by Show of Hands or Poll

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 at least one shareholder entitled to vote who is present in person or by proxy.

11.14 Declaration of Result

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 Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.15 Motion Need Not be Seconded

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.

11.16 Casting Vote

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.

11.17 Manner of Taking Poll

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

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

11.18 Demand for Poll on Adjournment

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

11.19 Chair Must Resolve Dispute

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

11.20 Casting of Votes

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

11.21 Demand for Poll

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

11.22 Demand for Poll Not to Prevent Continuance of Meeting

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.

11.23 Retention of Ballots and Proxies

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 such ballots and proxies 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.

12. VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

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

- (1) 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
- (2) 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.

12.2 Votes of Persons in Representative Capacity

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 for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

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

- (1) any one of the joint shareholders may vote at any meeting of the shareholders, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (2) if more than one of the joint shareholders is present at any meeting of the shareholders, personally or by proxy, and more than one of the joint shareholders 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.

12.4 Legal Personal Representatives as Joint Shareholders

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

12.5 Representative of a Corporate Shareholder

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 the shareholders by written instrument, fax or any other method of transmitting legibly recorded messages and:

- (1) for that purpose, the instrument appointing a representative must:
 - (a) be received at the registered office of the Company or at any other place specified for the receipt of proxies, in the notice calling the meeting, at least the number of business days for the receipt of proxies specified in the notice, or if no number of days is specified in the notice, at least, two business days before the day set for the holding of the meeting; or
 - (b) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (2) if a representative is appointed under this Article 12.5:

- (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
- (b) 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.

12.6 Proxy Provisions Do Not Apply to All Companies

Article 12.9 does not apply to the Company if and for so long as it 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. Sections 12.7 to 12.15 apply to the Company only insofar as they are not inconsistent with any applicable securities legislation and any regulations and rules made and promulgated under such legislation and all administrative policy statements, blanket orders and rulings, notices and other administrative directions issued by securities commission or similar authorities appointed under that legislation.

12.7 Appointment of Proxy Holders

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

12.8 Alternate Proxy Holders

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

12.9 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form designated by the directors, the scrutineer 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]

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must be by written instrument, fax or any other method of transmitting legibly messages and must:

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

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 Revocation of Proxy

Subject to Article 12.12, every proxy may be revoked by an instrument in writing that is :

- (1) received 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 at which the proxy is to be used; or
- (2) deposited with the chair of the meeting, at the meeting, before any vote in respect of which the proxy is to be used shall have been taken.

12.12 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.12 must be signed as follows:

- (1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative;
- (2) 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 Article 12.5.

12.13 Production of Evidence of Authority to Vote

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.

13. DIRECTORS

13.1 First Directors; Number of Directors

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 *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (2) if the Company is a public company, the greater of three and the most recently set of:

- (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4;
- (3) if the Company is not a public company, the most recently set of:
- (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

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.

13.4 Qualifications of Directors

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

13.5 Remuneration of Directors

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. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

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

13.7 Special Remuneration for Directors

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, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

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.

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

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

- (1) 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
- (2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

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

- (1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (2) 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
- (3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

14.3 Failure to Elect or Appoint Directors

If:

- (1) 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 Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

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

- (3) the date on which his or her successor is elected or appointed; and
- (4) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 Places of Retiring Directors Not Filled

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 until further 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.

14.5 Directors May Fill Casual Vacancies,

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

14.6 Remaining Directors Power to Act

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 summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

14.7 Shareholders May Fill Vacancies

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.

14.8 Additional Directors

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

- (1) 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
- (2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (4) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

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.

14.11 Removal of Director by Directors

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 ceased 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.

15. POWERS AND DUTIES OF DIRECTORS

15.1 Powers of Management

The directors must, subject to the *Business Corporations 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 *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

15.2 Appointment of Attorney of Company

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.

16. DISCLOSURE OF INTEREST OF DIRECTORS

16.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations 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 *Business Corporations Act*.

16.2 Restrictions on Voting by Reason of Interest

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.

16.3 Interested Director Counted in Quorum

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.

16.4 Disclosure of Conflict of Interest or Property

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 *Business Corporations Act*.

16.5 Director Holding Other Office in the Company

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.

16.6 No Disqualification

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.

16.7 Professional Services by Director or Officer

Subject to the *Business Corporations 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.

16.8 Director or Officer in Other Corporations

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 *Business Corporations 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.

17. PROCEEDINGS OF DIRECTORS

17.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as the directors 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.

17.2 Voting at Meetings

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 does not have a second or casting vote.

17.3 Chair of Meetings

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

- (1) the chair of the board, if any;

- (2) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (3) any other director chosen by the directors if:
 - (a) 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;
 - (b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
 - (c) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that the chair of the board and the president will not be present at the meeting.

17.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone 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 may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 17.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

17.5 Calling of Meetings

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.

17.6 Notice of Meetings,

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 17.1, reasonable notice 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 Article 23.1 or orally or by telephone.

17.7 When Notice Not Required

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

- (1) 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
- (2) the director has waived notice of the meeting.

17.8 Meeting Valid Despite Failure to Give Notice

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.

17.9 Waiver of Notice of Meetings

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.

17.10 Quorum

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 set at two 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.

17.11 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations 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.

17.12 Consent Resolutions in Writing

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 are entitled to vote on the resolution consents to it in writing.

A consent in writing under this Article 17 may be evidence 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 entire document. A resolution of the directors or of any committee of the directors passed in accordance with this Article 17.12 is deemed to effective on the date stated in the consent in writing and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be 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 *Business Corporations Act* and all the requirements of these Articles relating to such meetings.

18. EXECUTIVE AND OTHER COMMITTEES

18.1 Appointment and Powers of Executive Committee

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:

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

18.2 Appointment and Powers of Other Committees

The directors may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;

- (2) delegate to a committee appointed under paragraph (1) any 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) the power to appoint or remove officers appointed by the directors; and
- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

18.3 Obligations of Committees

Any committee appointed under Articles 18.1 or 18.2, in the exercise of the powers delegated to it, must:

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

18.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 18.1 or 18.2:

- (1) 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;
- (2) terminate the appointment of, or change the membership of, the committee; and
- (3) fill vacancies in the committee.

18.5 Committee Meetings

Subject to Article 18.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 18.1 or 18.2:

- (1) the committee may meet and adjourn as it thinks proper;
- (2) 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;
- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) 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.

19. OFFICERS

19.1 Directors May Appoint Officers

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.

19.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

- (1) determine the functions and duties of the officer;
- (2) 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
- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

19.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations 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 the managing director must be a director. Any other officer need not be a director.

19.4 Remuneration and Terms of Appointment

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 think 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.

20. INDEMNIFICATION

20.1 Definitions

In this Article 20:

- (1) "eligible penalty" means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (2) "eligible proceeding" means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director, officer, or former officer of the Company (an "eligible party") or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director, former director, officer or former officer of the Company:
 - (a) is or may be joined as a party; or
 - (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (3) "expenses" has the meaning set out in the *Business Corporations Act*.

20.2 Mandatory Indemnification of Directors and Former Directors

Subject to the *Business Corporations Act*, the Company may indemnify a director, former director, officer or former officer of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company may, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and officer is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 20.2.

20.3 Indemnification of Other Persons

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

20.4 Non-Compliance with *Business Corporations Act*

The failure of a director, former director, officer or former officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

20.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (1) is or was a director, alternate director, officer, employee or agent of the Company;
- (2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;
- (4) at the request of the Company, 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;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

21. DIVIDENDS

21.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 21 are subject to Article 2.1 and to the rights, if any, of shareholders holding shares with special rights as to dividends.

21.2 Declaration of Dividends

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

21.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 21.2.

21.4 Record Date

The directors may 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. If no record date is set, the record date is 5:00 p.m. on the date on which the directors pass the resolution declaring the dividend.

21.5 Manner of Paying Dividend

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

21.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 21.5, the directors may settle the difficulty as the directors deem advisable, and, in particular, may:

- (1) set the value for distribution of specific assets;
- (2) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (3) vest any such specific assets in trustees for the persons entitled to the dividend.

21.7 When Dividend Payable

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

21.8 Dividends to be Paid in Accordance with Number of Shares

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

21.9 Receipt by Joint Shareholders

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

21.10 Dividend Bears No Interest

No dividend bears interest against the Company.

21.11 Fractional Dividends

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.

21.12 Payment of Dividends

Any dividend or other distribution payable in cash 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 address of the shareholder, or in the case of joint shareholders, to the 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.

21.13 Capitalization of Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any 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 surplus or any part of the surplus.

22. DOCUMENTS, RECORDS AND REPORTS

22.1 Recording of Financial Affairs

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 *Business Corporations Act*.

22.2 Inspection of Accounting Records

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.

23. NOTICES

23.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (1) mail addressed to the person at the applicable address for that person as follows:
 - (a) for a record mailed to a shareholder, the shareholder's registered address;
 - (b) 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;
 - (c) in any other case, the mailing address of the intended recipient;
- (2) delivery at the applicable address for that person as follows, addressed to the person:
 - (a) for a record delivered to a shareholder, the shareholder's registered address;
 - (b) 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;
 - (c) in any other case, the delivery address of the intended recipient;
- (3) 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;

- (4) 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;
- (5) physical delivery to the intended recipient.

23.2 Deemed Receipt of Mailing

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 23.1 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.

23.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 23.1, prepaid and mailed or otherwise sent as permitted by Article 23.1 is conclusive evidence of that fact.

23.4 Notice to Joint Shareholders

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

23.5 Notice to Trustees

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:

- (1) mailing the record, addressed to such person:
 - (a) 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
 - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph (1)(b) 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.

24. SEAL

24.1 Who May Attest Seal

Except as provided in Articles 24.2 and 24.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (1) any two directors;
- (2) any officer, together with any director;
- (3) if the Company only has one director, that director; or
- (4) any one or more directors or officers or persons as may be determined by the directors.

24.2 Sealing Copies

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 Article 24.1, the impression of the seal may be attested by the signature of any director or officer.

24.3 Mechanical Reproduction of Seal

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 the directors 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 *Business Corporations 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 unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer 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.

25. PROHIBITIONS

25.1 Definitions

In this Article 25:

- (1) "designated security" means:
 - (a) a voting security of the Company;
 - (b) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or
 - (c) a security of the Company convertible, directly or indirectly, into a security described in paragraph (a) or (b);
- (2) "security" has the meaning assigned in the *Securities Act* (British Columbia);
- (3) "voting security" means a security of the Company that:
 - (a) is not a debt security, and
 - (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

25.2 Application

Article 25.3 does not apply to the Company if and for so long as it 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.

25.3 Consent Required for Transfer of Shares or Designated Securities

No share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

26. ADVANCE NOTICE PROVISIONS

26.1 Nomination of Directors

- (1) Nominations of persons for election to the Board may be made at any Annual Meeting of shareholders or at any Special Meeting of shareholders if one of the purposes for which the Special Meeting was called was the election of directors. In order to be eligible for election to the Board at any Annual Meeting or Special Meeting of shareholders, persons must be nominated in accordance with one of the following procedures:
 - (a) by or at the direction of the Board or an authorized officer, including pursuant to a notice of meeting;
 - (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Business Corporations Act, or a requisition of the shareholders made in accordance with the provisions of the Business Corporations Act; or
 - (c) by any person (a "Nominating Shareholder"): (A) who, at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this Article 26.1 and at the close of business on the record date for notice of such meeting, is entered in the central securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this Article 26.1.
- (2) In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must give notice which is both timely (in accordance with article 26.1(3) below) and in proper written form (in accordance with Article 26.1(4) below) to the Secretary of the Company at the principal executive offices of the Company.
- (3) A Nominating Shareholder's notice to the Secretary of the Company will be deemed to be timely if:
 - (a) in the case of an Annual Meeting of shareholders, such notice is made not less than 30 nor more than 65 days prior to the date of the Annual Meeting of Shareholders; provided, however, that in the event that the Annual Meeting of Shareholders is to be held on a date that is less than 50 days after the date (the "Notice Date") on which the first public announcement of the date of the Annual Meeting is made, notice by the Nominating Shareholder is made not later than the close of business on the tenth (10th) day following the Notice Date; and
 - (b) in the case of a Special Meeting (which is not also an Annual Meeting) of Shareholders called for the purpose of electing directors (whether or not called for other purposes), such notice is made not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the Special Meeting of Shareholders was made.

- (c) Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement of this Article 26.1(3). For greater certainty, the time periods for the giving of notice by a Nominating Shareholder as aforesaid shall, in all cases, be determined based on the original date of the applicable Annual Meeting or Special Meeting, and in no event shall any adjournment or postponement of an Annual Meeting or Special Meeting or the announcement thereof commence a new time period for the giving of such notice.
- (4) A Nominating Shareholder's notice to the Secretary of the Company will be deemed to be in proper form if:
 - (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director, such notice sets forth: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below); and
 - (b) as to the Nominating Shareholder giving the notice, such notice sets forth any proxy, contract, agreement, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below).
- (5) The Company may require any proposed nominee for election as a Director to furnish such additional information as may reasonably be requested by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.
- (6) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 26.1; provided, however, that nothing in this Article 26.1 shall be deemed to restrict or preclude discussion by a shareholder (as distinct from the nomination of directors) at an Annual Meeting or Special Meeting of any matter that is properly brought before such meeting pursuant to the provisions of the *Business Corporations Act* or at the discretion of the Chairman of the meeting. The Chairman of the meeting shall have the power and duty to determine whether any nomination for election of a director was made in accordance with the procedures set forth in this Article 26.1 and, if any proposed nomination is not in compliance with such procedures, to declare such nomination defective and that it be disregarded.
- (7) For purposes of this Article 26:
 - (a) "**Annual Meeting**" means any annual meeting of Shareholders;
 - (b) "**Applicable Securities Laws**" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such laws and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission or similar securities regulatory authority of each province and territory of Canada;

- (c) "**Board**" means the board of directors of the Company as constituted from time to time;
 - (d) "**Common Shares**" means common shares in the capital of the Company;
 - (e) "**Nominating Shareholder**" has the meaning ascribed to that term in Article 26.1(1)(c);
 - (f) "**Notice Date**" has the meaning ascribed to that term in Article 26.1(3)(a);
 - (g) "**Public Announcement**" means disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com;
 - (h) "**Shareholder**" means a holder of Common Shares; and
 - (i) "**Special Meeting**" means any special meeting of Shareholders if one of the purposes for which such meeting is called is the election of directors.
- (8) Notwithstanding any other provision of this Article 26.1, notice given to the Secretary of the Company pursuant to this Article 26.1 may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Secretary of the Company for purposes of this Article 26.1), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Secretary at the address of the principal executive offices of the Company, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

26.2 Application

- (1) Article 26.1 does not apply to the Company in the following circumstances:
 - (a) if and for so long as the Company is not 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; or
 - (b) to the election or appointment of a director or directors in the circumstances set forth in Article 14.7.

APPENDIX B
to the Amalgamation Agreement made effective as of November 5, 2015
between Royce Resources Corp., 1054527 B.C. Ltd.,
and 1045564 B.C. Ltd.

AMALGAMATION APPLICATION



Telephone: 1 877 526-1526
www.bcregistryservices.gov.bc.ca

DO NOT MAIL THIS FORM to BC Registry Services unless you are instructed to do so by registry staff. The Regulation under the Business Corporations Act requires the electronic version of this form to be filed on the Internet at www.corporateonline.gov.bc.ca

Freedom of Information and Protection of Privacy Act (FOIPPA): Personal information provided on this form is collected, used and disclosed under the authority of the FOIPPA and the Business Corporations Act for the purposes of assessment. Questions regarding the collection, use and disclosure of personal information can be directed to the Executive Coordinator of the BC Registry Services at 1 877 526-1526, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

A INITIAL INFORMATION - When the amalgamation is complete, your company will be a BC limited company.

What kind of company(ies) will be involved in this amalgamation? (Check all applicable boxes.)

- BC company (checked)
BC unlimited liability company

B NAME OF COMPANY - Choose one of the following:

The name _____ is the name reserved for the amalgamated company. The name reservation number is: _____,

OR

The company is to be amalgamated with a name created by adding "B.C. Ltd." after the incorporation number,

OR

The amalgamated company is to adopt, as its name, the name of one of the amalgamating companies.

The name of the amalgamating company being adopted is:

The incorporation number of that company is: _____

Please note: If you want the name of an amalgamating corporation that is a foreign corporation, you must obtain a name approval before completing this amalgamation application.

C AMALGAMATION STATEMENT - Please indicate the statement applicable to this amalgamation.

With Court Approval: This amalgamation has been approved by the court and a copy of the entered court order approving the amalgamation has been obtained and has been deposited in the records office of each of the amalgamating companies.

OR

Without Court Approval: This amalgamation has been effected without court approval. A copy of all of the required affidavits under section 277(1) have been obtained and the affidavit obtained from each amalgamating company has been deposited in that company's records office.

D AMALGAMATION EFFECTIVE DATE – Choose **one** of the following:

The amalgamation is to take effect at the time that this application is filed with the registrar.

The amalgamation is to take effect at 12:01a.m. Pacific Time on being a date that is not more than ten days after the date of the filing of this application.

The amalgamation is to take effect at a.m. or p.m. Pacific Time on being a date and time that is not more than ten days after the date of the filing of this application.

E AMALGAMATING CORPORATIONS

Enter the name of each amalgamating corporation below. For each company, enter the incorporation number. If the amalgamating corporation is a foreign corporation, enter the foreign corporation's jurisdiction and if registered in BC as an extraprovincial company, enter the extraprovincial company's registration number. Attach an additional sheet if more space is required.

NAME OF AMALGAMATING CORPORATION	BC INCORPORATION NUMBER, OR EXTRAPROVINCIAL REGISTRATION NUMBER IN BC	FOREIGN CORPORATION'S JURISDICTION
1. 1045564 B.C. Ltd.	1045564	
2. 1054527 B.C. Ltd.	1054527	
3.		
4.		
5.		

F FORMALITIES TO AMALGAMATION

If any amalgamating corporation is a foreign corporation, section 275 (1)(b) requires an authorization for the amalgamation from the foreign corporation's jurisdiction to be filed.

This is to confirm that each authorization for the amalgamation required under section 275(1)(b) is being submitted for filing concurrently with this application.

G CERTIFIED CORRECT – I have read this form and found it to be correct.

This form must be signed by an authorized signing authority for each of the amalgamating companies as set out in Item E.

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
1. 1045564 B.C. Ltd.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
2. 1054527 B.C. Ltd.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
3.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
4.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
5.	X	

NOTICE OF ARTICLES

A NAME OF COMPANY

Set out the name of the company as set out in Item B of the Amalgamation Application.

B TRANSLATION OF COMPANY NAME

Set out every translation of the company name that the company intends to use outside of Canada.

C DIRECTOR NAME(S) AND ADDRESS(ES)

Set out the full name, delivery address and mailing address (if different) of every director of the company. The director may select to provide either (a) the delivery address and, if different, the mailing address for the office at which the individual can usually be served with records between 9 a.m. and 4 p.m. on business days or (b) the delivery address and, if different, the mailing address of the individual's residence. The delivery address must not be a post office box. Attach an additional sheet if more space is required.

LAST NAME	FIRST NAME	MIDDLE NAME		
Paes-Braga	Brian			
DELIVERY ADDRESS		PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
3123 - 595 Burrard Street		BC	Canada	V7X 1J1
MAILING ADDRESS		PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
3123 - 595 Burrard Street		BC	Canada	V7X 1J1
LAST NAME	FIRST NAME	MIDDLE NAME		
DELIVERY ADDRESS		PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
MAILING ADDRESS		PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
LAST NAME	FIRST NAME	MIDDLE NAME		
DELIVERY ADDRESS		PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
MAILING ADDRESS		PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
LAST NAME	FIRST NAME	MIDDLE NAME		
DELIVERY ADDRESS		PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
MAILING ADDRESS		PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE

D REGISTERED OFFICE ADDRESSES

DELIVERY ADDRESS OF THE COMPANY'S REGISTERED OFFICE 25th Floor, 700 West Georgia Street, Vancouver	PROVINCE BC	POSTAL CODE V7Y 1B3
MAILING ADDRESS OF THE COMPANY'S REGISTERED OFFICE 25th Floor, 700 West Georgia Street, Vancouver	PROVINCE BC	POSTAL CODE V7Y 1B3

E RECORDS OFFICE ADDRESSES

DELIVERY ADDRESS OF THE COMPANY'S RECORDS OFFICE 25th Floor, 700 West Georgia Street, Vancouver	PROVINCE BC	POSTAL CODE V7Y 1B3
MAILING ADDRESS OF THE COMPANY'S RECORDS OFFICE 25th Floor, 700 West Georgia Street, Vancouver	PROVINCE BC	POSTAL CODE V7Y 1B3

F AUTHORIZED SHARE STRUCTURE

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number.		Kind of shares of this class or series of shares.			Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (✓)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (✓)	WITH A PAR VALUE OF (\$)	Type of currency	YES (✓)	NO (✓)
Common	✓		✓				✓
Preferred	✓		✓			✓	

APPENDIX C
to the Amalgamation Agreement made effective as of November 5, 2015
between Royce Resources Corp., 1054527 B.C. Ltd.,
and 1045564 B.C. Ltd.

ISSUED AND OUTSTANDING SECURITIES
(AND OBLIGATIONS TO ISSUE SECURITIES)

A. ROYCE RESOURCES CORP.

Type of Security	Number
Common Shares outstanding at date hereof	10,029,063
TOTAL Common Shares at Effective Time (estimated)	28,125,732
Warrants at date hereof	None
TOTAL Warrants at Effective Time	None
Stock Options at date hereof	915,000
TOTAL Stock Options at Effective Time	2,805,000
Other agreements/rights to issue Common Shares	1,784,447

B. 1054527 B.C. LTD.

Type of Security	Number
Common Shares outstanding at date hereof	1

C. 1045564 B.C. LTD.

Type of Security	Number
Common Shares outstanding at date hereof	5,000,000
Warrants at date hereof	None
Other agreements/ rights to issue Common Shares	None

APPENDIX D

to the Amalgamation Agreement made effective as of November 5, 2015
between Royce Resources Corp., 1054527 B.C. Ltd.,
and 1045564 B.C. Ltd.

OPTION AGREEMENT

OPTION AGREEMENT

THIS AGREEMENT is executed and made effective the 5th day of November, 2015.

BETWEEN:

CLAYTON VALLEY LITHIUM INC. of 3655 West Anthem Way,
Suite 109 – 293, Anthem, AZ, USA 85086

(hereinafter referred to as the "**Optionor**")

OF THE FIRST PART

AND:

1045564 B.C. LTD. of 25th Floor – 700 West Georgia Street, Vancouver,
BC, Canada V7Y 1B3

(hereinafter referred to as the "**Optionee**")

OF THE SECOND PART

WHEREAS:

- A. The Optionor is the legal, beneficial and registered holder of a 100% undivided right, title and interest in and to the NSP Lithium claims comprised of 77 unpatented placer mining claims covering 1540 acres in Esmeralda County, Nevada, and more particularly described in Schedule "A" hereto (the "**Property**");
- B. The parties previously entered into a letter of intent (the "**LOI**") with respect to the Property, pursuant to which the Optionor granted to the Optionee an option (the "**Option**") to acquire a 100% interest in the Property, subject to a Royalty (as defined below);
- C. The Optionee has entered into a letter agreement pursuant to which it will amalgamate (the "**Amalgamation**") with Royce Resources Corp. ("**Royce**") or a subsidiary of Royce and, in result, will become a wholly-owned subsidiary of Royce;
- D. Royce is a reporting issuer with its common shares listed on the NEX Board of the TSX Venture Exchange (the "**Exchange**") and the parties wish to provide that upon completion of the Amalgamation any common shares issuable to the Optionor pursuant to the terms of this Option Agreement will consist of common shares of Royce; and
- E. The parties hereby wish to enter into this Option Agreement with respect to the Property to formalize the parties' respective interests and ongoing rights and obligations subject to the terms and conditions herein.

NOW THEREFORE, this Option Agreement witnesses that for good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Optionee and Optionor agree as follows:

ARTICLE 1
INTERPRETATION

1.1 **Number and gender.** Words importing the singular number shall include the plural and vice versa; words importing gender (or the lack thereof) shall include all genders of lack thereof interchangeably; and words importing persons shall include corporations and other business enterprises and vice versa.

1.2 **Currency.** Unless otherwise expressly stated, all references to currency in this Option Agreement are references to lawful currency of Canada.

1.3 **Headings.** The use of headings in this Option Agreement and the schedules hereto are solely for ease of reference and shall not affect the interpretation or the construction of any provision hereof.

1.4 **References.** Unless otherwise stated, a reference to an Article, Section or other organizational division shall refer to the respective Article, Section or other organizational division of this Option Agreement.

ARTICLE 2
GRANT OF OPTION

2.1 **Option grant.** Subject to Article 6 hereof, the Optionor hereby grants to the Optionee the Option.

2.2 **Option terms.** In order to exercise the Option and acquire an undivided 100% interest in the Property, subject only to the Royalty, the Optionee shall:

- (a) Make the following cash and share payments to the Optionor:
 - (i) pay US\$100,000 in cash on the date, on which the Optionee completes its Amalgamation with Royce and cause Royce to issue 1,000,000 common shares of Royce (the "**Royce Shares**") to the Optionee (the "**Closing Date**");
 - (ii) pay an additional US\$250,000 in cash on each of the first, second, third and fourth anniversaries of the Closing Date; and
 - (iii) cause Royce to issue and deliver to the Optionee, in four equal tranches, on each of the first, second, third and fourth anniversaries of the Closing Date, that number of Royce Shares (less the 1,000,000 Royce Shares issued pursuant to section 2.2(a)(i) above) as shall represent, in aggregate, 9.9% of the total Royce Shares issued and outstanding as at the Closing Date;
- (b) Subject to sections 2.3 and 3.2 below, the Optionee shall incur exploration expenditures on the Property as follows:
 - (i) expend a minimum of US\$1,000,000 on the Property by the first anniversary of the Closing Date;
 - (ii) expend a further US\$1,500,000 on the Property by the second anniversary of the Closing Date; and

- (iii) expend a further US\$2,000,000 on the Property by the third anniversary of the Closing Date.
- (c) The Optionee shall prepare and deliver to the Optionor a pre-feasibility study (as defined in National Instrument 43-101) on the Property (the "**Pre-feasibility Study**") on or before the fourth anniversary of the Closing Date.
- (d) Upon completion of an Inferred Resource calculation that confirms the presence on the Property of a minimum of 100,000 tons lithium carbonate equivalent grading at no lower than a 28 parts per million Lithium grade average, the Optionee shall cause Royce to issue to the Optionor 1,000,000 Royce Shares.
- (e) Upon completion of an Economic Feasibility Study (as defined below) on the Property, to be prepared by the Optionee and delivered to the Optionor, on or before the tenth anniversary of the Closing Date, the Optionee will pay to the Optionor US\$2,000,000 in cash or in Royce Shares, or a combination thereof, determined at the election of Optionee. For the purposes of this Option Agreement "Economic Feasibility Study" means a feasibility study (within the meaning ascribed to that term by the Canadian Institute of Mining, Metallurgy and petroleum, as the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by CIM Council, as amended) which demonstrates the economic viability of bringing the Property into commercial production. In the event that the Optionee elects that Royce Shares be issued for all or a portion of such payment, then the number of Royce Shares required to be delivered to the Optionor shall be determined by (i) converting the US dollar amount to be so paid into Canadian dollars based on the Bank of Canada's daily noon exchange rate as of the date of completion of such economic feasibility study (or if such day is not a business day for the Bank of Canada, then on the preceding business day) and (ii) dividing the resulting Canadian dollar amount by an amount equal to the greater of: (A) the average of the closing price of the Royce Shares on the Exchange (or other stock exchange on which the common shares of Royce are principally traded) for the ten (10) Trading Days prior to the date such economic feasibility study has been approved by both parties ("**Trading Day**" means a day on which the Exchange (or other stock exchange on which the common shares of Royce are principally traded) is open for trading and the common shares of Royce have traded), and (B) CAD\$0.05.
- (f) The Optionee acknowledges that the Optionor has reserved unto itself (and the Optionee's interest in the Property shall be subject to) a gross value returns royalty (the "**Royalty**") to be determined and paid in accordance with the terms and conditions set out in Schedule "D" hereto. The Optionee shall have the right to buy down 1.5% of the Royalty at any time in consideration for the payment of US\$3,000,000 to the Optionor; and
- (g) The Optionee shall pay to the Optionor, as a minimum annual advance royalty, commencing on the fifth anniversary of the Closing Date (and thereafter on or before each subsequent anniversary date of the Closing Date), the sum of US\$250,000 (the "**Advance Royalty Payments**"). All such Advance Royalty Payments paid by the Optionee will be credited towards the Royalty due to the Optionor.

2.3 **Excess Expenditures.** If the Optionee incurs exploration expenditures pursuant to section 2.2(b), in excess of the amounts specified therein, any such excess expenditures may be carried forward to subsequent years and be credited towards the Optionee's subsequent exploration expenditure requirements under section 2.2 (b) hereof.

2.4 **Cash in Lieu of Expenditures.** In the event the Optionee incurs expenditures in any year of less than the amounts required under Section 2.2(b), such shortfalls may be paid as cash in lieu to the Optionor in order to keep the Option in good standing, such cash payments to be made within 30 days of the end of the period in which the expenditures were required to be made.

2.5 **Optional.** For greater clarification, the obligations under section 2.2(a), (b) and (c) hereof, are optional only (but nonetheless required to keep the Option in good standing) and, accordingly, are not firm and binding commitments of the Optionee.

2.6 **Deposit.** The Optionor acknowledges receipt from the Optionee of the sum of US\$40,000 as a non-refundable reimbursement for a portion of the Optionor's out-of-pocket costs in acquiring the Property.

2.7 **Resale Restrictions.** The Optionor hereby acknowledges that Royce's ability to issue the shares pursuant to this Agreement is subject to the applicable securities laws and the rules and policies of the Exchange, and that the Royce Shares issued to the Optionor will be subject to resale restrictions imposed by the applicable securities laws and the rules of the Exchange, which rules require that a restrictive legend be placed on share certificates delivered to the Optionor under this Option Agreement, and the Optionor covenants and agrees with the Optionee to abide by all such resale restrictions.

2.8 **Conditions to Closing in favour of the Optionee.** The obligations of the Optionee to consummate the transaction contemplated hereby is subject to the following conditions, which are for the Optionee's sole benefit and which may be waived in writing by the Optionee on or before the Closing Date:

- (a) The Optionee will be satisfied as to the interest in the Property held by the Optionor;
- (b) The representations and warranties of the Optionor contained herein will have been true and correct as of the date of this Option Agreement and will be true and correct as of the Closing Date with the same force and effect as if made on and as of such Closing Date; and
- (c) The Amalgamation Agreement shall have been entered into by the Optionee and shall be in good standing; and
- (d) The Optionee shall have received all applicable regulatory and shareholder approvals required in order to complete the Amalgamation and the transactions contemplated hereunder.

2.9 **Conditions to Closing in favour of the Optionor.** The obligations of the Optionor to consummate the transactions contemplated hereby is subject to the following conditions, which are for the Optionor's sole benefit and which may be waived in writing by the Optionor on or before the Closing Date:

- (a) Receipt of all applicable regulatory and shareholder approvals required on the part of Royce on or before the date which is 60 days from the date of this Agreement;
- (b) The Closing Date occurring no later than 10 days after receipt of all requisite approvals, or such other date as may be agreed to by the parties; and
- (c) Royce having a minimum cash position of Cdn\$1,500,000 on the Closing Date.

ARTICLE 3
EXERCISE OF OPTION

3.1 **Option Exercise.** Upon the Optionee paying such sums, incurring such expenditures, issuing such Royce Shares and preparing and delivering the Pre-feasibility Study as required pursuant to sections 2.2(a), (b) and (c) hereof, the Optionee will be deemed to have exercised the Option and to have acquired a 100% right, title and interest in the Property, subject only to the Royalty.

3.2 **Acceleration of Earning of Interest.** Notwithstanding section 3.1, upon the Optionee, having completed the payments and share issuances pursuant to section 2.2(a) and having prepared and delivered a Pre-feasibility Study pursuant to section 2.2(c), notwithstanding the amount of exploration expenditures that may have been incurred on the Property, the Optionee will have earned a 100% interest in the Property.

3.3 **Transfer of Title.** Upon the exercise of the Option under section 3.1 or 3.2 hereof, the Optionor shall deliver to the Optionee such duly executed transfer documents respecting the Property in favour of the Optionee, as the Optionee or its counsel may reasonably deem necessary to transfer and assign the legal, beneficial and recorded title to the Property.

ARTICLE 4
MATTERS RELATING TO THE PROPERTY

4.1 **Possession and working right.** During the currency of the Option and subject to the terms of the Exploration Management Agreement entered into concurrently with this Option Agreement between the Optionee and GeoXplor Corp., the Optionee shall be the exclusive operator of the Property and shall have the exclusive working right to enter on, have exclusive and quiet possession thereof and conduct exploration, prospecting, development and any other operations on the Property as the Optionee in its sole discretion may decide, including but not limited to the right:

- (a) to erect, bring and install on the Property all buildings, plant, machinery, equipment, tools, appliances or supplies as the Optionee shall deem necessary and proper; and
- (b) to remove from the Property reasonable quantities of rocks, minerals, ores, metals, diamonds and other gems, and to transport them for the purposes of sampling, metallurgical testing and assaying.

4.2 **Conduct of operations.** All operations conducted by the Optionee shall be in accordance with good exploration, development, mining and reclamation practice, and in compliance with all applicable legislation.

4.3 **Maintenance of Property.** During the currency of the Option, the Optionee shall carry out sufficient assessment or other work or pay sufficient fees in lieu of such work to maintain the Property in good standing; shall prepare and file the annual assessment reports for and on behalf of the Optionee to comply with the Bureau of Land Management assessment requirements; and shall pay any and all taxes, assessments and other charges lawfully levied or assessed against the Property under the laws of the State of Nevada or U.S. Federal law, except for any part of the Property abandoned pursuant to section 4.4 hereof. The Optionor shall promptly transmit to the Optionee any and all notices pertaining to any and all taxes, assessments and other charges lawfully levied or assessed against the Property, and upon 15 days of receiving such notice, the Optionee shall reimburse the Optionor for any and all costs associated with the applicable reports and filings. The Optionee shall deliver to the Optionor, not later than 30 days prior to

the deadline date for the payment of annual claim maintenance fees, evidence that all such fees have been timely paid.

4.4 **Abandonment during Option.** During the currency of the Option, the Optionee may at any time and from time to time abandon any one or more of the claims which comprise the Property. In such event, the Optionee shall give the Optionor 60 days notice in writing of such abandonment and the abandoned claims shall be free and clear of any and all defects, charges, liens and encumbrances of any nature and kind whatsoever and shall be in good standing at the time of the notice of abandonment.

4.5 **Access to operations.** During the currency of the Option, the Optionor may, at its own risk and expense, and at reasonable times agreed to by the Optionee, enter on the Property and examine the Optionee's operations thereon, always provided that the Optionor will not, in the opinion of the Optionee, interfere with same.

4.6 **Records and Further Assurances.** Upon execution of this Option Agreement, the Optionor shall make available to the Optionee all available technical data, geotechnical reports, maps, digital files and other data with respect to the Property, provide all such consents or other documentation and do all such things as may be reasonably requested by the Optionee in connection with obtaining Exchange approval and completing the transactions contemplated under this Option Agreement.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES

5.1 **Optionor's representations and warranties.** The Optionor represents and warrants to the Optionee that:

- (a) it is a company duly and validly subsisting under the laws of Nevada, and that all necessary approvals of its directors, officers and shareholders, and any further approvals that may be required in connection therewith, have been obtained or will have been obtained on or prior to the Closing Date to authorize the entering into and delivery of this Option Agreement and the taking of all actions required pursuant hereto by the Optionor;
- (b) it is, and during the period of the Option, will be the legal, registered and beneficial holder of a 100% interest in the Property, free and clear of any and all defects, charges, liens and encumbrances of any nature or kind whatsoever, whether written or oral, direct or indirect;
- (c) it (i) has not transferred or encumbered, (ii) has not agreed to transfer or encumber, or (iii) will not agree to transfer or encumber all or any of its right, title or interest in and to the Property, except as provided for in this Option Agreement;
- (d) the Property has been duly and validly staked, located and recorded in accordance with the applicable laws, and is in good standing, free and clear of all assessments, charges, liens and encumbrances of any nature or kind whatsoever, whether written or oral, direct or indirect;
- (e) there are no actions, suits, claims, proceedings, litigation or investigations pending, or to the best of the Optionor's knowledge, threatened, or any judgments outstanding and unsatisfied, against or affecting, any part or all of the Property;
- (f) no other person has any agreement or other right to acquire any interest in the Property;

- (g) there is no existing, contemplated or threatened governmental prohibition or moratorium on exploration or development work on the Property;
- (h) conditions on and relating to the Property and all previous work or operations conducted by the Optionor thereon are in compliance with all applicable laws, regulations or orders relating to environmental matters including, without limitation, waste disposal and storage and neither it, nor to its knowledge any person, has received any notice of any breach of any such laws, and it has no knowledge of any facts which would lead a well-informed operator in the mining industry to believe there are any environmental liabilities associated with the Property, and there are no environmental audits, evaluations, assessments or studies relating to the Property;
- (i) to the best of its knowledge, information and belief, there are no outstanding orders or directions relating to environmental matters requiring any work, repairs, construction or capital expenditures with respect to the Property and the conduct of operations related thereto, it has not received any notice of the same and it is not aware of any basis on which any such order or direction could be made;
- (j) full and complete copies of all available exploration information and data, including all geological, geophysical and geochemical information and data (including all drill, sample and assay results and all maps) concerning the Property in its possession or control have been provided to the Optionee;
- (k) it has all material permits, authorizations, licences, registrations and certificates necessary to carry on its business as currently conducted and as contemplated by this Option Agreement;
- (l) all fees, taxes, assessment, rentals, levies or other payments required to be made to the date hereof relating to the Property have been made;
- (m) to the best of the Optionor's knowledge, information and belief, the Property does not contain any hazardous or toxic material, pollution or other adverse environmental conditions that may give rise to any environmental liability under any applicable environmental laws, regulations, rules or by-laws, under any applicable environmental laws, regulations, rules or by-laws and the Optionor has not received, nor are they aware of any pending or threatened, notice of non-compliance with any environmental laws, regulations, rules or by-laws;
- (n) to the best of the Optionor's knowledge, information and belief, the Property has been operated in accordance with all applicable environmental laws and there are no environmental conditions existing in the Property as a result of activities thereon of the Optionor, or as a result of the activities thereon of any other party, to which any remedial action is required or any liability has or may be imposed under applicable environmental laws;
- (o) the Optionor has not received from any governmental or regulatory agency or board, any notice of or communication relating to any actual or alleged environmental claims, and there are no outstanding work orders or actions required to be taken relating to environmental matters respecting the Property or any operations carried out on the Property;

- (p) it has the full and undisputed power, right and authority to enter into and deliver this Option Agreement, to perform and observe the covenants and conditions on its part to be performed and observed herein, and to deal with the Property as provided for in this Option Agreement;
- (q) neither the execution or delivery of this Option Agreement, nor the performance or observance of the provisions hereof, will conflict with or result in the violation, contravention or breach of, or constitute or result in a default under:
 - (i) any of the terms and provisions of any law applicable to the Optionor;
 - (ii) any agreement, written or oral, to which the Optionor may be a party or by which the Optionor is or may be bound; or
 - (iii) the constating documents of the Optionor or of any resolution of its directors or shareholders;
- (r) this Option Agreement has been duly executed and delivered by the Optionor and it constitutes a valid, legal and binding agreement enforceable against the Optionor in accordance with its terms; and
- (s) it is not aware of any material fact or circumstance which has not been disclosed to the Optionee, which should be disclosed in order to prevent the representations and warranties in this section from being misleading or which may be material in the Optionee's decision to enter into this Option Agreement.

5.2 **Optionee's representations and warranties.** The Optionee represents and warrants to the Optionor that:

- (a) it is a company duly and validly subsisting under the laws of British Columbia, and all necessary approvals of its directors and officers, and any further approvals that may be required in connection therewith, have been or will have been obtained on or prior to the Closing Date to authorize the entering into and delivery of this Option Agreement and the taking of all actions required pursuant hereto by the Optionee;
- (b) it has the full and undisputed power, right and authority to enter into and deliver this Option Agreement, to perform and observe the covenants and conditions or its part to be performed and observed herein, and to deal with the Property as provided for in this Option Agreement;
- (c) neither the execution or delivery of this Option Agreement, nor the performance or observance of the provisions hereof, will conflict with or result in the violation, contravention or breach of, or constitute or result in a default under:
 - (i) any of the terms and provisions of any law applicable to the Optionor;
 - (ii) any agreement, written or oral, to which the Optionee may be a party or by which the Optionee is or may be bound; or
 - (iii) the constating documents of the Optionee or of any resolution of its directors or shareholders; and

- (d) this Option Agreement has been duly executed and delivered by the Optionee and it constitutes a valid, legal and binding agreement enforceable against the Optionee in accordance with its terms.

ARTICLE 6 **APPROVAL**

6.1 **Approval.** It shall be a condition precedent to the rights and obligations of the parties arising under this Option Agreement that the Exchange approve the transaction contemplated under this Option Agreement. The parties agree to use their commercially reasonable efforts to obtain all required approvals including but not limited to Exchange approval on or before the date which is 60 days from the date of this Agreement, or such other date as the parties agree upon in writing.

6.2 **Technical Report.** If required pursuant to the policies of the Exchange or under applicable securities laws, the Optionee shall use its best efforts to prepare, deliver and file a technical report in compliance with the requirements of National Instrument 43-101 of the Canadian Securities Administrators with respect to the Property.

ARTICLE 7 **DEFAULT AND TERMINATION**

7.1 **Event of Default and Termination by Optionor.** If the Optionee shall be in default in making any payments or exploration expenditure commitments, in causing the issuance of any Royce Shares or preparing and delivering the Pre-feasibility Study within the times required under sections 2.2(a), (b) or (c) hereof, the Optionor shall have the right to terminate this Option Agreement if written notice of such default has been provided by the Optionor to the Optionee and such default has not been rectified within 30 days from the date of receipt of such notice.

7.2 **Termination by Optionee.** The Optionee shall be entitled to terminate this Option Agreement without further liability at any time by giving sixty (60) days written notice of termination to the Optionor.

7.3 **Optionee's Responsibilities on Termination.** If this Option Agreement is terminated prior to the Optionee exercising the Option hereunder:

- (a) the Optionee shall remove from the Property, within six (6) months of the effective date of termination, all exploration, mining and other facilities erected, installed or brought upon the Property by or at the instance of the Optionee, and any exploration, mining or other facilities remaining on the Property after the expiration of such six (6) month period shall, without compensation to the Optionee, become the property of the Optionor;
- (b) on the request of the Optionor, the Optionee shall allow the Optionor, at the Optionor's risk, cost and expense, to take possession of all drill cores and cuttings, assay pulps and brine samples obtained from the Property; and
- (c) the Optionee shall leave the claims comprising the Property in good standing under applicable mineral claims legislation of the State of Nevada at the time of termination of this Option Agreement.

7.4 **Automatic Termination.** Notwithstanding any other provision of this Option Agreement, if the Closing Date does not occur on or before 70 days from the date of this Option

Agreement, or on such other date as may be agreed to by the parties, then this Option Agreement shall terminate and be of no further force or effect.

ARTICLE 8 **FORCE MAJEURE**

8.1 **Force Majeure.** If the Optionee is prevented or delayed in complying with any provisions of this Option Agreement by reason of strikes, lockouts, labour shortages, power shortages, floods, fires, wars, acts of God, governmental regulations restricting normal operations or any other reason or reasons beyond the control of the Optionee, the time limited for the performance of the various provisions of this Option Agreement as set out above shall be extended by a period of time equal in length to the period of such prevention and delay. The Optionee, insofar as is possible, shall promptly give written notice to the Optionor of the particulars of the reasons for any prevention or delay under this section and shall take all reasonable steps to remove the cause of such prevention or delay as soon as reasonably practicable, and shall give notice to the Optionor as soon as such cause ceases to subsist.

ARTICLE 9 **INDEMNITIES**

9.1 **Mutual Indemnity.** Each party hereto shall and does hereby indemnify and save harmless the other, as well as the other's directors, officers, employees, servants, agents, contractors and shareholders, from and against any and all claims, demands, actions, suits, proceedings, liabilities, losses, damages, costs, expenses, fees, fines, penalties, interests and deficiencies of any nature or kind whatsoever arising by virtue of or in respect of any inaccuracy, misstatement, misrepresentation, act or omission made by such party in connection with any matter set out herein, and any and all claims, demands, actions, suits, proceedings, liabilities, losses, damages, costs, expenses, fees, fines, penalties, interests and deficiencies of any nature or kind whatsoever related or incidental thereto.

9.2 **Survival of Indemnities.** Notwithstanding any other provision of this Option Agreement, the indemnities provided herein shall remain in full force and effect until all possible liabilities of the persons indemnified thereby are extinguished by the operation of law and will not be limited to or affected by any other indemnity obtained by such indemnified persons from any other person.

9.3 **No Waiver.** No investigation made by or on behalf of either of the parties hereto at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation, warranty or covenant made by the other party herein or pursuant hereto. No waiver by either of the parties hereto of any provision herein, in whole or in part, shall operate as a waiver of any other provision herein.

ARTICLE 10 **LIMITATION OF OBLIGATIONS OF OPTIONEE**

10.1 **Limitation.** It is understood and agreed that nothing contained in this Option Agreement, nor any payment made or incurred by the Optionee on or in connection with the Property or part of it, nor the doing of any act or thing by the Optionee under this Option Agreement shall obligate the Optionee to do anything else under this Option Agreement other than to make payments and incur expenditures to the extent that it may have expressly undertaken to do so pursuant to the terms of this Option Agreement.

ARTICLE 11
ADDITIONAL PROPERTIES

11.1 **Tie-On Ground.** The Optionor has located and recorded an additional 141 placer mining claims situated in Clayton Valley, Nevada (collectively, the "**Tie-On Ground**"), all of which claims are contiguous to the Property, the particulars of which are as set out in Schedule "B" hereto. The placer mining claims comprising the Tie-On Ground have been properly recorded with the Bureau of Land Management and with Esmeralda County. The Optionee hereby agrees and undertakes to pay to the Optionor US\$500 for each such placer mining claim, within 10 days of the date of this Option Agreement, and, upon such payment being made, the Tie-On Ground will form part of the Property for all the purposes of this Agreement.

11.2 **Paymaster Claims.** The Optionor has also located but not yet recorded approximately 47 additional claims as set out in Schedule "C" hereto (collectively, the "**Paymaster Claims**"). Upon the Paymaster Claims being properly recorded with the Bureau of Land Management and Esmeralda County, the Optionee shall have the option, but not the obligation, exercisable within a period of 15 days from the later of the Closing Date and the date the Paymaster Claims are properly recorded, to acquire the Paymaster Claims in consideration for the payment to the Optionor of US\$500 per claim (the date of such payment being made, the "**Paymaster Date**"), and incurring an aggregate of US\$250,000 in exploration expenditures on the Paymaster Claims within two years of the Paymaster Date. Upon the Paymaster Claims being acquired by the Optionee, the Paymaster Claims shall be subject to the Royalty granted pursuant to section 2.2(f) hereof.

ARTICLE 12
GENERAL

12.1 **Notices.** All notices, communications and other documents required or permitted to be given hereunder shall be in writing and shall be personally delivered or sent by prepaid registered mail or facsimile transmission (with confirmed receipt) to the recipient as follows:

- (a) in the case of the Optionee:

1045564 B.C. Ltd.
25th Floor, 700 West Georgia Street
Vancouver, BC. Canada V7Y 1B3
Attention: Brian Paes-Braga, President
Fax: (604) 609-6145

- (b) in the case of the Optionor:

Clayton Valley Lithium Inc.
3655 West Anthem Way, Suite 109-293
Anthem, AZ, USA 85086
Attention: Clive Ashworth, President

and shall be deemed to be validly given and received (i) if personally delivered or sent by facsimile transmission (with confirmed receipt), on the date of delivery or transmission if delivered or transmitted during normal business hours and on the next business day following the date of delivery or transmission if delivered or transmitted after normal business hours; and (ii) if sent by prepaid registered mail, on the date which is five (5) business days after the date of mailing excluding all days in which postal service is

disrupted. Either party may from time to time change its address by notice to the other in accordance with this Section.

12.2 **Severability.** If any part of this Option Agreement is held invalid, illegal or unenforceable by a court of law, then this Option Agreement shall be read as if such invalid, illegal or unenforceable provision were removed.

12.3 **Expenses.** Each of the Optionor and the Optionee shall be responsible for payment of its own expenses in connection with the transactions contemplated herein, with the exception that the Optionee shall pay: (a) a maximum of up to US\$15,000 of the reasonable legal expenses incurred by the Optionor in respect of the transactions contemplated herein, inclusive of the LOI, this Option Agreement, and any amendments thereof; and (b) the costs of preparation, delivery and filing of any required technical report(s).

12.4 **Entire agreement.** This Option Agreement sets forth the entire agreement between the parties, and any persons who have in the past or who are now representing either of the parties, with respect to the subject matter hereof and supersedes all prior communications, understandings and agreements between the parties or any of them with respect to the subject matter hereof.

12.5 **Further Assurances.** Each party hereto agrees to execute and deliver, or cause to be executed and delivered, such further instruments and assurances, and to do such further acts and things, as may be necessary or desirable to give effect to this Option Agreement, including but not limited to such as may be required for registering or recording changes in the ownership interests in the Property.

12.6 **Assignment.** Subject to Section 6(c) of Schedule "D" attached hereto, during the currency of the Option, neither party may assign or otherwise transfer all or part of its interest in and to this Option Agreement to any third party without prior consent of the other party. Any assignment shall be subject to the assignee entering into an agreement, in form and substance satisfactory to counsel for the other party, agreeing to be bound by this Option Agreement.

12.7 **Encumbrances.** During the currency of the Option, the parties shall not pledge, mortgage, charge or otherwise encumber their rights and obligations under this Option Agreement or their beneficial interest in and to the Property without the consent of the other party, which consent shall not be unreasonably withheld.

12.8 **Enurement.** This Option Agreement shall enure to the benefit of and be binding on the parties and their respective successors and permitted assigns.

12.9 **Confidentiality.** The parties agree to maintain the highest level of confidentiality with respect to this Option Agreement and all matters relating to the Property, except for matters required to be publicly disclosed by law or the rules or policies of any regulatory authority, stock exchange or quotation system.

12.10 **Arbitration.** Any dispute or conflict between the parties under this Option Agreement which cannot be settled by them shall be submitted to a mutually agreeable mediator who will have no authority to bind the parties and, in the event that mediation efforts are unsuccessful, to a single arbitrator pursuant to the provisions of the *Commercial Arbitration Act* (British Columbia) or, if the parties cannot agree upon a single arbitrator, to three arbitrators, one appointed by the Optionor, one appointed by the Optionee and a third appointed by the arbitrators appointed by the parties. Arbitration proceedings shall take place in Vancouver, British Columbia, at such place that the arbitrator or arbitrators shall determine.

12.11 **Governing law.** Except for any matter or dispute relating to the Property including title thereto, which shall be governed by and construed in accordance with the laws of the State of Nevada and the laws of the United States of America applicable therein, this Option Agreement and the rights and obligations and relations of the parties shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein and the parties agree that the courts of British Columbia shall have sole jurisdiction to entertain any action or other legal proceedings based on any provisions of this Option Agreement, and the parties agree to attorn to the jurisdiction of such courts.

12.12 **Construction.** This Option Agreement has been negotiated and approved by counsel on behalf of each of the parties hereto and, notwithstanding any rule or maxim of construction to the contrary, any ambiguity or uncertainty will not be construed against any party hereto by reason of the authorship thereof.

12.13 **Counterparts and delivery.** The parties may execute this Option Agreement in counterparts and deliver same by facsimile or e-mail, each facsimile or e-mail being deemed to be an original and such counterparts, if any, being deemed to form one and the same instrument bearing the date set forth above notwithstanding the date of actual execution.

12.14 **Time.** Time shall be of the essence hereof.

IN WITNESS WHEREOF the parties have executed this Option Agreement as of the date first above written.

1045564 B.C. LTD.

Per: _____
Authorized Signatory

CLAYTON VALLEY LITHIUM INC.

Per: _____
Authorized Signatory

Schedule "A"

Description of the Property

Name	Claim Number	NMC Number	Esmeralda County Doc #
NSP	1	1105525	192858
NSP	2	1105526	192859
NSP	3	1105527	192860
NSP	4	1105528	192861
NSP	5	1105529	192862
NSP	6	1105530	192863
NSP	7	1105531	192864
NSP	8	1105532	192865
NSP	9	1105533	192866
NSP	10	1105534	192867
NSP	11	1105535	192868
NSP	12	1105536	192869
NSP	13	1105537	192870
NSP	14	1105538	192871
NSP	15	1105539	192872
NSP	16	1105540	192873
NSP	17	1105541	192874
NSP	18	1105542	192875
NSP	19	1105543	192876
NSP	20	1105544	192877
NSP	21	1105545	192878
NSP	22	1105546	192879
NSP	23	1105547	192880
NSP	24	1105548	192881
NSP	25	1105549	192882
NSP	26	1105550	192883
NSP	27	1105551	192884
NSP	28	1105552	192885
NSP	29	1105553	192886
NSP	30	1105554	192887
NSP	31	1105555	192888
NSP	32	1105556	192889
NSP	33	1105557	192890
NSP	34	1105558	192891
NSP	35	1105559	192892
NSP	36	1105560	192893
NSP	50	1111227	194120
NSP	51	1111228	194121
NSP	52	1111229	194122
NSP	53	1111230	194123
NSP	54	1111231	194124

NSP	55	1111232	194125
NSP	56	1111233	194126
NSP	57	1111234	194127
NSP	58	1111235	194128
NSP	59	1111236	194129
NSP	60	1111237	194130
NSP	61	1111238	194131
NSP	62	1111239	194132
NSP	63	1111240	194133
NSP	64	1111241	194134
NSP	65	1111242	194135
NSP	66	1111264	194158
NSP	67	1111265	194159
NSP	68	1111266	194160
NSP	69	1111267	194161
NSP	70	1111268	194162
NSP	71	1111269	194163
NSP	72	1111270	194164
NSP	73	1111271	194165
NSP	74	1111272	194166
NSP	75	1111273	194167
NSP	76	1111274	194168
NSP	77	1111275	194169
NSP	78	1111276	194170
NSP	79	1111277	194171
NSP	80	1111278	194172
NSP	81	1111279	194173
NSP	82	1111280	194174
NSP	83	1111281	194175
NSP	84	1111282	194176
NSP	85	1111283	194177
NSP	86	1111284	194178
NSP	87	1111285	194179
NSP	88	1111286	194180
NSP	89	1111287	194181
NSP	90	1111288	194182

Schedule "B"

Description of Tie-On Ground

Name	Claim Number	NMC Number	Esmeralda County Doc #
NSP	91	1112109	194668
NSP	92	1112110	194669
NSP	200	1112053	194717
NSP	201	1112054	194718
NSP	202	1112055	194719
NSP	203	1112056	194720
NSP	204	1112057	194721
NSP	205	1112058	194722
NSP	206	1112059	194723
NSP	207	1112060	194724
NSP	208	1112061	194725
NSP	209	1112062	194726
NSP	210	1112063	194727
NSP	211	1112064	194728
NSP	212	1112065	194729
NSP	213	1112066	194730
NSP	214	1112067	194731
NSP	215	1112068	194732
NSP	216	1112069	194733
NSP	217	1112070	194734
NSP	218	1112071	194735
NSP	219	1112072	194736
NSP	220	1112073	194737
NSP	221	1112074	194738
NSP	222	1112075	194739
NSP	223	1112076	194740
NSP	232	1112077	194741
NSP	234	1112078	194742
NSP	235	1112079	194743
NSP	236	1112080	194744
NSP	237	1112081	194745
NSP	238	1112082	194746
NSP	239	1112083	194747
NSP	240	1112084	194748
NSP	241	1112085	194749
NSP	242	1112086	194750
NSP	243	1112087	194751
NSP	244	1112088	194752
NSP	245	1112089	194753
NSP	246	1112090	194754
NSP	247	1112091	194755
NSP	248	1112092	194756
NSP	300	1112093	194700

NSP	301	1112094	194701
NSP	302	1112095	194702
NSP	303	1112096	194703
NSP	304	1112097	194704
NSP	305	1112098	194705
NSP	306	1112099	194706
NSP	308	1112101	194708
NSP	309	1112102	194709
NSP	310	1112103	194710
NSP	311	1112104	194711
NSP	312	1112105	194712
NSP	313	1112106	194713
NSP	314	1112107	194714
NSP	315	1112108	194715
NSP	400	1112549	194758
NSP	401	1112550	194759
NSP	402	1112551	194760
NSP	403	1112552	194761
NSP	404	1112553	194762
NSP	405	1112554	194763
NSP	406	1112555	194764
NSP	407	1112556	194765
NSP	408	1112557	194766
NSP	409	1112558	194767
NSP	410	1112559	194768
NSP	411	1112560	194769
NSP	412	1112561	194770
NSP	413	1112562	194771
NSP	414	1112563	194772
NSP	415	1112564	194773
NSP	416	1112565	194774
NSP	417	1112566	194775
NSP	418	1112567	194776
NSP	419	1112568	194777
NSP	420	1112569	194778
NSP	421	1112570	194779
NSP	422	1112571	194780
NSP	423	1112572	194781
NSP	424	1112573	194782
NSP	425	1112574	194783
NSP	426	1112575	194784
NSP	427	1112576	194785
NSP	428	1112577	194786
NSP	429	1112578	194787

NSP	430	1112579	194788
NSP	431	1112580	194789
NSP	432	1112581	194790
NSP	433	1112582	194791
NSP	434	1112583	194792
NSP	435	1112584	194707
NSP	436	1112585	194794
NSP	437	1112586	194795
NSP	438	1112587	194796
NSP	439	1112588	194797
NSP	440	1112589	194798
NSP	441	1112590	194799
NSP	442	1112591	194800
NSP	443	1112592	194801
NSP	444	1112593	194802
NSP	445	1112594	194803
NSP	446	1112595	194804
NSP	447	1112596	194805
NSP	448	1112597	194806
NSP	449	1112598	194807
NSP	450	1112599	194808
NSP	451	1112600	194809
NSP	452	1112601	194810
NSP	453	1112602	194811
NSP	454	1112603	194812
NSP	455	1112604	194813
NSP	456	1112605	194671
NSP	457	1112606	194672
NSP	458	1112607	194673
NSP	459	1112608	194674
NSP	460	1112609	194675
NSP	461	1112610	194676
NSP	462	1112611	194677
NSP	463	1112612	194678
NSP	464	1112613	194679
NSP	465	1112614	194680
NSP	466	1112615	194681
NSP	467	1112616	194682
NSP	468	1112617	194683
NSP	469	1112618	194684
NSP	470	1112619	194685
NSP	471	1112620	194686
NSP	472	1112621	194687
NSP	473	1112622	194688

NSP	474	1112623	194689
NSP	475	1112624	194690
NSP	476	1112625	194691
NSP	477	1112626	194692
NSP	478	1112627	194693
NSP	479	1112628	194793
NSP	480	1112629	194695
NSP	481	1112630	194696
NSP	482	1112631	194697
NSP	483	1112632	194698

Schedule "C"

Description of Paymaster Claims

Name	Claim Number	NMC Number	Esmeralda County Doc #
PM	1	Pending	Pending
PM	2	Pending	Pending
PM	3	Pending	Pending
PM	4	Pending	Pending
PM	5	Pending	Pending
PM	6	Pending	Pending
PM	7	Pending	Pending
PM	8	Pending	Pending
PM	9	Pending	Pending
PM	10	Pending	Pending
PM	11	Pending	Pending
PM	12	Pending	Pending
PM	13	Pending	Pending
PM	14	Pending	Pending
PM	15	Pending	Pending
PM	16	Pending	Pending
PM	17	Pending	Pending
PM	18	Pending	Pending
PM	19	Pending	Pending
PM	20	Pending	Pending
PM	21	Pending	Pending
PM	22	Pending	Pending
PM	23	Pending	Pending
PM	24	Pending	Pending
PM	25	Pending	Pending
PM	26	Pending	Pending
PM	27	Pending	Pending
PM	28	Pending	Pending
PM	29	Pending	Pending
PM	30	Pending	Pending
PM	31	Pending	Pending
PM	32	Pending	Pending
PM	33	Pending	Pending
PM	34	Pending	Pending
PM	35	Pending	Pending
PM	36	Pending	Pending
PM	37	Pending	Pending
PM	38	Pending	Pending
PM	39	Pending	Pending

PM	40	Pending	Pending
PM	41	Pending	Pending
PM	42	Pending	Pending
PM	43	Pending	Pending
PM	44	Pending	Pending
PM	45	Pending	Pending
PM	46	Pending	Pending
PM	47	Pending	Pending

Schedule "D"

Gross Value Returns Royalty

The following definitions and description of the rights and obligations relate to the granting and payment of the Royalty reserved unto the Optionor pursuant to section 2.2(f) of that certain Option Agreement dated November 4, 2015, to which this Schedule "D" is attached. As used herein, the Optionee is designated as the Payor and the Optionor is designated as the Payee. These provisions shall be incorporated into a royalty deed to be delivered to the Optionor upon closing.

1. Grant of Royalty

The Payor hereby conveys to the Payee a royalty interest (the "**Royalty**") on any and all Minerals Produced or Extracted from the Property in an amount of two and one-half percent (2½%) of the Gross Value of Minerals actually produced and sold from the Property. The Royalty granted herein shall run with the lands included within the Property. The Royalty obligations shall continue in perpetuity but if any right, power or interest of either party set out herein would violate the "rule against perpetuities," then such right, power or interest shall terminate at the expiration of 20 years after the death of the last survivor of all the lineal descendants of Her Majesty, Queen Elizabeth II of England, living on the date of the Option Agreement to which this Schedule "D" is attached.

2. Definitions

As used in the above grant, the capitalized terms are defined as follows:

- "Gross Value" shall be total consideration received by the Payor for Minerals actually delivered or credited to the account of a buyer of Minerals without any deduction of any kind or nature whatsoever.
- "Mineral(s)" shall mean lithium carbonate, lithium hydroxide and any other mineral, materials or other commodities of every kind and character having commercial value that are Produced or Extracted from the Property.
- "Produced or Extracted" shall mean the capture or preparation of any Mineral product that is capable of being sold or otherwise transferred for value as a commercial product.
- "Property" shall mean those certain unpatented placer mining claims described in Schedules "A", "B" and "C" attached to the Option Agreement and including any changes in title or improvement thereof and any improvements to title acquired by, for, or on behalf of the Payor or an affiliate of Payor with respect to the Property.

3. Buy Down

The Payor shall have the absolute right, in its sole and absolute discretion, to purchase one and one-half percent (1½%) of the Royalty, leaving the Payee with a one percent (1%) remaining Royalty, at any time upon payment to the Payee of Three Million U.S. Dollars (US\$3,000,000.00). Upon receipt of such payment the Payee shall execute and deliver to Payor a release of the portion of the Royalty so purchased.

4. Settlement of Royalties

a. Time of Payment. Payor shall pay to Payee any and all Royalty(ies) payable under Section 1 hereof within forty-five (45) days following the end of each quarterly period in which any Minerals are sold. Along with each payment, Payor shall include a written report detailing the calculation of the Royalty payment.

b. Interest on Past Due Payments. Any royalties not paid hereunder to Payee when due shall bear, and Payor shall pay, interest at the rate of eighteen percent (18%) per annum, but in any case not in excess of the maximum amount allowed by law, such interest to be calculated from such due date until such amount is paid.

5. Information, Objections and Audit Rights

a. Books and Records. All books and records used by the Payor to calculate the Royalty shall be kept in accordance with generally accepted accounting principles varied only by the specific provisions hereof. The Payor shall maintain up-to-date and complete records of the production and sale or other disposition of all Minerals Produced or Extracted and sold from the Property.

b. Objections. The Payee may object in writing to any statement or written report detailing the calculation of the Royalty payment within ninety (90) days of the receipt by the Payee of the relevant statement or ninety (90) days after the delivery of an audited report if such a report is commissioned.

c. Audit and Inspection Rights. Upon reasonable advance notice and during normal business hours, Payee and its representatives shall have the right, on a confidential basis and at their sole cost and expense, to review and audit Payor's books and records with respect to the determination and calculation of the Royalty. In addition, the Payee shall also have the right to audit Payor's records on an annual basis by an independent third party firm of certified public accountants. If an audit is undertaken, the Payee shall pay all costs of such audit unless a deficiency of 5% or more of the amount due is determined to exist. The Payor shall pay the costs of such audit if a deficiency of 5% or more of the amount due is determined to exist.

d. Inspection. Payee shall have the right to enter and inspect the Property at reasonable times, provided Payee coordinates with Payor's site personnel to ensure the personal safety of Payee and its representatives.

6. Miscellaneous

a. Non-Current Sales. If Payor enters into a contract for the delivery of Minerals for more than one year or the Payor elects to engage in any commodity futures trading, option trading, metals trading, metal loans or any other hedging transactions or any combination thereof, and if an international or domestic spot market exists for lithium carbonate, lithium hydroxide or any other lithium product that may be Produced or Extracted and sold from the Property, the Payee may elect, by notice to the Payor, establish the value of Minerals based on the market price on the date of delivery as quoted in *Platts Metals Week* or any successor publication generally recognized as a reliable source of metal values.

b. Stockpiling. The Payor shall be entitled to temporarily stockpile, store or place Minerals produced from the Property, in any locations owned, leased or otherwise controlled by the Payor, or a processor, or shipper or vendor of the Products, on or off the Property, provided the same are appropriately identified and secured from loss, theft, tampering and contamination.

c. Assignment by Payee. Payee, including its successors and assigns, have and shall have the right to transfer the whole or any portion of its interest in the Royalty at any time, provided that no

such transfer or assignment shall be valid unless Payee first notifies Payor in writing of its intent to make such transfer or assignment.

d. Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been given: (a) when delivered by hand; (b) when received by the addressee if sent by a nationally recognized overnight courier (receipt requested); (c) on the date sent by e-mail of a PDF document (with confirmation of transmission) if sent during normal business hours of the recipient, and on the next business day if sent after normal business hours of the recipient; or (d) on the fifth day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications must be sent to the respective parties at the following addresses:

Clayton Valley Lithium Inc.
3655 West Anthem Way, Suite 109-293
Anthem, AZ, USA 85086
Attention: Clive Ashworth, President

1045564 B.C. Ltd.
25th Floor, 700 West Georgia Street
Vancouver, BC., Canada V7Y 1B3
Attention: Brian Paes-Braga, President

e. Governing Law. This Schedule "D" shall be governed by and construed in accordance with the laws of the State of Nevada without giving effect to any choice or conflict of law provision or rule (whether of the State of Nevada or any other jurisdiction).