

ARRANGEMENT AGREEMENT

between

MIDLANDS MINERALS CORPORATION

- and -

ALDER RESOURCES LTD.

MAY 27, 2015

ARRANGEMENT AGREEMENT

THIS AGREEMENT is made May 27, 2015

BETWEEN:

MIDLANDS MINERALS CORPORATION, a corporation existing under the *Business Corporations Act* (Ontario)

(“**Midlands**”)

- AND -

ALDER RESOURCES LTD., a corporation existing under the *Business Corporations Act* (Ontario)

(“**Alder**”)

WHEREAS:

A. Midlands wishes to acquire all of the issued and outstanding Alder Common Shares (as hereinafter defined) in exchange for Midlands Common Shares (as hereinafter defined);

B. The Parties (as hereinafter defined) intend to carry out the proposed acquisition by way of a Plan of Arrangement (as hereinafter defined) under the provisions of the *Business Corporations Act* (Ontario); and

C. Each of the directors and officers of Alder will have entered into an Alder Support Agreement with Midlands.

In consideration of the following mutual promises, THE PARTIES AGREE AS FOLLOWS:

ARTICLE 1 DEFINITIONS, INTERPRETATION AND SCHEDULES

1.01 Definitions

In this Agreement, unless the context otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the meanings ascribed to them below:

- (a) “**1933 Act**” means the *Securities Act of 1933*, as amended, of the United States of America, and the rules and regulations promulgated from time to time thereunder; and
- (b) “**1940 Act**” means the *Investment Company Act of 1940*, as amended, of the United States of America, and the rules and regulations promulgated from time to time thereunder.

- (c) “**Acquisition Proposal**” shall have the meaning ascribed to such term in Section 1(a) of Schedule G;
- (d) “**Agreement**” means this Arrangement Agreement, together with the schedules attached hereto, as amended, amended and restated or supplemented from time to time;
- (e) “**Alder Arrangement Resolution**” shall have the meaning ascribed to such term in Section 2.04(a);
- (f) “**Alder Board**” means the board of directors of Alder as the same is constituted from time to time;
- (g) “**Alder Break Fee**” means the fee of \$100,000 payable to Midlands in the circumstances described in Section 6.03(b);
- (h) “**Alder Circular**” shall have the meaning ascribed to such term in Section 2.05(a);
- (i) “**Alder Common Shares**” means common shares in the capital of Alder;
- (j) “**Alder Disclosure Memorandum**” means the memorandum dated the date hereof delivered by Alder to Midlands, as amended or supplemented from time to time, in accordance with Section 3.03, with respect to certain matters in this Agreement;
- (k) “**Alder Fairness Opinion**” means the opinion of Glanville & Associates Ltd. and Bruce McKnight Minerals Advisors Services;
- (l) “**Alder Financial Statements**” shall have the meaning ascribed to such term in Section 3.02(i);
- (m) “**Alder Meeting**” shall have the meaning ascribed to such term in Section 2.04(a);
- (n) “**Alder Mineral Rights**” shall have the meaning ascribed to such term in Section 3.02(o)(i);
- (o) “**Alder Options**” shall have the meaning ascribed to such term in Section 3.02(b);
- (p) “**Alder Public Disclosure Documents**” shall have the meaning ascribed to such term in Section 3.02(bb);
- (q) “**Alder Securityholders**” means the Alder Shareholders, holders of Alder Warrants and holders of Alder Options;
- (r) “**Alder Securityholder Approval**” shall have the meaning ascribed to such term in Section 2.03(a)(ii);
- (s) “**Alder Shareholders**” means, at any time, the holders of Alder Common Shares;
- (t) “**Alder Stock Option Plan**” means the 2014 Stock Option Plan of Alder;
- (u) “**Alder Subsidiaries**” means collectively, the Subsidiaries of Alder listed in Schedule B, and “**Alder Subsidiary**” means any one of them;

- (v) “**Alder Support Agreements**” means the support agreements entered into by Midlands with each of the directors and officers of Alder, contemporaneous with the execution and delivery hereof, and “**Alder Support Agreement**” means any one of them;
- (w) “**Alder Warrantholders**” means, at any time, the holders of Alder Warrants;
- (x) “**Alder Warrants**” shall have the meaning ascribed to such term in Section 3.02(b);
- (y) “**Alternative Transaction**” shall have the meaning ascribed to such term in Section 2(m) of Schedule C;
- (z) “**Arrangement**” means an arrangement under the provisions of Section 182 of the OBCA on the terms and conditions set forth in the Plan of Arrangement, subject to any amendment, variation or supplement thereto (i) made in accordance with Article 6 of the Plan of Arrangement or (ii) made at the direction of the Court in the Final Order and with the consent of Midlands and Alder, each acting reasonably or (iii) otherwise made in accordance with Section 7.01 of this Agreement;
- (aa) “**Bridge Loan**” the \$100,000 bridge loan to be advanced from Midlands to Alder pursuant to the loan agreement dated the date hereof between Alder, as borrower, and Midlands, as lender, subject to receipt of requisite approval of the TSX-V;
- (bb) “**Business Day**” means any day, other than a Saturday, a Sunday or a statutory holiday in Toronto, Ontario;
- (cc) “**Change in Recommendation**” shall have the meaning ascribed to such term in Section 2(b)(iv) of Schedule G;
- (dd) “**Code**” means the United States *Internal Revenue Code of 1986*, as amended;
- (ee) “**Completion Deadline**” means the date by which all of the transactions contemplated by this Agreement are to be completed, which date shall be on or about July 15, 2015;
- (ff) “**Confidentiality Agreement**” means the confidentiality agreement dated as of November 6, 2014 between Alder and Midlands;
- (gg) “**Contract**” means any contract, agreement, license, franchise, lease, arrangement or other right or obligation to which a person is a party or by which a person is bound or affected or to which any of their respective properties or assets is subject;
- (hh) “**Court**” means the Ontario Superior Court of Justice (Commercial List);
- (ii) “**Debt Settlement**” means the issuance by Alder of 5,484,564 Alder Common Shares to satisfy debt owed to the Settlement Parties;
- (jj) “**Debt Settlement Resolution**” means the resolution of Alder shareholders (if required by the TSX-V), to approve the Debt Settlement;
- (kk) “**Depository**” means TMX Equity Transfer Services Inc.;
- (ll) “**Dissent Rights**” means the rights of dissent in respect of the Arrangement, as described in the Plan of Arrangement;

- (mm) “**Effective Date**” means the Effective Date as defined in the Plan of Arrangement;
- (nn) “**Effective Time**” means the Effective Time as defined in the Plan of Arrangement;
- (oo) “**Encumbrance**” means any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
- (pp) “**Environmental Approvals**” means all permits, certificates, licences, authorizations, consents, registrations, directions, orders or approvals issued or required by any Governmental Entity pursuant to any Environmental Law;
- (qq) “**Environmental Laws**” means all applicable Laws, including applicable common law, relating to the protection of the environment and employee and public health and safety;
- (rr) “**Final Order**” means the order of the Court pursuant to Section 182 of the OBCA approving the Arrangement in a form acceptable to the Parties, after a hearing upon the procedural and substantive fairness of the terms and conditions of the Arrangement, as such order may be amended at any time prior to the Effective Date with the consent of the Parties, acting reasonably, or if appealed, then unless such appeal is withdrawn, abandoned or denied, as affirmed or as amended on appeal;
- (ss) “**Governmental Entity**” means any applicable (i) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, whether domestic or foreign, (ii) any subdivision, agency, commission, board or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
- (tt) “**Hazardous Substance**” means any chemical, material or substance in any form, whether solid, liquid, gaseous, semisolid or any combination thereof, that may adversely affect the natural environment, injure or damage property, plant or animal life or harm or adversely affect the health of any individual and includes any hazardous substance, toxic substance, waste or contaminant or material defined or otherwise listed or regulated under any Environmental Laws because it poses a hazard to human health or the environment, including petroleum products, asbestos, PCBs, urea formaldehyde foam insulation and lead-containing paints or coatings;
- (uu) “**IFRS**” means International Financial Reporting Standards then in effect and generally accepted in Canada and consistently applied;
- (vv) “**Intellectual Property**” means any licenses for or other rights to use, any inventions, patent applications, patents, trade-marks (both registered and unregistered), trade names, copyrights, trade secrets and other proprietary information of a Party;
- (ww) “**Interim Order**” means the interim order of the Court to be issued following the application therefor submitted to the Court as contemplated by this Agreement, after being informed of the intention to rely upon the exemption from registration under Section 3(a)(10) of the 1933 Act with respect to the Midlands Common Shares issued pursuant to

the Arrangement, in form and substance acceptable to the Parties, acting reasonably, providing for, among other things, directions in respect of the notice to be given and the conduct of the meetings with respect to the Arrangement as more fully set out herein, as such order may be affirmed, amended, modified, supplemented or varied by the Court with the consent of the Parties, acting reasonably;

- (xx) “**Laws**” means all laws, by-laws, rules, regulations, orders, ordinances, codes, guidelines, instruments, policies, notices, directions and judgments or other requirements of any Governmental Entity and “**Law**” means any one of them;
- (yy) “**Liability**” of any person shall mean and include: (i) any right against such person to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; (ii) any right against such person to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to any equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured; and (iii) any obligation of such person for the performance of any covenant or agreement (whether for the payment of money or otherwise);
- (zz) “**Material Adverse Effect**” means, in respect of any Party, an effect that is material and adverse to the business, properties, assets, liabilities (including any contingent liabilities), obligation, capitalization, condition (financial or otherwise), operations or results of operations of that Party and its Subsidiaries taken as a whole, other than any change, effect, event or occurrence:
 - (i) relating to the U.S., Canadian or global economy, political conditions or securities, financial, commodities, banking or currency exchange markets in general;
 - (ii) relating to the mining industry generally in which the party carries on business or any change in the price of gold or copper;
 - (iii) relating to any generally applicable change in applicable Laws (other than orders, judgments or decrees against that Party and/or any of its Subsidiaries and material joint ventures) or in IFRS or regulatory accounting requirements;
 - (iv) attributable to the announcement or pendency of this Agreement or the Arrangement, or otherwise contemplated by or resulting from the terms of this Agreement and in the case of Midlands, attributable to the communication by Midlands of its plans or intentions with respect to Alder or any of the Midlands Subsidiaries;
 - (v) attributable to a natural disaster;
 - (vi) attributable to action or inaction taken by a Party which is consented to by the other Party;
 - (vii) attributable to the commencement or continuation of any war, armed hostilities or acts of terrorism;

- (viii) attributable to any change, effect, event or occurrence arising from or arising out of any existing fact, state of facts, event or occurrence with respect to which the other Party has knowledge as a result of the materials made available to it; or
- (ix) attributable to any decrease in the market price or any decline in the trading volume of that Party's common shares,

provided, however, that such effect referred to in clauses (i), (ii), (iii) or (vi) above does not primarily relate only to (or have the effect of primarily relating only to) that Party and its Subsidiaries, taken as a whole, or disproportionately adversely affect that Party and its Subsidiaries taken as a whole, compared to other companies of similar size operating in the industry in which that Party and its Subsidiaries operate;

- (aaa) "**Midlands Board**" means the board of directors of Midlands as the same is constituted from time to time;
- (bbb) "**Midlands Board Change Resolution**" means the resolution to approve the increase of the Midlands Board from five to seven directors and to approve a slate of directors comprised of four Midlands nominees and three Alder nominees, which Alder nominees shall be selected by Alder prior to mailing the Midlands Circular, so that requisite information can be added thereto with respect to such nominees;
- (ccc) "**Midlands Break Fee**" means the fee of \$100,000 payable to Alder in the circumstances described in Section 6.03(a);
- (ddd) "**Midlands Cash Payment**" shall have the meaning ascribed to such term in Section (i) of Schedule E;
- (eee) "**Midlands Circular**" shall have the meaning ascribed to such term in Section 2.05(i);
- (fff) "**Midlands Common Shares**" means common shares in the capital of Midlands;
- (ggg) "**Midlands Disclosure Memorandum**" means the memorandum dated the date hereof delivered by Midlands to Alder, as amended or supplemented from time to time, in accordance with Section 3.03, with respect to certain matters in this Agreement;
- (hhh) "**Midlands Financial Statements**" shall have the meaning ascribed to such term in Section 3.01(k) of this Agreement;
- (iii) "**Midlands Meeting**" means the annual and special meeting of Midlands Shareholders for the purposes of, among other things, conducting annual business and approving the Midlands Share Consolidation Resolution and the Midlands Board Change Resolution;
- (jjj) "**Midlands Mineral Rights**" shall have the meaning ascribed to such term in Section 3.01(n)(i);
- (kkk) "**Midlands Options**" means the issued and outstanding options to acquire Midlands Common Shares issued pursuant to the Midlands Stock Option Plan;
- (lll) "**Midlands Public Disclosure Documents**" shall have the meaning ascribed to such term in Section 3.01(y);

- (mmm) “**Midlands Share Consolidation**” means the consolidation of the Midlands Common Shares on the basis of 10 pre-consolidation Midlands Common Shares for each one post-consolidation Midlands Common Share and the accompanying name change of Midlands;
- (nnn) “**Midlands Share Consolidation Resolution**” means the special resolution to approve the Midlands Share Consolidation;
- (ooo) “**Midlands Share Payment**” shall have the meaning ascribed to such term in Section (i) of Schedule E;
- (ppp) “**Midlands Shareholder Approval**” means the requisite shareholder approval of the Midlands Share Consolidation Resolution and the Midlands Board Change Resolution;
- (qqq) “**Midlands Shareholders**” means at any time the holders of Midlands Common Shares;
- (rrr) “**Midlands Stock Option Plan**” means the 2014 stock option plan of Midlands;
- (sss) “**Midlands Subsidiaries**” means, collectively, the Subsidiaries of Midlands listed in Schedule B, and “**Midlands Subsidiary**” means any one of them;
- (ttt) “**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators;
- (uuu) “**OBCA**” means the *Business Corporations Act* (Ontario);
- (vvv) “**Option Agreement**” means the option agreement dated August 19, 2011 between Calibre Mining Corp., CXB Nicaragua Sociedad Anonima and Alder in respect of the Rosita D concession located in Nicaragua;
- (www) “**Party**” means either of Alder or Midlands and “**Parties**” means both of them;
- (xxx) “**Permit**” means any license, permit, certificate, consent, order, grant, approval, classification, registration or other authorization of and from any Governmental Entity;
- (yyy) “**person**” includes an individual, firm, trust, partnership, association, corporation, joint venture, trustee, executor, administrator, legal representative or government (including any Governmental Entity);
- (zzz) “**Plan of Arrangement**” means the Plan of Arrangement set forth in Schedule A hereto;
- (aaaa) “**Regulatory Authorities**” shall have the meaning ascribed to such term in Section 3.01(s)(i);
- (bbbb) “**Regulatory Authorizations**” shall have the meaning ascribed to such term in Section 3.01(s)(ii);
- (cccc) “**Release**” means any release, spill, leak, discharge, abandonment, disposal, pumping, pouring, emitting, emptying, injecting, leaching, dumping, depositing or dispersing of any Hazardous Substance to the natural environment, including the abandonment or discarding of Hazardous Substances in barrels, drums, tanks or other containers in contravention of Environmental Laws;

- (dddd) “**Remedial Action**” means any investigation, monitoring, testing, sampling, removal (including removal of underground storage tanks), restoration, clean-up, remediation, closure, site restoration, remedial response or remedial work;
- (eeee) “**Section 3(a)(10) Exemption**” shall have the meaning ascribed to such term in Section 2.03(a);
- (ffff) “**Securities Act**” means the *Securities Act* (Ontario) and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time;
- (gggg) “**Securities Authorities**” means the Ontario Securities Commission and the other securities regulatory authorities in the provinces and territories of Canada where such Party is a reporting issuer, collectively, and “**Securities Authority**” means any one of them;
- (hhhh) “**Securities Laws**” means the Securities Act, together with all other applicable provincial securities laws, rules and regulations and published policies thereunder, as now in effect and as they may be promulgated or amended from time to time;
- (iiii) “**Settlement Parties**” means, collectively, the parties listed on Schedule H under the heading “Settlement Party”;
- (jjjj) “**Settlement Party Liabilities**” means the liabilities owing by Alder to the Settlement Parties on the date hereof listed on Schedule H under the heading “Settlement Party Liabilities”.
- (kkkk) “**Settlement Shares**” means the Alder Common Shares to be issued to the Settlement Parties as specified on Schedule H;
- (llll) “**Share Consideration**” means the number of Midlands Common Shares to be issued pursuant to the Share Exchange Ratio;
- (mmmm) “**Share Exchange Ratio**” means 1.81 Midlands Common Shares for each one Alder Common Share, calculated on a pre-Midlands Share Consolidation basis;
- (nnnn) “**Solicited Party**” shall have the meaning ascribed to such term in Section 2(b)(A) of Schedule G;
- (oooo) “**Subsidiary**” means, with respect to a specified body corporate, any body corporate of which the specified body corporate is entitled to elect a majority of the directors thereof and shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to such a body corporate, excluding any body corporate in respect of which such direction or control is not exercised by the specified body corporate as a result of any existing contract, agreement or commitment;
- (pppp) “**Superior Proposal**” shall have the meaning ascribed to such term in Section 1(b) of Schedule G;
- (qqqq) “**Superior Proposal Notice**” shall have the meaning ascribed to such term in Section 3(a) of Schedule G;

- (rrrr) “**Target**” shall have the meaning ascribed to such term in Section 1(b) of Schedule G;
- (ssss) “**Tax**” and “**Taxes**” means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Entity, including all income taxes (including any tax on or based upon net income, gross income, income as specially defined, capital gains, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, *ad valorem* taxes, value added taxes, transfer taxes (including, without limitation, taxes relating to the transfer of interests in real property or entities holding interests therein), franchise taxes, licence taxes, withholding taxes, payroll taxes, employment taxes, Canada Pension Plan and provincial pension plan contributions, excise, severance, social security, workers’ compensation, employment insurance or compensation taxes or premium, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, harmonized sales tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, together with any interest and any penalties or additional amounts imposed by any Governmental Entity;
- (tttt) “**Tax Act**” means the *Income Tax Act* (Canada), and the regulations thereunder, as amended from time to time;
- (uuuu) “**Tax Returns**” means all returns, schedules, elections, declarations, reports, information returns, agreements, notices, forms, statements and other documents made, prepared or filed with any Governmental Entity or required to be made, prepared or filed with any Governmental Entity relating to Taxes;
- (vvvv) “**Terminating Party**” shall have the meaning ascribed to such term in Section 3(a) of Schedule G;
- (wwwv) “**TSX-V**” means the TSX Venture Exchange;
- (xxxx) “**United States**” or “**U.S.**” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
- (yyyy) “**U.S. Holder**” means a U.S. Person or a person in or a resident of the United States; and
- (zzzz) “**U.S. Person**” means a U.S. person as defined in Rule 902(k) of Regulation S under the 1933 Act.

1.02 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Agreement and the schedules attached hereto and not to any particular article, section or other portion hereof and include any agreement, schedule or instrument supplementary or ancillary hereto or thereto.

1.03 Number, Gender and Persons

In this Agreement, unless the context otherwise requires, words importing the singular only shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter, and the word person and all words importing persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any Governmental Entity, political subdivision or instrumentality thereof) and any other entity of any kind or nature whatsoever.

1.04 Date for any Action

If the date on which any action is required to be taken hereunder by either Party is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

1.05 Statutory References

Any reference in this Agreement to a statute includes all regulations and rules made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.06 Currency

Unless otherwise stated, all references in this Agreement to amounts of money are expressed in lawful money of Canada.

1.07 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable Law, the Parties waive any provision of Law that renders any provision of this Agreement or any part thereof invalid or unenforceable in any respect. The Parties will engage in good faith negotiations to replace any provision hereof or any part thereof that is declared invalid or unenforceable with a valid and enforceable provision or part thereof, the economic effect of which approximates as much as possible the invalid or unenforceable provision or part thereof that it replaces.

1.08 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature required to be made hereunder shall be made in a manner consistent with IFRS.

1.09 Knowledge

Where the phrases “to the knowledge of Midlands” or “to the knowledge of Alder” are used, such phrase shall mean, in respect of each representation and warranty or other statement which is qualified by such phrase, that such representation and warranty or other statement is being made based upon: (A) in the case of Midlands and the Midlands Subsidiaries, the collective actual knowledge (after reasonable enquiry of those within Midlands who ought to know) of the President and Chief Executive Officer and the Chief Financial Officer of Midlands; and (B) in the case of Alder and the Alder Subsidiaries, the collective actual knowledge (after reasonable enquiry of those within Alder who ought to know) of the President and Chief Executive Officer and the Chief Financial Officer of Alder.

1.10 Meaning of Certain Phrase

In this Agreement the phrase “in the ordinary and regular course of business” shall mean and refer to those activities that are normally conducted by corporations engaged in the industry which the relevant Party operates.

1.11 Schedules

The following schedules are attached to, and are deemed to be incorporated into and form part of, this Agreement:

<u>Schedule</u>	<u>Matter</u>
A	Plan of Arrangement
B	List of Subsidiaries
C	Covenants
D	Mutual Conditions Precedent
E	Conditions to Obligations of Midlands
F	Conditions to Obligations of Alder
G	Covenants Relating to Non-Solicitation and Break Fee
H	Settlement of Settlement Party Liabilities
I	Change of Control Payments

ARTICLE 2 THE ARRANGEMENT

2.01 Arrangement

At the Effective Time, the Arrangement shall become effective, with the result that, among other things, Midlands will become the holder of all of the outstanding Alder Common Shares as set forth in, and subject to the terms of, the Plan of Arrangement.

2.02 Announcement and Shareholder Communications

Midlands and Alder shall each publicly announce the transactions contemplated hereby promptly following the execution of this Agreement, the text and timing of each such announcement to be approved by Midlands and Alder in advance, acting reasonably and without delay. Each Party shall consult with the other Party prior to issuing any press releases or otherwise making public written statements with respect to the Arrangement or this Agreement and shall provide the other Party with a reasonable opportunity to review and comment on such press release or other written statements. Midlands and Alder agree to cooperate in the preparation of presentations, if any, to Alder Shareholders regarding the Plan of Arrangement, and neither Party shall: (a) issue any news release or otherwise make public announcements with respect to this Agreement or the Arrangement without the consent of the other Party (which consent shall not be unreasonably withheld or delayed), other than with respect to a press release by either party announcing the termination of this Agreement (provided the other Party has been notified prior to its dissemination); or (b) make any filing with any Governmental Entity or with the TSX-V with respect thereto without prior consultation with the other Party; *provided, however*, that the foregoing shall be subject to each Party’s overriding obligation to make any disclosure or filing required under applicable Laws or stock exchange rules, and the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Party and reasonable opportunity to review or comment on the disclosure or filing, and if such prior notice is not possible, to give such notice immediately following the

making of such disclosure or filing.

2.03 Interim Order

- (a) Not later than June 8, 2015, Alder shall file, proceed with and diligently prosecute an application to the Court pursuant to Section 182 of the OBCA for the Interim Order. Such application will clearly state the Parties' intention to rely on the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) of the 1933 Act (the "**Section 3(a)(10) Exemption**") with respect to the Share Consideration to be received by Alder Shareholders that are U.S. Holders, it being understood that Section 3(a)(10) of the 1933 Act does not exempt the issuance of securities upon the exercise of securities that were issued pursuant to Section 3(a)(10) of the 1933 Act, and shall provide, among other things:
- (i) for the class or classes of persons to whom notice is to be provided in respect of the Arrangement and the Alder Meeting and for the manner in which such notice is to be provided;
 - (ii) that the requisite approval for the Alder Arrangement Resolution shall be 66 $\frac{2}{3}$ % of the votes cast on the Alder Arrangement Resolution by the holders of Alder Common Shares and Alder Warrantheolders present in person or by proxy at the Alder Meeting, voting as a single class (the "**Alder Securityholder Approval**"), subject to any additional requirement pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* or as may be required by the TSX-V;
 - (iii) that in all respects (other than as provided in the Interim Order), the terms, conditions and restrictions of the Alder constating documents, including quorum requirements and other matters, shall apply in respect of the Alder Meeting;
 - (iv) for the grant of Dissent Rights to the registered holders of Alder Common Shares;
 - (v) for notice requirements with respect to the presentation of the application to the Court for the Final Order;
 - (vi) that the Alder Meeting may be adjourned or postponed from time to time by management of Alder without the need for additional approval of the Court;
 - (vii) that the record date for Alder Shareholders and Alder Warrantheolders entitled to notice of and to vote at the Alder Meeting will not change in respect of any adjournment(s) of the Alder Meeting;
 - (viii) notice to Midlands of the Alder Meeting and the right of the representatives of Midlands to attend such meeting;
 - (ix) that the Plan of Arrangement may be amended as contemplated herein and in accordance with Section 7.01 hereof without notice to or approval of any Alder Shareholders except as required by Section 7.01 hereof or the Interim Order; and
 - (x) that the Final Order will reflect the Parties' intention to rely upon the Section 3(a)(10) Exemption with respect to those Alder Shareholders who are U.S. Holders

and shall state that the transactions contemplated herein and the procedural and substantive fairness of the terms and conditions of the Arrangement, are approved after notice and a hearing upon the fairness of such terms and conditions at which all Alder Shareholders had the right to appear so long as they entered an appearance within a reasonable time and, in accordance with the requirements of Section 3(a)(10) under the 1933 Act.

2.04 The Meetings

- (a) Subject to receipt of the Interim Order and the terms of this Agreement:
- (i) Alder agrees to convene and conduct the annual and special meeting of Alder Shareholders (the “**Alder Meeting**”) for the purpose of, among other things, approving the Arrangement (the “**Alder Arrangement Resolution**”) and, if required by the TSX-V, the Debt Settlement Resolution, in accordance with the Interim Order, Alder’s constating documents and applicable Laws on or before July 8, 2015, or such other date as may be agreed upon between Midlands and Alder, and in any event no later than July 13, 2015.
 - (ii) Alder will use its commercially reasonable efforts to solicit proxies in favour of the approval of the Alder Arrangement Resolution and, if required by the TSX-V, the Debt Settlement Resolution, including, if so requested by Midlands at the sole expense of Midlands, using proxy solicitation services.
 - (iii) Alder will advise Midlands as Midlands may reasonably request, and at least on a daily basis on each of the last 10 Business Days prior to the date of the Alder Meeting, as to the tally of the proxies received by Alder in respect of the Alder Arrangement Resolution and, if required by the TSX-V, the Debt Settlement Resolution,.
 - (iv) Subject to Section 3(a) of Schedule G or to the extent required by a Governmental Entity or for quorum purposes (in the case of an adjournment) or where required to have a valid meeting or to provide additional information to Alder Shareholders, Alder will not adjourn, postpone or cancel the Alder Meeting without the prior written consent of Midlands and the obligations of Alder under this Section will not be affected by the commencement, public proposal, public disclosure or communication to Alder or another person of any Acquisition Proposal.
 - (v) Alder will promptly advise Midlands of any written notice of dissent or purported exercise by any Alder Shareholder of Dissent Rights received by Alder in relation to the Alder Arrangement Resolution and any withdrawal of Dissent Rights received by Alder and, subject to applicable Law, any written communications sent by or on behalf of Alder to any Alder Shareholder exercising or purporting to exercise Dissent Rights in relation to the Alder Arrangement Resolution, and shall not settle or compromise any action brought by any present, former or purported holder of any of its securities in connection with the transactions contemplated by this Agreement, including the Arrangement, without the prior consent of Midlands.
 - (vi) Within five (5) Business Days of the date of execution of this Agreement, Alder will use its commercially reasonable efforts to prepare or cause to be prepared and provide to Midlands a list of Alder Securityholders, as well as a security position

listing from each depository of its securities, including CDS Clearing and Depository Services Inc., and will obtain and will deliver to Midlands thereafter supplemental lists as reasonably requested by the Midlands, setting out any changes thereto, all such deliveries to be in printed form and, if available, in computer-readable format.

- (vii) Alder will establish a cut off date for the delivery of proxies for the purpose of voting at the Alder Meeting that is not less than 48 hours prior to the commencement of the Alder Meeting and will not waive such cut off date without the prior consent of Midlands.
 - (viii) Alder will provide notice to Midlands of the Alder Meeting and allow representatives of Midlands to attend the Alder Meeting.
 - (ix) will take all such actions as may be required under the OBCA in connection with the transactions contemplated by this Agreement and the Plan of Arrangement.
- (b) Midlands agrees to convene and conduct the Midlands Meeting for the purpose of approving the Midlands Share Consolidation Resolution and the Midlands Board Change Resolution in accordance with its constating documents and applicable Laws on or before July 9, 2015, or such other date as may be agreed upon between Midlands and Alder, and in any event no later than July 13, 2015.
 - (c) Midlands will use its commercially reasonable efforts to solicit proxies in favour of the approval of the Midlands Share Consolidation Resolution and the Midlands Board Change Resolution .
 - (d) Midlands will advise Alder as Alder may reasonably request, and at least on a daily basis on each of the last 10 Business Days prior to the date of the Midlands Meeting, as to the tally of the proxies received by Midlands in respect of the Midlands Share Consolidation Resolution and the Midlands Board Change Resolution
 - (e) Subject to Section 3(a) of Schedule G or to the extent required by a Governmental Entity or for quorum purposes (in the case of an adjournment) or where required to have a valid meeting or to provide additional information to Midlands Shareholders, Midlands will not adjourn, postpone or cancel the Midlands Meeting without the prior written consent of Alder and the obligations of Midlands under this Section will not be affected by the commencement, public proposal, public disclosure or communication to Midlands or another person of any Acquisition Proposal.
 - (f) Midlands will establish a cut off date for the delivery of proxies for the purpose of voting at the Midlands Meeting that is not less than 48 hours prior to the commencement of the Midlands Meeting and will not waive such cut off date without the prior consent of Alder.
 - (g) Midlands will provide notice to Alder of the Midlands Meeting and allow representatives of Alder to attend the Midlands Meeting.
 - (h) Midlands will take all such actions as may be required under the OBCA or by the TSX-V in connection with the transactions contemplated by this Agreement.

2.05**The Circulars**

- (a) Alder shall prepare a management information circular including amendments thereto required as a result of the adjournment of the Alder Meeting (the “**Alder Circular**”), together with any other documents required by applicable Laws, in connection with the approval of the Arrangement in compliance with applicable Securities Laws and file the Alder Circular, in all jurisdictions where the same is required to be filed on a timely basis and in any event in sufficient time to allow the Alder Meeting to be held on or before July 13, 2015, or such other date as may be agreed to between Midlands and Alder, and mail the Alder Circular, as required by the Interim Order and in all jurisdictions where the same is required to be mailed, in each case complying in all material respects with all applicable Laws on the date of mailing thereof. Without limiting the generality of the foregoing, Alder shall, in consultation with Midlands, use all commercially reasonable efforts to abridge the timing contemplated by National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, as provided in section 2.20 thereof, if required.
- (b) The Alder Circular will, subject to the other terms of this Agreement, include: (i) the unanimous recommendation of the Alder Board (other than those directors of Alder that have declared a conflict and have abstained from voting thereon) that Alder Shareholders and Alder Warranholders vote in favour of the Alder Arrangement Resolution and, if applicable, that Alder Shareholders vote in favour of the Debt Settlement Resolution; (ii) a copy of the Alder Fairness Opinion; and (iii) a statement that each director and officer of Alder intends to vote in favour of the Alder Arrangement Resolution, subject to the terms of the Alder Support Agreements and, if applicable, the Debt Settlement Resolution.
- (c) Alder shall ensure that the Alder Circular complies in all material respects with all applicable Laws, and, without limiting the generality of the foregoing, that the Alder Circular will 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 contained therein not misleading in light of the circumstances in which they are made (other than in each case with respect to any information relating to Midlands and its affiliates, including the Midlands Common Shares).
- (d) Midlands will, on a timely basis, furnish to Alder all such information regarding Midlands, its affiliates and the Midlands Common Shares, as may be reasonably required by Alder (including, as required by Section 14.2 of Form 51-102F5) in the preparation of the Alder Circular and other documents related thereto, including any pro forma financial statements prepared in accordance with IFRS and applicable Laws. Midlands shall also use commercially reasonable efforts to obtain any necessary certificates and consents from Qualified Persons (as defined in NI 43-101) and its auditors and other experts relating to technical, financial and other expertized information included in the Alder Circular. Midlands shall ensure that such information complies in all material respects with all applicable Securities Laws and, without limiting the generality of the foregoing, that no such information will include any untrue statement of a material fact or omit to state a material fact required to be stated in the Alder Circular in order to make any information so furnished or any information concerning Midlands not misleading in light of the circumstances in which it is disclosed and shall constitute full, true and plain disclosure of such information concerning Midlands.
- (e) Midlands and its legal counsel shall be given a reasonable opportunity to review and comment on the Alder Circular prior to the Alder Circular being printed and mailed to

Alder Shareholders and filed with the Securities Authorities, and reasonable consideration shall be given to any comments made by Midlands and its counsel, provided that all information relating solely to Midlands included in the Alder Circular shall be in form and content satisfactory to Midlands, acting reasonably. Alder shall provide Midlands with a final copy of the Alder Circular prior to mailing to the Alder Shareholders.

- (f) Alder and Midlands shall each promptly notify the other if at any time before the Effective Date it becomes aware (in the case of Alder only with respect to Alder and in the case of Midlands only with respect to Midlands) that the Alder Circular contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Alder Circular, and the Parties shall cooperate in the preparation of any amendment or supplement to the Alder Circular, as required or appropriate, and Alder shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Alder Circular to Alder Shareholders and file the same with the Securities Authorities and as otherwise required by the Court or applicable Laws.
- (g) Alder shall keep Midlands informed of any requests or comments made by Securities Authorities in connection with the Alder Circular or the Arrangement.
- (h) In a timely and expeditious manner, Alder shall prepare (in consultation with Midlands) and file any mutually agreed (or as otherwise required by applicable Laws) amendments or supplements to the Alder Circular (which amendments or supplements shall be in a form satisfactory to Midlands, acting reasonably) with respect to the Alder Meeting and mail such amendments or supplements, as required by the Interim Order and in accordance with all applicable Laws, in and to all jurisdictions where such amendments or supplements are required to be mailed, complying in all material respects with all applicable Laws on the date of the mailing thereof.
- (i) Midlands shall prepare a management information circular including amendments thereto required as a result of the adjournment of the Midlands Meeting (the “**Midlands Circular**”), together with any other documents required by applicable Laws, in connection with the approval of the Midlands Share Consolidation Resolution and the Midlands Board Change Resolution in compliance with applicable Securities Laws and file the Midlands Circular, in all jurisdictions where the same is required to be filed on a timely basis and in any event in sufficient time to allow the Midlands Meeting to be held on or before July 13, 2015, or such other date as may be agreed to between Midlands and Alder, and mail the Midlands Circular in all jurisdictions where the same is required to be mailed, in each case complying in all material respects with all applicable Laws on the date of mailing thereof. Without limiting the generality of the foregoing, Midlands shall, in consultation with Alder, use all commercially reasonable efforts to abridge the timing contemplated by National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, as provided in section 2.20 thereof, if required.
- (j) The Midlands Circular will, subject to the other terms of this Agreement, include: (i) the unanimous recommendation of the Midlands Board that Midlands Shareholders vote in favour of the Midlands Share Consolidation Resolution and the Midlands Board Change Resolution; and (ii) a statement that each director and officer of Midlands intends to vote in favour of the Midlands Share Consolidation Resolution and the Midlands Board Change Resolution.

- (k) Midlands shall ensure that the Midlands Circular complies in all material respects with all applicable Laws, and, without limiting the generality of the foregoing, that the Midlands Circular will 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 contained therein not misleading in light of the circumstances in which they are made.
- (l) Alder and its legal counsel shall be given a reasonable opportunity to review and comment on the Midlands Circular prior to the Midlands Circular being printed and mailed to Midlands Shareholders and filed with the Securities Authorities, and reasonable consideration shall be given to any comments made by Alder and its counsel. Midlands shall provide Alder with a final copy of the Midlands Circular prior to mailing to the Midlands Shareholders.
- (m) Midlands shall promptly notify Alder if at any time before the Effective Date it becomes aware that the Midlands Circular contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Midlands Circular, and the Parties shall cooperate in the preparation of any amendment or supplement to the Midlands Circular, as required or appropriate, and Midlands shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Midlands Circular to Midlands Shareholders and file the same with the Securities Authorities and as otherwise required by applicable Laws.
- (n) Midlands shall keep Alder informed of any requests or comments made by Securities Authorities in connection with the Midlands Circular.

2.06 Final Order

If the Interim Order is obtained and the Alder Securityholder Approval and all other approvals contemplated by the Interim Order are obtained as provided for in the Interim Order, then subject to the terms of this Agreement, Alder shall apply to the Court for the Final Order and shall diligently pursue such application. The application and motion materials, including affidavit materials, draft orders and any amendments thereto for the applications referred to in this Section shall be in a form satisfactory to Midlands and Alder, acting reasonably. Alder will oppose any proposal from any party that the Final Order contain any provision inconsistent with this Agreement and, if at any time prior to the issue of the Final Order and prior to the Effective Date, Alder is ordered to return to Court with respect to the Final Order it shall do so only after notice to and in consultation and cooperation with Midlands.

2.07 Court Proceedings

Subject to the terms of this Agreement, Midlands will cooperate with, assist and consent to Alder seeking the Interim Order and the Final Order, including by providing Alder on a timely basis any information required to be supplied by Midlands in connection therewith. Alder will provide legal counsel to Midlands with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and will give reasonable consideration to all such comments. Alder will also provide legal counsel to Midlands on a timely basis with copies of any notice of appearance or notice of intent to oppose and any evidence served on Alder or its legal counsel in respect of the application for the Interim Order or the Final Order or any appeal therefrom. Subject to applicable Law, Alder will not file any material with the Court in connection with the Arrangement or serve any such material, and will not agree to modify or amend materials so filed or served, except as contemplated hereby

or with Midlands' prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided that nothing herein shall require Midlands to agree or consent to any increase in the Share Consideration or other modification or amendment to such filed or served materials that expands or increases Midlands' obligations set forth in this Agreement.

2.08 Payment of Share Consideration

Midlands will, following receipt of the Final Order and prior to the Effective Date, deposit in escrow with the Depositary sufficient Midlands Common Shares to satisfy the Share Consideration payable to Alder Shareholders pursuant to the Arrangement.

2.09 Preparation of Filings

Midlands and Alder shall cooperate in the preparation of any application for the key regulatory approvals and any other orders, registrations, consents, filings, rulings, exemptions, no-action letters and approvals and the preparation of any documents reasonably deemed by either of the Parties to be necessary to discharge its respective obligations or otherwise advisable under applicable Laws in connection with this Agreement or the Plan of Arrangement.

2.10 Amendment

Subject to the Interim Order, the Final Order and any applicable Law, the Parties may amend the Plan of Arrangement at any time prior to the Effective Time in accordance with Section 7.01 to add, remove or amend any steps or terms in a manner determined to be necessary by Midlands, acting reasonably, provided that the Plan of Arrangement will not be amended in any manner which: (a) changes the Share Consideration payable to Alder Shareholders or is prejudicial to Alder or the Alder Subsidiaries, the Alder Shareholders or any other persons bound by the Plan of Arrangement or is inconsistent with the provisions of this Agreement or would result in Alder incurring any obligations or liabilities; or (b) creates, in the view of Alder, acting reasonably, a reasonable risk of delaying, impairing or impeding in any material respect the receipt of any regulatory approval or the satisfaction of any condition set forth in Schedule D, E or F hereto.

2.11 Withholding Taxes

Midlands, Alder and the Depositary shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any person hereunder or pursuant to the Plan of Arrangement and from all dividends or other distributions otherwise payable to any former Alder Shareholders such amounts as Midlands, Alder or the Depositary may be required or permitted to deduct and withhold therefrom under any provision of applicable Laws in respect of Taxes. To the extent that such amounts are so deducted, withheld and remitted, such amounts shall be treated for all purposes under this Agreement and the Plan of Arrangement as having been paid to the person to whom such amounts would otherwise have been paid.

2.12 Closing

The closing of the Arrangement will take place at 65 Queen Street West, 8th Floor, Toronto, Ontario, M5H 2M5 at 10:00 a.m. (Toronto time) on the Effective Date.

2.13 U.S. Tax and Securities Matters

- (a) The Arrangement as set forth in the Plan of Arrangement is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code and this Agreement and the Plan of Arrangement are intended to be a “plan of reorganization” within the meaning of U.S. Treasury Regulations Section 1.368-1 for purposes of Sections 354 and 361 of the Code. Each Party agrees to treat the Arrangement as a reorganization within the meaning of Section 368(a) of the Code for all United States federal income tax purposes, agrees to treat this Agreement as a “plan of reorganization” within the meaning of the U.S. Treasury Regulations Section 1.368-1, and agrees to not take any position on any U.S. Tax Return or otherwise take any Tax reporting position inconsistent with such treatment, unless otherwise required by applicable tax law. Each Party agrees to act in a manner that is consistent with the Parties’ intention that the Arrangement be treated as a reorganization within the meaning of Section 368(a) of the Code for all United States federal income tax purposes and shall not take any action, or knowingly fail to take any action, if such action or failure to act, as the case may be, would reasonably be expected to prevent the Arrangement from qualifying as a reorganization within the meaning of Section 368(a) of the Code. Notwithstanding the foregoing, neither Midlands nor Alder make any representation, warranty or covenant to any other party or to any Alder Shareholder, other holder of Alder securities (including, without limitation, stock options, warrants, debt instruments or other similar rights or instruments) or Midlands Shareholders or other holder of Midlands securities regarding the U.S. tax treatment of the Arrangement, including, but not limited to, whether the Arrangement will qualify as a reorganization within the meaning of Section 368(a) of the Code or as a tax-deferred transaction for purposes of any United States state or local income tax law.
- (b) The Parties agree that the Arrangement will be carried out with the intention that all of the Share Consideration delivered in the course of and on completion of the Arrangement will be delivered in reliance on the Section 3(a)(10) Exemption and pursuant to exemptions from applicable state securities laws. In order to ensure the availability of the Section 3(a)(10) Exemption, the Parties agree that the Arrangement will be carried out on the following basis:
- (i) the Arrangement will be subject to the approval of the Court;
 - (ii) the Court will be advised as to the intention of the Parties to rely on the Section 3(a)(10) Exemption prior to the hearing required to approve the Arrangement;
 - (iii) the Court will be required to satisfy itself as to the procedural and substantive fairness of the Arrangement to the Alder Shareholders, subject to the Arrangement;
 - (iv) Alder will ensure that each Alder Shareholder entitled to receive Share Consideration on completion of the Arrangement will be given adequate notice advising them of their right to attend the hearing of the Court to give approval of the Arrangement and providing them with sufficient information necessary for them to exercise that right;
 - (v) the Alder Shareholders entitled to receive Share Consideration will be advised that the Share Consideration issued pursuant to the Arrangement has not been registered under the 1933 Act and is intended to be issued in reliance on the Section 3(a)(10) Exemption and pursuant to exemptions from applicable state securities laws;

- (vi) the Final Order approving the Arrangement that is obtained from the Court will expressly state that the Arrangement is approved by the Court as being fair to the Alder Shareholders;
- (vii) the Interim Order approving the Alder Meeting will specify that each Alder Shareholder will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as they enter an appearance within a reasonable time; and
- (viii) the Final Order shall include a statement to substantially the following effect:

“This Order will serve as a basis of a claim to an exemption, pursuant to section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that act, regarding the distribution of securities of Midlands, pursuant to the Plan of Arrangement.”

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.01 Representations and Warranties of Midlands

Midlands hereby represents and warrants to Alder as follows and hereby acknowledges that Alder is relying upon such representations and warranties in connection with entering into this Agreement and agreeing to complete the Arrangement, as follows:

- (a) **Organization.** Except as disclosed in the Midlands Disclosure Memorandum, each of Midlands and the Midlands Subsidiaries has been incorporated, is validly subsisting and has full corporate or legal power and authority to own its property and assets and to conduct its business as currently owned and conducted. Each of Midlands and the Midlands Subsidiaries is registered, licensed or otherwise qualified in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified, other than those jurisdictions where the failure to be so registered, licensed or otherwise qualified would not have a Material Adverse Effect on Midlands. All of the outstanding shares of the Midlands Subsidiaries are validly issued, fully paid and non-assessable. All of the outstanding shares of the Midlands Subsidiaries are owned, directly or indirectly, by Midlands. Except pursuant to restrictions on transfer contained in the articles or by-laws (or their equivalent) of the applicable Midlands Subsidiary, the outstanding shares of each of the Midlands Subsidiaries which are owned by Midlands are owned free and clear of all Encumbrances and neither Midlands nor any of the Midlands Subsidiaries is liable to any Midlands Subsidiary or to any creditor in respect thereof. Except pursuant to this Agreement and the transactions contemplated hereby, and as disclosed in the Midlands Disclosure Memorandum, there are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any issued or unissued securities of, or interest in, any of the Midlands Subsidiaries from either Midlands or the Midlands Subsidiaries.
- (b) **Capitalization.** Midlands is authorized to issue an unlimited number of Midlands Common Shares. As at the date hereof, there are: (i) 194,228,231 Midlands Common Shares outstanding; and (ii) pursuant to the Midlands Stock Option Plan, Midlands Options to acquire an aggregate of 9,475,000 Midlands Common Shares. The exercise prices and

expiry dates of the Midlands Options are described in the Midlands Disclosure Memorandum. Except for the Midlands Options and pursuant to this Agreement and the transactions contemplated hereby and as disclosed in the Midlands Disclosure Memorandum, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Midlands or any of the Midlands Subsidiaries to issue or sell any shares of Midlands or any of the Midlands Subsidiaries or any securities or obligations of any kind convertible into or exchangeable for any shares of Midlands or any of the Midlands Subsidiaries. All outstanding Midlands Common Shares have been authorized and are validly issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights. As of the date hereof, there are no outstanding bonds, debentures or other evidences of indebtedness of Midlands or of any of the Midlands Subsidiaries having the right to vote with the Midlands Shareholders on any matter. There are no outstanding contractual obligations of Midlands or of any of the Midlands Subsidiaries to repurchase, redeem or otherwise acquire any outstanding Midlands Common Shares, except as contemplated herein, or with respect to the voting or disposition of any outstanding Midlands Common Shares.

- (c) **Board Approval.** As of the date hereof, the Midlands Board, after consultation with its financial and legal advisors, has determined that the Arrangement is fair to the Midlands Shareholders and is in the best interests of Midlands. The Midlands Board has approved the Arrangement and the execution and performance of this Agreement.
- (d) **Authority.** Midlands has all necessary power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by Midlands as contemplated by this Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Agreement and the Midlands Disclosure Memorandum by Midlands and the completion by Midlands of the transactions contemplated by this Agreement have been authorized by the directors of Midlands and no other corporate proceedings on the part of Midlands are necessary to authorize this Agreement or to complete the Arrangement and the transactions contemplated hereby or thereby. This Agreement and the Midlands Disclosure Memorandum have been executed and delivered by Midlands and constitute legal, valid and binding obligations of Midlands, enforceable against Midlands in accordance with their terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity. The execution and delivery by Midlands of this Agreement and the Midlands Disclosure Memorandum and the performance by Midlands of its obligations hereunder and thereunder, the completion of the Arrangement and the transactions contemplated hereby, do not and will not:
 - (i) result in a violation, contravention or breach of, require any consent to be obtained under or give rise to any termination rights under any provision of:
 - (A) the articles or by-laws (or their equivalent) of Midlands or any of the Midlands Subsidiaries;
 - (B) any Law, with the exception of consents identified in Section 3.01(e); or

- (C) any contract, agreement, licence or permit to which Midlands or any of the Midlands Subsidiaries are bound or are subject to or of which Midlands or any of the Midlands Subsidiaries are the beneficiary,

in each case, which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Midlands;

- (ii) give rise to or result in:

- (A) any right of termination of any agreement to which Midlands or any of the Midlands Subsidiaries is a party;

- (B) the cancellation, suspension or alteration in the terms of any material licence, permit or authority held by Midlands or any of the Midlands Subsidiaries; or

- (C) any rights of first refusal, or trigger any provision of any agreement to which Midlands or any of the Midlands Subsidiaries is a party relating to either (A) a change in control; or (B) any restriction or limitation under any agreement to which Midlands or any of the Midlands Subsidiaries is a party,

in each case, which would, individually or in the aggregate, have a Material Adverse Effect on Midlands;

- (iii) give rise to any right of termination or acceleration of indebtedness, cause any indebtedness owing by Midlands or any of the Midlands Subsidiaries to come due before its stated maturity or cause any available credit to cease to be available which would, individually or in the aggregate, have a Material Adverse Effect on Midlands;

- (iv) result in the imposition of any Encumbrance upon any of the property or assets of Midlands or any of the Midlands Subsidiaries or restrict, hinder, impair or limit the ability of Midlands or any of the Midlands Subsidiaries to conduct the business of Midlands or any of the Midlands Subsidiaries as and where they are now being conducted which would, individually or in the aggregate, have a Material Adverse Effect on Midlands; or

- (v) result in any material payment (including severance, unemployment compensation, “golden parachute”, bonus or otherwise) becoming due to any director or officer of Midlands or any of the Midlands Subsidiaries or increase any benefits otherwise payable under any pension or benefits plan of Midlands or any of the Midlands Subsidiaries or result in the acceleration of the time of payment or vesting of any such benefits.

- (e) **Government Approvals.** No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other person is required to be obtained by Midlands or any of the Midlands Subsidiaries (A) in connection with the execution and delivery of this Agreement or the consummation by Midlands of the transactions contemplated hereby, or (B) in order that the authority of Midlands to carry on its business in the ordinary course remains in good standing and in full force and effect, given that

Midlands is not currently carrying on business, other than: (i) filings with and approvals required by Securities Authorities and stock exchanges; and (ii) any other consents, approvals, orders, authorizations, declarations or filings which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Effect on Midlands.

- (f) **Midlands Subsidiaries.** Except as disclosed in the Disclosure Memorandum, the only Subsidiaries of Midlands are the Midlands Subsidiaries. Except as disclosed in the Midlands Disclosure Memorandum, Midlands does not own a direct or indirect voting or equity interest of greater than 10% in any other corporation, partnership, joint venture or other entity that is material to Midlands.
- (g) **No Defaults.** Neither Midlands nor any of the Midlands Subsidiaries is in default under, and, there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute a default by Midlands or any of the Midlands Subsidiaries under any contract, agreement or licence that is material to the conduct of the business of Midlands or any of the Midlands Subsidiaries to which it or any of them is a party or by which it is bound that would, individually or in the aggregate, have a Material Adverse Effect on Midlands.
- (h) **Absence of Changes.** Since December 31, 2014, except as set out in the Midlands Disclosure Memorandum, the Midlands Public Disclosure Documents or expressly contemplated by this Agreement:
 - (i) Midlands and each of the Midlands Subsidiaries has conducted its business only in the ordinary and regular course of business;
 - (ii) Midlands has not incurred or suffered a Material Adverse Effect;
 - (iii) Midlands has not effected any amendment to, or proposed to amend, its articles or by-laws;
 - (iv) there has not been any acquisition or agreement to acquire by amalgamating, merging, consolidating or entering into a business combination with, purchasing substantially all the assets of or otherwise acquiring, any business or any corporation, partnership, association or other business organization or division thereof, which transaction would be material to Midlands;
 - (v) there has not been any sale, lease, transfer, mortgage, hypothecation or other disposition of any of its assets or properties, real, personal or mixed, immovable or movable (including securities), that are material, individually or in the aggregate, to Midlands;
 - (vi) other than in the ordinary and regular course of business consistent with past practice, there has not been any incurrence, assumption or guarantee by Midlands or any of the Midlands Subsidiaries of any debt for borrowed money, any creation or assumption by Midlands or any of the Midlands Subsidiaries of any Encumbrance, any making by Midlands or any of the Midlands Subsidiaries or of any loan, advance or capital contribution to or investment in any other person (other than loans made to the Midlands Subsidiaries) or any entering into, amendment of, relinquishment, termination or non-renewal by Midlands or any of the Midlands Subsidiaries of any contract, agreement, licence, lease transaction,

commitment or other right or obligation that would, individually or in the aggregate, have a Material Adverse Effect on Midlands;

- (vii) there has not been, nor has Midlands or any Midlands Subsidiary agreed to, any material increase in or modification of the compensation payable to or to become payable by Midlands or any Midlands Subsidiary to any of their respective directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay or any increase or modification of any bonus, pension, insurance or benefit arrangement (including, without limitation, the granting of Midlands Options pursuant to the Midlands Stock Option Plan) made to, for or with any of such directors or officers;
 - (viii) Midlands has not effected or passed any resolution or agreed to any subdivision, consolidation, redemption, purchase, offer to purchase or any other acquisition or reclassification of any of the outstanding Midlands Common Shares, declaration or payment of any dividends on or making of other distributions (whether in cash, shares or property, or any combination thereof) or reduction in the stated capital in respect of its shares;
 - (ix) Midlands has not effected any material change in its accounting methods, principles or practices; and
 - (x) neither Midlands nor any of the Midlands Subsidiaries has adopted any, or materially amended any, collective bargaining agreement, bonus, pension, profit sharing, stock purchase, stock option or other benefit plan or shareholder rights plan.
- (i) **Contracts and Commitments.** All material agreements to which Midlands or any of the Midlands Subsidiaries is a party or by which it is bound: (i) are valid, binding, in full force and effect in all material respects and enforceable by Midlands or the relevant Midlands Subsidiary in accordance with their respective terms, subject, however, to limitations with respect to enforcement imposed by Law in connection with bankruptcy or similar proceedings, the equitable power of the courts to stay proceedings before them and the execution of judgments and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the courts from which they are sought; and (ii) do not, by their terms, require the consent of any of the parties thereto with respect to the Arrangement or any of the transactions contemplated thereby.
- (j) **Labour and Employment.**
- (i) All current assessments under applicable workers compensation legislation in relation to the employees listed in Section 3.01(j) of the Midlands Disclosure Memorandum have been paid or accrued by Midlands, the Midlands Subsidiaries as applicable, and Midlands and/or the Midlands Subsidiaries are not subject to any special or penalty assessment under such legislation which has not been paid. Midlands and each of the Midlands Subsidiaries have operated in all material respects in accordance with all applicable Law with respect to employment and labour, including, but not limited to, employment and labour standards, occupational health and safety, employment equity, pay equity, workers' compensation, human rights and labour relations and there are no current, or, to

the knowledge of Midlands, pending or threatened, material proceedings before any board or tribunal with respect to any of the above areas.

- (ii) Except for those written or oral employment contracts with salaried employees of Midlands and any of the Midlands Subsidiaries identified in Section 3.01(j) of the Midlands Disclosure Memorandum, there are no written contracts of employment entered into with any such employees or any oral contracts of employment. Except for those agreements or provisions described in Section 3.01(j) of the Midlands Disclosure Memorandum, no employee director or consultant of Midlands or any of the Midlands Subsidiaries is party to a change of control, severance, termination, golden parachute or similar agreement or provision or would receive payments under such agreement or provision as a result of the Arrangement.
- (iii) There are no collective agreements that exist, either directly or by operation of law, between Midlands or any of the Midlands Subsidiaries and any trade union or association which may qualify as a trade union. There are no outstanding or, to the knowledge of Midlands, threatened labour tribunal proceedings of any kind, including unfair labour practice proceedings or any proceedings which could result in certification of a trade union as bargaining agent for any employees of Midlands or any of the Midlands Subsidiaries. There are no threatened or apparent union organizing activities involving employees of Midlands or any of the Midlands Subsidiaries. There is no strike or lockout involving the employees of Midlands or any of the Midlands Subsidiaries. Neither Midlands nor any of the Midlands Subsidiaries has any relationship, arrangement or understanding with any trade union or association which may qualify as a trade union.
- (iv) Neither Midlands nor any Midlands Subsidiary is subject to any claim for wrongful dismissal, constructive dismissal or any tort claim, actual or, to the knowledge of Midlands, pending or threatened, or any litigation, actual or, to the knowledge of Midlands, pending or threatened, relating to employment or termination of employment of employees or independent contractors.
- (k) **Financial Matters.** The audited statements of financial position, consolidated statements of comprehensive income, consolidated statements of cash flows and consolidated statements of changes in equity for the fiscal year ended December 31, 2014 and the unaudited statements of financial position, statements of comprehensive income, statements of cash flows and statements of changes in equity of Midlands for the interim fiscal period ended October 31, 2014 (the “**Midlands Financial Statements**”) were prepared in accordance with IFRS, consistently applied, and fairly present in all material respects the financial condition of Midlands at the date indicated and the results of operations of Midlands for the periods covered on a consolidated basis. Except as disclosed in the Midlands Financial Statements, neither Midlands nor any of the Midlands Subsidiaries has any liability or obligation (including, without limitation, to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, not reflected in the consolidated financial statements of Midlands for the period ended December 31, 2014, except liabilities and obligations incurred in the ordinary and regular course of business, which liabilities or obligations would not reasonably be expected to have a Material Adverse Effect on Midlands. There has been no material change in Midlands accounting policies since December 31, 2014.

- (l) **Books and Records.** The corporate records of Midlands and the Midlands Subsidiaries have been maintained in accordance with all applicable Laws and are complete and accurate in all material respects, except where such incompleteness or inaccuracy would not omit material information required to be included. Financial books and records and accounts of Midlands and the Midlands Subsidiaries in all material respects: (i) have been maintained in accordance with good business practices on a basis consistent with prior years and past practice; (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of assets of Midlands and the Midlands Subsidiaries; and (iii) accurately and fairly reflect the basis for the consolidated financial statements of Midlands. The minute books of each of Midlands and, the Midlands Subsidiaries are true and correct in all material respects; they contain the duly signed minutes of all meetings of the Midlands Board, the Midlands Shareholders and board committees and all resolutions passed by the Midlands Board, the Midlands Shareholders and the board committees other than the minutes of meetings held in connection with the Arrangement.
- (m) **Litigation.** Except as disclosed in the Midlands Disclosure Memorandum, there is no claim, action, proceeding or investigation pending or in progress or, to the knowledge of Midlands, threatened against or relating to Midlands or any of the Midlands Subsidiaries or affecting any of their respective properties or assets before any Governmental Entity which individually or in the aggregate has, or could reasonably be expected to have, a Material Adverse Effect on Midlands. There is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress, or, to the knowledge of Midlands, threatened against or relating to Midlands or any of the Midlands Subsidiaries before any Governmental Entity. Neither Midlands nor any of the Midlands Subsidiaries nor any of their properties or assets are subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict the right or ability of Midlands or any Midlands Subsidiary, as the case may be, to conduct its business in all material respects as it has been carried on prior to the date hereof, or that would materially impede the consummation of the transactions contemplated by this Agreement, except to the extent any such matter would not have a Material Adverse Effect on Midlands.
- (n) **Interest in Mineral Rights.**
- (i) The only remaining mineral interests and rights (including any material claims, concessions, exploration licences, exploitation licences, prospecting permits, mining leases and mining rights, in each case, either existing under contract, by operation of Law or otherwise) of Midlands or the Midlands Subsidiary (collectively, the “**Midlands Mineral Rights**”), are accurately set forth in the Midlands Public Disclosure Documents. The Midlands Mineral Rights are not material and no significant exploration has been conducted on the Midlands Mineral Rights since at least the past two years. The renewal fees on the Midlands Mineral Rights are not in good standing and as a result the Midlands Mineral Rights may be subject to forfeiture. Midlands is in the process of attempting to divest itself of the Midlands Mineral Rights, either by way of transfer or by way of forfeiture.
- (ii) Midlands or the Midlands Subsidiary has the exclusive right to deal with the Midlands Mineral Rights.

- (iii) Except as set forth in the Midlands Public Disclosure Documents and the Midlands Disclosure Memorandum, no person other than Midlands or the Midlands Subsidiary has any interest in the Midlands Mineral Rights or the production or profits therefrom or any royalty in respect thereof or any right to acquire any such interest.
 - (iv) Except as set forth in the Midlands Public Disclosure Documents and the Midlands Disclosure Memorandum, there are no back-in rights, earn-in rights, rights of first refusal or similar provisions or rights which would affect Midlands or the Midlands Subsidiary's interest in the Midlands Mineral Rights.
 - (v) Except as set forth in the Midlands Disclosure Memorandum, there are no material restrictions on the ability of Midlands or the Midlands Subsidiary to transfer, or otherwise dispose of, the Midlands Mineral Rights, except pursuant to applicable Laws.
 - (vi) Except as set forth in the Midlands Disclosure Memorandum there are no work commitments or outstanding obligations of Midlands or the Midlands Subsidiary related to the Midlands Mineral Rights.
 - (vii) All work and activities carried out on the Midlands Mineral Rights by Midlands or the Midlands Subsidiary or, to the knowledge of Midlands, by any other person appointed by Midlands or the Midlands Subsidiary have been carried out in all material respects in compliance with all applicable Laws, and neither Midlands nor the Midlands Subsidiary, nor, to the knowledge of Midlands, any other person, has received notice of any material breach of any such applicable Laws.
- (o) **Insurance.** Midlands and the Midlands Subsidiaries maintain policies of insurance with reputable insurers and in amounts covering such risks and with those deductibles as are adequate and usual for companies of a similar size operating in their respective industries. The policies and the coverage provided thereunder are in full force and effect and Midlands and each of the Midlands Subsidiaries is in good standing under each policy. Midlands and each of the Midlands Subsidiaries has not received notice of, nor has any knowledge of, any fact, condition or circumstance which might reasonably form the basis of any claim, dispute, liability, obligation, action, debt, proceeding or litigation against Midlands or any of the Midlands Subsidiaries which is not in all material respects covered by insurance (subject to standard deductibles) maintained by it and which could have a Material Adverse Effect on Midlands.
- (p) **Environmental.**
- Except as disclosed in the Midlands Disclosure Memorandum:
- (i) Midlands and each of the Midlands Subsidiaries has been and is operated in compliance with all Environmental Laws and Environmental Approvals, except to the extent that a failure to be in such compliance, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Midlands;
 - (ii) Midlands has not used its properties to generate, manufacture, refine, treat, recycle, transport, store, handle, dispose, transfer, produce or process Hazardous Substances, except in compliance in all material respects with Environmental Laws

and Environmental Approvals and except to the extent that such non-compliance would not reasonably be expected to have a Material Adverse Effect on Midlands. Neither Midlands nor any of the Midlands Subsidiaries nor, to the knowledge of Midlands, any other person in control of any of the real property, assets and other facilities owned or used by Midlands has caused or permitted the Release of any Hazardous Substances at, in, on, under or from any such properties, assets or facilities except in compliance, individually or in the aggregate, with Environmental Laws and Environmental Approvals, except to the extent that a failure to be in such compliance would not reasonably be expected to have a Material Adverse Effect on Midlands. All Hazardous Substances handled, recycled, disposed of, treated or stored on or off site of Midlands' properties have been handled, recycled, disposed of, treated and stored in material compliance with Environmental Laws and Environmental Approvals except to the extent that a failure to be in such compliance, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Midlands. To the knowledge of Midlands, there are no Hazardous Substances at, in, on, under or migrating from any of the real property, assets and other facilities owned or used by Midlands except in material compliance with Environmental Laws and Environmental Approvals and except to the extent that any failures to be in compliance would not reasonably be expected to have a Material Adverse Effect on Midlands;

- (iii) neither Midlands nor any of the Midlands Subsidiaries nor any other person for whose actions Midlands or any Midlands Subsidiary may be partially or wholly liable, has treated or disposed, or arranged for the treatment or disposal, of any Hazardous Substances at any location: (A) listed on any list of hazardous sites or sites requiring Remedial Action issued by any Governmental Entity; (B) to the knowledge of Midlands, proposed for listing on any list issued by any Governmental Entity of hazardous sites or sites requiring Remedial Action, or any similar federal, state or provincial lists; or (C) which is the subject of enforcement actions by any Governmental Entity that creates the reasonable potential for any proceeding, action, or other claim against Midlands or any of the Midlands Subsidiaries. To the knowledge of Midlands, no facility now or previously owned or leased by Midlands or the Midlands Subsidiaries is listed or, to the knowledge of Midlands, is proposed for listing on any list issued by any Governmental Entity of hazardous sites or sites requiring Remedial Action or is the subject of Remedial Action;
- (iv) except to the extent that would not reasonably be expected to have a Material Adverse Effect on Midlands, neither Midlands nor the Midlands Subsidiaries nor any other person for whose actions Midlands or any of the Midlands Subsidiaries may be partially or wholly liable has caused or permitted the Release of any Hazardous Substances on or to any of Midlands' properties or facilities in such a manner as: (i) would reasonably be expected to impose Liability for cleanup, natural resource damages, loss of life, personal injury, nuisance or damage to other property, except to the extent that such Liability would not have a Material Adverse Effect on Midlands; or (ii) would reasonably be expected to result in imposition of a lien, charge or other encumbrance or the expropriation on any of its properties, assets or facilities; and

- (v) neither Midlands nor any of the Midlands Subsidiaries has received from any person or Governmental Entity any notice, formal or informal, of any proceeding, action or other claim, Liability or potential Liability arising under any Environmental Law or Environmental Approval that is pending as of the date hereof.

(q) **Tax Matters.**

Except as disclosed in the Midlands Disclosure Memorandum:

- (i) Midlands and each of the Midlands Subsidiaries has duly and timely made or prepared all Tax Returns required to be made or prepared by it, has duly and timely filed all Tax Returns required to be filed by it with the appropriate Governmental Entity and has completely and correctly reported all income and all other amounts or information required to be reported thereon, except to the extent that any failure in connection with the foregoing would not reasonably be expected to have a Material Adverse Effect on Midlands;
- (ii) Midlands and each of the Midlands Subsidiaries has: (A) duly and timely paid all Taxes due and payable by it; (B) duly and timely withheld all Taxes and other amounts required by Law to be withheld by it and has duly and timely remitted to the appropriate Governmental Entity such Taxes and other amounts required by Law to be remitted by it; and (C) duly and timely collected all amounts on account of sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by Law to be collected by it and has duly and timely remitted to the appropriate Governmental Entity any such amounts required by Law to be remitted by it, except to the extent that any failure in connection with the foregoing would not reasonably be expected to have a Material Adverse Effect on Midlands;
- (iii) the charges, accruals and reserves for Taxes reflected on the Midlands Financial Statements (whether or not due and whether or not shown on any Tax Return but excluding any provision for deferred income taxes) are adequate under IFRS to cover Taxes with respect to Midlands and the Midlands Subsidiaries (to the extent such entities are consolidated in the Midlands Financial Statements) accruing through the date hereof;
- (iv) there are no proceedings, investigations, audits, assessments, reassessments or claims now pending or to the knowledge of Midlands, threatened against Midlands or any of the Midlands Subsidiaries that propose to assess Taxes in addition to those reported in the Tax Returns;
- (v) no waiver of any statute of limitations with respect to Taxes has been given or requested with respect to Midlands or any of the Midlands Subsidiaries;
- (vi) to the knowledge of Midlands, no claim has been made by any Governmental Entity in a jurisdiction where Midlands and any of the Midlands Subsidiaries do not file tax returns that Midlands or any of the Midlands Subsidiaries may be subject to Tax in that jurisdiction;

- (vii) in respect of any Tax related matter involving Midlands or any of the Midlands Subsidiaries, there has been no (A) Tax ruling obtained; (B) material correspondence between Midlands or any of the Midlands Subsidiaries with any Tax authority other than Tax Returns or matters related thereto in the ordinary course; (C) Tax related objection filed by or on behalf of Midlands or any of the Midlands Subsidiaries; (D) formal or informal opinions or views expressed by a Tax advisor of Midlands or any of the Midlands Subsidiaries, which has not been disclosed in writing to Alder; nor (E) submissions relating to any position taken or election made by Midlands or any of the Midlands Subsidiaries, in respect of any Tax related matter involving Midlands or any of the Midlands Subsidiaries, in each case, other than those which would not be expected to have a Material Adverse Effect on Midlands;
 - (viii) all income, sales and capital tax liabilities of each of Midlands and the Midlands Subsidiaries have been assessed by the relevant taxing authority and notices of assessment have been issued to each such entity by the relevant taxing authority for all taxation years or periods ending prior to December 31, 2014; and
 - (ix) neither Midlands nor any of the Midlands Subsidiaries is a “United States real property holding corporation” within the meaning of Section 897(c) of the Code, and Midlands does not own any “United States real property interest” within the meaning of Section 897(c) of the Code.
- (r) **Pension and Employee Benefits.** Midlands and the Midlands Subsidiaries have complied with all of the terms of the pension and other employee compensation and benefit obligations of Midlands and the Midlands Subsidiaries, including the provisions of any collective agreements, funding and investment contracts or obligations applicable thereto, arising under or relating to each of the pension or retirement income plans or other employee compensation or benefit plans, agreements, policies, programs, arrangements or practices, whether written or oral, which are maintained by or binding upon Midlands or the Midlands Subsidiaries, as the case may be, other than such non-compliance that would not reasonably be expected to have a Material Adverse Effect on Midlands.
- (s) **Regulatory.** Except as disclosed in Section 3.01(s) of the Midlands Disclosure Memorandum:
- (i) Midlands and the Midlands Subsidiaries have operated and are currently operating in material compliance with all applicable Laws, including all applicable published rules, regulations, guidelines and policies of any regulatory or governmental agency having jurisdiction over Midlands and the Midlands subsidiaries or their respective activities (collectively, the “**Regulatory Authorities**”) except as would not reasonably be expected to have a Material Adverse Effect on Midlands; and
 - (ii) Midlands and the Midlands Subsidiaries have operated and are currently operating their respective businesses in compliance with all licenses, permits, authorizations, approvals registrations and consents of the Regulatory Authorities (the “**Regulatory Authorizations**”) in all material respects and have made all requisite material declarations and filings with the Regulatory Authorities. Neither Midlands nor the Midlands Subsidiaries has received any written notices or other correspondence from the Regulatory Authorities regarding any circumstances that have existed or currently exist which would lead to a loss, suspension, or

modification of, or a refusal to issue, any material Regulatory Authorization relating to its activities which would reasonably be expected to restrict, curtail, limit or adversely affect the ability of Midlands or any of the Midlands Subsidiaries to operate their respective businesses in a manner which would have a Material Adverse Effect on Midlands.

- (t) **Related Party Transactions.** Other than as disclosed in the Midlands Public Disclosure Documents or the Midlands Disclosure Memorandum, there are no Contracts or other transactions currently in place between Midlands or any of the Midlands Subsidiaries, on the one hand, and: (i) to the knowledge of Midlands, any officer or director of Midlands or any of the Midlands Subsidiaries; (ii) to the knowledge of Midlands, any holder of record or, to the knowledge of Midlands, beneficial owner of 10% or more of the Midlands Common Shares; and (iii) to the knowledge of Midlands, any affiliate or associate of any such, officer, director, holder of record or beneficial owner, on the other hand.
- (u) **Registration Rights.** No Midlands Shareholder has any right to compel Midlands to register or otherwise qualify the Midlands Common Shares (or any of them) for public sale or distribution.
- (v) **Due Diligence Information.** All information provided to Alder by Midlands or any of the Midlands Subsidiaries is true and correct in all material respects and does not contain any omissions as at its respective date as stated therein and has not been amended except as provided to Alder.
- (w) **No Option on Assets.** Except as disclosed in Section 3.01(w) of the Midlands Disclosure Memorandum, no person has any agreement or option or any right or privilege (including, without limitation, any right of first refusal or other right of participation) capable of becoming an agreement or option for the purchase from Midlands or any of the Midlands Subsidiaries of any of the Midlands Mineral Rights or other asset or properties of Midlands other than as described or contemplated herein.
- (x) **Reporting Status.** Midlands is a reporting issuer or its equivalent in each of the provinces of British Columbia, Alberta and Ontario. The Midlands Common Shares are listed on the TSX-V under the symbol “MEX”.
- (y) **Reports.** Since December 31, 2014, Midlands has filed with the Securities Authorities a true and complete copy of all forms, reports, schedules, statements, certifications, material change reports and other documents required to be filed by it (such forms, reports, schedules, statements, certifications and other documents, including any financial statements or other documents, including any schedules included therein, are referred to herein as the “**Midlands Public Disclosure Documents**”) in accordance with applicable Securities Laws. The Midlands Public Disclosure Documents, at the time filed or, if amended, as of the date of such amendment: (i) did not contain any misrepresentation (as defined by applicable Securities Laws) and did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and (ii) complied in all material respects with the requirements of applicable Securities Laws, including the rules, policies and instruments of all Securities Authorities having jurisdiction over Midlands, and any amendments to the Midlands Public Disclosure Documents required to be made have been filed on a timely basis with the Securities Authorities. Midlands has not filed any confidential material change report which at the

date hereof remains confidential. None of the Midlands Subsidiaries are required to file any reports or other documents with any of the Securities Authorities or the TSX-V.

- (z) **Compliance with Laws.** Except as disclosed in the Midlands Disclosure Memorandum, Midlands and the Midlands Subsidiaries have complied with and are not in violation of any applicable Law other than such non-compliance or violations that would not, individually or in the aggregate, have a Material Adverse Effect on Midlands.
- (aa) **No Cease Trade.** Midlands is not subject to any cease trade or other order of any applicable stock exchange or Securities Authority and, to the knowledge of Midlands, no investigation or other proceedings involving Midlands that may operate to prevent or restrict trading of any securities of Midlands are currently in progress or pending before any applicable stock exchange or Securities Authority.
- (bb) **Restrictions on Business Activities.** Neither Midlands nor any of the Midlands Subsidiaries is a party to or bound by any non-competition agreement or any other agreement, obligation, judgment, injunction, arbitral award, constitutional ruling, order or decree that has or would reasonably be expected to have the effect of prohibiting, restricting, or impairing: (i) the manner or the localities in which all or any material portion of the business of Midlands or any of the Midlands Subsidiaries is conducted; (ii) any business practice of Midlands or any of the Midlands Subsidiaries in any material respect; or (iii) any acquisition or disposition of any property or assets by Midlands or any of the Midlands Subsidiaries in any material respect.
- (cc) **No Indebtedness.** Neither Midlands nor any Midlands Subsidiary owes any money to, has any present loans to, has borrowed any monies from, or is otherwise indebted to any officer, director, employee, shareholder or any person not dealing at “arm’s length” (as such term is defined in the Tax Act) with Midlands or the Midlands Subsidiaries, except as set forth in the Midlands Financial Statements.
- (dd) **No Agreement to Merge.** Except for this Agreement, neither Midlands nor any Midlands Subsidiary has any agreement of any nature whatsoever to acquire, merge or enter into any business combination with any entity, or to acquire or lease any other business operations.
- (ee) **Disclosure Controls and Procedures.** Midlands has devised and maintained a system of disclosure controls and procedures designed to ensure that information required to be disclosed by Midlands under applicable Laws (including applicable securities Laws) is recorded, processed, summarized and reported within the time periods specified in the applicable Laws. Such disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by Midlands in Midlands’ reports and other filings under applicable Laws (including applicable Securities Laws) is accumulated and communicated to Midlands’ management, including its chief executive officer and chief financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.
- (ff) **Accounting Controls.** Midlands maintains internal control over financial reporting. Midlands believes such internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS and includes policies and procedures that: (i) pertain to the maintenance of records that accurately and fairly reflect the transactions and dispositions of the assets of Midlands and the Midlands

Subsidiaries; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS that the receipts and expenditures of Midlands and the Midlands Subsidiaries are being made only in accordance with authorizations of management and directors of Midlands and the Midlands Subsidiaries; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Midlands and the Midlands Subsidiaries' assets that could have a material effect on its financial statements. There are no significant deficiencies in the design or operation of, or material weaknesses in, Midlands' internal controls over financial reporting that are reasonably likely to materially adversely affect its ability to record, process, summarize and report financial information, and there is no known fraud that involves management or other employees who have a significant role in Midlands' internal control over financial reporting. Since December 31, 2014, Midlands has received no (x) material complaints from any source regarding accounting, internal accounting controls or auditing matters or (y) expressions of concern from employees of Midlands regarding questionable accounting or auditing matters.

- (gg) **No Vote Required.** Other than in connection with the Midlands Shareholder Approval, and as may be required by the TSX-V, no vote of the holders of any class or series of the Midlands Common Shares or Midlands Options is necessary to approve this Agreement and the matters contemplated herein.
- (hh) **No Broker's Commission.** Midlands has not entered into any agreement that would entitle any person to any valid claim against Midlands for a broker's commission, finder's fee or any like payment in respect of the Arrangement or any other matter contemplated by this Agreement.
- (ii) **No Collateral Benefits.** No related party of Midlands is entitled to receive, directly or indirectly, as a consequence of the Arrangement, a collateral benefit (and for purposes of this subsection 3.01(ii), "related party" and "collateral benefit" have the meanings given to them in Multilateral Instrument 61-101).
- (jj) **Residence of Midlands.** Midlands is not a "non-resident" of Canada for the purposes of the Tax Act and is a "Canadian corporation" and a "taxable Canadian corporation" for purposes of the Tax Act.

3.02 Representations and Warranties of Alder

Alder hereby represents and warrants to Midlands as follows and hereby acknowledges that Midlands is relying upon such representations and warranties in connection with entering into this Agreement and agreeing to complete the Arrangement as follows:

- (a) **Organization.** Alder and each of the Alder Subsidiaries has been incorporated, is validly subsisting and has full corporate or legal power and authority to own its property and assets and to conduct its business as currently owned and conducted. Alder and each of the Alder Subsidiaries is registered, licensed or otherwise qualified in each jurisdiction where the nature of the business or the location or character of the property and assets owned or leased by it requires it to be so registered, licensed or otherwise qualified, other than those jurisdictions where the failure to be so registered, licensed or otherwise qualified would not have a Material Adverse Effect on Alder. All of the outstanding shares of the Alder Subsidiaries are validly issued, fully paid and non-assessable to the extent such a concept exists under applicable Law. All of the outstanding shares of the Alder Subsidiaries are

owned, directly or indirectly, by Alder. Except pursuant to restrictions on transfer contained in the articles or by-laws (or their equivalent) of the Alder Subsidiaries the outstanding shares of the Alder Subsidiaries which are owned by Alder are owned free and clear of all Encumbrances and neither Alder nor any of the Alder Subsidiaries is liable to any creditor in respect thereof. Except pursuant to this Agreement and the transactions contemplated hereby, there are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any issued or unissued securities of, or interest in, any of the Alder Subsidiaries from either Alder or the Alder Subsidiaries.

- (b) **Capitalization.** Alder is authorized to issue an unlimited number of Alder Common Shares. As at the date hereof, there are: (i) 90,235,585 Alder Common Shares outstanding; (ii) pursuant to the Alder Stock Option Plan, options to acquire an aggregate of 7,857,000 Alder Common Shares (the “**Alder Options**”); and (iii) 2,900,000 share purchase warrants outstanding with an exercise price of \$0.07 expiring on May 30, 2017 (the “**Alder Warrants**”). The exercise prices and expiry dates of the Alder Options and Alder Warrants are described in the Alder Disclosure Memorandum. Except for the Alder Options and pursuant to this Agreement and the transactions contemplated hereby, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Alder or the Alder Subsidiaries to issue or sell any shares of Alder or the Alder Subsidiaries or any securities or obligations of any kind convertible into or exchangeable for any shares of Alder or the Alder Subsidiaries. All outstanding Alder Common Shares have been authorized and are validly issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights. As of the date hereof, there are no outstanding bonds, debentures or other evidences of indebtedness of Alder or of any Alder Subsidiary having the right to vote with the Alder Shareholders on any matter. There are no outstanding contractual obligations of Alder or of any Alder Subsidiary to repurchase, redeem or otherwise acquire any outstanding Alder Common Shares, except as contemplated herein (including the Settlement Shares), or with respect to the voting or disposition of any outstanding Alder Common Shares. Alder has not adopted a shareholder rights plan.
- (c) **Authority.** Alder has all necessary power, authority and capacity to enter into this Agreement and all other agreements and instruments to be executed by Alder as contemplated by this Agreement, and to perform its obligations hereunder and under such other agreements and instruments. The execution and delivery of this Agreement and the Alder Disclosure Memorandum by Alder and the completion by Alder of the transactions contemplated by this Agreement have been authorized by the directors of Alder and, subject to obtaining the Alder Securityholder Approval, the Interim Order and the Final Order in the manner contemplated herein, no other corporate proceedings on the part of Alder are necessary to authorize this Agreement to complete the Arrangement and the transactions contemplated hereby or thereby other than in connection with the approval by the directors of Alder of the Alder Circular. This Agreement and the Alder Disclosure Memorandum has been executed and delivered by Alder and constitutes a legal, valid and binding obligation of Alder, enforceable against Alder in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity. Except as set out in the Alder Disclosure Memorandum, the execution and delivery by Alder of this Agreement and the Alder Disclosure Memorandum and the performance by Alder of its obligations hereunder and the completion of the Arrangement and the transactions contemplated hereby, do not and will not:

- (i) result in a violation, contravention or breach of, require any consent to be obtained under or give rise to any termination rights under any provision of:
 - (A) the articles or by-laws (or their equivalent) of Alder or any of the Alder Subsidiaries;
 - (B) any Law, with the exception of consents required by those laws and regulations identified in Section 3.02(d); or
 - (C) any contract, agreement, licence or permit to which Alder or any of the Alder Subsidiaries are bound or are subject to or of which Alder or any of the Alder Subsidiaries are the beneficiary,

in each case, which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Alder;

- (ii) give rise to or result in:
 - (A) any right of termination of any agreement to which Alder or any of the Alder Subsidiaries is a party;
 - (B) the cancellation, suspension or alteration in the terms of any material licence, permit or authority held by Alder or any of the Alder Subsidiaries; or
 - (C) any rights of first refusal, or trigger any provision of any agreement to which Alder or any of the Alder Subsidiaries is a party relating to either (A) a change in control; or (B) any restriction or limitation under any agreement to which Alder or any of the Alder Subsidiaries is a party,

in each case, which would, individually or in the aggregate, have a Material Adverse Effect on Alder;

- (iii) give rise to any right of termination or acceleration of indebtedness, cause any indebtedness owing by Alder or any of the Alder Subsidiaries to come due before its stated maturity or cause any available credit to cease to be available which would, individually or in the aggregate, have a Material Adverse Effect on Alder; or
- (iv) result in the imposition of any Encumbrance upon any of the property or assets of Alder or any of the Alder Subsidiaries or restrict, hinder, impair or limit the ability of Alder or any of the Alder Subsidiaries to conduct the business of Alder or any of the Alder Subsidiaries as and where it is now being conducted which would, individually or in the aggregate, have a Material Adverse Effect on Alder.

- (d) **Government Approvals.** No consent, approval, order or authorization of, or declaration or filing with, any Governmental Entity or other person is required to be obtained by Alder or any of the Alder Subsidiaries (i) in connection with the execution and delivery of this Agreement or the consummation by Alder of the transactions contemplated hereby, or (ii) in order that the authority of Alder to carry on its business in the ordinary course and in the same manner as presently conducted remains in good standing and in full force and effect

as of and following the closing of the transactions contemplated herein and in the Plan of Arrangement, other than: (A) any approvals required by the Interim Order; (B) any approvals required by the Final Order; (C) filings required under the OBCA and filings with and approvals required by Securities Authorities and stock exchanges; and (D) any other consents, approvals, orders, authorizations, declarations or filings which, if not obtained, would not, individually or in the aggregate, have a Material Adverse Effect on Alder.

- (e) **Board Approval.** The Alder Board (other than those directors of Alder who have declared a conflict and have abstained from voting therein) has unanimously:
- (i) determined that the Share Consideration offered pursuant to the Arrangement is fair to the Alder Shareholders and the Arrangement is in the best interests of Alder;
 - (ii) resolved to recommend that the Alder Shareholders and Alder Warrantholders vote in favour of the Alder Arrangement Resolution; and
 - (iii) approved the Arrangement and authorized entering into, executing and delivering this Agreement and performing the obligations set out herein and proceeding with the Arrangement.
- (f) **Fairness Opinion.** The Alder Board has received the oral opinion (the “**Alder Fairness Opinion**”) of Glanville & Associates Ltd. and Bruce McKnight Minerals Advisors Services, its financial advisor, to the effect that, as of the date of such opinion, subject to the assumptions and limitations set out therein, the Share Consideration to be received by the Alder Shareholders in connection with the transactions contemplated by this Agreement is fair, from a financial point of view, to the Alder Shareholders other than Midlands and its affiliates.
- (g) **Alder Subsidiaries.** The only Subsidiaries of Alder are the Alder Subsidiaries. Alder does not own a direct or indirect voting or equity interest of greater than 10% in any other corporation, partnership, joint venture or other entity that is material to Alder.
- (h) **No Defaults.** Neither Alder nor any of the Alder Subsidiaries is in default under, and, there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute a default by Alder or any of the Alder Subsidiaries under any contract, agreement or licence that is material to the conduct of the business of Alder or any of the Alder Subsidiaries to which it or any of them is a party or by which it is bound that would, individually or in the aggregate, have a Material Adverse Effect on Alder.
- (i) **Absence of Changes.** Since September 30, 2014, except as set out in the Alder Public Disclosure Documents, the Alder Disclosure Memorandum or expressly contemplated by this Agreement:
- (i) Alder and the Alder Subsidiaries have conducted their respective businesses only in the ordinary and regular course of business consistent with past practice;
 - (ii) Alder has not incurred or suffered a Material Adverse Effect;
 - (iii) Alder has not effected any amendment to, or proposed to amend, its articles or by-laws;

- (iv) there has not been any acquisition or definitive agreement to acquire by amalgamating, merging, consolidating or entering into a business combination with, purchasing substantially all the assets of or otherwise acquiring, any business or any corporation, partnership, association or other business organization or division thereof, which transaction would be material to Alder;
 - (v) there has not been any sale, lease, transfer, mortgage, hypothecation or other disposition of any of its assets or properties, real, personal or mixed, immovable or movable (including securities), that are material, individually or in the aggregate, to Alder;
 - (vi) other than in the ordinary and regular course of business consistent with past practice, there has not been any material incurrence, assumption or guarantee by Alder or the Alder Subsidiaries of any debt for borrowed money, any creation or assumption by Alder or any of the Alder Subsidiaries of any Encumbrance, any making by Alder or any of the Alder Subsidiaries of any loan, advance or capital contribution to or investment in any other person (other than loans made to the Alder Subsidiaries) or any entering into, amendment of, relinquishment, termination or non-renewal by Alder or any Alder Subsidiary of any contract, agreement, licence, lease transaction, commitment or other right or obligation that would, individually or in the aggregate, have a Material Adverse Effect on Alder;
 - (vii) other than in the ordinary and regular course of business, there has not been, nor has Alder or any of the Alder Subsidiaries agreed to, any material increase in or modification of the compensation payable to or to become payable by Alder or any of the Alder Subsidiaries to any of its directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay or any increase or modification of any bonus, pension, insurance or benefit arrangement (including, without limitation, the granting of Alder Options pursuant to the Alder Stock Option Plan) made to, for or with any of such directors or officers;
 - (viii) Alder has not effected or passed any resolution or agreed to any subdivision, consolidation, redemption, purchase, offer to purchase or any other acquisition or reclassification of any of the outstanding Alder Common Shares, declaration or payment of any dividends on or making of other distributions (whether in cash, shares or property, or any combination thereof) or reduction in the stated capital in respect of its shares;
 - (ix) Alder has not effected any material change in its accounting methods, principles or practices; and
 - (x) neither Alder nor any of the Alder Subsidiaries has adopted any, or materially amended any, collective bargaining agreement, bonus, pension, profit sharing, stock purchase, stock option or other benefit plan or shareholder rights plan other than as disclosed in the Alder Public Disclosure Documents.
- (j) **Contracts and Commitments.** All material agreements to which Alder or any of the Alder Subsidiaries is a party or by which it is bound: (i) are valid, binding, in full force and effect in all material respects and enforceable by Alder or the applicable Alder Subsidiary in accordance with their respective terms, subject, however, to limitations with respect to

enforcement imposed by Law in connection with bankruptcy or similar proceedings, the equitable power of the courts to stay proceedings before them and the execution of judgments and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the courts from which they are sought; and (ii) do not, by their terms, require the consent of any of the parties thereto with respect to the Arrangement or any of the transactions contemplated thereby, except as set out in the Alder Disclosure Memorandum.

(k) Labour and Employment.

- (i) All current assessments under applicable workers compensation legislation in relation to the employees listed in Section 4.01(k) of the Alder Disclosure Memorandum have been paid or accrued by Alder, the Alder Subsidiaries as applicable, and Alder and/or the Alder Subsidiaries are not subject to any special or penalty assessment under such legislation which has not been paid. Alder and each of the Alder Subsidiaries have operated in all material respects in accordance with all applicable Law with respect to employment and labour, including, but not limited to, employment and labour standards, occupational health and safety, employment equity, pay equity, workers' compensation, human rights and labour relations and there are no current, or, to the knowledge of Alder, pending or threatened, material proceedings before any board or tribunal with respect to any of the above areas.
- (ii) Except for those written or oral employment contracts with salaried employees of Alder and any of the Alder Subsidiaries identified in Section 4.01(k) of the Alder Disclosure Memorandum, there are no written contracts of employment entered into with any such employees or any oral contracts of employment. Except for those agreements or provisions described in Section 4.01(k) of the Alder Disclosure Memorandum, no employee director or consultant of Alder or any of the Alder Subsidiaries is party to a change of control, severance, termination, golden parachute or similar agreement or provision or would receive payments under such agreement or provision as a result of the Arrangement.
- (iii) There are no collective agreements that exist, either directly or by operation of law, between Alder or any of the Alder Subsidiaries and any trade union or association which may qualify as a trade union. There are no outstanding or, to the knowledge of Alder, threatened labour tribunal proceedings of any kind, including unfair labour practice proceedings or any proceedings which could result in certification of a trade union as bargaining agent for any employees of Alder or any of the Alder Subsidiaries. There are no threatened or apparent union organizing activities involving employees of Alder or any of the Alder Subsidiaries. There is no strike or lockout involving the employees of Alder or any of the Alder Subsidiaries. Neither Alder nor any of the Alder Subsidiaries has any relationship, arrangement or understanding with any trade union or association which may qualify as a trade union.
- (iv) Neither Alder nor any Alder Subsidiary is subject to any claim for wrongful dismissal, constructive dismissal or any tort claim, actual or, to the knowledge of Alder, pending or threatened, or any litigation, actual or, to the knowledge of Alder, pending or threatened, relating to employment or termination of employment of employees or independent contractors.

- (l) **Financial Matters.** The audited statements of financial position, statements of comprehensive income, statements of cash flows and statements of changes in equity of Alder for the fiscal year ended September 30, 2014 (collectively, the “**Alder Financial Statements**”) were prepared in accordance with IFRS, consistently applied, and fairly present in all material respects the consolidated financial condition of Alder at the respective dates indicated and the results of operations of Alder for the periods covered. Except as disclosed in the Alder Financial Statements, neither Alder nor any of the Alder Subsidiaries has any liability or obligation (including, without limitation, to give any guarantees or for Taxes), whether accrued, absolute, contingent or otherwise, not reflected in the consolidated financial statements of Alder for the period ended September 30, 2014, except liabilities and obligations incurred in the ordinary and regular course of business, which liabilities or obligations would not reasonably be expected to have a Material Adverse Effect on Alder, being as more particularly disclosed in Section 4.01(l) of the Alder Disclosure Memorandum. There has been no material change in Alder’s accounting policies since September 30, 2014.
- (m) **Books and Records.** The corporate records of Alder and the Alder Subsidiaries have been maintained in accordance with all applicable Laws and are complete and accurate in all material respects, except where such incompleteness or inaccuracy would not omit material information required to be included. Financial books and records and accounts of Alder and the Alder Subsidiaries in all material respects: (i) have been maintained in accordance with good business practices on a basis consistent with prior years and past practice; (ii) are stated in reasonable detail and accurately and fairly reflect the transactions and acquisitions and dispositions of assets of Alder; and (iii) accurately and fairly reflect the basis for the consolidated financial statements of Alder. The minute books of each of Alder and, the Alder Subsidiaries are true and correct in all material respects; they contain the duly signed minutes of all meetings of the Alder Board, the Alder Shareholders and board committees and all resolutions passed by the Alder Board, the Alder Shareholders and the board committees other than the minutes of meetings held in connection with the Arrangement.
- (n) **Litigation.** Except as disclosed in the Alder Disclosure Memorandum, there is no claim, action, proceeding or investigation pending or in progress or, to the knowledge of Alder, threatened against or relating to Alder or any of the Alder Subsidiaries or affecting any of their respective properties or assets before any Governmental Entity which individually or in the aggregate has, or could reasonably be expected to have, a Material Adverse Effect on Alder. There is no bankruptcy, liquidation, winding-up or other similar proceeding pending or in progress, or, to the knowledge of Alder, threatened against or relating to Alder or any of the Alder Subsidiaries before any Governmental Entity. Neither Alder nor any of the Alder Subsidiaries nor any of their properties or assets are subject to any outstanding judgment, order, writ, injunction or decree that involves or may involve, or restricts or may restrict the right or ability of Alder or any of the Alder Subsidiaries, as the case may be, to conduct its business in all material respects as it has been carried on prior to the date hereof, or that would materially impede the consummation of the transactions contemplated by this Agreement, except to the extent any such matter would not have a Material Adverse Effect on Alder.

(o) **Interest in Mineral Rights.**

- (i) All of Alder's and each of the Alder Subsidiary's mineral interests and rights (including any material claims, concessions, exploration licences, exploitation licences, prospecting permits, mining leases and mining rights, in each case, either existing under contract, by operation of Law or otherwise) (collectively, the "**Alder Mineral Rights**"), are accurately set forth in the Alder Public Disclosure Documents. Other than the Alder Mineral Rights set out in the Alder Public Disclosure Documents, neither Alder nor any of the Alder Subsidiaries owns or has any interest in any material real property or any material mineral interests and rights.
- (ii) Except as set forth in the Alder Public Disclosure Documents or the Alder Disclosure Memorandum, Alder or an Alder Subsidiary is the sole legal and beneficial owner of all right, title and interest in and to the Alder Mineral Rights, free and clear of any material Encumbrances.
- (iii) All of the Alder Mineral Rights have been properly located and recorded in compliance with applicable Law and are comprised of valid and subsisting mineral claims.
- (iv) The Alder Mineral Rights are in good standing under applicable Law in all material respects and all work required to be performed and filed in respect thereof has been performed and filed, all Taxes, rentals, fees, expenditures and other payments in respect thereof have been paid or incurred and all filings in respect thereof have been made.
- (v) There is no material adverse claim against or challenge to the title to or ownership of any of the Alder Mineral Rights.
- (vi) Except as set forth in the Alder Public Disclosure Documents, Alder or an Alder Subsidiary has the exclusive right to deal with all of the Alder Mineral Rights.
- (vii) Except as set forth in the Alder Public Disclosure Documents, no person other than Alder and the Alder Subsidiaries has any interest in the Alder Mineral Rights or the production or profits therefrom or any royalty in respect thereof or any right to acquire any such interest.
- (viii) Except as set forth in the Alder Public Disclosure Documents, there are no back-in rights, earn-in rights, rights of first refusal or similar provisions or rights which would affect Alder's or the applicable Alder Subsidiary's interest in any of the Alder Mineral Rights.
- (ix) There are no material restrictions on the ability of Alder or any of the Alder Subsidiaries to use, transfer or exploit any of the Alder Mineral Rights, except pursuant to the applicable Law.
- (x) There are no work commitments or outstanding obligations of Alder or the Alder Subsidiaries related to the Alder Mineral Rights.

- (xi) Neither Alder nor any of the Alder Subsidiaries has received any notice, whether written or oral, from any Governmental Entity of any revocation or intention to (A) revoke any interest of Alder or the applicable Alder Subsidiary in any of the Alder Mineral Rights; (B) require modifications to the terms of existing contractual arrangements with such Governmental Entities in relation to the Alder Mineral Rights; or (C) not to renew any such interest in accordance with applicable Law.
- (xii) Except as disclosed in the Alder Disclosure Memorandum, Alder and the Alder Subsidiaries have all surface rights, including fee simple estates, leases, easements, rights of way and permits or licences for operations from landowners or Governmental Entities permitting the use of land by Alder and the Alder Subsidiaries, and mineral interests that are required to exploit the development potential of the Alder Mineral Rights as contemplated in the Alder Public Disclosure Documents on or before the date hereof and no third party or group holds any such rights that would be required by Alder to develop any of the Alder Mineral Rights as contemplated in Alder Public Disclosure Documents on or before the date hereof.
- (xiii) Except as disclosed in the Alder Disclosure Memorandum, Alder has duly filed with the applicable regulatory authorities in compliance with applicable Securities Laws all reports required by NI 43-101, and all such reports comply with the requirements of NI 43-101.
- (xiv) Alder has provided Midlands with access to full and complete copies of all exploration information and data including, without limitation, all geological, geophysical and geochemical information and data (including all drill, sample and assay results and all maps) and all technical reports, preliminary economic assessments, prefeasibility studies and feasibility studies and other similar reports and studies concerning the Alder Mineral Rights, as applicable, within the possession or control of Alder.
- (xv) All work and activities carried out on the Alder Mineral Rights by Alder or the Alder Subsidiaries or, to the knowledge of Alder, by any other person appointed by Alder or any of the Alder Subsidiaries have been carried out in all material respects in compliance with all applicable Laws, and neither Alder, nor any of the Alder Subsidiaries, nor, to the knowledge of Alder, any other person, has received notice of any material breach of any such applicable Laws.
- (xvi) Alder and the Alder Subsidiaries have made or will make available to Midlands all material information in its possession or under its control relating to the Alder Mineral Rights.
- (xvii) The execution, delivery and performance of this Agreement by Alder will not violate, conflict with or result in a violation or breach of any provision of, or require a consent, approval or notice under or constitute a default under or result in a right of termination under or with respect to any of the Alder Mineral Rights.
- (xviii) As of the date hereof, the exploration expenditures made by or on behalf of Alder with respect to the property that is the subject matter of the Option Agreement is not less than \$3,480,000.

- (p) **Permits.** Each of the Alder Subsidiaries has obtained and is in material compliance with all material permits required by applicable Laws, necessary to conduct its current business as now being conducted. To the knowledge of Alder, there are no facts, events or circumstances that would reasonably be expected to result in a failure to obtain or be in compliance with such material permits as are necessary to conduct its business as it is currently being conducted as set forth in Alder Public Disclosure Documents.
- (q) **Intellectual Property.** There is no action, suit, proceeding or claim pending or, to the knowledge of Alder, threatened by others challenging the rights of Alder or the Alder Subsidiaries in or to any Intellectual Property which is used for the conduct of the business of Alder or the Alder Subsidiaries as currently carried on as set forth in the Alder Public Disclosure Documents.
- (r) **Insurance.** Alder and the Alder Subsidiaries maintain policies of insurance with reputable insurers and in amounts covering such risks and with those deductibles as are adequate and usual for companies of a similar size operating in their respective industries. The policies and the coverage provided thereunder are in full force and effect and Alder and the Alder Subsidiaries are in good standing under each policy. Alder and the Alder Subsidiaries have not received notice of, nor has any knowledge of, any fact, condition or circumstance which might reasonably form the basis of any claim, dispute, liability, obligation, action, debt, proceeding or litigation against Alder or any of the Alder Subsidiaries which is not in all material respects covered by insurance (subject to standard deductibles) maintained by it and which could have a Material Adverse Effect on Alder.
- (s) **Environmental.**
- (i) Alder and each of the Alder Subsidiaries has been and is operated in compliance with all Environmental Laws and Environmental Approvals, except to the extent that a failure to be in such compliance, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Alder;
 - (ii) all material Environmental Approvals which are required under Environmental Laws for the ownership, operation or use by Alder or any of the Alder Subsidiaries of the real property, assets, the Alder Mineral Rights and other facilities owned or used by Alder or the Alder Subsidiaries have been duly obtained, and are in full force and effect, are not subject to appeal, or to the knowledge of Alder, any pending or threatened legal or administrative proceedings to amend, revoke or replace such material Environmental Approvals;
 - (iii) Alder has not used its properties to generate, manufacture, refine, treat, recycle, transport, store, handle, dispose, transfer, produce or process Hazardous Substances, except in compliance in all material respects with Environmental Laws and Environmental Approvals and except to the extent that such non-compliance would not reasonably be expected to have a Material Adverse Effect on Alder. Neither Alder nor any of the Alder Subsidiaries nor, to the knowledge of Alder, any other person in control of any of the real property, assets and other facilities owned or used by Alder has caused or permitted the Release of any Hazardous Substances at, in, on, under or from any such properties, assets or facilities except in compliance, individually or in the aggregate, with Environmental Laws and Environmental Approvals, except to the extent that a failure to be in such compliance would not reasonably be expected to have a Material Adverse Effect

on Alder. All Hazardous Substances handled, recycled, disposed of, treated or stored on or off site of Alder's properties have been handled, recycled, disposed of, treated and stored in material compliance with Environmental Laws and Environmental Approvals except to the extent that a failure to be in such compliance, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Alder. To the knowledge of Alder, there are no Hazardous Substances at, in, on, under or migrating from any of the real property, assets and other facilities owned or used by Alder except in material compliance with Environmental Laws and Environmental Approvals and except to the extent that any failures to be in compliance would not reasonably be expected to have a Material Adverse Effect on Alder;

- (iv) neither Alder nor any of the Alder Subsidiaries nor any other person for whose actions Alder or the Alder Subsidiaries may be partially or wholly liable, has treated or disposed, or arranged for the treatment or disposal, of any Hazardous Substances at any location: (A) listed on any list of hazardous sites or sites requiring Remedial Action issued by any Governmental Entity; (B) to the knowledge of Alder, proposed for listing on any list issued by any Governmental Entity of hazardous sites or sites requiring Remedial Action, or any similar federal, state or provincial lists; or (C) which is the subject of enforcement actions by any Governmental Entity that creates the reasonable potential for any proceeding, action, or other claim against Alder or the Alder Subsidiaries. To the knowledge of Alder, no facility now or previously owned or leased by Alder or any of the Alder Subsidiaries is listed or, to the knowledge of Alder, is proposed for listing on any list issued by any Governmental Entity of hazardous sites or sites requiring Remedial Action or is the subject of Remedial Action;
- (v) except to the extent that would not reasonably be expected to have a Material Adverse Effect on Alder, neither Alder nor any of the Alder Subsidiaries nor any other person for whose actions Alder or the Alder Subsidiaries may be partially or wholly liable has caused or permitted the Release of any Hazardous Substances on or to any of Alder's properties or facilities in such a manner as: (A) would reasonably be expected to impose Liability for cleanup, natural resource damages, loss of life, personal injury, nuisance or damage to other property, except to the extent that such Liability would not have a Material Adverse Effect on Alder; or (B) would reasonably be expected to result in imposition of a lien, charge or other encumbrance or the expropriation on any of its properties, assets or facilities; and
- (vi) neither Alder nor any of the Alder Subsidiaries has received from any person or Governmental Entity any notice, formal or informal, of any proceeding, action or other claim, Liability or potential Liability arising under any Environmental Law or Environmental Approval that is pending as of the date hereof.

(t) **Tax Matters.**

- (i) Alder and each of the Alder Subsidiaries has duly and timely made or prepared all Tax Returns required to be made or prepared by it, has duly and timely filed all Tax Returns required to be filed by it with the appropriate Governmental Entity and has completely and correctly reported all income and all other amounts or information required to be reported thereon, except to the extent that any failure in

connection with the foregoing would not reasonably be expected to have a Material Adverse Effect on Alder;

- (ii) Alder and each of the Alder Subsidiaries has: (A) duly and timely paid all Taxes due and payable by it; (B) duly and timely withheld all Taxes and other amounts required by Law to be withheld by it and has duly and timely remitted to the appropriate Governmental Entity such Taxes and other amounts required by Law to be remitted by it; and (C) duly and timely collected all amounts on account of sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by Law to be collected by it and has duly and timely remitted to the appropriate Governmental Entity any such amounts required by Law to be remitted by it, except to the extent that any failure in connection with the foregoing would not reasonably be expected to have a Material Adverse Effect on Alder;
- (iii) the charges, accruals and reserves for Taxes reflected on the Alder Financial Statements (whether or not due and whether or not shown on any Tax Return but excluding any provision for deferred income taxes) are adequate under IFRS to cover Taxes with respect to Alder and the Alder Subsidiaries (to the extent such entities are consolidated in the Alder Financial Statements) accruing through the date hereof;
- (iv) there are no proceedings, investigations, audits, assessments, reassessments or claims now pending or to the knowledge of Alder, threatened against Alder or any of the Alder Subsidiaries that propose to assess Taxes in addition to those reported in the Tax Returns;
- (v) no waiver of any statute of limitations with respect to Taxes has been given or requested with respect to Alder or any of the Alder Subsidiaries;
- (vi) to the knowledge of Alder, no claim has been made by any Governmental Entity in a jurisdiction where Alder and the Alder Subsidiaries do not file tax returns that Alder or any Alder Subsidiary may be subject to Tax in that jurisdiction;
- (vii) in respect of any Tax related matter involving Alder or any of the Alder Subsidiaries, there has been no (A) Tax ruling obtained; (B) material correspondence between Alder or any Alder Subsidiary with any Tax authority other than Tax Returns or matters related thereto in the ordinary course; (C) Tax related objection filed by or on behalf of Alder or any Alder Subsidiary; (D) formal or informal opinions or views expressed by a Tax advisor of Alder or any Alder Subsidiary, which has not been disclosed to Alder; nor (E) submissions relating to any position taken or election made by Alder or any Alder Subsidiary, in respect of any Tax related matter involving Alder or any Alder Subsidiary, in each case, other than those which would not be expected to have a Material Adverse Effect on Alder;
- (viii) all income, sales and capital tax liabilities of each of Alder and the Alder Subsidiaries have been assessed by the relevant taxing authority and notices of assessment have been issued to each such entity by the relevant taxing authority for all taxation years or periods ending prior to September 30, 2013; and

- (ix) neither Alder nor any of the Alder Subsidiaries is a “United States real property holding corporation” within the meaning of Section 897(c) of the Code, and Alder does not own any “United States real property interest” within the meaning of Section 897(c) of the Code.
- (u) **Pension and Employee Benefits.** Alder and the Alder Subsidiaries have complied with all of the terms of the pension and other employee compensation and benefit obligations of Alder and the Alder Subsidiaries, including the provisions of any collective agreements, funding and investment contracts or obligations applicable thereto, arising under or relating to each of the pension or retirement income plans or other employee compensation or benefit plans, agreements, policies, programs, arrangements or practices, whether written or oral, which are maintained by or binding upon Alder or any Alder Subsidiary, as the case may be, other than such non-compliance that would not reasonably be expected to have a Material Adverse Effect on Alder.
- (v) **Mineral Resources.** The most recent estimated indicated and inferred mineral resources of Alder disclosed in the Alder Public Disclosure Documents have been prepared and disclosed in all material respects in accordance with all applicable Laws. The information provided by Alder to the Qualified Persons (as defined in NI 43-101) in connection with the preparation of such estimates was complete and accurate at the time such information was furnished. No material mineral deposits of Alder are subject to illegal occupation. There has been no material reduction in the aggregate amount of estimated mineral resources of Alder from the amounts disclosed in the Alder Public Disclosure Documents.
- (w) **Regulatory.** Except as disclosed in Section 4.01(w) of the Alder Disclosure Memorandum:
 - (i) Alder and the Alder Subsidiaries have operated and are currently operating in material compliance with all applicable Laws, including all applicable published rules, regulations, guidelines and policies of any Regulatory Authorities having jurisdiction over Alder and the Alder Subsidiaries or their respective activities except as would not reasonably be expected to have a Material Adverse Effect on Alder; and
 - (ii) Alder and the Alder Subsidiaries have operated and are currently operating their respective businesses in compliance with all Regulatory Authorizations in all material respects and have made all requisite material declarations and filings with the Regulatory Authorities. Neither Alder nor the Alder Subsidiaries has received any written notices or other correspondence from the Regulatory Authorities regarding any circumstances that have existed or currently exist which would lead to a loss, suspension, or modification of, or a refusal to issue, any material Regulatory Authorization relating to its activities which would reasonably be expected to restrict, curtail, limit or adversely affect the ability of Alder or any of the Alder Subsidiaries to operate their respective businesses in a manner which would have a Material Adverse Effect on Alder.
- (x) **Related Party Transactions.** Other than as disclosed in the Alder Public Disclosure Documents or the Alder Disclosure Memorandum, there are no Contracts or other transactions currently in place between Alder or any of the Alder Subsidiaries, on the one hand, and: (i) to the knowledge of Alder, any officer or director of Alder or any of the Alder Subsidiaries; (ii) to the knowledge of Alder, any holder of record or, to the

knowledge of Alder, beneficial owner of 10% or more of the Alder Common Shares; and (iii) to the knowledge of Alder, any affiliate or associate of any such, officer, director, holder of record or beneficial owner, on the other hand.

- (y) **Registration Rights.** No Alder Shareholder has any right to compel Alder to register or otherwise qualify the Alder Common Shares (or any of them) for public sale or distribution.
- (z) **Due Diligence Information.** All information provided to Midlands by Alder or any of the Alder Subsidiaries is true and correct in all material respects and does not contain any omissions as at its respective date as stated therein and has not been amended except as provided to Midlands.
- (aa) **Reporting Status.** Alder is a reporting issuer or its equivalent in each of the provinces of British Columbia, Alberta and Ontario. The Alder Common Shares are listed on the TSX-V.
- (bb) **Reports.** Since September 30, 2014, Alder has filed with the Securities Authorities a true and complete copy of all forms, reports, schedules, statements, certifications, material change reports and other documents required to be filed by it (such forms, reports, schedules, statements, certifications and other documents, including any financial statements or other documents, including any schedules included therein, are referred to herein as the “**Alder Public Disclosure Documents**”) in accordance with applicable Securities Laws. The Alder Public Disclosure Documents, at the time filed or, if amended, as of the date of such amendment: (i) did not contain any misrepresentation (as defined by applicable Securities Laws) and did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (ii) complied in all material respects with the requirements of applicable Securities Laws, including the rules, policies and instruments of all Securities Authorities having jurisdiction over Alder, and any amendments to the Alder Public Disclosure Documents required to be made have been filed on a timely basis with the Securities Authorities. Alder has not filed any confidential material change report which at the date hereof remains confidential. None of the Alder Subsidiaries are required to file any reports or other documents with any of the Securities Authorities or the TSX-V.
- (cc) **Compliance with Laws.** Alder and the Alder Subsidiaries have complied with and are not in violation of any applicable Law other than such non-compliance or violations that would not, individually or in the aggregate, have a Material Adverse Effect on Alder.
- (dd) **No Cease Trade.** Alder is not subject to any cease trade or other order of any applicable stock exchange or Securities Authority and, to the knowledge of Alder, no investigation or other proceedings involving Alder that may operate to prevent or restrict trading of any securities of Alder are currently in progress or pending before any applicable stock exchange or Securities Authority.
- (ee) **No Option on Assets.** Except as disclosed in Section 4.01(ee) of the Alder Disclosure Memorandum, no person has any agreement or option or any right or privilege (including, without limitation, any right of first refusal or other right of participation) capable of becoming an agreement or option for the purchase from Alder or any of the Alder Subsidiaries of any of the Alder Mineral Rights or other material asset or properties of Alder other than as described or contemplated herein.

- (ff) **Restrictions on Business Activities.** Neither Alder nor any of the Alder Subsidiaries is a party to or bound by any non-competition agreement or any other agreement, obligation, judgment, injunction, arbitral award, constitutional ruling, order or decree that has or would reasonably be expected to have the effect of prohibiting, restricting, or impairing: (i) the manner or the localities in which all or any material portion of the business of Alder or any of the Alder Subsidiaries is conducted; (ii) any business practice of Alder or any of the Alder Subsidiaries in any material respect; or (iii) any acquisition or disposition of any property or assets by Alder or any of the Alder Subsidiaries in any material respect.
- (gg) **No Indebtedness.** Except as set out in Schedule H, neither Alder nor any of the Alder Subsidiaries owes any money to, has any present loans to, has borrowed any monies from, or is otherwise indebted to any officer, director, employee, shareholder or any person not dealing at “arm’s length” (as such term is defined in the Tax Act) with Alder or the applicable Alder Subsidiary, except as set forth in the Alder Financial Statements or the Alder Disclosure Memorandum.
- (hh) **No Agreement to Merge.** Except for this Agreement, neither Alder nor any of the Alder Subsidiaries has any definitive agreement of any nature whatsoever to acquire, merge or enter into any business combination with any entity, or to acquire or lease any other business operations.
- (ii) **Disclosure Controls and Procedures.** Alder has devised and maintained a system of disclosure controls and procedures designed to ensure that information required to be disclosed by Alder under applicable Laws (including applicable Securities Laws) is recorded, processed, summarized and reported within the time periods specified in the applicable Laws. Such disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by Alder in Alder’s reports and other filings under applicable Laws (including applicable Securities Laws) is accumulated and communicated to Alder’s management, including its chief executive officer and chief financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.
- (jj) **Accounting Controls.** Alder maintains internal control over financial reporting. Alder believes such internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS and includes policies and procedures that: (i) pertain to the maintenance of records that accurately and fairly reflect the transactions and dispositions of the assets of Alder and the Alder Subsidiaries; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS that the receipts and expenditures of Alder and the Alder Subsidiaries are being made only in accordance with authorizations of management and directors of Alder and the Alder Subsidiaries; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Alder and the Alder Subsidiaries’ assets that could have a material effect on its financial statements. There are no significant deficiencies in the design or operation of, or material weaknesses in, Alder’s internal controls over financial reporting that are reasonably likely to materially adversely affect its ability to record, process, summarize and report financial information, and there is no known fraud that involves management or other employees who have a significant role in Alder’s internal control over financial reporting. Since September 30, 2014, Alder has received no (x) material complaints from any source regarding accounting, internal accounting controls or

auditing matters or (y) expressions of concern from employees of Alder regarding questionable accounting or auditing matters.

- (kk) **Vote Required.** Subject to the Interim Order, the Alder Securityholder Approval is the only vote of the holders of any class or series of the Alder Common Shares or Alder Warrants necessary to approve this Agreement and the Arrangement. Alder optionholder approval is not required.
- (ll) **No Broker's Commission.** Alder has not entered into any agreement that would entitle any person to any valid claim against Alder for a broker's commission, finder's fee or any like payment in respect of the Arrangement or any other matter contemplated by this Agreement.
- (mm) **No Collateral Benefits.** Except as disclosed in the Alder Disclosure Memorandum no related party of Alder is entitled to receive, directly or indirectly, as a consequence of the Arrangement, a collateral benefit (and for purposes of this Section 3.02(mm)), "related party" and "collateral benefit" have the meanings given to them in Multilateral Instrument 61-101).
- (nn) **Residence of Alder.** Alder is not a "non-resident" of Canada for purposes of the Tax Act and is a "Canadian corporation" and a "taxable Canadian corporation" for purposes of the Tax Act.

3.03 Additional Disclosures

All exceptions to the representations, warranties and covenants in this Agreement that refer to the Midlands Disclosure Memorandum, the Midlands Public Disclosure Documents, the Alder Disclosure Memorandum, or the Alder Public Disclosure Documents shall mean the information disclosed in such documents as at the date of this Agreement. No information disclosed in any additional public filings or amendments or supplements to any such disclosure documents or memoranda by a Party after the date of this Agreement shall be binding on the other Party unless the other Party otherwise agrees in writing.

3.04 Survival of Representations and Warranties

The representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated and extinguished on the Effective Date. Any investigation by Midlands or Alder and/or their respective advisors shall not mitigate, diminish or affect the representations and warranties contained in this Agreement.

ARTICLE 4 COVENANTS

4.01 Covenants of Midlands and Alder

Each of the Parties hereby covenant as set forth in Schedule C hereof.

4.02 Indemnification and Insurance

- (a) Midlands hereby covenants and agrees that all rights to indemnification or exculpation in favour of the current and former directors and officers of Alder provided in the current articles or by-laws of Alder or in any agreement, and any directors' and officers' insurance

now existing in favour of the directors or officers of Alder shall survive the completion of the Arrangement (or be replaced with substantially equivalent coverage from another provider) and shall continue in full force and effect (either directly or via run-off insurance or insurance provided by an alternative provider) for a period of not less than six years after the Effective Date.

- (b) Alder shall act as agent and trustee of the benefits of the foregoing for its directors and officers for the purpose of this Section 4.02 and this Section 4.02 shall survive the execution and delivery of this Agreement and the completion of the Arrangement and shall be enforceable against Midlands by the persons described in subsection 4.02(a) hereof.

ARTICLE 5 CONDITIONS

5.01 Conditions

The respective obligations of the Parties to complete the transactions contemplated herein are subject to the fulfillment of the conditions set forth in Schedules D, E and F hereto.

5.02 Notice and Cure Provisions

- (a) Each Party shall give prompt notice to the other Party of the occurrence, or failure to occur, at any time from the date hereof until the Effective Date, of any event or state of facts which occurrence or failure would, would be likely to or could:
- (i) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any respect on the date hereof or on the Effective Date;
 - (ii) result in the failure to comply with or satisfy any covenant or agreement to be complied with or satisfied by such party prior to the Effective Date; or
 - (iii) result in the failure to satisfy any of the conditions precedent in favour of the other Party contained in Schedules D, E and F hereto, as the case may be.
- (b) Neither Party may elect to exercise any termination right arising pursuant to Sections 6.02(c) to (h) unless (i) promptly and in any event prior to the Effective Date, the Party intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail the breaches of covenants or untruthfulness or inaccuracy of representations and warranties or other matters that the Party delivering such notice is asserting as the basis for the exercise of the termination right, as the case may be; and (ii) if any such notice is delivered, and a Party is proceeding diligently, at its own expense, to cure such matter, if such matter is susceptible to being cured, the Party that has delivered such notice may not terminate this Agreement until the earlier of the Completion Deadline and the expiration of a period of 15 days from date of delivery of such notice. If such notice has been delivered prior to the date of the Alder Meeting, the Alder Meeting shall be adjourned or postponed until the expiry of such period, subject to Section 2.04(a).

5.03 Merger of Conditions

The conditions set out in Schedules D, E and F hereto shall be conclusively deemed to have been satisfied, fulfilled or waived as of the Effective Time.

ARTICLE 6
NON-SOLICITATION AND TERMINATION

6.01 Covenant Regarding Non-Solicitation

The Parties covenant as set forth in Schedule G.

6.02 Termination

Subject to Section 6.03, this Agreement may be terminated at any time:

- (a) by mutual written agreement of the Parties;
- (b) by a Party if: (i) the board of directors of the other Party has made a Change in Recommendation; or (ii) the other Party has entered into a definitive agreement with respect to a Superior Proposal;
- (c) subject to Section 5.02(b), by a Party in order for such Party to enter into a definitive written agreement with respect to a Superior Proposal;
- (d) subject to Section 5.02(b), by either Party if (i) the Alder Securityholder Approval is not obtained at the Alder Meeting; (ii) the approval of the Midlands Share Consolidation Resolution is not obtained at the Midlands Meeting; or (iii) the approval of the Midlands Board Change Resolution is not obtained at the Midlands Meeting;
- (e) subject to Section 5.02(b), by either Party if any of the mutual conditions precedent set forth in Schedule D hereto have not been satisfied by the Completion Deadline or where it is reasonable to conclude that the condition cannot be satisfied prior to the Completion Deadline;
- (f) subject to Section 5.02(b) and Schedule E, by Midlands, if any condition precedent to its obligations set forth in Schedule E hereto has not been satisfied by the Completion Deadline or where it is reasonable to conclude that the condition cannot be satisfied prior to the Completion Deadline;
- (g) subject to Section 5.02(b) and Schedule F, by Alder, if any condition precedent to its obligations set forth in Schedule F hereto has not been satisfied by the Completion Deadline or where it is reasonable to conclude that the condition cannot be satisfied prior to the Completion Deadline;
- (h) subject to Section 5.02(b), by either Party if there is a material breach by the other Party of its covenants under this Agreement;
- (i) by Midlands if: (i) the approval of the TSX-V in respect of the Bridge Loan is not obtained; or (ii) Alder does not use the Bridge Loan for the purposes of making the payments required under the Option Agreement in order for the Option Agreement to be in good standing and in full force and effect; or
- (j) by either Party if the Effective Time has not occurred on or before the Completion Deadline,

provided that any termination by a Party in accordance with paragraphs (b) to (j) above shall be made by such Party delivering written notice thereof to the other Party (to the extent not otherwise provided pursuant to Section 5.02) prior to the Effective Date and specifying therein in reasonable detail the matter or matters giving rise to such termination right.

6.03 Break Fees

- (a) Midlands shall pay the Midlands Break Fee to Alder if Midlands shall terminate this Agreement, other than in accordance with the provisions of section 6.02(a), (b), (d), (e), (f), (h), (i) or (j). For clarity, the payment by Midlands of the Midlands Break Fee shall be made as and by way of offset as against the Bridge Loan, such that Midlands shall retain the Midlands Break Fee in full and final satisfaction of all amounts that may be due and owing by Alder to Midlands under the Bridge Loan.
- (b) Alder shall pay the Alder Break Fee to Midlands if Alder shall terminate this Agreement, other than in accordance with the provisions of section 6.02(a), (b), (d), (e), (g), (h) or (j).

ARTICLE 7 AMENDMENT

7.01 Amendment

This Agreement may, at any time and from time to time before or after the holding of the Alder Meeting, be amended by mutual written agreement of the Parties without, subject to applicable Law, further notice to or authorization on the part of the Alder Shareholders and any such amendment may, without limitation:

- (a) change the time for the performance of any of the obligations or acts of any Party;
- (b) waive any inaccuracies in or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify the performance of any of the obligations of any of the Parties; and
- (d) waive compliance with or modify any condition herein contained;

provided, however, that notwithstanding the foregoing: (i) following the Alder Meeting, the Share Exchange Ratio shall not be amended without the approval of the Alder Shareholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court; and (ii) this Agreement and the Plan of Arrangement may be amended in accordance with the Final Order but, in the event that the terms of the Final Order require any such amendment, the rights of the Parties under Schedules D, E, F and G and Section 7.02 hereof shall remain unaffected.

7.02 Mutual Understanding Regarding Amendments

- (a) In addition to the transactions contemplated hereby or at the request of a Party, the Parties will continue from and after the date hereof and through and including the Effective Date to use their respective commercially reasonable efforts to maximize present and future planning opportunities for Alder, the Alder Subsidiaries, the Alder Shareholders, Midlands, the Midlands Shareholders and the Midlands Subsidiaries as and to the extent that the same

shall not prejudice any Party or the shareholders thereof. The Parties will ensure that such planning activities do not impede the progress of the Arrangement in any material way.

- (b) The Parties agree that, if either Party proposes to the other Party any amendment to this Agreement or the Plan of Arrangement, both Parties will reasonably consider such amendment. The Parties further agree that if neither Party nor their respective shareholders will be materially prejudiced, and the completion of the Arrangement will not be delayed, by reason of any such amendment, then the Parties will co-operate to, subject to applicable Laws, effect the amendment or amendments.

ARTICLE 8 GENERAL

8.01 Notices

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a Party shall be in writing and shall be delivered by hand to the Party to which the notice is to be given at the following address or sent by facsimile to the following numbers or to such other address or facsimile number as shall be specified by a Party by like notice. Any notice, consent, waiver, direction or other communication aforesaid shall, if delivered, be deemed to have been given and received on the date on which it was delivered to the address provided herein (if a Business Day or, if not, then the next succeeding Business Day) and if sent by facsimile be deemed to have been given and received at the time of receipt (if a Business Day or, if not, then the next succeeding Business Day) unless actually received after 4:00 p.m. (Toronto time) at the point of delivery in which case it shall be deemed to have been given and received on the next Business Day.

The address for service of each of the parties shall be as follows:

- (a) if to Midlands:

Midlands
120 Adelaide Street West, Suite 2400
Toronto, Ontario
M5H 1T1

Attention: President and Chief Executive Officer
Facsimile: (416) 363-8858

With a copy to:

Cassels Brock & Blackwell LLP
2100 Scotia Plaza
40 King Street West
Toronto, Ontario
M5H 3C2

Attention: Cathy Mercer
Facsimile: (416) 350-6927

- (b) if to Alder:

Alder
 65 Queen Street West, Suite 800
 Toronto, Ontario
 M5H 2M5

Attention: President and Chief Executive Officer
 Facsimile: (416) 861-8165

With a copy to:

Cassels Brock & Blackwell LLP
 2100 Scotia Plaza
 40 King Street West
 Toronto, Ontario
 M5H 3C2

Attention: Eva Bellissimo
 Facsimile: (416) 642-7151

8.02 Expenses

The Parties agree that, except for the Midlands Break Fee or Alder Break Fee, as applicable, provided for in Section 6.03, all out-of-pocket expenses incurred in connection with this Agreement and the transactions contemplated hereby (including the Alder Meeting and the preparation and mailing of the Alder Circular), including legal and accounting fees, printing costs, financial advisor fees and all disbursements by advisors and all applicable taxes, shall be paid by the Party incurring such expense. The provisions of this Section 8.02 shall survive the termination of this Agreement.

8.03 Time of the Essence

Time shall be of the essence in this Agreement.

8.04 Entire Agreement

The Confidentiality Agreement and this Agreement, together with the agreements and other documents herein or therein referred to, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof. There are no representations, warranties, covenants or conditions with respect to the subject matter hereof except as contained herein.

8.05 Further Assurances

Each Party shall, from time to time, and at all times hereafter, at the request of the other of them, but without further consideration, do, or cause to be done, all such other acts and execute and deliver, or cause to be executed and delivered, all such further agreements, transfers, assurances, instruments or documents as shall be reasonably required in order to fully perform and carry out the terms and intent hereof including, without limitation, the Plan of Arrangement.

8.06 Governing Law

This Agreement shall be governed by, and be construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of Ontario.

8.07 Execution in Counterparts

This Agreement may be executed in one or more counterparts, each of which shall conclusively be deemed to be an original and all such counterparts collectively shall be conclusively deemed to be one and the same. Delivery of an executed counterpart of the signature page to this Agreement by facsimile or electronic scanned copy shall be effective as delivery of a manually executed counterpart of this Agreement, and the failure of any Party to deliver a manually executed original counterpart shall not affect the validity, enforceability or binding effect of this Agreement.

8.08 Waiver

No waiver or release by either Party shall be effective unless in writing and executed by the Party granting such waiver or release and any waiver or release shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence. Waivers may only be granted upon compliance with the provisions governing amendments set forth in Section 7.01 hereof.

8.09 Enurement and Assignment

This Agreement shall enure to the benefit of the Parties and their respective successors and permitted assigns and shall be binding upon the Parties and their respective successors. This Agreement may not be assigned by either Party without the prior written consent of each of the other Parties.

8.10 Adjustment to Consideration Regarding Distributions

If on or after the date hereof, either Midlands or Alder declares, sets aside or pays any dividend or other distribution to the Midlands Shareholders or Alder Shareholders, as the case may be, of record as of a time prior to the Effective Time, the Parties shall, acting in good faith, make such adjustments to the Share Consideration as may be reasonably necessary to restore the original agreement of the Parties in the circumstances.

[Signature Page Follows.]

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

MIDLANDS MINERALS CORPORATION

Per: “Craig Pearman”
Name: Craig Pearman
Title: President and CEO

ALDER RESOURCES LTD.

Per: “Don Dudek”
Name: Don Dudek
Title: President and CEO

SCHEDULE A

**PLAN OF ARRANGEMENT
UNDER SECTION 182 OF THE
BUSINESS CORPORATIONS ACT (ONTARIO)**

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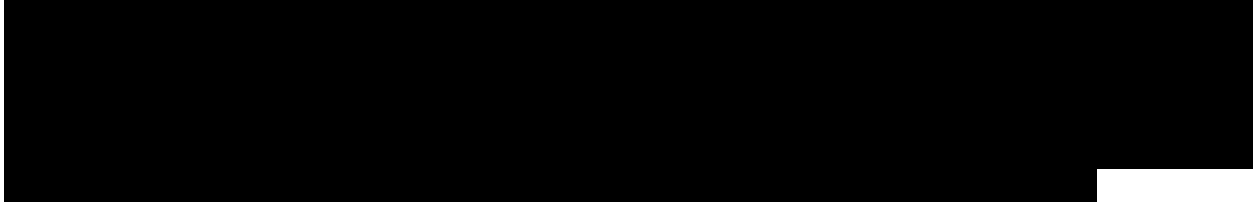
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