



Certificate of Arrangement

Canada Business Corporations Act

Certificat d'arrangement

Loi canadienne sur les sociétés par actions

TELFERSCOT RESOURCES INC.

854939-7

Corporate name(s) of CBCA applicants / Dénomination(s)
sociale(s) de la ou des sociétés LCSA requérantes

Corporation number(s) / Numéro(s) de la ou
des sociétés

I HEREBY CERTIFY that the arrangement set out in the attached articles of arrangement has been effected under section 192 of the *Canada Business Corporations Act*.

JE CERTIFIE que l'arrangement mentionné dans les clauses d'arrangement annexées a pris effet en vertu de l'article 192 de la *Loi canadienne sur les sociétés par actions*.

Virginie Ethier

Director / Directeur

2018-04-09

Date of Arrangement (YYYY-MM-DD)
Date de l'arrangement (AAAA-MM-JJ)



**Canada Business Corporations Act (CBCA)
FORM 14.1
ARTICLES OF ARRANGEMENT
(Section 192)**

1 - Name of the applicant corporation(s)	Corporation number
TELFERSCOT RESOURCES INC.	854939-7

2 - Name of the corporation(s) the articles of which are amended, if applicable	Corporation number
TELFERSCOT RESOURCES INC.	854939-7

3 - Name of the corporation(s) created by amalgamation, if applicable	Corporation number
N/A	

4 - Name of the dissolved corporation(s), if applicable	Corporation number
N/A	

5 - Name of the other bodies corporate involved, if applicable	Corporation number or jurisdiction
10557404 Canada Corp., 10557501 Canada Corp., 10557510 Canada Corp., 10557536 Canada Corp., 10557544 Canada Corp., 10557633 Canada Corp. and 10617059 Canada Corp.	1055740-4, 1055750-1, 1055751-0 1055753-6, 1055754-4, 1055763-3 and 1061705-9

6 - In accordance with the order approving the arrangement, the plan of arrangement attached hereto, involving the above named body(ies) corporate, is hereby effected.

In accordance with the plan of arrangement,

a. the articles of the corporation(s) indicated in item 2, are amended.
If the amendment includes a name change, indicate the change below:

b. the following bodies corporate and/or corporations are amalgamated (for CBCA corporations include the corporation number):

c. the corporation(s) indicated in item 4 is(are) liquidated and dissolved:

7 - I hereby certify that I am a director or an authorized officer of one of the applicant corporations.

Signature:

Print name: Stephen Coates

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).

**PLAN OF ARRANGEMENT UNDER THE
CANADA BUSINESS CORPORATIONS ACT**

**ARTICLE 1
INTERPRETATION**

1.1 In this Plan of Arrangement, the following terms have the following meanings:

“**Amalco**” means the entity formed on the amalgamation of SubCo and Canntab pursuant to the Amalgamation Transaction in accordance with the Amalgamation Agreement;

“**Amalgamation Agreement**” means the amalgamation agreement dated January 12, 2018 among Telferscot, SubCo and Canntab;

“**Amalgamation Transaction**” means the transactions described in the Amalgamation Agreement resulting in the amalgamation between Canntab and SubCo in accordance under the provisions of the terms of the *Business Corporations Act* (Ontario);

“**Arrangement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to the proposed arrangement involving Telferscot Shareholders, the SpinCo1 Shareholders, the SpinCo2 Shareholders, the SpinCo3 Shareholders, the SpinCo4 Shareholders, the SpinCo5 Shareholders, the SpinCo6 Shareholders and the SpinCo7 Shareholders, pursuant to the CBCA on the terms and conditions set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;

“**Arrangement Agreement**” means the arrangement agreement dated effective February 16, 2018, between the Parties with respect to the Arrangement, and all amendments thereto;

“**Assets**” means the assets of Telferscot described in Schedule B to the Arrangement Agreement;

“**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Toronto, in the Province of Ontario, for the transaction of banking business;

“**Canntab**” means Canntab Therapeutics Limited, a company existing under the *Business Corporations Act* (Ontario);

“**CBCA**” means the *Canada Business Corporations Act*, R.S.C. 1985, c. 44, as may be amended or replaced from time to time;

“**Consolidated New Shares**” means the common shares of Telferscot issued and outstanding following the consolidation described in Section 3.1(j)(i);

“**Court**” means the Supreme Court of Justice of Ontario;

“**CSE**” means the Canadian Securities Exchange;

“**Depository**” means Capital Transfer Agency Inc.;

“**Director**” means the Director appointed pursuant to section 260 of the CBCA;

“**Distributed SpinCo1 Shares**” means the SpinCo1 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“**Distributed SpinCo2 Shares**” means the SpinCo2 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“**Distributed SpinCo3 Shares**” means the SpinCo3 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“**Distributed SpinCo4 Shares**” means the SpinCo4 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“**Distributed SpinCo5 Shares**” means the SpinCo5 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“**Distributed SpinCo6 Shares**” means the SpinCo6 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“**Distributed SpinCo7 Shares**” means the SpinCo7 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“**Effective Date**” means the date the Arrangement becomes effective under the CBCA;

“**Exchange Factor**” means the number arrived at by dividing 2,500,000 by the number of issued Telferscot Shares as of the close of business on the Share Distribution Record Date. On the assumption that Telferscot will have 125,000,000 Telferscot Shares outstanding on the Share Distribution Record Date, the Exchange Factor will be 0.02;

“**Final Order**” means the final order of the Court approving the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**Information Circular**” means the management information circular to be sent to the Telferscot Shareholders in connection with the Telferscot Meeting;

“**Interim Order**” means the interim order of the Court concerning the Arrangement under the CBCA in respect of the Parties, containing declarations and directions with respect to the Arrangement and the holding of the Meetings, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“**New Shares**” means the new class of common shares without par value which Telferscot will create pursuant to Section 3.1 of this Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant aspect to the Telferscot Shares;

“**Parties**” means, collectively, Telferscot, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 and “**Party**” means any one of them;

“**Plan**” or “**Plan of Arrangement**” means this plan of arrangement as amended or supplemented from time to time in accordance with the terms hereof and Article 7 of the Arrangement Agreement;

“Share Distribution Record Date” means the close of business on the day which is four Business Days after the date of the Telferscot Meeting or such other date as agreed to by the Parties, which date establishes the Telferscot Shareholders who will be entitled to receive SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares, pursuant to this Plan of Arrangement;

“SpinCo1” means 10557404 Canada Corp., a private company incorporated under the CBCA;

“SpinCo1 Shares” means the common shares without par value in the authorized share structure of SpinCo1, as constituted on the date of the Arrangement Agreement;

“SpinCo1 Stock Option Plan” means the proposed common share purchase option plan of SpinCo1, which is subject to Telferscot Shareholder approval;

“SpinCo2” means 10557501 Canada Corp., a private company incorporated under the CBCA;

“SpinCo2 Shares” means the common shares without par value in the authorized share structure of SpinCo2, as constituted on the date of the Arrangement Agreement;

“SpinCo2 Stock Option Plan” means the proposed common share purchase option plan of SpinCo2, which is subject to Telferscot Shareholder approval;

“SpinCo3” means 10557510 Canada Corp., a private company incorporated under the CBCA;

“SpinCo3 Shares” means the common shares without par value in the authorized share structure of SpinCo3, as constituted on the date of the Arrangement Agreement;

“SpinCo3 Stock Option Plan” means the proposed common share purchase option plan of SpinCo3, which is subject to Telferscot Shareholder approval;

“SpinCo4” means 10557536 Canada Corp., a private company incorporated under the CBCA;

“SpinCo4 Shares” means the common shares without par value in the authorized share structure of SpinCo4, as constituted on the date of the Arrangement Agreement;

“SpinCo4 Stock Option Plan” means the proposed common share purchase option plan of SpinCo4, which is subject to Telferscot Shareholder approval;

“SpinCo5” means 10557544 Canada Corp., a private company incorporated under the CBCA;

SpinCo5 Shares” means the common shares without par value in the authorized share structure of SpinCo5, as constituted on the date of the Arrangement Agreement;

“SpinCo5 Stock Option Plan” means the proposed common share purchase option plan of SpinCo5, which is subject to Telferscot Shareholder approval;

“SpinCo6” means 10557633 Canada Corp., a private company incorporated under the CBCA;

“SpinCo6 Shares” means the common shares without par value in the authorized share structure of SpinCo6, as constituted on the date of the Arrangement Agreement;

“**SpinCo6 Stock Option Plan**” means the proposed common share purchase option plan of SpinCo6, which is subject to Telferscot Shareholder approval;

“**SpinCo7**” means 10617059 Canada Corp., a private company incorporated under the CBCA;

“**SpinCo7 Shares**” means the common shares without par value in the authorized share structure of SpinCo1, as constituted on the date of the Arrangement Agreement;

“**SpinCo7 Stock Option Plan**” means the proposed common share purchase option plan of SpinCo7, which is subject to Telferscot Shareholder approval;

“**Subco**” means 2611780 Ontario Inc., a wholly-owned subsidiary existing under the *Business Corporations Act* (Ontario) formed for the purposes of completing the Amalgamation Transaction;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended; and

“**Telferscot**” means Telferscot Resources Inc., a company existing under the CBCA;

“**Telferscot Class A Shares**” means the renamed and re-designated Telferscot Shares, as described in Section 3.1 of this Plan of Arrangement;

“**Telferscot Class A Preferred Shares**” means the Class “A” preferred shares without par value which Telferscot will create and issue pursuant to Section 3.1 of this Plan of Arrangement;

“**Telferscot Meeting**” means the special meeting of Telferscot Shareholders to be held to consider the Arrangement Resolution and related matters, and any adjournments thereof;

“**Telferscot Shares**” means the common shares of Telferscot and “**Telferscot Shareholder**” means the holders from time to time of Telferscot Shares;

“**Transfer Agent**” means Capital Transfer Agency Inc. at its principal office in Toronto, Ontario.

1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.

1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.

1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.

1.5 In the event that the date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

**ARTICLE 2
ARRANGEMENT AGREEMENT**

- 2.1 This Plan of Arrangement is made pursuant and subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2 This Plan of Arrangement will become effective in accordance with its terms and be binding on the Effective Date on the Telferscot Shareholders.

**ARTICLE 3
ARRANGEMENT**

- 3.1 On the Effective Date, the following shall occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding anything contained in the provisions attaching to any of the Parties, but subject to the provisions of Article 6:
- (a) Telferscot will transfer the Assets to each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo 6 and SpinCo 7 in consideration for 12,500,000 shares from each of SpinCo1 and SpinCo5 (the “**Distributed SpinCo1 Shares**” and the “**Distributed SpinCo5 Shares**”), 2,500,000 shares from each of SpinCo2, SpinCo3, SpinCo4, and SpinCo6 (the “**Distributed SpinCo2 Shares**”, the “**Distributed SpinCo3 Shares**”, the “**Distributed SpinCo4 Shares**”, and the “**Distributed SpinCo6 Shares**”), and 25,000,000 SpinCo7 Shares (the “**Distributed SpinCo7 Shares**”). Thereafter, Telferscot will be added to the securities register of each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 in respect of such SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares;
 - (b) The authorized share capital of Telferscot will be changed by:
 - (i) Altering the identifying name of the Telferscot Shares to class “A” common shares without par value, being the Telferscot Class A Shares;
 - (ii) Creating a class consisting of an unlimited number of common shares without par value (the “**New Shares**”); and
 - (iii) Creating a class consisting of an unlimited number of class “A” preferred shares without par value, having the rights and restrictions described in Schedule “A” to the Plan of Arrangement, being the Telferscot Class A Preferred Shares;
 - (c) Each issued Telferscot Class A Share will be exchanged for one New Share and one Telferscot Class A Preferred Share and, subject to the exercise of a right of dissent, the holders of the Telferscot Class A Shares will be removed from the securities register of Telferscot and will be added to the securities register as the holders of the number of New Shares and Telferscot Class A Preferred Shares that they have received on the exchange;
 - (d) All of the issued Telferscot Class A Shares will be cancelled with the appropriate entries being made in the central securities register of Telferscot and the aggregate paid-up capital (as that term is used for purposes of the Tax Act) of the Telferscot Class A Shares immediately prior to the Effective Date will be allocated between the New Shares and the Telferscot Class A Preferred Shares so that the aggregate paid-up capital of the Telferscot

Class A Preferred Shares is equal to the aggregate fair market value of the Distributed SpinCo1 Shares, the Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and the Distributed SpinCo7 Shares as of the Effective Date, and each Telferscot Class A Preferred Share so issued will be issued by Telferscot at an issue price equal to the aggregate fair market value of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares as of the Effective Date divided by the number of issued Telferscot Class A Preferred Shares, such aggregate fair market value of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares to be determined as at the Effective Date by resolution of the board of directors of Telferscot;

- (e) Telferscot will redeem the issued Telferscot Class A Preferred Shares for consideration consisting solely of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares such that each holder of Telferscot Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive: (i) that number of SpinCo1 Shares and SpinCo5 Shares that is equal to the number of Telferscot Class A Preferred Shares held by such holder multiplied by 5 times the Exchange Factor; (ii) that number of SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, and SpinCo6 Shares that is equal to the number of Telferscot Class A Preferred Shares held by such holder multiplied by the Exchange Factor; and (iii) that number of SpinCo7 Shares that is equal to the number of Telferscot Class A Preferred Shares held by such holder multiplied by 10 times the Exchange Factor;
- (f) The name of each holder of Telferscot Class A Preferred Shares will be removed as such from the central securities register of Telferscot, and all of the issued Telferscot Class A Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of Telferscot;
- (g) The Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares transferred to the holders of the Telferscot Class A Preferred Shares pursuant to step (e) above will be registered in the names of the former holders of Telferscot Class A Preferred Shares and appropriate entries will be made in the central securities registers of each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7;
- (h) The Telferscot Class A Shares and the Telferscot Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in steps (c) and (e) above are completed, will be cancelled and the authorized share structure of Telferscot will be changed by eliminating the Telferscot Class A Shares and the Telferscot Class A Preferred Shares therefrom;
- (i) The Articles of Telferscot will be amended to reflect the changes to its authorized share structure made pursuant to this Plan of Arrangement;

- 3.2 After the Effective Date and subsequent to the completion of the Plan of Arrangement and subject to receipt of all necessary approvals, Telferscot will complete the Amalgamation Transaction in accordance with the following:
- (a) The New Shares will be consolidated on the basis of one (1) Consolidated New Share in exchange for every two-hundred (200) New Shares of Telferscot;
 - (b) Concurrent with the completion of the Amalgamation Transaction, shareholders of Canntab will receive four (4) Consolidated New Shares in exchange for each one (1) common share of Canntab, and all the common shares of Canntab will be cancelled; and
 - (c) the attributes of Amalco shall be as described in the Article 2 of the Amalgamation Agreement.
- 3.3 Notwithstanding Section 3.1(e), no fractional SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 or SpinCo7 Shares shall be distributed to the Telferscot Shareholders or the holders of Telferscot Share Commitments and as a result all fractional share amounts arising under such sections shall be rounded down to the nearest whole number. Any Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and Distributed SpinCo7 Shares not distributed as a result of this rounding down shall be dealt with as determined by the board of directors of Telferscot in its absolute discretion.
- 3.4 The holders of the Telferscot Class A Shares and the holders of New Shares and Telferscot Class A Preferred Shares referred to in Section 3.1(c), and the holders of the Telferscot Class A Preferred Shares referred to in Section 3.1(e), Section 3.1(f) and Section 3.1(g), shall mean in all cases those persons who are Telferscot Shareholders at the close of business on the Share Distribution Record Date, subject to Article 5.
- 3.5 In addition to the chronological order in which the transactions and events set out in Section 3.1 shall occur and shall be deemed to occur, the time on the Effective Date for the redemption of the Telferscot Class A Preferred Shares set out in Section 3.1(e) shall occur and shall be deemed to occur after Telferscot has obtained conditional approval to list its Consolidated New Shares on the CSE.
- 3.6 All New Shares, Telferscot Class A Preferred Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares issued pursuant to this Plan of Arrangement shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the CBCA.
- 3.7 The Arrangement shall become final and conclusively binding on the Telferscot Shareholders, the SpinCo1 Shareholders, the SpinCo2 Shareholders, the SpinCo3 Shareholders, the SpinCo4 Shareholders, the SpinCo5 Shareholders, the SpinCo6 Shareholders, the Spinco7 Shareholders and the Parties on the Effective Date.
- 3.8 Notwithstanding that the transactions and events set out in Section 3.1 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of the Parties shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in Section 3.1, including, without limitation, any resolutions of directors

authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefore, and any necessary additions to or deletions from share registers.

ARTICLE 4 CERTIFICATES

- 4.1 Recognizing that the Telferscot Shares shall be redeemed and re-designated as Telferscot Class A Shares pursuant to Section 3.1(b)(i) and that the Telferscot Class A Shares shall be exchanged partially for New Shares pursuant to Section 3.1(c), Telferscot shall not issue replacement share certificates representing the Telferscot Class A Shares.
- 4.2 Recognizing that the Distributed SpinCo1 Shares, the Distributed SpinCo2 Shares, the Distributed SpinCo4 Shares, the Distributed SpinCo5 Shares, the Distributed SpinCo6 Shares and the Distributed SpinCo7 Shares shall be transferred to the Telferscot Shareholders as consideration for the redemption of the Telferscot Class A Preferred Shares pursuant to Section 3.1(e), each of SpinCo1, SpinCo2, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 shall issue one share certificate representing all of the respective Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares registered in the name of Telferscot, which share certificate shall be held by the Depository until the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares are transferred to the Telferscot Shareholders and such certificate shall then be cancelled by the Depository. To facilitate the transfer of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares to the Telferscot Shareholders as of the Share Distribution Record Date, Telferscot shall execute and deliver to the Depository and the Transfer Agent an irrevocable power of attorney, authorizing them to distribute and transfer the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares to such Telferscot Shareholders in accordance with the terms of this Plan of Arrangement and each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 shall deliver a treasury order or such other direction to effect such issuance to the Transfer Agent as requested by it.
- 4.3 Recognizing that all of the Telferscot Class A Preferred Shares issued to the Telferscot Shareholders pursuant to Section 3.1(c) will be redeemed by Telferscot as consideration for the distribution and transfer of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares under Section 3.1(e), Telferscot shall issue one share certificate representing all of the Telferscot Class A Preferred Shares issued pursuant to Section 3.1(e) in the name of the Depository, to be held by the Depository for the benefit of the Telferscot Shareholders until such Telferscot Class A Preferred Shares are redeemed, and such certificate shall then be cancelled.
- 4.4 As soon as practicable after the Effective Date, each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 shall cause to be issued to the registered holders of Telferscot Shares as of the Share Distribution Record Date, evidences of ownership representing the respective SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares,

SpinCo6 Shares and SpinCo7 Shares to which they are entitled pursuant to this Plan of Arrangement and shall cause such evidence of ownership to be mailed to such registered holders.

- 4.5 From and after the Effective Date, share certificates representing Telferscot Shares immediately before the Effective Date, except for those deemed to have been cancelled pursuant to Article 5, shall for all purposes be deemed to be share certificates representing New Shares, and no new share certificates shall be issued with respect to the New Shares issued in connection with the Arrangement.
- 4.6 Telferscot Shares traded, if any, after the Share Distribution Record Date and prior to the Effective Date shall represent New Shares, and shall not carry any right to receive a portion of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 or Distributed SpinCo7 Shares.

ARTICLE 5 DISSENTING SHAREHOLDERS

- 5.1 Notwithstanding Section 3.1 hereof, holders of Telferscot Shares may exercise rights of dissent (the “**Dissent Right**”) in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in section 190 of the CBCA (collectively, the “**Dissent Procedures**”).
- 5.2 Telferscot Shareholders who duly exercise Dissent Rights with respect to their Telferscot Shares (“**Dissenting Shares**”) and who:
- (a) are ultimately entitled to be paid fair value for their Dissenting Shares, shall be deemed to have transferred their Dissenting Shares to Telferscot for cancellation immediately before the Effective Date; or
 - (b) for any reason are ultimately not entitled to be paid fair value for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Telferscot Shareholder and shall receive New Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares on the same basis as every other non-dissenting Telferscot Shareholder, and in no case shall Telferscot be required to recognize such person as holding Telferscot Shares on or after the Effective Date.
- 5.3 If a Telferscot Shareholder exercises the Dissent Right, Telferscot shall on the Effective Date set aside and not distribute that portion of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares that is attributable to the Telferscot Shares for which the Dissent Right has been exercised. If the dissenting Telferscot Shareholder is ultimately not entitled to be paid for their Dissenting Shares, Telferscot shall distribute to such Telferscot Shareholder his, her or its *pro-rata* portion of the respective Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares. If a Telferscot Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, then Telferscot shall retain the portion of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares

attributable to such Telferscot Shareholder (collectively, the “**Non-Distributed Shares**”), and the Non-Distributed Shares shall be dealt with as determined by the board of directors of Telferscot in its absolute discretion.

ARTICLE 6 AMENDMENTS

- 6.1 The Parties may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be:
- (i) set out in writing;
 - (ii) filed with the Court and, if made following the Telferscot Meeting, approved by the Court; and
 - (iii) communicated to holders of Telferscot Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares, as the case may be, if and as required by the Court.
- 6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Telferscot at any time prior to the Telferscot Meeting with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Telferscot Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 6.3 Telferscot, with the consent of the other parties, may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Telferscot Meeting and prior to the Effective Date with the approval of the Court.
- 6.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date but shall only be effective if it is consented to by the Parties, provided that such amendment, modification or supplement concerns a matter which, in the reasonable opinion of the Parties, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any of the Parties or any former holder of Telferscot Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares or SpinCo7 Shares, as the case may be.

SCHEDULE “A”

SPECIAL RIGHTS AND RESTRICTIONS FOR TELFERSCOT CLASS A PREFERRED SHARES

The class A preferred shares as a class shall have attached to them the following special rights and restrictions:

Definitions

1. In these Special Rights and Restrictions,
 - (a) “**Arrangement**” means the arrangement pursuant to Section 192 of the *Canada Business Corporations Act* as contemplated by the Arrangement Agreement,
 - (b) “**Arrangement Agreement**” means the Arrangement Agreement dated as of February 16, 2018 between Telferscot Resources Inc. (the “**Company**”), 10557404 Canada Corp., 10557501 Canada Corp., 10557510 Canada Corp., 10557536 Canada Corp., 10557544 Canada Corp., 10557633 Canada Corp., and 10617059 Canada Corp.
 - (c) “**Effective Date**” means the date upon which the Arrangement becomes effective,
 - (d) “**New Shares**” means the common shares without par value created in the authorized share structure of the Company pursuant to the Plan of Arrangement, and
 - (e) “**Old Common Shares**” means the common shares in the authorized share structure of the Company that have been re-designated as class A common shares without par value pursuant to the Plan of Arrangement,
 - (f) “**Plan of Arrangement**” means the Plan of Arrangement attached as Schedule “A” to the Arrangement Agreement.
2. The holders of the class A preferred shares are not as such entitled to receive notice of, nor to attend or vote at, any general meeting of the shareholders of the Company.
3. Class A preferred shares shall only be issued on the exchange of Old Common Shares for New Shares and class A preferred shares pursuant to and in accordance with the Plan of Arrangement.
4. The capital to be allocated to the class A preferred shares shall be the amount determined in accordance with Section 3.1(d) of the Plan of Arrangement.
5. The class A preferred shares shall be redeemable by the Company pursuant to and in accordance with the Plan of Arrangement.
6. Any class A preferred share that is or is deemed to be redeemed pursuant to and in accordance with the Plan of Arrangement shall be cancelled and may not be reissued.

PROVISIONS FOR TELFERSCOT NEW SHARES

7. The New Shares shall be identical to the Old Common Shares and shall have the following characteristics:
 - (a) each holder of a New Share shall be entitled to receive notice of and to attend all meetings of shareholders of the Company;
 - (b) each holder of a New Share shall be entitled to one vote for each New Share;
 - (c) each holder of a New Share shall be entitled, subject to the rights, privileges, restrictions and conditions attaching to any class of shares in the capital of the Company having a preference over the New Shares with respect to dividends, to receive dividends if, as and when declared by the board of directors of the Company; and
 - (d) the holders of the New Shares are entitled to receive the remaining property of the Company on dissolution.

SCHEDULE “B” TO THE ARRANGEMENT AGREEMENT

TELFERSCOT ASSETS TO BE TRANSFERRED TO 10557404 CANADA CORP.

The Letter of Intent dated as of February 5, 2018 between Telferscot Resources Inc. and Bright Mega Capital Corporation.

All commitments to invest up to \$120,000 in cash to fund the operations of SpinCo1.

TELFERSCOT ASSETS TO BE TRANSFERRED TO 10557501 CANADA CORP.

The Letter of Intent dated as of February 12, 2018 between Telferscot Resources Inc. and Horizon Capital Corp.

All commitments to invest up to \$600,000 in cash to fund the operations of SpinCo2.

TELFERSCOT ASSETS TO BE TRANSFERRED TO 10557510 CANADA CORP.

The Letter of Intent dated as of October 20, 2017 between Telferscot Resources Inc. and Canada Crypto Exchange Corp.

All commitments to invest up to \$180,000 in cash to fund the operations of SpinCo3.

TELFERSCOT ASSETS TO BE TRANSFERRED TO 10557536 CANADA CORP.

The Letter of Intent dated as of February 5, 2018 between Telferscot Resources Inc. and My Wine Canada Inc.

All commitments to invest up to \$120,000 in cash to fund the operations of SpinCo4.

TELFERSCOT ASSETS TO BE TRANSFERRED TO 10557544 CANADA CORP.

The Letter of Intent dated as of August 2, 2017 between Telferscot Resources Inc. and New Cornubia Resources Inc.

All commitments to invest up to \$120,000 in cash to fund the operations of SpinCo5.

TELFERSCOT ASSETS TO BE TRANSFERRED TO 10557633 CANADA CORP.

The Memorandum of Understanding dated as of January 5, 2018 between Telferscot Resources Inc. and Enviro Resources Limited.

All commitments to invest up to \$126,000 in cash to fund the operations of SpinCo6.

TELFERSCOT ASSETS TO BE TRANSFERRED TO 10617059 CANADA CORP.

All rights to the proceeds of the litigation between Telferscot Resources Inc. and Auxico Resources Canada Inc. together with an assumption of liabilities of approximately \$38,280 relating to the transaction with Auxico Resources Canada Inc.

All commitments to invest up to \$12,000 in cash to fund the operations of SpinCo7.



Court File No. CV-18-592032-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR.)
JUSTICE T. McBlown)

MONDAY, THE 26TH
DAY OF MARCH, 2018

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE
CANADA BUSINESS CORPORATIONS ACT, R.S.C. 1985 C. C-44, AS AMENDED;

AND IN THE MATTER OF RULE 14.05(2) OF THE *RULES OF CIVIL
PROCEDURE*

AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF TELFERSCOT
RESOURCES INC.

ORDER

THIS APPLICATION made by the Applicant, Telferscot Resources Inc. (“**Telferscot**”), pursuant to section 192 of the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, (the “**CBCA**”) was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application issued on February 12, 2018, the affidavit of Stephen Coates sworn February 15, 2018, the supplementary affidavit of Stephen Coates sworn March 22, 2018, together with the exhibits thereto, and the Interim Order of the Honourable Mr. Justice Hainey dated February 21, 2018,

ON HEARING the submissions of counsel for Telferscot, and on being advised that the Director appointed under the CBCA does not consider it necessary to appear on

this application, no-one appearing for any other person, including any shareholder of Telferscot, and having determined that the Arrangement, as described in the Plan of Arrangement attached as Schedule "A" to this order is an arrangement for the purposes of section 192 of the CBCA and is fair and reasonable in accordance with the requirements of that section, and

ON BEING ADVISED THAT Telferscot intends to rely on this order for the purposes of an exemption pursuant to section 3(a)(10) of the United States Securities Act of 1933, as amended, with respect to the issuance of new shares (as defined in the Plan of Arrangement) to holders of common shares in the capital of Telferscot pursuant to the Arrangement,

1. **THIS COURT ORDERS** that the Arrangement, as described in the Plan of Arrangement attached as Schedule "A" to this order, shall be and is hereby approved.
2. **THIS COURT ORDERS** that the Applicant shall be entitled to seek leave to vary this order upon such terms upon giving such notice as this court may direct, to seek the advice and directions of this court as to the implementation of this order, and to apply for such further order or orders as may be appropriate.



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAR 26 2018

PER / PAR:



SCHEDULE A
PLAN OF ARRANGEMENT UNDER THE
CANADA BUSINESS CORPORATIONS ACT

ARTICLE 1
INTERPRETATION

1.1 In this Plan of Arrangement, the following terms have the following meanings:

“**Amalco**” means the entity formed on the amalgamation of SubCo and Canntab pursuant to the Amalgamation Transaction in accordance with the Amalgamation Agreement;

“**Amalgamation Agreement**” means the amalgamation agreement dated January 12, 2018 among Telferscot, SubCo and Canntab;

“**Amalgamation Transaction**” means the transactions described in the Amalgamation Agreement resulting in the amalgamation between Canntab and SubCo in accordance under the provisions of the terms of the *Business Corporations Act* (Ontario);

“**Arrangement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to the proposed arrangement involving Telferscot Shareholders, the SpinCo1 Shareholders, the SpinCo2 Shareholders, the SpinCo3 Shareholders, the SpinCo4 Shareholders, the SpinCo5 Shareholders, the SpinCo6 Shareholders and the SpinCo7 Shareholders, pursuant to the CBCA on the terms and conditions set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;

“**Arrangement Agreement**” means the arrangement agreement dated effective February 16, 2018, between the Parties with respect to the Arrangement, and all amendments thereto;

“**Assets**” means the assets of Telferscot described in Schedule B to the Arrangement Agreement;

“**Business Day**” means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Toronto, in the Province of Ontario, for the transaction of banking business;

“**Canntab**” means Canntab Therapeutics Limited, a company existing under the *Business Corporations Act* (Ontario);

“**CBCA**” means the *Canada Business Corporations Act*, R.S.C. 1985, c. 44, as may be amended or replaced from time to time;

“**Consolidated New Shares**” means the common shares of Telferscot issued and outstanding following the consolidation described in Section 3.1(j)(i);

“**Court**” means the Supreme Court of Justice of Ontario;

“**CSE**” means the Canadian Securities Exchange;

“**Depository**” means Capital Transfer Agency Inc.;

“**Director**” means the Director appointed pursuant to section 260 of the CBCA;

“**Distributed SpinCo1 Shares**” means the SpinCo1 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“**Distributed SpinCo2 Shares**” means the SpinCo2 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“Distributed SpinCo3 Shares” means the SpinCo3 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“Distributed SpinCo4 Shares” means the SpinCo4 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“Distributed SpinCo5 Shares” means the SpinCo5 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“Distributed SpinCo6 Shares” means the SpinCo6 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“Distributed SpinCo7 Shares” means the SpinCo7 Shares that are to be distributed to the Telferscot Shareholders pursuant to Section 3.1;

“Effective Date” means the date the Arrangement becomes effective under the CBCA;

“Exchange Factor” means the number arrived at by dividing 2,500,000 by the number of issued Telferscot Shares as of the close of business on the Share Distribution Record Date. On the assumption that Telferscot will have 125,000,000 Telferscot Shares outstanding on the Share Distribution Record Date, the Exchange Factor will be 0.02;

“Final Order” means the final order of the Court approving the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“Information Circular” means the management information circular to be sent to the Telferscot Shareholders in connection with the Telferscot Meeting;

“Interim Order” means the interim order of the Court concerning the Arrangement under the CBCA in respect of the Parties, containing declarations and directions with respect to the Arrangement and the holding of the Meetings, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

“New Shares” means the new class of common shares without par value which Telferscot will create pursuant to Section 3.1 of this Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant aspect to the Telferscot Shares;

“Parties” means, collectively, Telferscot, SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 and “Party” means any one of them;

“Plan” or **“Plan of Arrangement”** means this plan of arrangement as amended or supplemented from time to time in accordance with the terms hereof and Article 7 of the Arrangement Agreement;

“Share Distribution Record Date” means the close of business on the day which is four Business Days after the date of the Telferscot Meeting or such other date as agreed to by the Parties, which date establishes the Telferscot Shareholders who will be entitled to receive SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares, pursuant to this Plan of Arrangement;

“SpinCo1” means 10557404 Canada Corp., a private company incorporated under the CBCA;

“SpinCo1 Shares” means the common shares without par value in the authorized share structure of SpinCo1, as constituted on the date of the Arrangement Agreement;

“SpinCo1 Stock Option Plan” means the proposed common share purchase option plan of SpinCo1, which is subject to Telferscot Shareholder approval;

“SpinCo2” means 10557501 Canada Corp., a private company incorporated under the CBCA;

“SpinCo2 Shares” means the common shares without par value in the authorized share structure of SpinCo2, as constituted on the date of the Arrangement Agreement;

“SpinCo2 Stock Option Plan” means the proposed common share purchase option plan of SpinCo2, which is subject to Telferscot Shareholder approval;

“SpinCo3” means 10557510 Canada Corp., a private company incorporated under the CBCA;

“SpinCo3 Shares” means the common shares without par value in the authorized share structure of SpinCo3, as constituted on the date of the Arrangement Agreement;

“SpinCo3 Stock Option Plan” means the proposed common share purchase option plan of SpinCo3, which is subject to Telferscot Shareholder approval;

“SpinCo4” means 10557536 Canada Corp., a private company incorporated under the CBCA;

“SpinCo4 Shares” means the common shares without par value in the authorized share structure of SpinCo4, as constituted on the date of the Arrangement Agreement;

“SpinCo4 Stock Option Plan” means the proposed common share purchase option plan of SpinCo4, which is subject to Telferscot Shareholder approval;

“SpinCo5” means 10557544 Canada Corp., a private company incorporated under the CBCA;

SpinCo5 Shares” means the common shares without par value in the authorized share structure of SpinCo5, as constituted on the date of the Arrangement Agreement;

“SpinCo5 Stock Option Plan” means the proposed common share purchase option plan of SpinCo5, which is subject to Telferscot Shareholder approval;

“SpinCo6” means 10557633 Canada Corp., a private company incorporated under the CBCA;

“SpinCo6 Shares” means the common shares without par value in the authorized share structure of SpinCo6, as constituted on the date of the Arrangement Agreement;

“SpinCo6 Stock Option Plan” means the proposed common share purchase option plan of SpinCo6, which is subject to Telferscot Shareholder approval;

“SpinCo7” means 10617059 Canada Corp., a private company incorporated under the CBCA;

“SpinCo7 Shares” means the common shares without par value in the authorized share structure of SpinCo1, as constituted on the date of the Arrangement Agreement;

“SpinCo7 Stock Option Plan” means the proposed common share purchase option plan of SpinCo7, which is subject to Telferscot Shareholder approval;

“Subco” means 2611780 Ontario Inc., a wholly-owned subsidiary existing under the *Business Corporations Act* (Ontario) formed for the purposes of completing the Amalgamation Transaction;

“Tax Act” means the *Income Tax Act* (Canada) and the regulations thereunder, as amended; and

“Telferscot” means Telferscot Resources Inc., a company existing under the CBCA;

“Telferscot Class A Shares” means the renamed and re-designated Telferscot Shares, as described in Section 3.1 of this Plan of Arrangement;

“Telferscot Class A Preferred Shares” means the Class “A” preferred shares without par value which Telferscot will create and issue pursuant to Section 3.1 of this Plan of Arrangement;

“**Telferscot Meeting**” means the special meeting of Telferscot Shareholders to be held to consider the Arrangement Resolution and related matters, and any adjournments thereof;
“**Telferscot Shares**” means the common shares of Telferscot and “**Telferscot Shareholder**” means the holders from time to time of Telferscot Shares;
“**Transfer Agent**” means Capital Transfer Agency Inc. at its principal office in Toronto, Ontario.

- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.
- 1.5 In the event that the date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- 1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

ARTICLE 2 ARRANGEMENT AGREEMENT

- 2.1 This Plan of Arrangement is made pursuant and subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2 This Plan of Arrangement will become effective in accordance with its terms and be binding on the Effective Date on the Telferscot Shareholders.

ARTICLE 3 ARRANGEMENT

- 3.1 On the Effective Date, the following shall occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding anything contained in the provisions attaching to any of the Parties, but subject to the provisions of Article 6:
 - (a) Telferscot will transfer the Assets to each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo 6 and SpinCo 7 in consideration for 12,500,000 shares from each of SpinCo1 and SpinCo5 (the “**Distributed SpinCo1 Shares**” and the “**Distributed SpinCo5 Shares**”), 2,500,000 shares from each of

SpinCo2, SpinCo3, SpinCo4, and SpinCo6 (the “**Distributed SpinCo2 Shares**”, the “**Distributed SpinCo3 Shares**”, the “**Distributed SpinCo4 Shares**”, and the “**Distributed SpinCo6 Shares**”), and 25,000,000 SpinCo7 Shares (the “**Distributed SpinCo7 Shares**”). Thereafter, Telferscot will be added to the securities register of each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 in respect of such SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares;

- (b) The authorized share capital of Telferscot will be changed by:
 - (i) Altering the identifying name of the Telferscot Shares to class “A” common shares without par value, being the Telferscot Class A Shares;
 - (ii) Creating a class consisting of an unlimited number of common shares without par value (the “**New Shares**”); and
 - (iii) Creating a class consisting of an unlimited number of class “A” preferred shares without par value, having the rights and restrictions described in Schedule “A” to the Plan of Arrangement, being the Telferscot Class A Preferred Shares;
- (c) Each issued Telferscot Class A Share will be exchanged for one New Share and one Telferscot Class A Preferred Share and, subject to the exercise of a right of dissent, the holders of the Telferscot Class A Shares will be removed from the securities register of Telferscot and will be added to the securities register as the holders of the number of New Shares and Telferscot Class A Preferred Shares that they have received on the exchange;
- (d) All of the issued Telferscot Class A Shares will be cancelled with the appropriate entries being made in the central securities register of Telferscot and the aggregate paid-up capital (as that term is used for purposes of the Tax Act) of the Telferscot Class A Shares immediately prior to the Effective Date will be allocated between the New Shares and the Telferscot Class A Preferred Shares so that the aggregate paid-up capital of the Telferscot Class A Preferred Shares is equal to the aggregate fair market value of the Distributed SpinCo1 Shares, the Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and the Distributed SpinCo7 Shares as of the Effective Date, and each Telferscot Class A Preferred Share so issued will be issued by Telferscot at an issue price equal to the aggregate fair market value of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares as of the Effective Date divided by the number of issued Telferscot Class A Preferred Shares, such aggregate fair market value of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares to be determined as at the Effective Date by resolution of the board of directors of Telferscot;

- (e) Telferscot will redeem the issued Telferscot Class A Preferred Shares for consideration consisting solely of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares such that each holder of Telferscot Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive: (i) that number of SpinCo1 Shares and SpinCo5 Shares that is equal to the number of Telferscot Class A Preferred Shares held by such holder multiplied by 5 times the Exchange Factor; (ii) that number of SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, and SpinCo6 Shares that is equal to the number of Telferscot Class A Preferred Shares held by such holder multiplied by the Exchange Factor; and (iii) that number of SpinCo7 Shares that is equal to the number of Telferscot Class A Preferred Shares held by such holder multiplied by 10 times the Exchange Factor;
 - (f) The name of each holder of Telferscot Class A Preferred Shares will be removed as such from the central securities register of Telferscot, and all of the issued Telferscot Class A Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of Telferscot;
 - (g) The Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares transferred to the holders of the Telferscot Class A Preferred Shares pursuant to step (e) above will be registered in the names of the former holders of Telferscot Class A Preferred Shares and appropriate entries will be made in the central securities registers of each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7;
 - (h) The Telferscot Class A Shares and the Telferscot Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in steps (c) and (e) above are completed, will be cancelled and the authorized share structure of Telferscot will be changed by eliminating the Telferscot Class A Shares and the Telferscot Class A Preferred Shares therefrom;
 - (i) The Articles of Telferscot will be amended to reflect the changes to its authorized share structure made pursuant to this Plan of Arrangement;
- 3.2 After the Effective Date and subsequent to the completion of the Plan of Arrangement and subject to receipt of all necessary approvals, Telferscot will complete the Amalgamation Transaction in accordance with the following:
- (a) The New Shares will be consolidated on the basis of one (1) Consolidated New Share in exchange for every two-hundred (200) New Shares of Telferscot;
 - (b) Concurrent with the completion of the Amalgamation Transaction, shareholders of Canntab will receive four (4) Consolidated New Shares in exchange for each one (1) common share of Canntab, and all the common shares of Canntab will be cancelled; and
 - (c) the attributes of Amalco shall be as described in the Article 2 of the Amalgamation Agreement.

- 3.3 Notwithstanding Section 3.1(e), no fractional SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 or SpinCo7 Shares shall be distributed to the Telferscot Shareholders or the holders of Telferscot Share Commitments and as a result all fractional share amounts arising under such sections shall be rounded down to the nearest whole number. Any Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and Distributed SpinCo7 Shares not distributed as a result of this rounding down shall be dealt with as determined by the board of directors of Telferscot in its absolute discretion.
- 3.4 The holders of the Telferscot Class A Shares and the holders of New Shares and Telferscot Class A Preferred Shares referred to in Section 3.1(c), and the holders of the Telferscot Class A Preferred Shares referred to in Section 3.1(e), Section 3.1(f) and Section 3.1(g), shall mean in all cases those persons who are Telferscot Shareholders at the close of business on the Share Distribution Record Date, subject to Article 5.
- 3.5 In addition to the chronological order in which the transactions and events set out in Section 3.1 shall occur and shall be deemed to occur, the time on the Effective Date for the redemption of the Telferscot Class A Preferred Shares set out in Section 3.1(e) shall occur and shall be deemed to occur after Telferscot has obtained conditional approval to list its Consolidated New Shares on the CSE.
- 3.6 All New Shares, Telferscot Class A Preferred Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares issued pursuant to this Plan of Arrangement shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the CBCA.
- 3.7 The Arrangement shall become final and conclusively binding on the Telferscot Shareholders, the SpinCo1 Shareholders, the SpinCo2 Shareholders, the SpinCo3 Shareholders, the SpinCo4 Shareholders, the SpinCo5 Shareholders, the SpinCo6 Shareholders, the SpinCo7 Shareholders and the Parties on the Effective Date.
- 3.8 Notwithstanding that the transactions and events set out in Section 3.1 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of the Parties shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in Section 3.1, including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefore, and any necessary additions to or deletions from share registers.

ARTICLE 4 CERTIFICATES

- 4.1 Recognizing that the Telferscot Shares shall be redeemed and re-designated as Telferscot Class A Shares pursuant to Section 3.1(b)(i) and that the Telferscot Class A Shares shall be exchanged partially for New Shares pursuant to Section 3.1(c), Telferscot shall not issue replacement share certificates representing the Telferscot Class A Shares.

- 4.2 Recognizing that the Distributed SpinCo1 Shares, the Distributed SpinCo2 Shares, the Distributed SpinCo4 Shares, the Distributed SpinCo5 Shares, the Distributed SpinCo6 Shares and the Distributed SpinCo7 Shares shall be transferred to the Telferscot Shareholders as consideration for the redemption of the Telferscot Class A Preferred Shares pursuant to Section 3.1(e), each of SpinCo1, SpinCo2, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 shall issue one share certificate representing all of the respective Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares registered in the name of Telferscot, which share certificate shall be held by the Depositary until the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares are transferred to the Telferscot Shareholders and such certificate shall then be cancelled by the Depositary. To facilitate the transfer of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares to the Telferscot Shareholders as of the Share Distribution Record Date, Telferscot shall execute and deliver to the Depositary and the Transfer Agent an irrevocable power of attorney, authorizing them to distribute and transfer the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares to such Telferscot Shareholders in accordance with the terms of this Plan of Arrangement and each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 shall deliver a treasury order or such other direction to effect such issuance to the Transfer Agent as requested by it.
- 4.3 Recognizing that all of the Telferscot Class A Preferred Shares issued to the Telferscot Shareholders pursuant to Section 3.1(c) will be redeemed by Telferscot as consideration for the distribution and transfer of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares under Section 3.1(e), Telferscot shall issue one share certificate representing all of the Telferscot Class A Preferred Shares issued pursuant to Section 3.1(e) in the name of the Depositary, to be held by the Depositary for the benefit of the Telferscot Shareholders until such Telferscot Class A Preferred Shares are redeemed, and such certificate shall then be cancelled.
- 4.4 As soon as practicable after the Effective Date, each of SpinCo1, SpinCo2, SpinCo3, SpinCo4, SpinCo5, SpinCo6 and SpinCo7 shall cause to be issued to the registered holders of Telferscot Shares as of the Share Distribution Record Date, evidences of ownership representing the respective SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares to which they are entitled pursuant to this Plan of Arrangement and shall cause such evidence of ownership to be mailed to such registered holders.
- 4.5 From and after the Effective Date, share certificates representing Telferscot Shares immediately before the Effective Date, except for those deemed to have been cancelled pursuant to Article 5, shall for all purposes be deemed to be share certificates representing New Shares, and no new share certificates shall be issued with respect to the New Shares issued in connection with the Arrangement.

- 4.6 Telferscot Shares traded, if any, after the Share Distribution Record Date and prior to the Effective Date shall represent New Shares, and shall not carry any right to receive a portion of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 or Distributed SpinCo7 Shares.

**ARTICLE 5
DISSENTING SHAREHOLDERS**

- 5.1 Notwithstanding Section 3.1 hereof, holders of Telferscot Shares may exercise rights of dissent (the “**Dissent Right**”) in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in section 190 of the CBCA (collectively, the “**Dissent Procedures**”).
- 5.2 Telferscot Shareholders who duly exercise Dissent Rights with respect to their Telferscot Shares (“**Dissenting Shares**”) and who:
- (a) are ultimately entitled to be paid fair value for their Dissenting Shares, shall be deemed to have transferred their Dissenting Shares to Telferscot for cancellation immediately before the Effective Date; or
 - (b) for any reason are ultimately not entitled to be paid fair value for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Telferscot Shareholder and shall receive New Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares on the same basis as every other non-dissenting Telferscot Shareholder, and in no case shall Telferscot be required to recognize such person as holding Telferscot Shares on or after the Effective Date.
- 5.3 If a Telferscot Shareholder exercises the Dissent Right, Telferscot shall on the Effective Date set aside and not distribute that portion of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares that is attributable to the Telferscot Shares for which the Dissent Right has been exercised. If the dissenting Telferscot Shareholder is ultimately not entitled to be paid for their Dissenting Shares, Telferscot shall distribute to such Telferscot Shareholder his, her or its *pro-rata* portion of the respective Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares. If a Telferscot Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, then Telferscot shall retain the portion of the Distributed SpinCo1 Shares, Distributed SpinCo2 Shares, Distributed SpinCo3 Shares, Distributed SpinCo4 Shares, Distributed SpinCo5 Shares, Distributed SpinCo6 Shares and Distributed SpinCo7 Shares attributable to such Telferscot Shareholder (collectively, the “**Non-Distributed Shares**”), and the Non-Distributed Shares shall be dealt with as determined by the board of directors of Telferscot in its absolute discretion.

**ARTICLE 6
AMENDMENTS**

- 6.1 The Parties may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be:
- (i) set out in writing;
 - (ii) filed with the Court and, if made following the Telferscot Meeting, approved by the Court; and
 - (iii) communicated to holders of Telferscot Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares and SpinCo7 Shares, as the case may be, if and as required by the Court.
- 6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Telferscot at any time prior to the Telferscot Meeting with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Telferscot Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 6.3 Telferscot, with the consent of the other parties, may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Telferscot Meeting and prior to the Effective Date with the approval of the Court.
- 6.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date but shall only be effective if it is consented to by the Parties, provided that such amendment, modification or supplement concerns a matter which, in the reasonable opinion of the Parties, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any of the Parties or any former holder of Telferscot Shares, SpinCo1 Shares, SpinCo2 Shares, SpinCo3 Shares, SpinCo4 Shares, SpinCo5 Shares, SpinCo6 Shares or SpinCo7 Shares, as the case may be.

**ARTICLE 7
REFERENCE DATE**

- 7.1 This plan of arrangement is dated for reference the _____ day of _____, 2018.

SCHEDULE "A" TO THE PLAN OF ARRANGEMENT
SPECIAL RIGHTS AND RESTRICTIONS FOR TELFERSCOT CLASS A
PREFERRED SHARES

The class A preferred shares as a class shall have attached to them the following special rights and restrictions:

Definitions

1. In these Special Rights and Restrictions,
 - (a) "**Arrangement**" means the arrangement pursuant to Section 192 of the *Canada Business Corporations Act* as contemplated by the Arrangement Agreement,
 - (b) "**Arrangement Agreement**" means the Arrangement Agreement dated as of February 16, 2018 between Telferscot Resources Inc. (the "**Company**"), 10557404 Canada Corp., 10557501 Canada Corp., 10557510 Canada Corp., 10557536 Canada Corp., 10557544 Canada Corp., 10557633 Canada Corp., and 10617059 Canada Corp.
 - (c) "**Effective Date**" means the date upon which the Arrangement becomes effective,
 - (d) "**New Shares**" means the common shares without par value created in the authorized share structure of the Company pursuant to the Plan of Arrangement, and
 - (e) "**Old Common Shares**" means the common shares in the authorized share structure of the Company that have been re-designated as class A common shares without par value pursuant to the Plan of Arrangement,
 - (f) "**Plan of Arrangement**" means the Plan of Arrangement attached as Schedule "A" to the Arrangement Agreement.
2. The holders of the class A preferred shares are not as such entitled to receive notice of, nor to attend or vote at, any general meeting of the shareholders of the Company.
3. Class A preferred shares shall only be issued on the exchange of Old Common Shares for New Shares and class A preferred shares pursuant to and in accordance with the Plan of Arrangement.
4. The capital to be allocated to the class A preferred shares shall be the amount determined in accordance with Section 3.1(d) of the Plan of Arrangement.
5. The class A preferred shares shall be redeemable by the Company pursuant to and in accordance with the Plan of Arrangement.
6. Any class A preferred share that is or is deemed to be redeemed pursuant to and in accordance with the Plan of Arrangement shall be cancelled and may not be reissued.

7. The New Shares shall be identical to the Old Common Shares and shall have the following characteristics:
- (a) each holder of a New Share shall be entitled to receive notice of and to attend all meetings of shareholders of the Company;
 - (b) each holder of a New Share shall be entitled to one vote for each New Share;
 - (c) each holder of a New Share shall be entitled, subject to the rights, privileges, restrictions and conditions attaching to any class of shares in the capital of the Company having a preference over the New Shares with respect to dividends, to receive dividends if, as and when declared by the board of directors of the Company; and
 - (d) the holders of the New Shares are entitled to receive the remaining property of the Company on dissolution.

IN THE MATTER OF AN APPLICATION UNDER SECTION 192 OF THE *CANADA BUSINESS CORPORATIONS ACT*, R.S.C. 1985, c. C-44,
AS AMENDED
AND IN THE MATTER OF RULE 14.05(2) OF THE *RULES OF CIVIL PROCEDURE*,
AND IN THE MATTER OF A PROPOSED ARRANGEMENT OF TELFERSCOT RESOURCES INC.
Telferscot Resources Inc., Applicant

Court File No. CV-18-592032-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT
TORONTO

ORDER

GARDINER ROBERTS LLP
Lawyers
Bay Adelaide Centre, East Tower
22 Adelaide Street West, Suite 3600
Toronto ON M5H 4E3

Tim Duncan (61840S)
tduncan@grllp.com

Tel: (416) 865-6682
Fax: (416) 865-6636

Lawyers for the Applicant,
Telferscot Resources Inc.

RCP-E 4C (May 1, 2016)