

EXPLOREX RESOURCES INC.

NOTICE OF SPECIAL MEETING

AND

MANAGEMENT INFORMATION CIRCULAR

FOR THE

ANNUAL GENERAL AND SPECIAL MEETING

OF SHAREHOLDERS

TO BE HELD AT 10:00 A.M. (PACIFIC TIME)

ON MARCH 9, 2020

AT

SUITE 400 – 725 GRANVILLE STREET

VANCOUVER, BC V7Y 1G5

EXPLOREX RESOURCES INC.

February 7, 2020

Dear Shareholders:

You are invited to attend an annual general and special meeting (the “**Explorex Meeting**”) of the shareholders (the “**Explorex Shareholders**”) of Explorex Resources Inc. (“**Explorex**”, or the “**Company**”) to be held at the offices of Miller Thomson LLP, Suite 400, 725 Granville Street, Vancouver, British Columbia, V7Y 1G5, on Monday March 9, 2020 commencing at 10:00 a.m. (Pacific time).

At the Explorex Meeting, you will be asked to consider and vote upon regular annual general meeting matters, as well as three principal transactions.

Arrangement – Spin-out of exploration assets and liabilities to Spinco

At the Explorex Meeting, you will be asked to consider and vote upon a proposed statutory plan of arrangement of Explorex (the “**Arrangement**”). The Arrangement involves, among other things, the transfer by Explorex of certain assets and liabilities to Origen Resources Inc. (“**Spinco**”) in exchange for common shares of Spinco (the “**Spinco Shares**”), a reorganization of Explorex’s share capital and a distribution of Spinco Shares to Explorex Shareholders such that each Explorex Shareholder will receive one new Explorex share (each an “**Explorex New Share**”) and 0.5 of a Spinco Share in exchange for each Explorex share held by the Explorex Shareholder at the effective time of the Arrangement.

Upon completion of the Arrangement, Spinco will own the exploration assets previously held by Explorex and is expected to have approximately \$500,000 in cash. Explorex Shareholders will hold 100% of the Spinco Shares upon completion of the Arrangement. Detailed information regarding the Arrangement is contained in the attached Notice of Meeting and Management Circular.

In order to become effective, the Arrangement must be approved by a special resolution passed by: (a) at least a two-thirds majority of the votes cast by Explorex Shareholders; at the Explorex Meeting and present in person or by proxy. Completion of the Arrangement is also subject to receipt of certain required regulatory approvals, including the approval of the Supreme Court of British Columbia (the “**Court**”), and other customary closing conditions, all of which are described in more detail in the attached Circular.

The board of directors of Explorex (the “**Board**”) has unanimously determined that the Arrangement is fair and is in the best interests of Explorex. **Accordingly, the Board recommends that the Explorex Shareholders vote FOR the Arrangement.**

Fundamental Change – Acquisition of Raffles

At the Explorex Meeting, you will be asked to consider and vote upon the proposed acquisition by Explorex of all of the issued and outstanding shares of Raffles Financial Pte Ltd. (“**Raffles**”), a Singapore financial services company, by way of a share exchange agreement between Explorex and Raffles (the “**Share Exchange Agreement**”). The proposed acquisition constitutes a fundamental change and a change of business (the “**Fundamental Change**”) for Explorex under the policies of the Canadian Securities Exchange (the “**CSE**”).

Prior to the closing of the Share Exchange Agreement, Explorex will consolidate its issued and outstanding share capital as more particularly described in this Circular (the “**Consolidation**”). Explorex also intends to change its name to “Raffles Financial Group Limited” in connection with the Fundamental Change. Explorex upon completion of the Fundamental Change is referred to in this Circular as “**Raffles Pubco**” or the “**Resulting Issuer**”.

The Board has unanimously determined that the Fundamental Change is in the best interests of Explorex. **Accordingly, the Board recommends that the Explorex Shareholders vote FOR the Fundamental Change.**

Explorex Continuation – Continue corporate jurisdiction to Cayman Islands

Explorex is currently incorporated under the *Business Corporations Act* (British Columbia) (“**BCBCA**”). Explorex Shareholders will be asked to consider, and if thought fit, to pass, with or without variation, a special resolution (the “**Continuation Resolution**”) approving the continuance of Explorex to the Cayman Islands, whereby it would become and be a company whose existence is governed by the Companies Law of the Cayman Islands. The continuation is expected to take place after completion of the Arrangement and before the Fundamental Change.

The Board has unanimously determined that the Fundamental Change is in the best interests of Explorex. **Accordingly, the Board recommends that the Explorex Shareholders vote FOR the Continuation.**

Voting

If you are not registered as the holder of your Explorex Shares but hold your Explorex Shares through a broker or other intermediary, you should follow the instructions provided by your broker or other intermediary to vote your Explorex Shares. See the section in the accompanying Circular entitled “*General Proxy Information - Non-Registered Holders*” for further information on how to vote your Explorex Shares.

If you are a registered Explorex Shareholder, you must deliver the completed form of proxy to the office of Explorex’s registrar and transfer agent, AST Trust Company (Canada), P.O. Box 721, Agincourt, ON M1S 0A1 by mail or fax to 416-368-2502 or toll free in Canada and the United States to 1-866-781-3111 or scan and email to proxyvote@astfinancial.com or vote online at <https://astvotemyproxy.com> or call toll free (in Canada and United States) (1-888-489-7352) and follow the voice instructions, not less than 48 hours (excluding Saturdays, Sundays, and holidays) before the scheduled time of the Explorex Meeting or any adjournment. The Chair of the Explorex Meeting may waive the proxy cut-off time at his discretion without notice. Please vote as soon as possible. Voting by proxy will not prevent you from voting in person if you attend the Explorex Meeting and revoke your proxy, but will ensure that your vote will be counted if you are unable to attend.

* * * * *

While certain matters, such as the timing of the receipt of Court approval, are beyond the control of Explorex, if the resolution approving the Arrangement is passed by the requisite majority of Explorex Shareholders at the Explorex Meeting, it is anticipated that the Arrangement will be completed and become effective on or about March 14, 2020 or shortly thereafter. If the resolution approving the Fundamental Change and Continuation is passed by the requisite majority of Explorex Shareholders at the Explorex Meeting, it is anticipated that following closing of the Arrangement, the Consolidation and Continuation would be completed, and finally, the Fundamental Change would close thereafter.

The CSE has neither reviewed nor approved the disclosure in this Circular. The application for listing of Spinco’s Shares on the CSE will be subject to Spinco meeting the initial listing requirements of the CSE. In addition, the completion of the Fundamental Change is subject to receipt of CSE approval.

Sincerely,
“Gary Schellenberg”
CEO and Director

FREQUENTLY ASKED QUESTIONS ABOUT THE ARRANGEMENT AND THE EXPLOREX MEETING

Following are some questions that you, as an Explorex Shareholder, may have relating to the Explorex Meeting and answers to those questions. These questions and answers do not provide all of the information relating to the Explorex Meeting or the matters to be considered at the Explorex Meeting and are qualified in their entirety by the more detailed information contained elsewhere in this Circular. You are urged to read this Circular in its entirety before making a decision related to your Explorex Shares.

Q: What am I voting on?

A: You are voting on regular annual general meeting items, such as the election of directors of Explorex, approval of Explorex's stock option plan and the appointment of Explorex's auditors.

You are also being asked to consider and, if deemed advisable, to vote FOR the resolution approving the Arrangement (the "**Arrangement Resolution**"), which provides for, among other things, the disposition of Explorex's exploration assets and liabilities to Spinco in consideration for the distribution of Spinco Shares to Explorex Shareholders such that Explorex Shareholders will receive one new Explorex share and 0.5 of a Spinco Share in exchange for each Explorex share held by the Explorex Shareholder at the effective time of the Arrangement.

You are also being asked to consider and, if deemed advisable, to vote FOR the resolution approving the Continuation (the "**Continuation Resolution**") approving the continuation of Explorex to the Cayman Islands under the *Company Law (as revised) of the Cayman Islands* with the adoption of the revised memorandum and articles of association for the Explorex upon completion of the Continuation, as more particularly set out in the accompanying Circular.

You are also being asked to consider and, if deemed advisable, to vote FOR the resolution approving the "fundamental change" of Explorex through the acquisition of Raffles (the "**Fundamental Change Resolution**"), as more particularly set out in the accompanying Circular.

Explorex Shareholders are also being asked to approve the Spinco Option Plan. Spinco has adopted the Spinco Option Plan in order to provide incentive compensation to directors, officers, employees and consultants of Spinco as well as to assist Spinco in attracting, motivating and retaining qualified directors, management personnel and consultants. The purpose of the Spinco Option Plan is to provide additional incentive for participants' efforts to promote the growth and success of the business of Spinco.

Q: When and where is the Explorex Meeting?

A: The Explorex Meeting will take place on Monday, March 9, 2020 at 10:00 a.m. (Pacific time), at the offices of Miller Thomson LLP, Suite 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5.

Q: Who is soliciting my proxy?

A: Your proxy is being solicited by management of Explorex. This Circular is furnished in connection with that solicitation. The solicitation of proxies for the Explorex Meeting will be made primarily by mail, and may be supplemented by telephone.

Q: Who can attend and vote at the Explorex Meeting and what is the quorum for the Explorex Meeting?

A: Only Explorex Shareholders of record as of the close of business on February 3, 2020, the record date for the Explorex Meeting, are entitled to receive notice of and to attend, and vote at, the Explorex Meeting or any adjournment(s) or postponement(s) of the Explorex Meeting.

The quorum for the transaction of business at the Explorex Meeting will be two persons who are shareholders, or two persons present in person who each represent at least one shareholder by proxy, or one shareholder present in person and representing one shareholder by proxy entitled to vote at the Explorex Meeting.

Q: How many Explorex Shares are entitled to vote?

A: As of February 3, 2020, there were 24,971,019 Explorex Shares outstanding and entitled to vote at the Explorex Meeting. You are entitled to one vote for each Explorex Share that you own.

Q: What will I receive in the Arrangement?

A: If the Arrangement is completed, Explorex Shareholders will be entitled to receive one Explorex New Share and 0.5 Spinco Share in exchange for each Explorex Share held on the Effective Date of the Arrangement.

Q: What vote is required at the Explorex Meeting to approve the Resolutions?

A: The Arrangement Resolution must be passed by the affirmative vote of at least two-thirds of the votes cast at the Explorex Meeting by Explorex Shareholders.

The Fundamental Change must be approved by a simple majority of the Explorex Shareholders.

The Spinco Option Plan must be approved by a simple majority of the Explorex Shareholders.

The Continuation must be approved by the affirmative vote of at least two-thirds of the votes cast at the Explorex Meeting by Explorex Shareholders. The Continuation Resolution also bears a dissent right, as described elsewhere in this Circular.

Q: How do I vote?

A: Registered Explorex Shareholders can vote in the following ways:

- **Mail:** To the offices of AST Trust Company (Canada), Attention: Proxy Department, P.O. Box 721, Agincourt, ON M1S 0A1 ; or
- **Fax:** AST Trust Company (Canada): 416-368-2502 or toll free in Canada and the United States to 1-866-781-3111; or
- **Online:** Go to the website indicated on the proxy form (<https://astvotemyproxy.com>) and follow the instructions on the screen; or
- **Phone:** Call the toll-free number indicated on the proxy form (in Canada and United States) (1-888-489-7352) and follow the voice instructions; or
- **Scan and Email:** proxyvote@astfinancial.com; or

- **In Person:** Present yourself to a representative of AST at the Explorex Meeting.

Non-registered shareholders are either “objecting beneficial owners” or “**OBOs**”, who object to intermediaries disclosing information about their identity and ownership in the Corporation or “non-objecting beneficial owners” or “**NOBOs**”, who do not object to such disclosure.

Canadian NOBOs may vote in the following ways:

- **Mail:** To the offices of AST Trust Company (Canada), Attention: Proxy Department, P.O. Box 721, Agincourt, ON M1S 0A1 ; or ;
- **Fax:** AST Trust Company (Canada): 416-368-2502 or toll free in Canada and the United States to 1-866-781-3111; or
- **Online:** Go to the website indicated on the voting instruction form (“**VIF**”). (<https://astvotemyproxy.com>) and follow the instructions on the screen; or
- **Phone:** Call the toll-free number indicated on the proxy form (in Canada and United States) (1-888-489-7352) and follow the voice instructions; or
- **Scan and Email:** proxyvote@astfinancial.com.

U.S. NOBOs and Canadian and U.S. OBOs will have received this Circular from their nominee, together with a form of proxy or a VIF. If that is the case, it is most important that you comply strictly with the instructions that have been given to you by your nominee on the VIF.

Q: What if I return my proxy but do not mark it to show how I wish to vote?

A: If your proxy is signed and dated and returned without specifying your choice or is returned specifying both choices, your Explorex Shares will be voted FOR the Arrangement Resolution, FOR the Fundamental Change, FOR the Spinco Stock Option Plan, FOR the Continuation and in accordance with the recommendations of the Board.

Q: When is the cut-off time for delivery of proxies?

A: Proxies must be received not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Explorex Meeting or any adjournment thereof. In this case, assuming no adjournment, the proxy-cut off time is 10:00 a.m. (Pacific time) March 5, 2020. The Chair of the Explorex Meeting may waive the proxy cut-off time at his discretion without notice.

Q: Can I change my vote?

A: Yes. If you want to revoke your proxy after you have delivered it, you can do so at any time before it is used. You may do this by (a) attending the Explorex Meeting and voting in person if you were a Registered Explorex Shareholder at the Record Date; (b) voting again online; (c) signing and returning a proxy bearing a later date; (d) signing a written statement which indicates, clearly, that you want to revoke your proxy and delivering this signed written statement to the Registered Office of Explorex at Suite 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5, Attention: Kathy Tang; or (e) in any other manner permitted by law.

Your proxy will only be revoked if a revocation is received by 4:00 p.m. (Pacific time) on the last Business Day before the day of the Explorex Meeting, or is delivered to the person

presiding at the Explorex Meeting before it commences. Registered Explorex Shareholders that revoke their proxy and do not replace it with another that is deposited with us before the deadline, can still vote their shares, but to do so they must attend the Explorex Meeting in person.

Q: What are the recommendations of the Directors on the Arrangement?

A: After taking into consideration, among other things, the fairness opinion of RWE Growth Partners, Inc. regarding the fairness of the Arrangement (based on the Plan of Arrangement and Arrangement Agreement), and the directors have concluded that the Arrangement is in the best interests of Explorex and is fair to the Explorex Shareholders and recommend that Explorex Shareholders vote FOR the Arrangement Resolution to approve the Arrangement.

Q: Why are the directors making this recommendation?

A: In reaching their conclusion that the Arrangement is fair to Explorex Shareholders and that it is in the best interests of Explorex, the directors considered and relied upon a number of factors, including those described under the headings "*The Explorex Meeting – Reasons for the Arrangement*" in this Circular.

Q: In addition to the approval of Explorex Shareholders, are there any other approvals required for the Arrangement?

A: Yes, the Arrangement requires the approval of the Court and also is subject to the receipt of certain regulatory approvals, including the approval of the CSE. See "*The Explorex Meeting – Court Approval of the Arrangement*" and "*The Explorex Meeting – Regulatory Approvals*" in this Circular. In addition, the Arrangement will not be completed unless the Fundamental Change and Continuation also receives the required shareholder approval and approval of the CSE.

Q: Do any directors or executive officers of Explorex have any interests in the Arrangement that are different from, or in addition to, those of the Explorex Shareholders?

A: In considering the recommendation of the Board to vote in favour of the matters discussed in this Circular, Explorex Shareholders should note that the directors and executive officers of Explorex, to the extent that they hold Explorex Shares, have interest in the Arrangement that are the same as interests of Explorex Shareholders generally. Further, all holders of Explorex stock options, which include Explorex directors and executive officers, are agreeing to surrender such stock options for cancellation. See "*The Explorex Meeting – Interests of Certain Persons in the Arrangement*" in this Circular.

Q: Do I need to send in my Explorex Share certificates?

A: No. You are not required to send the certificates representing your Explorex Shares to validly cast your vote in respect of the Arrangement Resolution or to receive Spinco Shares or shares of Raffles Pubco (following the change of Explorex's name and Consolidation), except as otherwise disclosed herein.

Q: When can I expect to receive my Spinco Shares and Explorex New Shares?

A: Assuming completion of the Arrangement, if you hold your Explorex Shares through an intermediary, then you are not required to take any action and Spinco Shares and Explorex New Shares will be delivered to your intermediary through the procedures in place for such purposes between CDS & Co. or similar entities and such intermediaries. If you hold your

Explorex Shares through an intermediary, you should contact your intermediary if you have questions regarding this process.

In the case of Registered Explorex Shareholders, as soon as practicable after the effective date, Explorex and Spinco will cause AST Trust Company (Canada) (“**AST**”) to forward certificates representing Spinco Shares and Explorex New Shares to which the Registered Explorex Shareholder is entitled by first class mail to the address of the Explorex Shareholder as shown on the register maintained by AST.

See “*The Explorex Meeting – Procedure for Distribution of Certificates*” in this Circular.

Q: How will the votes be counted?

A: AST, Explorex’s transfer agent, counts and tabulates the proxies. Proxies are counted and tabulated by the transfer agent in such a manner as to preserve the confidentiality of the voting instructions of Registered Explorex Shareholders, subject to a limited number of exceptions.

Q: How will I know when the Arrangement will be implemented?

A: The effective date of the Arrangement will occur upon satisfaction or waiver of all of the conditions to the completion of the Arrangement. If the requisite level of approval is obtained at the Explorex Meeting and all other conditions are satisfied, the effective date is expected to occur on or about March 14, 2020 or shortly thereafter. On the effective date of the Arrangement, Explorex will publicly announce that the conditions are satisfied or waived and that the Arrangement has been implemented.

Q: Are there risks I should consider in deciding whether to vote for the Arrangement Resolution?

A: Yes. Explorex Shareholders should carefully consider the risk factors relating to the Arrangement. Some of these risks include, but are not limited to: (i) the Arrangement Agreement may be terminated at the discretion of the directors of Explorex or Spinco; (ii) there can be no certainty that all conditions precedent to the Arrangement will be satisfied; (iii) Explorex will incur costs even if the Arrangement is not completed; (iv) directors and executive officers of Explorex may have interests in the Arrangement that are different from those of the Explorex Shareholders; (v) the market price for Explorex Shares and Spinco Shares (if Spinco Shares are listed) may decline; (vi) there is no guarantee that the Spinco Shares will be listed on the CSE or that a market for such shares will develop; and (vii) Spinco Shares may not be qualified investments under the Tax Act for a Registered Plan.

See “*The Explorex Meeting – Risks Associated with the Arrangement*” in this Circular.

Q: What are the Canadian income tax consequences of the Arrangement?

A: For a summary of certain material Canadian income tax consequences of the Arrangement, see “*Certain Canadian Federal Income Tax Considerations*”. Such summary is not intended to be legal or tax advice to any particular Explorex Shareholder. Explorex Shareholders should consult their own tax and investment advisors with respect to their particular circumstances.

Q: Am I entitled to Dissent Rights?

A: The Continuation provides Dissent Rights as set forth in Sections 237 to 247 of the BCBCA (which provisions have been duplicated in Appendix “L” to this Circular). In general, any

Registered Explorex Shareholder who dissents from the Continuation in compliance with Sections 237 to 247 of the BCBCA will be entitled, in the event that the Continuation becomes effective, to be paid by Explorex the fair value of the Explorex Shares held by such Registered Explorex Shareholder.

Registered Explorex Shareholders considering exercising Dissent Rights should seek the advice of their own legal counsel and tax and investment advisors and should carefully review the description of such rights set forth in this Circular, and comply with the provisions of the Dissent Rights the full text of which is set out on Appendix “L” to this Circular.

Explorex Shareholders will not be given the right to dissent in respect of the Arrangement Resolution or the Fundamental Change Resolution.

Q: What will happen to the Explorex Shares that I currently own after completion of the Arrangement and the Fundamental Change?

A: Upon completion of the Arrangement and the Fundamental Change, certificates representing Explorex Shares shall for all purposes be deemed to be the Raffles Pubco Shares, subject to transmittal requirements of AST. Explorex Shareholders will also receive Spinco Shares on completion of the Arrangement.

Q: How does the Arrangement relate to the Fundamental Change and the Continuation?

A: The Arrangement, the Fundamental Change and the Continuation are three separate transactions, but Explorex does not intend to complete the Arrangement if the Fundamental Change is not anticipated complete. Similarly, the Continuation will only be effected in conjunction with the Arrangement and Fundamental Change closing.

NOTICE OF MEETING

NOTICE IS GIVEN that an annual general and special meeting (the “**Explorex Meeting**”) of the holders of common shares (“**Explorex Shareholders**”) of Explorex Resources Inc. (“**Explorex**”) will be held at the offices of Miller Thomson LLP, Suite 400 - 725 Granville Street, Vancouver, British Columbia, V7Y 1G5, on Monday March 9, 2020 at 10:00 a.m. (Pacific time) for the following purposes:

1. to receive Explorex’s audited financial statements for the financial year ended March 31, 2019 and the auditor’s report thereon;
2. to appoint Davidson & Company, Chartered Professional Accountants, as Explorex’s auditor for the ensuing fiscal year and to authorize the directors to set the auditor’s remuneration;
3. to set the number of directors at six;
4. to elect the directors of Explorex for the ensuing year;
5. to approve Explorex’s stock option plan;
6. to consider pursuant to an Explorex Interim Order of the Supreme Court of British Columbia dated February 4, 2020 (the “**Explorex Interim Order**”) and, if thought advisable, to pass, with or without amendment, a special resolution (the “**Arrangement Resolution**”) approving an arrangement (the “**Arrangement**”) under Section 288 of the *Business Corporations Act* (British Columbia), the full text of which resolution is set forth in Appendix “A” to the accompanying Management Information Circular (the “**Circular**”);
7. to consider and if thought advisable, to pass, with or without variation, a special resolution (the “**Continuation Resolution**”) approving the continuation of Explorex to the Cayman Islands under the *Companies Law (as revised) of the Cayman Islands* (the “**Continuation**”) with the adoption of the revised memorandum and articles of association for Explorex upon completion of the Continuation, as more particularly set out in the accompanying Circular; and
8. to consider and if thought advisable, to pass, with or without variation, an ordinary resolution (the “**Fundamental Change Resolution**”) approving the “fundamental change” of Explorex through the acquisition of Raffles, as more particularly set out in the accompanying Circular;
9. to approve the stock option plan of Spinco (Origen Resources Inc.); and
10. to transact such further or other business as may properly come before the Explorex Meeting or any adjournments thereof.

The Circular provides additional information relating to the matters to be addressed at the Explorex Meeting, including the Arrangement, the Fundamental Change and the Continuation and is deemed to form part of this Notice.

Registered Explorex Shareholders are entitled to vote at the Explorex Meeting either in person or by proxy. Registered Explorex Shareholders who are unable to attend the Explorex Meeting in person are encouraged to read, complete, sign, date and return the enclosed form of proxy in accordance with the instructions set out in the proxy and in the Circular. In order to be valid for use at the Explorex Meeting, proxies must be received by AST Trust Company (Canada), P.O. Box 721, Agincourt, ON M1S 0A1 by mail or fax to 416-368-2502 or toll free in Canada and the United States to 1-866-781-3111 or scan and email to proxymail@astfinancial.com or online voting at

<https://astvotemyproxy.com> or call toll free (in Canada and United States) (1-888-489-7352) and follow the voice instructions, not less than 48 hours (excluding Saturdays, Sundays, and holidays) before the scheduled time of the Explorex Meeting or any adjournment. The Chair of the Explorex Meeting may waive the proxy cut-off time at his discretion without notice. Please advise Explorex of any change in your mailing address.

If you are a non-registered shareholder, please refer to the section in the Circular entitled “*General Proxy Information - Non-Registered Holders*” for information on how to vote your Explorex Shares.

Take notice that, pursuant to the Continuation, each registered Explorex Shareholder, has been granted the right to dissent in respect of the Continuation and, if the Continuation becomes effective, to be paid the fair value of the Explorex Shares in respect of which such registered Explorex Shareholder dissents against the Continuation, in accordance with the dissent procedures contained in the *Business Corporations Act* (British Columbia). To exercise such right, (a) a written notice of dissent with respect to the Continuation from the registered Explorex Shareholder must be received by Explorex at Suite 488 – 625 Howe Street, Vancouver, British Columbia, V6C 2T6, Attention: Corporate Secretary, with a copy to its legal counsel at, Miller Thomson LLP, Suite 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5, Attention: Kathy Tang, by not later than 10:00 a.m. (Pacific time) on March 5, 2020, or two Business days prior to any adjournment of the Explorex Meeting, and (b) the registered Explorex Shareholder must have otherwise complied with the dissent procedures. The right to dissent regarding the Continuation is described in the Circular and as set forth in Appendix “L” to the Circular.

Failure to strictly comply with the requirements set forth in the Explorex Interim Order may result in the loss of any right of dissent.

The CSE has neither reviewed nor approved the disclosure in this Circular. The application for listing of Spinco’s Shares on the CSE will be subject to Spinco meeting the initial listing requirements of the CSE. In addition, the completion of the Fundamental Change is subject to receipt of CSE approval.

DATED at Vancouver, British Columbia this 3rd day of February, 2020.

**BY ORDER OF THE BOARD OF DIRECTORS OF
EXPLOREX RESOURCES INC.**

“Gary Schellenberg”
CEO and Director

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INFORMATION CONTAINED IN THIS INFORMATION CIRCULAR

The information contained in this Circular, unless otherwise indicated, is given as of February 3, 2020.

No person has been authorized to give any information or to make any representation in connection with the matters being considered herein other than those contained in this Circular and, if given or made, such information or representation should be considered or relied upon as not having been authorized. This Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer of proxy solicitation. Neither the delivery of this Circular nor any distribution of securities referred to herein shall, under any circumstances, create any implication that there has been no change in the information set forth herein since the date of this Circular.

Information contained in this Circular should not be construed as legal, tax or financial advice and Explorex Shareholders are urged to consult their own professional advisors in connection with the matters considered in this Circular.

Neither the Arrangement, the Fundamental Change, nor the Continuation has been approved or disapproved by any securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or merits of the Arrangement, the Fundamental Change, the Continuation or upon the accuracy or adequacy of the information contained in this Circular and any representation to the contrary is unlawful.

The CSE has neither reviewed nor approved the disclosure in this Circular. The application for listing of Spinco's Shares on the CSE will be subject to Spinco meeting the initial listing requirements of the CSE. In addition, the completion of the Fundamental Change is subject to receipt of CSE approval.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND RISKS

This Circular and the documents incorporated into this Circular by reference, contain "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of the applicable Canadian securities legislation (forward-looking information and forward-looking statements being collectively herein after referred to as "forward-looking statements") that are based on expectations, estimates and projections as at the date of this Circular or the dates of the documents incorporated herein by reference, as applicable. These forward-looking statements include but are not limited to statements and information concerning: the Arrangement; the Fundamental Change, the Continuation; the timing for the implementation of the Arrangement and the potential benefits of the Arrangement; the timing for the implementation of the Fundamental Change; the likelihood of the Arrangement being completed; the likelihood of the Fundamental Change being completed; the likelihood of the Continuation being completed; principal steps of the Arrangement; statements relating to the business and future activities of, and developments related to, Explorex and Spinco after the date of this Circular and prior to the Effective Time and to and of Explorex and Spinco after the Effective Time; receipt of approval of the Explorex Shareholders and Court approval of the Arrangement; regulatory approval of the Arrangement; listing of the Spinco Shares on the CSE; market position, and future financial or operating performance of Spinco or Raffles Pubco; statements based on the *pro forma* financial statements of Raffles Pubco attached hereto as Appendix "H"; and other events or conditions that may occur in the future.

Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as “expects”, or “does not expect”, “is expected”, “anticipates” or “does not anticipate”, “plans”, “budget”, “scheduled”, “forecasts”, “estimates”, “believes” or “intends” or variations of such words and phrases or stating that certain actions, events or results “may” or “could”, “would”, “might”, or “will” be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements, which include statements relating to, among other things, the ability of Explorex or Spinco to successfully compete in the market.

These forward-looking statements are based on the beliefs of Explorex’s management, as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. However, there can be no assurance that the forward-looking statements will prove to be accurate. Such assumptions and factors include, among other things, the satisfaction of the terms and conditions of the Arrangement including the approval of the Arrangement and fairness by the Court, and the receipt of the required governmental and regulatory approvals and consents.

By their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Explorex or Spinco to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation: the Arrangement Agreement may be terminated at the discretion of the board of directors of Explorex or Spinco; the Share Exchange Agreement may be terminated in certain circumstances; general business, economic, competitive, political, regulatory and social uncertainties; uncertainty related to mineral exploration properties risks related to instability in the global economic climate; dilutive effects to Explorex Shareholders; risks related to the ability to complete acquisitions; risks related to the ability of Explorex and Spinco to find appropriate joint venture partners; environmental risks; and community and non-governmental actions and regulatory risks.

This list is not exhaustive of the factors that may affect any of forward-looking statements of Explorex and Spinco. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this Circular generally and certain economic and business factors, some of which may be beyond the control of Explorex and Spinco. Some of the important risks and uncertainties that could affect forward-looking statements are described further under the heading “*The Explorex Meeting – Risks Associated with the Arrangement*” and in Appendix “D” to this Circular under the heading “*Spinco Information – Risk Factors*” and in Appendix “E” to this Circular under the heading “*Resulting Issuer Information Following Fundamental Change – Risk Factors*”. Explorex and Spinco do not intend, and do not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, Explorex Shareholders should not place undue reliance on forward-looking statements.

NOTE TO UNITED STATES SECURITYHOLDERS

THE ARRANGEMENT AND THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE IN THE UNITED STATES, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE IN THE UNITED

STATES PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Spinco Shares to be issued by Spinco to Explorex Shareholders in the United States pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act set forth in the Section 3(a)(10) thereunder on the basis of the approval of the Court, and corresponding exemptions under the securities laws of each state of the United States in which Explorex Shareholders in the United States are domiciled. The exemption from registration under Section 3(a)(10) of the U.S. Securities exempts from registration the issuance of any securities issued in exchange for one or more bona fide outstanding securities where, among other things, the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing at which the fairness of the terms and conditions of such exchange are approved at which all persons to whom it is proposed to issue securities in such exchange have the right to appear and receive timely and adequate notice thereof. The Court issued the Explorex Interim Order on February 4, 2020 and, subject to the approval of the Arrangement by the Explorex Shareholders, a hearing for the Explorex Final Order approving the Arrangement will be held at 9:45 a.m. (Pacific time) on March 13, 2020 (or as soon thereafter as legal counsel can be heard) at 800 Smithe Street, Vancouver, British Columbia, Canada. All Explorex Shareholders are entitled to appear and be heard at this hearing. Accordingly, the Explorex Final Order, if granted by the Court after the Court considers the substantive and procedural fairness of the Arrangement to the Explorex Shareholders, will constitute a basis for the exemption from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereunder with respect to the Spinco Shares to be issued in connection with the Arrangement. Prior to the hearing on the Explorex Final Order, the Court will be informed of this effect of the Explorex Final Order. See “The Arrangement – Explorex Final Order”.

The Spinco Shares to be issued to Explorex Shareholders in the United States under the Arrangement will be freely transferable under U.S. federal securities laws, except that the U.S. Securities Act imposes restrictions on the resale of securities received pursuant to the Arrangement by persons who: (a) are, or within the 90 days immediately before such resale were, “affiliates” (as such term is understood under U.S. securities laws) of Spinco; or (b) were “affiliates” of Spinco within 90 days prior to the Effective Date. Persons who may be deemed to be “affiliates” of an issuer include individuals or entities that control, are controlled by, or are under common control with, the issuer, whether through the ownership of voting securities, by contract, or otherwise, and generally include executive officers and directors of the issuer as well as principal shareholders of the issuer. Any resale of such Spinco Shares by such an affiliate (or former affiliate) may be subject to the registration requirements of the U.S. Securities Act, absent an exemption therefrom. Explorex Shareholders in the United States who are affiliates of Spinco solely by their status as an officer or director of Spinco may sell their Spinco Shares outside of the United States in compliance with Regulation S under the U.S. Securities Act. See “Regulatory Law Matters and Securities Law Matters – United States Securities Law Matters”.

Explorex Shareholders should be aware that the acquisition by Explorex Shareholders of the Spinco Shares pursuant to the Arrangement described herein may have tax consequences both in Canada and the United States. Such consequences for Explorex Shareholders may not be described fully herein. Explorex Shareholders who are resident in Canada are advised to review the summary contained in this Circular under the heading “*Certain Canadian Federal Income Tax Considerations*”, and all Explorex Shareholders are urged to consult their own tax advisors to determine the particular tax consequences to them of the Arrangement in light of their particular situation, as well as any tax

consequences that may arise under the laws of any other relevant foreign, state, local, or other taxing jurisdiction.

Explorex is a corporation existing under the laws of British Columbia, Canada. The solicitation of Explorex proxies is being made and the transactions contemplated herein is undertaken by a Canadian issuer in accordance with Canadian corporate and securities laws and is not subject to the requirements of Section 14(a) of the Exchange Act by virtue of an exemption applicable to proxy solicitations by “foreign private issuers” (as defined in Rule 3b-4 under the Exchange Act). Accordingly, this Circular has been prepared in accordance with the applicable disclosure requirements in Canada, and the solicitations and transactions contemplated in this Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws, which are different from the requirements applicable to proxy solicitations under the Exchange Act. Explorex Shareholders should be aware that disclosure requirements under such Canadian laws are different from requirements under United States corporate and securities laws relating to issuers organized under United States laws, and this Circular has not been filed with or approved by the SEC or the securities regulatory authority of any state within the United States.

The enforcement by Explorex Shareholders in the United States of civil liabilities under United States federal securities laws may be affected adversely by the fact that each of Explorex and Spinco are incorporated in jurisdictions outside the United States, certain of their directors and executive officers are residents of Canada and all of their assets and the assets of such persons are located outside the United States. Explorex Shareholders in the United States may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court. As a result, it may be difficult or impossible for Explorex Shareholders in the United States to effect service of process within the United States upon Explorex, Spinco, their respective officers or directors or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or “blue sky” laws of any state within the United States. In addition, Explorex Shareholders resident in the United States should not assume that Canadian courts: (a) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the securities laws of the United States or “blue sky” laws of any state within the United States; or (b) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the securities laws of the United States or “blue sky” laws of any state within the United States.

The financial statements of Spinco included herein have been prepared in accordance with IFRS and are subject to Canadian auditing and auditor independence standards. As a result, such financial statements and financial information of Spinco may not be comparable to and may differ in material ways to financial statements prepared in accordance with U.S. GAAP and United States auditing and auditor independence standards.

Information concerning the Spinco Properties publicly available and filed on SEDAR by Explorex, uses terms that comply with reporting standards in Canada. In particular, certain estimates of mineralized material are made in accordance with Canadian National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”), under guidelines set out in the CIM Standards on Mineral Resources and Mineral Reserves adopted by the CIM Council on May 10, 2014. NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects.

Unless otherwise indicated, all reserve and resource estimates referred to or contained in this Circular have been prepared in accordance with NI 43-101. These NI 43-101 standards differ

significantly from the requirements of the SEC, and such resource information may not be comparable to similar information disclosed by U.S. companies. For example, while the terms “mineral resource”, “measured resource”, “indicated resource” and “inferred resource” are recognized and required by Canadian regulations, they are not recognized by the SEC. It cannot be assumed that any part of the mineral deposits in these categories will ever be upgraded to a higher category. These terms have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that any part of an inferred resource exists. In accordance with Canadian rules, estimates of “inferred resources” cannot form the basis of feasibility or pre-feasibility studies. In addition, under the requirements of the SEC, mineralization may not be classified as a “reserve” unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Finally, disclosure of contained ounces is permitted disclosure under Canadian regulations, however, the SEC normally only permits issuers to report resources as in place tonnage and grade without reference to unit measures.

No broker, dealer, salesperson or other person has been authorized to give any information or make any representation other than those contained in this Circular and, if given or made, such information or representation must not be relied upon as having been authorized by Explorex.

CURRENCY AND EXCHANGE RATES

Unless otherwise indicated herein, references to “\$”, “Cdn\$” or “Canadian dollars” are to Canadian dollars, references to “S\$” are to Singapore dollars, and references to “US\$” or “U.S. dollars” are to United States dollars.

REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

The financial statements of Explorex and Spinco in this Circular are reported in Canadian dollars and have been prepared in accordance with IFRS.

The financial statements of Raffles in this Circular are reporting in Singapore dollars and have been prepared in accordance with IFRS.

GLOSSARY OF TERMS

In this Circular and accompanying Notice of Meeting, unless there is something in the subject matter inconsistent therewith, the following terms shall have the respective meanings set out below, words importing the singular number shall include the plural and vice versa and words importing any gender shall include all genders.

“affiliate”	has the meaning ascribed to that term in the National Instrument 45-106 – <i>Prospectus Exemptions</i> .
“Arrangement”	means the arrangement of Explorex under Section 288 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 6.1 of the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Explorex Final Order (provided that any such amendment or variation is acceptable to both Spinco and Explorex, each acting reasonably).
“Arrangement Agreement”	means the arrangement agreement dated as of January 28, 2020 between Explorex and Spinco including all schedules.
“Arrangement Resolution”	means the special resolution of the Explorex Shareholders approving the Plan of Arrangement which is to be considered at the Explorex Meeting, substantially in the form and content of Appendix “A” attached hereto.
“ACB”	means adjusted cost base.
“AST”	means AST Trust Company (Canada).
“BCBCA”	means the <i>Business Corporations Act</i> (British Columbia) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time.
“BCSC”	means the British Columbia Securities Commission.
“Board”	means the board of directors of Explorex as constituted from time to time.
“Business Day”	means any day that is not a Saturday, a Sunday or a statutory or civic holiday in Vancouver, British Columbia.
“Canadian Securities Administrators”	means the voluntary umbrella organization of Canada’s provincial and territorial securities regulators.
“Cayman Shares”	means ordinary shares of the Continued Company.
“Circular”	means, collectively, the Notice of Special Meeting and this Management Information Circular of Explorex, including all appendices hereto, sent to Explorex Shareholders in connection with the Explorex Meeting.

“Class A Common Shares”	means the shares of Explorex resulting from alteration of Explorex’s authorized share capital and Articles by the renaming and redesignation of all the issued and unissued common shares of Explorex.
“Closing”	means the closing of the Share Exchange Agreement, which will constitute the Fundamental Change.
“Companies Law”	means the <i>Companies Law (as revised) of the Cayman Islands</i> .
“Consolidation”	means the consolidation of Explorex’s issued and outstanding securities after completion of the Arrangement and before the Continuation, as described in more detail elsewhere in the Circular.
“Continuation”	means the continuance of the Company to the Cayman Islands.
“Continuation Certificate”	means the certificate required under Section 311 of the BCBCA.
“Continuation Effective Time”	has the meaning given to it on page 67.
“Continuation Resolution”	means the special resolution approving the continuation of Explorex to the Cayman Islands under the Companies Law.
“Continued Company”	means Explorex as continued to the Cayman Islands as an exempted company limited by shares within the meaning of the Companies Law.
“Court”	means the Supreme Court of British Columbia.
“CRA”	means the Canada Revenue Agency.
“CSE”	means the Canadian Securities Exchange.
“Dissent Procedures”	means the statutory procedures in connection with the exercise of Dissent Rights.
“Dissent Rights”	means the rights of dissent exercisable by the Explorex Shareholders in respect of the Continuation as provided in Sections 237-247 of the BCBCA.
“Dissenting Non-Resident Holder”	means a Dissenting Shareholder that is a Non-Resident Holder.
“Dissenting Resident Holder”	means a Resident Shareholder that is entitled to be paid fair value for its Dissenting Shares.
“Dissenting Shareholder”	means a Registered Shareholder who wishes to duly and

	validly exercise their Dissent Rights.
“Dissenting Shares”	means the Explorex New Shares held by Dissenting Shareholders.
“Effective Date”	means the date upon which the Arrangement becomes effective.
“Effective Time”	means 12:01 a.m. (Pacific time) on the Effective Date or such other time on the Effective Date as may be agreed in writing by Explorex and Spinco.
“Eligible Person”	has the meaning given to it on page 39.
“Exchange Act”	means the United States Exchange Securities Act of 1934, as amended and the rules and regulations promulgated thereunder.
“Explorex”	means Explorex Resources Inc., a company existing under the laws of British Columbia.
“Explorex Final Order ”	means the final order of the Court pursuant to Section 291 of the BCBCA, in a form acceptable to Spinco and Explorex, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with consent of both Spinco and Explorex, each acting reasonably) at any time prior to the Effective Date.
“Explorex Interim Order”	means the interim order of the Court made pursuant to Section 291 of the BCBCA, in a form acceptable to Spinco and Explorex, each acting reasonably, providing for, among other things, the calling and holding of the Explorex Meeting, as the same may be amended by the Court with the consent of Spinco and Explorex, each acting reasonably.
“Explorex Meeting”	means the annual general special meeting of Explorex Shareholders, including any adjournment or postponement thereof, held in accordance with the Explorex Interim Order to consider, among other things, the Arrangement Resolution. The Explorex Meeting is also being held to consider and approve the Fundamental Change and the Continuation.
“Explorex New Shares”	means the common shares in the capital of Explorex issued in connection with Arrangement.
“Exercise Price Proportion”	means the fraction A/B , where: <ul style="list-style-type: none"> A is the fair market value of a Spinco Share immediately prior to the Effective Time; and B is the fair market value of an Explorex New Share immediately prior to the Effective Time;

“Explorex Replacement Warrants”	means a warrant to acquire an Explorex New Share granted by Explorex to a holder of a Explorex Warrant in accordance with subsection 2.2(c) of the Plan of Arrangement, with the exercise price of each such Explorex Replacement Warrant determined in accordance with this Plan of Arrangement, subject to such reasonable adjustment as may be necessary in the circumstances and are approved by the board of directors of Explorex.
“Explorex Shareholders”	means the holders of Explorex Shares.
“Explorex Shares”	means the issued and outstanding common shares of Explorex and, following the exchange of such common shares for Class A Common Shares in accordance with the Plan of Arrangement, means the Class A Common Shares.
“Explorex Stock Option Plan”	has the meaning given to it on page 39.
“Explorex Warrants”	means the outstanding warrants to purchase Explorex Shares.
“Fairness Opinion”	means the opinion delivered by RWE Growth Partners, Inc. to the Board, a full copy of which is attached as Appendix “J”.
“Fundamental Change”	means a proposed transaction between Explorex and Raffles whereby Explorex will acquire all of the outstanding shares of Raffles and Raffles will become a wholly-owned subsidiary of Explorex. The completion of the acquisition of Raffles constitutes a fundamental change under the policies of the CSE.
“IFRS”	means International Financial Reporting Standards, as adopted by the International Accounting Standards Board.
“Law” or “Laws”	means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any Permit of or from any Governmental Entity or self-regulatory authority (including the CSE), and the term “applicable” with respect to such Laws and in a context that refers to a Party, means such Laws as are applicable to such Party and/or its Subsidiaries or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party and/or its Subsidiaries or its or their business, undertaking, property or securities.
“MD&A”	means management’s discussion and analysis of financial statements.
“Name Change”	means the change of Explorex’s name to “Raffles Financial Group Limited”.

“NI 52-110”	means National Instrument 52-110 “ <i>Audit Committees</i> ” of the Canadian Securities Administrators.
“Non-Registered Holder”	means an Explorex Shareholder who is not a Registered Explorex Shareholder.
“Non-Resident Shareholders”	has the meaning attributed to that term in this Circular under “ <i>Certain Canadian Federal Income Tax Considerations – Non-Residents of Canada</i> ”.
“Notice of Dissent”	has the meaning given to it on page 82.
“Notice of Meeting”	means the notice to the Explorex Shareholders which accompanies this Circular.
“Notice Shares”	has the meaning given to it on page 83.
“Ordinary Members' Resolution”	has the meaning given to it on page 72.
“paid-up capital”	has the meaning ascribed to such term for the purposes of the Tax Act.
“Person”	includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, trustee, executor, administrator or other legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status.
“Plan of Arrangement”	means the plan of arrangement of Explorex and Spinco, and any amendments or variations thereto made in accordance with the Plan of Arrangement or upon the direction of the Court in the Explorex Final Order with the consent of Spinco and Explorex, each acting reasonably.
“Raffles”	means Raffles Financial Pte Ltd., a company formed under the laws of Singapore.
“Raffles Pubco”	means Explorex following the completion of the Arrangement and after completion of the Fundamental Change, Name Change, Consolidation and Continuation.
“Record Date”	means February 3, 2020.
“Registered Explorex Shareholder”	means a registered holder of Explorex Shares.
“Registered Plan”	means a trust governed by a registered retirement savings plan, a registered retirement income fund, a registered disability savings plan, a deferred profit sharing plan, a tax-

	free savings account or a registered education savings plan.
“Registrar”	means the Registrar of Companies under the BCBCA..
“Regulatory Approvals”	means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the waiver or lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities.
“Resident Shareholders”	has the meaning ascribed thereto in this Circular under <i>“Certain Canadian Federal Income Tax Considerations”</i> .
“SEC”	means the United States Securities and Exchange Commission.
“Securities Act”	means the <i>Securities Act</i> (British Columbia) and the regulations made thereunder.
“Securities Laws”	means the Securities Act and the U.S. Securities Act, together with all other applicable state, federal and 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.
“SEDAR”	means the System for Electronic Document Analysis and Retrieval as outlined in NI 13-101, which can be accessed online at www.sedar.com .
“Share Exchange Agreement”	means the share exchange agreement among Explorex, Raffles and the shareholders of Raffles dated December 20, 2019.
"Special Members' Resolution"	has the meaning given to it on page 72.
“Spinco”	means Origen Resources Inc., a wholly-owned subsidiary of Explorex existing under the BCBCA.
“Spinout Assets”	means: <ul style="list-style-type: none"> (i) all direct and indirect right, title and interest of Explorex in and to the Spinco Porperties and and all business, corporate, legal and accounting books, records and documents used in the conduct of the foregoing properties and related undertakings; (ii) all equipment, hardware, software, office supplies, fixtures, and other tangible property owned, leased or held by or on behalf of Explorex; and (iii) cash in the amount of \$500,000.

“Spinout Liabilities”	<p>means:</p> <ul style="list-style-type: none"> (i) all liabilities or obligations (contingent or otherwise) (other than any liability or obligation for Taxes) in respect (but only in respect) of the Spinout Assets (including the operations or activities in connection therewith); (ii) all liabilities or obligations for Taxes payable to any Governmental Entity arising from, or in connection with the Spinout Assets; and (iii) all liabilities or obligations for Taxes payable but not yet paid or reflected in the contingencies or commitments in the Annual Financial Statements of Explorex to any Governmental Entity and imposed on, or is in respect of, the Spinout Assets and/or any liabilities or obligations referred to in this definition net of all applicable credits, deductions, and other amounts available (including any loss carryforwards) with respect to the Spinout Assets.
“Spinco Option Plan”	means the stock option plan of Spinco on substantially the same terms and conditions as the Explorex Option Plan.
“Spinco Properties”	means, collectively, the Arlington, Kagoot Brook, Bonanza and Silver Dollar properties.
“Spinco Replacement Warrants”	means a warrant to acquire a Spinco Share granted by Spinco to a holder of a Explorex Warrant in accordance with Subsection 2.2(c) of the Plan of Arrangement, subject to such reasonable adjustment as may be necessary in the circumstances and are approved by the board of directors of Spinco.
“Spinco Shares”	means the common shares in the capital of Spinco.
“Tax Act”	means the <i>Income Tax Act</i> (Canada), as amended from time to time, and the regulations made thereunder.
“Tax Regulations”	has the meaning ascribed to that term in this Circular under “ <i>Certain Canadian Federal Income Tax Considerations</i> ”.
“Taxes”	means all taxes, duties, fees, premiums, assessments, imposts, levies, expansion fees and other charges of any kind whatsoever imposed by any Governmental Entity, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, windfall, royalty, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and

registration fees and all employment insurance, health insurance and Canada, Québec and other pension plan premiums or contributions imposed by any Governmental Entity, and any transferee liability in respect of any of the foregoing.

“U.S. Holder”

means a beneficial owner of a Explorex Share or Spinco Share, as the case may be, who is, for U.S. federal income tax purposes:

- (i) an individual citizen or resident of the United States;
- (ii) a corporation or other entity classified as a corporation created or organized in or under the laws of the United States or any political subdivision thereof;
- (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- (iv) a trust if: (i) a court within the United States can exercise primary supervision over it, and one or more United States persons have the authority to control all substantial decisions of the trust, or (ii) the trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person.

“U.S. Securities Act”

means the United States Securities Act of 1933, as amended and the rules and regulations promulgated thereunder.

“U.S. Treaty”

means the Canada-United States Income Tax Convention (1980), as amended.

“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.

“Warrant Exchange”

has the meaning given to it on page 43.

SUMMARY

This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Circular, including the Appendices which are incorporated into and form part of this Circular. Terms with initial capital letters in this summary are defined in the Glossary of Terms immediately preceding this summary.

The Explorex Meeting

The Explorex Meeting will be held at the offices of Miller Thomson LLP, Suite 400, 725 Granville Street, Vancouver, British Columbia, V7Y 1G5, on Monday March 9, 2020 commencing at 10:00 a.m. (Pacific time).

Record Date

Only Explorex Shareholders of record at the close of business on February 3, 2020 will be entitled to receive notice of and vote at the Explorex Meeting, or any adjournment or postponement thereof.

Purpose of the Explorex Meeting

At the Explorex Meeting, Explorex Shareholders will be asked to consider and, if deemed advisable, to pass, the Arrangement Resolution approving a statutory plan of arrangement. The full text of the Arrangement Resolution is set out in Appendix "A" to this Circular. In order to implement the Arrangement, the Arrangement Resolution must be approved, with or without amendment, by at least two-thirds of the votes cast in respect of the Arrangement Resolution by Explorex Shareholders, in person or represented by proxy at the Explorex Meeting. See "*The Explorex Meeting – Approval of Arrangement Resolution*".

Explorex Shareholders will also be asked at the Explorex Meeting to consider and, if deemed advisable, to pass an ordinary resolution approving of Explorex's stock option plan and Spinco's stock option plan.

In addition, the Explorex Meeting is also being held for Explorex Shareholders to consider and, if deemed advisable, to pass an ordinary resolution approving the Fundamental Change, and a special resolution approving the Continuation.

The Arrangement

The Arrangement is one element of a larger transaction to which Explorex is a party.

The Arrangement will constitute a plan of arrangement of Explorex and Spinco. In order for the Arrangement to be effective, it must be approved by a special resolution passed by the Explorex Shareholders holding a majority of not less than two-thirds of the Explorex Shares represented in person or by proxy at the Meeting that voted on the resolution. The disclosure of the principal features of the Arrangement, as summarized below and as disclosed in more detail elsewhere in this Circular, is qualified in its entirety by reference to the full text of the Arrangement Agreement.

The principal business of Explorex has been natural resource exploration with a focus on the investment in and exploration, development and advancement of exploration properties in Canada. The purpose of the Arrangement is to allow Explorex to complete a fundamental change in accordance with CSE policies and to spin out its exploration assets and liabilities in the Spinco Properties to Spinco. Pursuant to the Plan of Arrangement, there will be a reduction of capital of Explorex by way of a distribution of the Spinco Shares held by Explorex.

Immediately following completion of the Plan of Arrangement, Explorex Shareholders who receive Spinco Shares will continue to hold an interest in each part of the current business of Explorex through the continued ownership of their Explorex New Shares and the ownership of Spinco Shares distributed to them. **Explorex Shareholders should refer to Appendix D for detailed information about Spinco post-Arrangement.**

The Arrangement Agreement

The Arrangement provides that Explorex will be issued common shares of Spinco (the “**Spinco Shares**”) in consideration for the transfer to Spinco of:

- (a) the Spinco Properties (as defined herein), all business, corporate, legal and accounting books, records and documents related to the Spinco Properties, all equipment, hardware, software, office supplies, fixtures, and other tangible property owned, leased or held by or on behalf of Explorex, and cash in the amount of \$500,000 (collectively, the “**Spinout Assets**”); and
- (b) all liabilities or obligations of any type whatsoever (including contingent or absolute obligations, and future obligations) of Explorex, including all liabilities or obligations for Taxes payable arising from or in connection with the Spinout Assets (collectively, the “**Spinout Liabilities**”).

Pursuant to the Arrangement Agreement, at or after 12:01 AM (Vancouver time) (the “**Effective Time**”) on the date upon which the Arrangement becomes effective (the “**Effective Date**”):

- (a) Explorex will transfer the Spinout Assets to Spinco and Spinco will assume the Spinout Liabilities in accordance with the Arrangement Agreement in consideration for the issuance by Spinco of such number of Spinco Shares to Explorex Shareholders such that the total number of outstanding Spinco Shares will be equal to 0.5 of the total number of Explorex Shares issued and outstanding immediately prior to the Effective Time;
- (b) Explorex will undertake a reorganization of its share capital resulting in:
 - (i) the renaming and redesignation of all the issued and outstanding Explorex Shares as Class A Common Shares;
 - (ii) creating a new class of an unlimited number of common shares without par value (the “**Explorex New Shares**”)
- (c) each issued and outstanding Explorex Class A Common Share will be exchanged for one Explorex New Share and 0.5 of a Spinco Share;
- (d) each Explorex Warrantholder will dispose of the Exercise Price Proportion of such holder’s Explorex Warrants to Spinco and the remaining portion to Explorex, and as sole consideration therefor: (i) Spinco will grant Spinco Replacement Warrants to the Explorex Warrantholder; and (ii) Explorex will grant Explorex Replacement Warrants to the Explorex Warrantholder; and
- (e) Explorex will surrender to Spinco for cancellation the one Spinco Share issued to Explorex on the incorporation of Spinco.

Upon completion of the Arrangement and pursuant to the terms of the Arrangement Agreement, the total number of outstanding Spinco Shares will be equal to 0.5 of the total number of Explorex Shares issued and outstanding immediately prior to the Effective Time.

Explorex and Spinco have agreed to implement the Arrangement in accordance with the Arrangement Agreement and the Plan of Arrangement. As at the date of this Circular, Explorex has obtained the Interim Order providing for, among other things, the calling and holding of the Meeting. If the Arrangement Resolution is approved at the Meeting, Explorex will on or about March 13, 2020 apply to the Court for the Final Order. If the Final Order is obtained, subject to the satisfaction or waiver of any conditions contained in the Arrangement Agreement, the Arrangement will become effective in accordance with the Final Order.

Reasons for the Arrangement and Recommendation of Board

After careful consideration, the Board has unanimously determined that the Plan of Arrangement is fair and in the best interests of Explorex and the Explorex Shareholders. Accordingly, the Board unanimously recommends that Explorex Shareholders vote FOR the Arrangement Resolution.

In the course of its evaluation of the Plan of Arrangement, the Board considered a number of factors, including among others, the following:

- (a) *Fairness Opinion.* The Fairness Opinion to the effect that, as of January 28, 2020, subject to the assumptions, limitations and qualifications contained therein, the Arrangement (based on the Plan of Arrangement and Arrangement Agreement) is fair, from a financial point of view, to the Explorex Shareholders.
- (b) *Continued Participation by Explorex Shareholders in the Spinco Properties Through Spinco.* Explorex Shareholders, through their ownership of Spinco Shares, will also participate in the Spinco Properties. The Explorex Shareholders will hold 100% of the issued Spinco Shares upon completion of the Arrangement. Spinco will have approximately \$500,000 in cash to pursue development of the Spinco Properties. It is expected that certain of the current management of Explorex will also participate as management of Spinco.
- (c) *Investment Diversification.* The creation of two separate companies dedicated to the pursuit of their respective businesses will provide Explorex Shareholders with diversification and increased liquidity for their investment portfolios, as they will hold a direct interest in two companies, each of which is focused and valued on different objectives.
- (d) *Approval of Explorex Shareholders and the Court are required.* The following required approvals protect the rights of Explorex Shareholders: the Arrangement must be approved by at least two-thirds of the votes cast in respect of the Arrangement Resolution by Explorex Shareholders, present in person or represented by proxy at the Explorex Meeting; and the Arrangement must also be sanctioned by the Court, which will consider the fairness of the Arrangement to Explorex Shareholders.

The foregoing discussion summarizes the material information and factors considered by the Board in their consideration of the Plan of Arrangement. The Board collectively reached its unanimous decision with respect to the Plan of Arrangement in light of the factors described above and other factors that each member of the Board felt were appropriate. In view of the wide variety of factors and the quality and amount of information considered, the Board did not find it useful or practicable to, and did not make specific assessments of, quantify, rank or otherwise assign relative weights to the specific factors considered in reaching its determination. Individual members of the Board may have given different weight to different factors.

For further information on the reasons for the Arrangement, see “Part 5 – The Business of the Meeting – The Arrangement – Reasons for the Plan of Arrangement and Recommendation of the Board” in this Circular.

Fairness Opinion

RwE Growth Partners, Inc. have provided the Fairness Opinion to Explorex’s board of directors in respect of the fairness of the terms of the Arrangement, from a financial point of view, to the Explorex Shareholders. Based upon its review and such other matters as RwE Growth Partners, Inc. have considered relevant, and subject to the limitations stated in the Fairness Opinion, it is their opinion that, as of January 28, 2020, the Arrangement (based on the Plan of Arrangement and Arrangement Agreement) is fair, from a financial point of view, to the Explorex Shareholders.

For further information see the Fairness Opinion attached to this Circular as Appendix J and “Part 5 – Other Matters to be Acted Upon – The Arrangement – Fairness Opinion” in this Circular.

Conditions to Arrangement Becoming Effective

In addition to the information noted immediately below under “Court Approval of the Arrangement” and “Stock Exchange Approvals”, the Arrangement is subject to a number of specified conditions, including among others:

- the Interim Order and Final Order will have been obtained from the Court on terms acceptable to each of the parties and will not have been set aside or modified in a manner unacceptable to either of the parties, on appeal or otherwise;
- Explorex and Spinco will have received all required approvals, including approval by Explorex Shareholders of the Arrangement at the Meeting, approval by their respective boards of directors to the Arrangement, and approval of the CSE to the Arrangement, subject only to compliance with the usual conditions of that approval, if any;
- Explorex will have received confirmation from counsel that the delivery of the Spinco Shares to the Explorex Shareholders pursuant to the Arrangement will be exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) of the U.S. Securities Act;
- Explorex will have received confirmation from counsel that the delivery of the Spinco Shares to the Explorex Shareholders and the Explorex Replacement Warrants to the holders of Explorex Warrants pursuant to the Arrangement will be exempt from the registration and prospectus requirements in each of the provinces and territories of Canada in which Explorex Shareholders are resident in Canada;
- there will not be in force any order or decree restraining or enjoining the completion of the transactions contemplated by this Arrangement Agreement or the Plan of Arrangement;
- none of the consents, orders, regulations or approvals contemplated by this Arrangement Agreement will contain terms or conditions or require undertakings or security deemed unsatisfactory or unacceptable by either of the parties hereto, acting reasonably;
- the Spinco Shares will have been conditionally approved for listing on the CSE;
- this Arrangement Agreement will not have been previously terminated; and

- the obligation of each party to complete the Arrangement is subject to the further condition that the covenants of the other parties will have been duly performed.

These conditions may be waived in accordance with the Arrangement Agreement.

Court Approval of the Arrangement

Under the BCBCA, Explorex is allowed to apply for the Interim Order and is required to apply for the Final Order to obtain the approval of the Court to the calling of the Meeting and to the Arrangement. Around February 4, 2020, Explorex will obtain the Interim Order providing for the calling and holding of the Meeting and other procedural matters. A copy of the Interim Order is attached as Appendix C to the Circular.

The Court hearing to obtain the Final Order approving the Arrangement is scheduled at 9:45 a.m., Vancouver time, on March 13, 2020, subject to the approval of the Arrangement Resolution at the Meeting. A copy of the Notice of Hearing of Petition for the Final Order approving the Arrangement is attached as Appendix C to the Circular.

Explorex Shareholders who wish to participate in or be represented at the Court hearing should consult with their legal advisors as to the necessary requirements.

Stock Exchange Approval

The issued and outstanding Explorex Shares are listed for trading on the CSE. Explorex has applied to the CSE for approval of the Fundamental Change but, as of the date of this Circular, it has not received conditional approval from the CSE. There can be no guarantee that CSE conditional approval will be obtained.

Spinco has applied to list the Spinco Shares on the CSE. **The closing of the Arrangement is conditional upon the CSE approving the listing of the Spinco Shares on the CSE.**

The disclosure in this Circular has not been reviewed by the CSE. Listing will be subject to Spinco fulfilling all of the listing requirements of the CSE.

See "Part 5 – The Business of the Meeting – The Arrangement – Required Approvals" in the Circular.

Dissent Rights

Explorex Shareholders will not be given the right to dissent in respect of the special resolution to approve the Arrangement and accordingly, the dissent proceedings contained in Division 2 of Part 8 of the BCBCA **do not** apply to such special resolution or the Arrangement.

Explorex acknowledges that the shareholders are offered a right to dissent in most plan of arrangement transactions. Explorex Shareholders will not be provided with the right to dissent because Explorex does not have the cash resources or assets that could be readily liquidated to finance such a right.

Income Tax Considerations

Summary of Certain Canadian Income Tax Considerations

Explorex Shareholders will be considered to have disposed of their Explorex Shares on the exchange of their Explorex Shares for Explorex New Shares and Spinco Shares.

Resident Shareholders will generally be deemed for purposes of the Tax Act to receive a dividend from Explorex on the exchange of Explorex Shares for Explorex New Shares and Spinco Shares, to the extent that the fair market value of the Spinco Shares received by the Resident Shareholder exceeds the paid-up capital (as determined for the purposes of the Tax Act) of the Explorex Shares attributable, on a pro rata basis, to the Explorex Shares exchanged. The cost of the Explorex New Shares will be deemed to be equal to the amount, if any, by which the adjusted cost base of the Explorex Shares exceeds the fair market value of the Spinco Shares received.

On the exchange of Explorex Shares for Explorex New Shares and Spinco Shares, a capital gain (or capital loss) may also be realized by a Resident Shareholder equal to the amount by which (a) the aggregate of the cost of the Spinco Shares and of the Explorex New Shares received less the amount of any dividend deemed to be received on the exchange exceeds (or is less than) (b) the aggregate of the adjusted cost base of the Explorex Shares exchanged and any reasonable costs of disposition. Explorex Shareholders should consult with their own tax advisors regarding the adjusted cost base of their Explorex Shares since the adjusted cost base will depend on the circumstances in which their Explorex Shares were issued to them.

As set out above, if the aggregate fair market value of the Spinco Shares, at the time they are distributed on the exchange of Explorex Shares for Explorex New Shares and Spinco Shares, exceeds the aggregate paid-up capital of the Explorex Shares, a dividend will be deemed to be paid by Explorex to Non-Resident Shareholders which will be subject to Canadian withholding tax. Non-Resident Shareholders will be subject to withholding tax under Part XIII of the Tax Act equal to 25% (subject to reduction under an applicable income tax treaty) of the deemed dividend, if any, on the exchange of their Explorex Shares for Explorex New Shares and Spinco Shares. Explorex will take such actions as may be reasonably necessary in order to meet Explorex's withholding tax obligations arising as a result of any deemed dividend.

Non-Resident Explorex Shareholders Shares will generally not be taxable in Canada with respect to any capital gains realized on the disposition of Explorex Shares and Explorex New Shares pursuant to the Arrangement so long as such shares do not constitute "taxable Canadian property" as defined in the Tax Act.

Non-Resident Shareholders should consult with their tax advisors.

A summary of certain Canadian federal income tax considerations in respect of the proposed Arrangement is included under "*Certain Canadian Federal Income Tax Considerations*" and the foregoing is qualified in full by the information in such section.

Court Approval

The Arrangement requires Court approval under the BCBCA. In addition to this approval, the Court will be asked for a declaration following a Court hearing that the Arrangement is fair to the Explorex Shareholders. Prior to the mailing of this Circular, Explorex submitted, along with other materials, a copy of the Circular to the Court and subsequently obtained the Explorex Interim Order providing for the calling and holding of the Explorex Meeting, the Dissent Rights and certain other procedural matters. Following receipt of Explorex Shareholder Approval, Explorex intends to make application to the Court for the Explorex Final Order at 9:45 a.m (Pacific time), or as soon thereafter as counsel

may be heard, on March 13, 2020 at 800 Smithe Street, Vancouver, British Columbia, Canada, or at any other date and time as the Court may direct. Miller Thomson LLP, counsel to Explorex, has advised that, in deciding whether to grant the Explorex Final Order, the Court will consider, among other things, the fairness of the Arrangement to Explorex Shareholders.

Any Explorex Shareholder who wishes to appear or be represented and to present evidence or arguments at that hearing must file and serve a response to petition no later than 4:00 p.m. (Pacific time) on March 11, 2020 along with any other documents required, all as set out in the Explorex Interim Order and Notice of Petition, the text of which are set out in Appendix “C” to this Circular and satisfy any other requirements of the Court. Such Persons should consult with their legal advisors as to the necessary requirements.

The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, and subject to compliance with such terms and conditions, if any, as the Court sees fit.

The Court will be advised, prior to the hearing, that the Court’s approval of the Arrangement (including the fairness thereof) will form a basis for the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof with respect to the Spinco Shares to be received by Explorex Shareholders pursuant to the Arrangement. See “*The Explorex Meeting – Court Approval of the Arrangement*”.

Regulatory Law Matters and Securities Law Matters

Canadian Securities Law Matters

The issuance pursuant to the Arrangement of the Explorex New Shares and the Spinco Shares, as well as all other issuances, trades and exchanges of securities under the Arrangement, will be made pursuant to exemptions from the registration and prospectus requirements contained in applicable Canadian provincial securities legislation or, where required, exemption orders or rulings from various securities regulatory authorities in the provinces and territories of Canada where Explorex Shareholders are resident. Explorex is currently a “reporting issuer” under the applicable securities legislation in the provinces of British Columbia, Alberta, Ontario and Yukon. Under National Instrument 45-102 – *Resale of Securities* (and if required, orders and rulings from various securities regulatory authorities in the provinces and territories of Canada where Explorex Shareholders are resident), the Explorex New Shares and Spinco Shares received by Explorex Shareholders pursuant to the Arrangement may be resold through registered dealers in Canadian provinces or territories without any “hold period” restriction (provided that no unusual effort is made to prepare the market or create a demand for these securities, no extraordinary commission or consideration is paid in respect of the sale and, if the seller is an insider or officer of the issuer, the seller has no reasonable grounds to believe that the issuer is in default of securities legislation). Resales of Explorex New Shares and Spinco Shares will, however, be subject to resale restrictions where the sale is made from the holdings of any Person or combination of Persons holding a sufficient number of Explorex New Shares or Spinco Shares, as the case may be, to affect materially the control of Explorex or Spinco, respectively.

See “*The Explorex Meeting – Regulatory Law Matters and Securities Law Matters*”.

United States Tax Law Matters

Each U.S. Holder of Explorex Shares should consult its own tax advisor as to the particular tax consequences to it of the receipt of Spinco Shares and Explorex New Shares pursuant to the Arrangement and the ownership and disposition of the Spinco Shares and Explorex New Shares

received, including the effects of applicable U.S. federal, state and local tax laws and non-U.S. tax laws and possible changes in tax laws.

Fundamental Change

Effective December 20, 2019, Explorex, Raffles and the shareholders of Raffles entered into the Share Exchange Agreement. The Share Exchange Agreement sets out the terms for a proposed reverse takeover transaction between Explorex and Raffles whereby Explorex will acquire all of the outstanding shares of Raffles and Raffles will become a wholly-owned subsidiary of Explorex.

Pursuant to the Share Exchange Agreement, Raffles Shareholders will receive 450 Explorex Shares, which will be Cayman Shares (at the relevant time) for each share of Raffles held at the closing of the Fundamental Change, on a post-Consolidation (as defined herein) basis. It is anticipated that the Fundamental Change will result in Raffles Pubco issuing an aggregate of 45,000,000 Explorex Shares (Cayman Shares) to the Raffles Shareholders.

The closing of the Share Exchange Agreement (the “**Closing**”), resulting in the Fundamental Change, is conditional upon certain related transactions occurring.

Upon completion of the Fundamental Change, the business of Explorex will be the same business of Raffles, conducted through its wholly-owned subsidiary, Raffles. Raffles is an established Singapore company that provides an array of financial advisory and related services to companies in China, Singapore, Australia and other countries in and throughout Asia. Raffles is headquartered in Singapore, with its head office in the downtown business district of Singapore City as well as regional branch offices in Sydney, Beijing and Hong Kong.

Raffles had revenues of approximately S\$11,533,334 for the period from incorporation on July 5, 2018 to June 30, 2019 and total comprehensive income, representing net profit for the financial period, of S\$9,560,301.

The financial services of Raffles are focused on:

- (a) helping companies to re-structure / reorganize their assets so as to internationalize such assets in favorable jurisdictions;
- (b) providing advisory and support services related to public listings (such as initial public offerings) in various Asian countries and in other global markets;
- (c) providing direct advisory expertise and structuring advice to funds, family offices and trusts regarding initial and ongoing investments and portfolios, plus performance assessments; and
- (d) providing Raffles’ representatives with various financial technology tools and advice on how to use certain financial technology tools and techniques to better service their clients.

For further information about the Fundamental Change, Explorex Shareholders should refer to Appendix “E” for detailed information about Explorex following the Fundamental Change, along with Appendix “I” for Raffles’ financial statements and MD&A, and Appendix “H” for pro forma financial statements.

Risk Factors

Explorex Shareholders should carefully consider the risk factors relating to the Arrangement. Some of these risks include, but are not limited to: (i) the Arrangement Agreement may be terminated in certain circumstances, including in the event of a change having a material adverse effect on the

business of either Explorex or Spinco; (ii) there can be no certainty that all conditions precedent to the Arrangement will be satisfied; (iii) Explorex will incur costs even if the Arrangement is not completed; (iv) directors and executive officers of Explorex have interests in the Arrangement that are similar to those of the Explorex Shareholders; (v) the market price for Explorex New Shares and Spinco Shares (if Spinco Shares are listed) may decline; (vi) Explorex and any relevant intermediary may sell Spinco Shares on behalf of an Explorex Shareholder to meet Explorex's withholding tax obligations (including any applicable interest and penalties) arising as a result of any deemed dividend and any such sales may negatively impact the trading price of the Spinco Shares (if listed); (vii) there is no guarantee that the Spinco Shares will be listed on the CSE or that a market for such shares will develop; (viii) Spinco Shares may not be qualified investments under the Tax Act for a Registered Plan; and (ix) the issue of Explorex New Shares under the Arrangement and their subsequent sale may cause the market price of Explorex New Shares to decline from current or anticipated levels.

For more information see "*The Explorex Meeting - Risks Associated with the Arrangement*". Additional risks and uncertainties, including those currently unknown or considered immaterial by Explorex, may also adversely affect the Explorex Shares, the Spinco Shares, and/or the businesses of Explorex and Spinco following the Arrangement. In addition to the risk factors relating to the Arrangement set out in this Circular, there are risks related to the Fundamental Change. Explorex Shareholders should also carefully consider the risk factors associated with the businesses of Explorex and Spinco and Raffles included in this Circular, including the documents incorporated by reference therein. See "Appendix "D" - "*Spinco Information - Risk Factors*", for a description of these risks. See also Appendix "E" - "*Resulting Issuer Information Following Fundamental Change*".

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by the management of Explorex for use at the Explorex Meeting, to be held on March 9, 2020, at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors and regular employees of Explorex at nominal cost paid by Explorex.

How a Vote is Passed

At the Explorex Meeting, Explorex Shareholders will be asked, among other things, to consider and to vote to approve the Arrangement Resolution approving the Arrangement. To be effective, the Arrangement must be approved by a resolution passed by not less than two-thirds of the votes cast by Explorex Shareholders, voting in person or by proxy at the Explorex Meeting.

Exlorex Shareholders will also be asked at the Explorex Meeting to consider and, if deemed advisable, to pass an ordinary resolution approving of Explorex's stock option plan and Spinco's stock option plan.

In addition, the Explorex Meeting is also being held for Explorex Shareholders to consider and, if deemed advisable, to pass an ordinary resolution approving the Fundamental Change, and a special resolution approving the Continuation.

Who can Vote?

If you are a Registered Explorex Shareholder as at February 3, 2020, you are entitled to attend at the Explorex Meeting and cast a vote for each Explorex Share registered in your name on the Arrangement Resolution. If the Explorex Shares are registered in the name of a corporation, a duly authorized officer of the corporation may attend on its behalf, but documentation indicating such officer's authority should be presented at the Explorex Meeting. If you are a Registered Explorex Shareholder but do not wish to, or cannot, attend the Explorex Meeting in person you can appoint someone who will attend the Explorex Meeting and act as your proxyholder to vote in accordance with your instructions. If your Explorex Shares are registered in the name of a "nominee" (usually a bank, trust company, securities dealer or other financial institution) you should refer to the section entitled "*Non-Registered Holders*" set out below.

It is important that your Explorex Shares be represented at the Explorex Meeting regardless of the number of Explorex Shares you hold. If you will not be attending the Explorex Meeting in person, we encourage you to complete, date, sign and return your form of proxy as soon as possible so that your Explorex Shares will be represented.

How do I Vote?

Registered Explorex Shareholders can vote in a number of ways:

- **Mail:** To the offices of AST Trust Company (Canada), P.O. Box 721, Agincourt, ON M1S 0A1; or
- **Fax:** AST Trust Company (Canada): Fax: 416-368-2502 or toll free in Canada and the United States to 1-866-781-3111; or

- **Online:** Go to the website indicated on the proxy form (<https://astvotemyproxy.com>) and follow the instructions on the screen; or
- **Phone:** Call the toll-free number indicated on the proxy form (in Canada and United States) (1-888-489-7352) and follow the voice instructions; or
- **Scan and Email:** proxyvote@astfinancial.com; or
- **In Person:** Present yourself to a representative of AST Trust Company (Canada) at the Explorex Meeting.

Appointment of Proxies

If you do not come to the Explorex Meeting, you can still make your votes count by appointing someone who will be there to act as your proxyholder at the Explorex Meeting. You can appoint the Persons named in the enclosed form of proxy, who are each a director and an officer of Explorex. Alternatively, you can appoint any other Person to attend the Explorex Meeting as your proxyholder. Regardless of who you appoint as your proxyholder, you can either instruct that appointee how you want to vote or you can let your appointee decide for you. You can do this by completing a form of proxy. In order to be valid, you must return the completed form of proxy forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Explorex Meeting to our transfer agent, AST Trust Company (Canada), P.O. Box 721, Agincourt, ON M1S 0A1 by mail or fax to 416-368-2502 or toll free in Canada and the United States to 1-866-781-3111 or scan and email to proxyvote@astfinancial.com or vote online at <https://astvotemyproxy.com> or call toll free (in Canada and United States) (1-888-489-7352) and follow the voice instructions. The Chair of the Explorex Meeting may waive the proxy cut-off time at his discretion without notice.

What is a Proxy?

A form of proxy is a document that authorizes someone to attend the Explorex Meeting and cast your votes for you. We have enclosed a form of proxy with this Circular. You should use it to appoint a proxyholder, although you can also use any other legal form of proxy.

Appointing a Proxyholder

The persons named in the enclosed form of proxy are each either a director or an officer of Explorex. **An Explorex Shareholder who wishes to appoint some other person to represent such Explorex Shareholder at the Explorex Meeting may do so by crossing out the name on the form of proxy and inserting the name of the person proposed in the blank space provided in the enclosed form of proxy. Such other person need not be an Explorex Shareholder.** To vote your Explorex Shares, your proxyholder must attend the Explorex Meeting. If you do not fill a name in the blank space in the enclosed form of proxy, the persons named in the form of proxy are appointed to act as your proxyholder.

Instructing your Proxy and Exercise of Discretion by your Proxy

You may indicate on your form of proxy how you wish your proxyholder to vote your Explorex Shares. To do this, simply mark the appropriate boxes on the form of proxy. If you do this, your proxyholder must vote your Explorex Shares in accordance with the instructions you have given.

If you do not give any instructions as to how to vote on a particular issue to be decided at the Explorex Meeting, your proxyholder can vote your shares or options as he or she thinks fit. If you have appointed the persons designated in the form of proxy as your proxyholder they will, unless

you give contrary instructions, vote **FOR** the Arrangement Resolution, Continuation Resolution and Fundamental Change Resolution.

Further details about these matters are set out in this Circular. The enclosed form of proxy gives the persons named on it the authority to use their discretion in voting on amendments or variations to matters identified on the Notice of Meeting. At the time of printing this Circular, the management of Explorex is not aware of any other matter to be presented for action at the Explorex Meeting. If, however, other matters do properly come before the Explorex Meeting, the persons named on the enclosed form of proxy will vote on them in accordance with their best judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

Changing your mind

If you want to change your vote you can by (a) attending the Explorex Meeting and voting in person if you were a Registered Explorex Shareholder at the Record Date of February 3, 2020; (b) voting again online; (c) signing and returning a proxy bearing a later date; (d) signing a written statement which indicates, clearly, that you want to revoke your proxy and delivering this signed written statement to the Registered Office of Explorex located at 400-725 Granville Street, Vancouver, British Columbia, V7Y 1G5, Attention: Kathy Tang, or (e) in any other manner permitted by law.

Your proxy will only be revoked if a revocation is received by 4:00 p.m. (Pacific time) on the last Business Day before the day of the Explorex Meeting, or delivered to the person presiding at the Explorex Meeting before it commences. Registered Explorex Shareholders who revoke their proxy and do not replace it with another that is deposited with us before the deadline, may still vote their shares and options, but to do so they must attend the Explorex Meeting in person.

Non-Registered Holders

If your Explorex Shares are not registered in your own name, they will be held in the name of a “nominee”, usually a bank, trust company, securities dealer or other financial institution and, as such, your nominee will be the entity legally entitled to vote your Explorex Shares and must seek your instructions as to how to vote your Explorex Shares. The Notice of Meeting, the Circular and the proxy-related materials (collectively, the “**Meeting Materials**”) are being sent to both registered and non-registered holders of Explorex Shares.

Non-registered shareholders are either “objecting beneficial owners” or “**OBOs**”, who object to intermediaries disclosing information about their identity and ownership in the Corporation or “non-objecting beneficial owners” or “**NOBOs**”, who do not object to such disclosure.

Canadian Non-Objecting Beneficial Owners

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, Explorex has elected to send the Meeting Materials directly to Canadian NOBOs. If you are a NOBO and we have sent these materials to you directly, your name and address and information about your holdings of Explorex Shares have been obtained in accordance with applicable securities regulatory requirements from the nominee holding the securities on your behalf. By choosing to send these materials to you directly, Explorex (and not your nominee) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. NOBOs may vote in the following ways:

- **Mail:** To the offices of AST Trust Company (Canada), P.O. Box 721, Agincourt, ON M1S 0A1; or

- **Fax:** AST Trust Company (Canada): 416-368-2502 or toll free in Canada and the United States to 1-866-781-3111; or
- **Online:** Go to the website indicated on the VIF (<https://astvotemyproxy.com>) and follow the instructions on the screen or
- **Phone:** Call the toll-free number indicated on the VIF (1-888-489-7352) and follow the voice instructions.
- **Scan and Email:** proxyvote@astfinancial.com

Voting in Person

If you are a Canadian NOBO and wish to vote in person at the Explorex Meeting or appoint a nominee to vote on your behalf, insert your own name (or that of your nominee) in the space provided on the Proxy to appoint yourself (or your nominee) as proxy holder and follow the instructions to return the form. NOBOs who appoint themselves as proxy holders should present themselves at the Meeting (or their nominee should present themselves) to a representative of AST. Do not otherwise complete the request for voting instructions sent to you as you (or your nominee) will be voting at the Meeting.

U.S. Non-Objecting Beneficial Owners and U.S. and Canadian Objecting Beneficial Owners

Unless you have previously informed your nominee that you do not wish to receive material relating to shareholders' meetings, you will have received this Circular from your nominee, together with a form of proxy or a request for voting instruction form ("VIF"). If that is the case, it is most important that you comply strictly with the instructions that have been given to you by your nominee on the VIF. Explorex intends to pay for intermediaries to deliver the Meeting Materials to OBOs. If you have voted and wish to change your voting instructions, you should contact your nominee to discuss whether this is possible and what procedures you must follow.

If your Explorex Shares are not registered in your own name, Explorex's transfer agent will not have a record of your name and, as a result, unless your nominee has appointed you as a proxyholder, will have no knowledge of your entitlement to vote. If you wish to vote in person at the Explorex Meeting, therefore, please insert your own name in the space provided on the form of proxy or VIF that you have received from your nominee. If you do this, you will be instructing your nominee to appoint you as proxyholder. Please adhere strictly to the signature and return instructions provided by your nominee. It is not necessary to complete the form in any other respect, since you will be voting at the Explorex Meeting in person. Please register with the transfer agent, AST Trust Company (Canada), upon arrival at the Explorex Meeting.

Voting Securities and Principal Holders

The authorized voting share capital of Explorex consists of an unlimited number of Explorex Shares. Each holder of Explorex Shares is entitled to one vote for each Explorex Share registered in his or her name at the close of business on February 3, 2020, the date fixed by the directors as the record date for determining who is entitled to receive notice of and to vote at the Explorex Meeting.

At the close of business on February 3, 2020, there were 24,971,019 Explorex Shares. To the knowledge of Explorex's directors and officers, no persons or companies beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all Explorex Shares.

ANNUAL GENERAL MEETING ITEMS

Election of Directors

Directors of Explorex are elected at each annual general meeting and hold office until the next annual general meeting or until that person sooner ceases to be a director. The Explorex Shareholders will be asked to pass an ordinary resolution to set the number of directors of Explorex at six for the next year, subject to any increases permitted by Explorex's Articles.

Assuming completion of the Fundamental Change, Explorex expects that five of the six directors will resign and the vacancies caused by their resignations will be filled by Charlie In, Victor Liu, Abigail Zhang, Kit Chan, Harley Sinclair. In accordance with Explorex's Articles, the board of directors expects to appoint one additional independent director so there will be seven directors upon completion of the Fundamental Change. See Appendix "E" to this Circular and "Particulars of Matters to be Acted Upon – Fundamental Change" below for further information.

Unless you provide other instructions, the enclosed proxy will be voted for the nominees listed below. Management does not expect that any of the nominees will be unable to serve as a director. If before the Meeting any vacancies occur in the slate of nominees listed below, the person named in the proxy will exercise his or her discretionary authority to vote the Explorex Shares represented by the proxy for the election of any other person or persons as directors.

Management proposes to nominate the persons named in the table below for election as director. The information concerning the proposed nominees has been furnished by each of them:

Name, Province or State and Country of Residence and Present Office Held	Periods Served as Director	Number of Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised ⁽¹⁾	Principal Occupation and, if Not Previously Elected, Principal Occupation during the Past Five Years
William E.A. Wishart⁽²⁾ Chairman of the Board and Director BC, Canada	Since January 2011	816,200 Shares	Mr. Wishart is Chairman of the Board and a Director of Explorex. Mr. Wishart was a director of First Star Resources Inc. from June 2000 to December 2010 and during that period served as President until November 2010 and thereafter as Chairman until December 2010.
Gary Schellenberg CEO and Director BC, Canada	Since April, 2011	1,389,667 Shares ⁽³⁾	Mr. Schellenberg is the Chief Executive Officer and a Director of Explorex. Mr. Schellenberg is currently President of Coast Mountain Geological Ltd. since April 1987.
James Mustard⁽²⁾ VP Corporate Development and Director BC, Canada	Since October, 2016	393,625 Shares	Mr. Mustard is Vice President, Corporate Development and a Director of Explorex. Mr. Mustard was VP Corporate Finance, PI Financial Corp. from October 2009 to February 2016; Director of Kilo Goldmines Ltd. since 2007 and a Director of Four Nines Gold Inc. since 2016. He was a

Name, Province or State and Country of Residence and Present Office Held	Periods Served as Director	Number of Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised ⁽¹⁾	Principal Occupation and, if Not Previously Elected, Principal Occupation during the Past Five Years
			Director of Cipher Resources (now, Empress Resources Corp.) from 2017 until June 2019.
Jerry Bella ⁽²⁾ Director BC, Canada	Since September, 2017	167,000 ⁽⁴⁾	Mr. Bella is a Director of Explorex. Mr. Bella is a self-employed financial consultant providing services to a leading China based integrated lithium producer. He holds a professional accounting designation and has been a director and CFO of numerous private and publicly-traded companies including mineral resource exploration, oil and gas, manufacturing and high-tech companies.
Mike Sieb President and Director BC, Canada	Since September, 2017	Nil	Mr. Sieb is President and a Director of Explorex. Mr. Sieb holds a Masters of Business and Administration degree from the University of British Columbia and received a Bachelor of Science Degree in Geology from Concordia University.
Mike Zhou Director BC, Canada	Since August, 2019	Nil	Mr. Zhou is a Director of Explorex.

Notes:

- (1) As at February 3, 2020.
- (2) Denotes a member of the Audit Committee.
- (3) 181,667 of these shares are held directly by Mr. Schellenberg, 492,500 are held indirectly through 404198 BC Ltd., and 715,500 are held indirectly through Coast Mountain Geological Ltd., both companies controlled by Mr. Schellenberg.
- (4) 55,000 of these shares are held directly by Mr. Bella and 112,000 are held indirectly through 416006 BC Ltd., a company controlled by Mr. Bella.

Other than the disclosure set out below, no proposed director of Explorex is or has been, within the past 10 years, a director, chief executive officer or chief financial officer of any company that, while the person was acting in that capacity:

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of the above, “order” means (a) a cease trade order; (b) an order similar to a cease trade order; or (c) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Mr. Schellenberg was a director of Golden Coast Energy Corp. (“GCE”) from February 28, 2013 to March 25, 2016 and he was the chief executive officer of GCE from June 6, 2013 to March 25, 2016. The British Columbia Securities Commission issued an order on December 11, 2015 that GCE be cease traded due to failure to file its audited financial statements and related MD&A for the financial year ended July 31, 2015. The cease trade order remains in effect as at the date of this Circular.

No proposed director of Explorex has, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

To the knowledge of Explorex, no nominee for director of Explorex has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

No proposed director of Explorex is or has been, within the past 10 years, a director or executive officer of any company that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

Executive Compensation

Explorex is a venture issuer and is disclosing its executive compensation in accordance with Form 51-102F6V.

The following persons are considered the “Named Executive Officers” or “NEOs” for the purposes of this disclosure:

- a. Explorex’s chief executive officer;
- b. Explorex’s chief financial officer;
- c. each of Explorex’s most highly compensated executive officers, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V, for the March 31, 2019 year end; and
- d. each individual who would be a Named Executive Officer under paragraph (c) but for the fact the individual was neither an executive officer, nor acting in a similar capacity at March 31, 2019.

Director and Named Executive Officer Compensation, excluding Compensation Securities

The following table provides a summary of compensation paid or accrued, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by Explorex or a subsidiary of Explorex to

each Named Executive Officer and director of Explorex during Explorex's two most recent financial years ended March 31, 2019 and March 31, 2018.

Table of compensation excluding compensation securities							
Name and position	Year ended March 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites ⁽¹⁾ (\$)	Value of all other compensation (\$)	Total compensation (\$)
Gary Schellenberg CEO and Director	2019	76,500 ⁽²⁾	Nil	Nil	Nil	Nil	76,500
	2018	48,750 ⁽²⁾	Nil	Nil	Nil	Nil	48,750
Elizabeth Richards CFO	2019	30,000 ⁽⁴⁾	Nil	Nil	Nil	Nil	30,500
	2018 ⁽³⁾	7,500 ⁽⁴⁾	Nil	Nil	Nil	Nil	7,500
William E.A. Wishart Chairman of the Board and Director	2019	76,500 ⁽⁵⁾	Nil	Nil	Nil	Nil	76,500
	2018	90,000 ⁽⁵⁾	Nil	Nil	Nil	Nil	90,000
James Mustard VP Corporate Development and Director	2019	31,550 ⁽⁶⁾	Nil	Nil	Nil	Nil	31,550
	2018	88,000 ⁽⁶⁾	Nil	Nil	Nil	Nil	88,000
Jerry Bella Director	2019	30,000 ⁽⁸⁾	Nil	Nil	Nil	Nil	30,000
	2018 ⁽⁷⁾	15,000 ⁽⁸⁾	Nil	Nil	Nil	Nil	15,000
Mike Sieb Director and President	2019	59,375	Nil	Nil	Nil	Nil	59,375
	2018 ⁽⁹⁾	36,000	Nil	Nil	Nil	Nil	36,000

(1) The value of perquisites and benefits, if any, was less than \$15,000.

(2) Denotes fees paid by Explorex for consulting services provided by Mr. Schellenberg through a company controlled by him.

(3) Ms. Richards was appointed as the CFO on January 18, 2018 so the information for the financial year ended March 31, 2018 is for less than a full financial year.

(4) Denotes fees paid by Explorex for professional fees provided by Ms. Richards through a company controlled by her.

(5) Denotes fees paid by Explorex for consulting services provided by Mr. Wishart through Sunquest Investment Corp.

(6) Denotes fees paid by Explorex for consulting services provided by Mr. Mustard.

(7) Mr. Bella was appointed as a Director on September 7, 2017, so information for the financial year ended March 31, 2018 is for less than a full financial year.

(8) Denotes fees paid by Explorex for consulting services provided by Mr. Bella through a company controlled by him.

(9) Mr. Sieb was appointed as a Director and President on September 7, 2017, so information for the financial year ended March 31, 2018 is for less than a full financial year.

Stock Options and Other Compensation Securities

There were no compensation securities granted or issued during the most recently completed financial year ended March 31, 2019 to each Named Executive Officer and director for services provided or to be provided, directly or indirectly, to Explorex or its subsidiary. However, certain of the Named Executive Officers and directors held stock options granted during the previous financial years.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class ⁽¹⁾	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Gary Schellenberg CEO and Director	Stock Options	100,000 100,000	Sept 29, 2016 Nov 2, 2017	\$0.13 \$0.25	\$0.125 \$0.24	\$0.265 \$0.265	Sept 29, 2021 Nov 2, 2022
William E.A. Wishart Chairman of the Board and Director	Stock Options	100,000 100,000	Sept 29, 2016 Nov 2, 2017	\$0.13 \$0.25	\$0.125 \$0.24	\$0.265 \$0.265	Sept 29, 2021 Nov 2, 2022
James Mustard VP Corporate Development and Director	Stock Options	100,000	Nov 2, 2017	\$0.25	\$0.24	\$0.265	Nov 2, 2022
Jerry Bella Director	Stock Options	100,000	Nov 2, 2017	\$0.25	\$0.24	\$0.265	Nov 2, 2022
Mike Sieb Director	Stock Options	200,000	Nov 2, 2017	\$0.25	\$0.24	\$0.265	Nov 2, 2022
Elizabeth Richards CFO	Stock Options	Nil	NA	NA	NA	NA	NA

(1) All stock options are fully vested. One common share is issuable on the exercise of each stock option.

Exercise of Compensation Securities by Directors and NEOs

During the financial year ending March 31, 2019, none of the Named Executive Officers or directors exercised any stock options.

For information about the material terms of Explorex's stock option plan, please refer to the heading "Approval of 10% Rolling Stock Option Plan".

Employment, Consulting and Management agreements

The CEO and CFO compensation were provided under consulting agreements between Explorex and each of the CEO and CFO. Neither the CEO nor CFO have change of control provisions in their consulting agreements.

Oversight and Description of Director and Named Executive Officer Compensation

Director compensation

The Board determines director compensation from time to time. Directors are not generally compensated in their capacities as such but Explorex may, from time to time, grant to its directors incentive stock options to purchase common shares in the capital of Explorex pursuant to the terms of the Stock Option Plan and in accordance with the policies of the CSE.

During the financial year ended March 30, 2019, Explorex paid or accrued the following fees:

- management fees of \$59,375 to Mike Sieb, an officer and director of Explorex;
- consulting fees of \$31,550 to James Mustard, an officer and director of Explorex;
- rent of \$17,550 and management fees of \$76,500 to a company controlled by William Wishart; and
- director's fees of \$30,000 to a company controlled by Jerry Bella.

Named Executive Officer Compensation

The Board determines executive compensation from time to time. Explorex does not have a formal compensation policy, but the Board is responsible for reviewing the adequacy and form of compensation paid to Explorex's executives and ensuring that such compensation realistically reflects the responsibilities and risks of such positions. In fulfilling its responsibilities, the Board evaluates the performance of the chief executive officer and other senior management in light of corporate goals and objectives, and makes recommendations with respect to compensation levels based on such evaluations. The main objectives Explorex hopes to achieve through its compensation are to attract and retain executives critical to Explorex's success, who will be key in helping Explorex achieve its corporate objectives and increase shareholder value. Explorex looks at industry standards when compensating its executive officers.

During the financial year ended March 31, 2019, Mr. Schellenberg's compensation as CEO amounted to \$90,000 and Ms. Richards' compensation as CFO amounted to \$30,000.

Securities Authorized for Issuance under Equity Compensation Plans

Explorex has an incentive stock option plan under which stock options are granted. Stock options have been determined by Explorex's directors and are only granted in compliance with applicable laws and regulatory policy. The policies of the CSE limit the granting of stock options to employees, officers, directors and consultants of Explorex and provide limits on the length of term, number and exercise price of such options. Explorex last received shareholder approval of its stock option plan at its last annual general meeting held on September 20, 2018.

The following table sets out equity compensation plan information as at the end of the financial year ended March 31, 2019.

Plan Category	Number of securities to be issued upon exercise of outstanding options⁽¹⁾ (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))⁽²⁾ (c)
Equity compensation plans approved by securityholders	1,385,000	\$0.24	790,892
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	1,385,000	\$0.24	790,892

(1) Assuming outstanding options are fully vested.

(2) Excluding the number of shares issuable on exercise of the outstanding options shown in the second column.

Indebtedness of Directors and Executive Officers

None of our directors or executive officers, proposed nominees for election as directors, or associates of any of them, is or has been indebted to Explorex or our subsidiaries at any time since the beginning of the most recently completed financial year and no indebtedness remains outstanding as at the date of this Circular.

Interest of Informed Persons in Material Fundamental Changes

No informed person of Explorex, no proposed nominee for election as a director of Explorex, and no associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction since the commencement of our last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect Explorex or any of our subsidiaries.

An “informed person” means:

- e. a director or executive officer of Explorex;
- f. a director or executive officer of a person or company that is itself an informed person or subsidiary of Explorex;
- g. any person or company who beneficially owns, directly or indirectly, voting securities of Explorex or who exercises control or direction over voting securities of Explorex or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of Explorex other than voting securities held by the person or company as underwriter in the course of a distribution; and
- h. Explorex if it has purchased, redeemed or otherwise acquired any of its securities, so long as it holds any of its securities.

Audit Committee

Under this heading, Explorex is including the disclosure required by Form 52-110F2 of National Instrument 52-110 Audit Committees (“**NI 52-110**”).

Audit Committee Charter

The Audit Committee Charter was adopted by Explorex’s Audit Committee and the Board of Directors. The full text of Explorex’s Audit Committee Charter is attached as Schedule “A” to Explorex’s Circular dated August 15, 2018 which was filed on SEDAR on August 27, 2018 and can be viewed under Explorex’s profile at www.sedar.com.

Composition of the Audit Committee

As of the date of this Circular, the following are the members of the Audit Committee:

Name of Member	Independent⁽¹⁾	Financially Literate⁽¹⁾
William E.A. Wishart	No	Yes
James Mustard	No	Yes
Jerry Bella	Yes	Yes

(1) As that term is defined in NI 52-110. Mr. Wishart is not considered to be independent because he was an executive officer within the past three years. He is not currently an executive officer of Explorex, although acts as non-executive chair of the Board.

Relevant Education and Experience of Audit Committee Members

The education and experience of each member of the Audit Committee relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

- (a) an understanding of the accounting principles used by Explorex to prepare its financial statements;
- (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by Explorex’s financial statements, or experience actively supervising one or more persons engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting, are as follows:

William Wishart – Mr. Wishart is responsible for carrying out the strategic plans and policies as established by the board of directors. Mr. Wishart is also responsible for managing corporate financial risks, financial planning, and preparation of the financial statements and recordkeeping of Explorex.

Jim Mustard - An experienced capital market and mining professional Jim was most recently VP of Investment Banking at PI Financial Corp. Prior to that he was the President and a director of Canada Zinc Metals and served as the VP and Senior Mining Analyst at Haywood Securities Inc. Jim is a

registered Professional Engineer with the Association of Professional Engineers and Geoscientists of BC.

Jerry Bella - Since receiving his professional accounting designation in 1979, he has been a director and CFO of numerous private and publicly-traded companies including mineral resource exploration, oil and gas, manufacturing and high-tech companies. Jerry has extensive experience relating to the financial stewardship of Canadian and international mineral exploration projects.

Audit Committee Oversight

Since the commencement of Explorex's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Reliance on Exemptions in NI 52-110 regarding De Minimis Non-audit Services or on a Regulatory Order Generally

Since the commencement of Explorex's most recently completed financial year, Explorex has not relied on the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 (which exempts all non-audit services provided by Explorex's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to Explorex, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit), the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), the exemption in subsection 6.1.1(5) (*Events Outside of Control of Member*), the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*) or an exemption from NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Service Fees (By Category)

The following table discloses the fees billed to Explorex by its external auditor during the last two financial years:

Financial Year Ending	Audit Fees ⁽¹⁾	Audit-Related Fees	Tax Fees ⁽²⁾	All Other Fees
March 31, 2018	\$15,500	Nil	\$2,500	Nil
March 31, 2019	\$20,245	Nil	\$2,500	Nil

(1) "Audit Fees" include fees necessary to perform the annual audit and if applicable, quarterly reviews of Explorex's consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. These fees relate to preparing and filing Explorex's Canadian tax returns and related schedules.

Reliance on Exemptions in NI 52-110 regarding Audit Committee Composition & Reporting Obligations

Since Explorex is a venture issuer, it relies on the exemption contained in section 6.1 of NI 52-110 from the requirements of Part 3 Composition of the Audit Committee (as described in 'Composition of the Audit Committee' above) and Part 5 Reporting Obligations of NI 52-110 (which requires certain prescribed disclosure about the Audit Committee in this Circular).

Corporate Governance

National Instrument 58-101 *Disclosure of Corporate Governance Practices* of the Canadian securities administrators requires Explorex to annually disclose certain information regarding its corporate governance practices. Under this heading, Explorex is providing the disclosure required by Form 58-101F2.

Board of Directors

The Board has responsibility for the stewardship of Explorex including responsibility for strategic planning, identification of the principal risks of Explorex's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of Explorex's internal control and management information systems.

The Board sets long term goals and objectives for Explorex and formulates the plans and strategies necessary to achieve those objectives and to supervise senior management in their implementation. The Board delegates the responsibility for managing the day-to-day affairs of Explorex to senior management but retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to Explorex and its business. The Board is responsible for protecting shareholders' interests and ensuring that the incentives of the shareholders and of management are aligned.

As part of its ongoing review of business operations, the Board reviews, as frequently as required, the principal risks inherent in Explorex's business including financial risks, through periodic reports from management of such risks, and assesses the systems established to manage those risks. Directly and through the Audit Committee, the Board also assesses the integrity of internal control over financial reporting and management information systems.

In addition to those matters that must, by law, be approved by the Board, the Board is required to approve any material dispositions, acquisitions and investments outside the ordinary course of business, long-term strategy, and organizational development plans. Management of Explorex is authorized to act without board approval, on all ordinary course matters relating to Explorex's business.

The Board also monitors Explorex's compliance with timely disclosure obligations and reviews material disclosure documents prior to distribution. The Board is responsible for selecting the President and appointing senior management and for monitoring their performance.

The Board considers that the following directors are "independent" in that they are independent and free from any interest and any business or other relationship which could or could reasonably be perceived to, materially interfere with the director's ability to act with the best interests of Explorex, other than interests and relationships arising from shareholding: William Wishart, Jerry Bella, and Mike Zhou. The Board considers that Gary Schellenberg, the CEO of Explorex, Mike Sieb, President of Explorex and Jim Mustard, the VP Corporate Development of Explorex, is not independent because each is a member of management.

Directorships

Certain of the directors are presently a director of one or more other reporting issuers (or equivalent) in a Canadian or foreign jurisdiction, as follows:

Name of Director	Other reporting issuer (or equivalent in a foreign jurisdiction)
Gary Schellenberg	Dunedin Ventures Inc.
	Troubadour Resources Inc.
	New World Resource Corp.
James Mustard	Kilo Goldmines Ltd.
	Four Nines Gold Inc.
Mike Sieb	Troubadour Resources Inc.
	Getchell Gold Corp.
	Cross River Ventures Corp.

Orientation and Continuing Education

The Board is responsible for providing orientation for all new recruits to the Board. Each new director brings a different skill set and professional background, and with this information, the Board is able to determine what orientation to the nature and operations of Explorex's business will be necessary and relevant to each new director. Explorex provides continuing education for its directors as the need arises and encourages open discussion at all meetings, which format encourages learning by the directors.

Ethical Business Conduct

The Board relies on the fiduciary duties placed on individual directors by Explorex's governing corporate legislation and the common law to ensure the Board operates independently of management and in the best interests of Explorex. The Board has found that these, combined with the conflict of interest provisions of the BCBCA, as well as the relevant securities regulatory instruments, to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Nomination of Directors

The Board performs the functions of a nominating committee with respect to appointment of directors. The Board believes that this is a practical approach at this stage of Explorex's development. While there are not specific criteria for board membership, Explorex attempts to attract and maintain directors with business knowledge, which assists in guiding management of Explorex.

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders. The Board takes into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

Compensation

The Board is responsible for determining all forms of compensation, including long-term incentive in the form of stock options, to be granted to the CEO, the CFO and the directors, and for reviewing the CEO's recommendations respecting compensation of the other officers of Explorex, to ensure such

arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of its officers, the Board considers: (i) recruiting and retaining executives critical to the success of Explorex and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the shareholders; (iv) rewarding performance, both on an individual basis and with respect to operations in general; and (v) permitted compensation under CSE rules.

Other Board Committees

The Board has no other committees other than the Audit Committee described in this Circular under the heading "Audit Committee".

Assessments

The Board annually reviews its own performance and effectiveness as well as reviews the Audit Committee Charter and recommends revisions as necessary. Neither Explorex nor the Board has adopted formal procedures to regularly assess the Board, the Audit Committee or the individual directors as to their effectiveness and contribution. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by the other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its committees.

The Board believes its corporate governance practices are appropriate and effective for Explorex, given its size and operations. Explorex's corporate governance practice allows Explorex to operate efficiently, with checks and balances that control and monitor management and corporate functions without excessive administrative burden.

Approval of 10% Rolling Stock Option Plan

Background Information

Explorex's Stock Option Plan (the "**Explorex Stock Option Plan**") was last approved by shareholders on September 20, 2018, at the previous annual general meeting of shareholders.

The purpose of the Explorex Stock Option Plan is to allow Explorex to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of Explorex. The granting of such options is intended to align the interests of such persons with that of the shareholders. The Explorex Stock Option Plan reserves for issuance a maximum of 10% of the Explorex Shares at the time of a grant of options under the Explorex Stock Option Plan. The Explorex Stock Option Plan will be administered by the Board and provide for grants of non-transferable options under the Explorex Stock Option Plan at the discretion of the management company employees of, or consultants to, Explorex and its subsidiaries, or their permitted assigns (each an "**Eligible Person**").

The exercise price of Stock Options granted under the Explorex Stock Option Plan will be determined by the Board. The exercise price must not be lower than the greater of the last closing market price for the Spinco Shares as quoted on the CSE on (a) the market trading day immediately prior to the date of grant of the option, and (b) the date of grant of the option.

Stock Options to acquire more than 5% of the issued and outstanding Explorex Shares may not be granted to any one person in any 12-month period.

The term of any Stock Options granted under the Explorex Stock Option Plan will be fixed by the Board and may not exceed ten years. Should an Eligible Person cease to qualify as an Eligible Person under the Explorex Stock Option Plan prior to expiry of the term of their respective Stock Options, those Stock Options will terminate at the earlier of (i) the end of the period of time permitted for exercise of the Stock Option or, (ii) one year after the option holder ceases to be an Eligible Person for any reason other than death, disability or just cause. If such cessation as an Eligible Person is on account of disability or death, the Stock Options terminate on the first anniversary of such cessation, and if it is on account of termination of employment for just cause, the Stock Options terminate immediately.

The Explorex Stock Option Plan also provides for adjustments to outstanding options in the event of alteration in the capital structure of Explorex, merger or amalgamation involving Explorex or Explorex's entering into a plan of arrangement. Moreover, upon a change of control, all Stock Options outstanding under the Explorex Stock Option Plan shall become immediately exercisable.

The directors of Explorex may, at their discretion at the time of any grant, impose a schedule over which period of time Stock Options will vest and become exercisable by the optionee. If a Stock Option is cancelled before its expiry date, Explorex may not grant new Stock Options to the same holder until 30 days have elapsed from the date of cancellation.

Subject to any required approval of the CSE, the Board may terminate, suspend or amend the terms of the Explorex Stock Option Plan, provided that for certain amendments, the Board must obtain shareholder approval.

Shareholder Approval Being Sought

A copy of the Explorex Stock Option Plan is available, upon request, to any shareholder of Explorex at no charge, or may be inspected at the registered office of Explorex during normal business hours until the date of the Meeting.

The Board and management consider the approval of the Explorex Stock Option Plan to be appropriate and in the best interests of Explorex. Accordingly, unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the Explorex Shares represented by such form of proxy, properly executed, for the approval of the Explorex Stock Option Plan.

Explorex Shareholders will be asked to pass the following, ordinary resolution, approving the Explorex Stock Option Plan: The text of the ordinary resolution is set forth below, subject to such amendments, variations or additions as may be approved at the Meeting:

"IT IS RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. Explorex adopt a Stock Option Plan (the "**Plan**"), including the reserving for issuance under the Plan at any time of a maximum of 10% of the issued common shares of Explorex;
2. The Board of Directors be authorized on behalf of Explorex to make any further amendments to the Plan as may be required by regulatory authorities, without further approval of the shareholders of Explorex, in order to ensure adoption of the Plan; and
3. Any one director or officer of Explorex is authorized and directed to do all such acts and things and to execute and deliver all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution."

Appointment of Auditor

Explorex Shareholders will be requested to appoint Davidson & Company LLP, Chartered Professional Accountants, of Vancouver, British Columbia (“**Davidson**”) as auditors of Explorex to hold office until the next annual meeting of shareholders and to authorize the directors of Explorex to fix their remuneration and the terms of their engagement. Davidson have been auditors of Explorex since January 27, 2011.

Explorex’s Audit Committee recommends the appointment of Davidson as Explorex’s auditor to hold office until Explorex’s next annual general meeting. The Audit Committee proposes that the Board of Directors be authorized to fix the remuneration to be paid to the auditor.

The Board and the Audit Committee anticipate that, assuming completion of the Arrangement and Fundamental Change, Davidson will resign as auditor to Raffles Pubco and Raffles Pubco will appoint MNP LLP as its auditor. Raffles Pubco will comply with the requirements of National Instrument 51-102 – *Continuous Disclosure* with respect to the anticipated change of auditor.

Unless otherwise instructed, the proxies solicited by management will be voted for the appointment of Davidson & Company LLP, Chartered Professional Accountants, as Explorex’s auditor.

Management Contracts

The management functions of Explorex are not to any substantial degree performed by any person other than the executive officers and directors of Explorex.

THE ARRANGEMENT

Background to the Arrangement

The provisions of the Arrangement Agreement are the result of negotiations between Explorex and Spinco. The Arrangement is a complementary transaction to the Fundamental Change described elsewhere in this Circular, which allows Explorex Shareholders to become shareholders of Spinco and also to remain shareholders in Raffles Pubco. Under the Arrangement, Explorex will transfer all of its mineral exploration properties and associated liabilities to Spinco and provide approximately \$500,000 in cash to Spinco.

RwE Growth Partners, Inc. was retained by Explorex to provide the Fairness Opinion, regarding the fairness, from a financial point of view of the Arrangement to the Explorex Shareholders.

After careful consideration, including a thorough review of the information and the Fairness Opinion delivered by RwE Growth Partners, Inc., a thorough review of the terms of the Arrangement Agreement, and taking into account the best interests of Explorex and the impact on Explorex’s stakeholders, and consultation with its professional advisors, the Board unanimously resolved: (i) to accept the advice of its professional advisors; (ii) that the Arrangement is fair, from a financial point of view, to the Explorex Shareholders and is in the best interests of Explorex; and (iii) to approve the Arrangement and to recommend that Explorex Shareholders vote in favour of the Arrangement Resolution. Explorex issued a press release announcing the proposed Arrangement on December 23, 2019, along with the proposed transactions involving Raffles. A further news release was issued on February 3, 2020 regarding the Arrangement.

The Arrangement is one element of Explorex’s business changing, whereby Explorex will acquire all of the issued and outstanding shares of Raffles as described in this Circular as the Fundamental Change.

Fairness Opinion

Based upon and subject to the assumptions, limitations and qualifications set out in the Fairness Opinion, RWE Growth Partners, Inc. is of the opinion that, as of January 28, 2020, the Arrangement is fair, from a financial point of view, to the Explorex Shareholders.

The Fairness Opinion summary is attached as Appendix “J” to this Circular. The summary of the Fairness Opinion described in this Circular is qualified in its entirety by reference to the full text of the Fairness Opinion.

The Arrangement

At the Explorex Meeting, Explorex Shareholders will be asked to consider and, if thought advisable, to pass, the Arrangement Resolution to approve the Arrangement under the BCBCA pursuant to the terms of the Arrangement Agreement and the Plan of Arrangement. The Arrangement, the Plan of Arrangement and the terms of the Arrangement Agreement are summarized below. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which has been filed by Explorex under its profile on SEDAR at www.sedar.com, and the Plan of Arrangement, which is attached to this Circular as Appendix “B”.

In order to implement the Arrangement, the Arrangement Resolution must be approved by at least two-thirds of the votes cast by the Explorex Shareholders. A copy of the Arrangement Resolution is set out in Appendix “A” of this Circular.

If the Arrangement is approved at the Explorex Meeting and the Explorex Final Order approving the Arrangement is issued by the Court and the applicable conditions to the completion of the Arrangement are satisfied or waived, the Arrangement will take effect commencing at the Effective Time (which will be at 12:01 a.m. (Pacific time)) on the Effective Date (which is expected to be on or about March 14, 2020 or shortly thereafter).

Principal Steps of the Arrangement

Under the Plan of Arrangement, commencing at the Effective Time, the following principal steps shall occur and shall be deemed to occur without any further act or formality, in the order and timing set out in the Plan of Arrangement:

- (a) at the Effective Time, pursuant to the Asset Purchase Agreement, Explorex will transfer all of the Spinout Assets and Spinout Liabilities to Spinco in consideration for the issuance by Spinco of such number of fully-paid and non-assessable Spinco Shares to Explorex such that immediately after the foregoing issuance Explorex shall hold in the aggregate (together with the Spinco Share held immediately prior to the foregoing issuance) that number of Spinco Shares that is equal to 0.5 of the total number of Explorex Shares issued and outstanding immediately prior to the Effective Time;
- (b) Explorex shall undertake a reorganization of capital within the meaning of Section 86 of the Tax Act as follows, with the following steps occurring in the following order:
 - (i) Explorex’s authorized share capital and its Articles will be altered by:
 - A. renaming and redesignating all of the issued and unissued Explorex Shares as Class A Common Shares;

- B. providing that the rights, privileges, restrictions and conditions attached to the Class A Common Shares are as follows:
- (1) to two votes at all meetings of shareholders of Explorex except meetings at which only holders of a specified class of shares are entitled to vote and shall be entitled to one vote for each common share held;
 - (2) to receive, subject to the rights of the holders of another class of shares, any dividend declared by Explorex; and
 - (3) to receive, pari passu with the Explorex New Shares (as defined below), and subject to the rights of the holders of another class of shares, the remaining property of Explorex on the liquidation, dissolution or winding up of Explorex, whether voluntary or involuntary;
- C. creating a new class consisting of an unlimited number of common shares without par value (the “**Explorex New Shares**”);
- (ii) the aggregate amount added to the stated capital of the Explorex New Shares issued pursuant to (ii) above shall be equal to the amount if any, by which (A) the aggregate paid-up capital (as that term is defined for the purposes of the Tax Act) of the Class A Common Shares immediately prior to the Effective Time, exceeds (B) the fair market value of the Spinco Shares distributed to the Explorex Shareholders.
 - (iii) each Explorex Shareholder will exchange each Explorex Class A Common Share held at the Effective Time for (A) one Explorex New Share, and (B) 0.5 of a Spinco Share, and such Explorex Shareholders shall cease to be the holders of the Class A Common Shares so exchanged;
 - (iv) the authorized share capital of Explorex is amended to delete the Class A Common Shares, none of which are issued and outstanding, and to delete the rights, privileges, restrictions and conditions attached to the Class A Common Shares; and
- (c) each Explorex Warrantheader will dispose of the Exercise Price Proportion of such holder’s Explorex Warrants to Spinco and the remaining portion to Explorex, and as sole consideration therefor: (i) Spinco will grant Spinco Replacement Warrants to the Explorex Warrantheader; and (ii) Explorex will grant Explorex Replacement Warrants to the holder (collectively, the “**Warrant Exchange**”), such that, for each Explorex Common Share that the Explorex Warrantheader would have been entitled to acquire pursuant to an Explorex Warrant (and the terms of the Explorex Warrant certificate), the Explorex Warrantheader will instead be entitled to acquire one Explorex New Share pursuant to the corresponding Explorex Replacement Warrant and 0.5 Spinco Shares pursuant to the corresponding Spinco Replacement Warrant. For greater certainty, an Explorex Warrantheader will receive no consideration for the exchange of such Explorex Warrants other than Explorex Replacement Warrants and Spinco Replacement Warrants, and the Explorex Warrants so exchanged will be cancelled and terminated concurrently with the Warrant Exchange. The original exercise price of a holder’s Explorex Warrants will be allocated to the Explorex Replacement

Warrants and the Spinco Replacement Warrants acquired by the holder pursuant to the Warrant Exchange such that an amount equal to the Exercise Price Proportion of such original exercise price (rounded up to the nearest whole cent) will be payable by the holder to Spinco under the Spinco Replacement Warrants and an amount equal to the remainder of such original exercise price (rounded up to the nearest whole cent) will be payable by the holder to Explorex under the Explorex Replacement Warrants; and

- (d) Explorex will surrender to Spinco for cancellation, the one Spinco Share issued to Explorex on incorporation of Spinco,

the exchanges, cancellations and steps provided for in this summary shall be deemed to occur on the Effective Date, notwithstanding that certain of the procedures related thereto are not completed until after the Effective Time.

Recommendation of the Board

After taking into consideration, among other things, the Court approval and the Fairness Opinion of RWE Growth Partners, Inc. regarding the fairness, from a financial point of view, of the Arrangement (based on the Plan of Arrangement and Arrangement Agreement) to the Explorex Shareholders, the directors have concluded that the Arrangement is in the best interests of Explorex and is fair to the Explorex Shareholders. **Accordingly, the Board recommends that Explorex Shareholders vote FOR the Arrangement Resolution.**

All directors of Explorex and the senior officers of Explorex intend to vote all of their Explorex Shares in favour of the Arrangement Resolution, subject to the terms of the Arrangement Agreement and the Explorex Voting Agreements.

Reasons for the Arrangement

The Board has reviewed and considered an amount of information and considered a number of factors relating to the Arrangement with the benefit of advice from Explorex's senior management and its financial and legal advisors. The following is a summary of the principal reasons for the recommendation of the Board that Explorex Shareholders vote FOR the Arrangement Resolution:

- (a) *Fairness Opinion.* The Fairness Opinion to the effect that, as of January 28, 2020 subject to the assumptions, limitations and qualifications contained therein, the Arrangement (based on the Plan of Arrangement and Arrangement Agreement) is fair, from a financial point of view, to the Explorex Shareholders.
- (b) *Continued Participation by Explorex Shareholders in the Spinco Properties Through Spinco.* Explorex Shareholders, through their ownership of Spinco Shares, will also participate in the Spinco Properties. The Explorex Shareholders will hold 100% of the issued Spinco Shares upon completion of the Arrangement. Spinco will have approximately \$500,000 in cash to pursue development of the Spinco Properties. It is expected that certain of the current management of Explorex will also participate as management of Spinco.
- (c) *Investment Diversification.* The creation of two separate companies dedicated to the pursuit of their respective businesses (following the Fundamental Change) will provide Explorex Shareholders with diversification and increased liquidity for their investment portfolios, as they will hold a direct interest in two companies, each of which is focused and valued on different objectives.

- (d) *Approval of Explorex Shareholders and the Court are required.* The following required approvals protect the rights of Explorex Shareholders: the Arrangement must be approved by at least two-thirds of the votes cast in respect of the Arrangement Resolution by Explorex Shareholders voting as a single class, present in person or represented by proxy at the Explorex Meeting; and the Arrangement must also be sanctioned by the Court, which will consider the fairness of the Arrangement to Explorex Shareholders.

In view of the wide variety of factors and information considered in connection with their evaluation of the Arrangement, the Board did not find it practicable to, and therefore did not, quantify or otherwise attempt to assign any relative weight to each specific factor or item of information considered in reaching their conclusions and recommendations. In addition, individual members of the Board may have given different weights to different factors or items of information.

Treatment of Explorex Options and Explorex Warrants

For business reasons, holders of Explorex Options have agreed to surrender them prior to the closing of the Arrangement. The treatment of Explorex Warrants is described in subsection (c) under the heading “*Principal Steps of the Arrangement*” above.

Approval of Arrangement Resolution

At the Explorex Meeting, the Explorex Shareholders will be asked to approve the Arrangement Resolution, the full text of which is set out in Appendix “A” to this Circular. In order for the Arrangement to become effective, as provided in the Explorex Interim Order and by the BCBCA, the Arrangement Resolution must be approved by at least two-thirds of the votes cast on the Arrangement Resolution by Explorex Shareholders. Should Explorex Shareholders fail to approve the Arrangement Resolution by the requisite majority, the Arrangement will not be completed.

The Board has approved the terms of the Arrangement Agreement and the Plan of Arrangement and recommends that the Explorex Shareholders vote FOR the Arrangement Resolution. See “*The Explorex Meeting - Recommendation of the Board*” above.

The Arrangement Agreement

The description of the Arrangement Agreement, both below and elsewhere in this Circular, is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the Arrangement Agreement, which is incorporated by reference herein and may be found under Explorex’s profile on SEDAR at www.sedar.com.

Effective Date and Conditions of the Arrangement

If the Arrangement Resolution is passed, the Explorex Final Order of the Court is obtained approving the Arrangement, every requirement of the BCBCA relating to the Arrangement has been complied with and all other conditions disclosed under “*The Explorex Meeting – The Arrangement Agreement*” are met or waived, the Arrangement will become effective at 12:01 a.m. (Pacific time) on the Effective Date. It is currently expected that the effective date of the Arrangement will be on or about March 14, 2020 or shortly thereafter.

Conditions to the Arrangement Becoming Effective

In order for the Arrangement to become effective, certain conditions must have been satisfied or waived which conditions are summarized below.

Mutual Conditions

The obligations of the Parties to complete the Arrangement are subject to the fulfillment of each of the following conditions precedent on or before the Effective Time, each of which may only be waived with the mutual consent of the Parties:

- (a) the Interim Order and Final Order will have been obtained from the Court on terms acceptable to each of the parties;
- (b) Explorex and Spinco will have received all required approvals, including approval by Explorex Shareholders of the Arrangement at the Meeting and approval by their respective boards of directors, subject only to compliance with the usual conditions of that approval, if any;
- (c) the Spinco Shares to be issued pursuant to the Arrangement to Explorex Shareholders in the United States shall either be: (i) exempt from the registration requirements of the U.S. Securities Act pursuant to Section 3(a)(10) thereof; (ii) be registered pursuant to an effective registration statement under the U.S. Securities Act; or (iii) issued pursuant to an exemption from the registration requirements of the U.S. Securities Act; provided, however, that Explorex shall not be entitled to the benefit of the conditions in this Section 5.1(c) and shall be deemed to have waived such condition in the event that Explorex fails to advise the Court prior to the hearing in respect of the Interim Order that Explorex intends to rely on the Section 3(a)(10) Exemption based on the Court's approval of the Arrangement and comply with the requirements set forth in Section 2.2 and the Final Order shall reflect such reliance;
- (d) Explorex will have received confirmation from counsel that the delivery of the Spinco Shares to the Explorex Shareholders, the Explorex Replacement Warrants and Spinco Replacement Warrants to the Explorex Warrantholders pursuant to the Arrangement will be exempt from the registration and prospectus requirements in each of the provinces and territories of Canada in which Explorex Shareholders are resident in Canada;
- (e) there will not be in force any order or decree restraining or enjoining the completion of the transactions contemplated by this Arrangement Agreement or the Plan of Arrangement;
- (f) none of the consents, orders, regulations or approvals contemplated by this Arrangement Agreement will contain terms or conditions or require undertakings or security deemed unsatisfactory or unacceptable by either of the parties hereto, acting reasonably;
- (g) the Spinco Shares will have been conditionally approved for listing on the CSE;
- (h) this Arrangement Agreement will not have been previously terminated; and
- (i) the obligation of each party to complete the Arrangement is subject to the further condition that the covenants of the other parties will have been duly performed.

Conditions in favour of Explorex

The obligation of Explorex to complete the Arrangement is subject to the fulfillment of each of the following conditions precedent on or before the Effective Time (each of which is for the exclusive benefit of Explorex and may be waived by Explorex):

- (a) no adverse material change will have occurred in the business, affairs, financial condition or operations of Spinco (including changes that may arise in connection with the consolidation of financial statements to give effect to the Arrangement);

- (b) Explorex will have received a satisfactory fairness opinion for Explorex and tax advice satisfactory to Explorex, in its sole discretion, respecting the tax consequences of the Arrangement to the Explorex Shareholders (which fairness opinion and tax advice have been received); and
- (c) the representations and warranties of Spinco as set out in this Arrangement Agreement will be true and correct on and as of the Effective Date as if they were made on and as of such date, except as affected by transactions contemplated or permitted by this Arrangement Agreement and except for any failures or breaches of representations or warranties which would not have a material adverse effect on the business, assets, financial condition or results of operations of Spinco, taken as a whole.

The foregoing conditions will be for the sole benefit of Explorex and may be waived by it in whole or in part at any time.

Conditions in favour of Spinco

The obligation of Spinco to complete the Arrangement is subject to the fulfillment of each of the following conditions precedent on or before the Effective Time (each of which is for the exclusive benefit of Spinco and may be waived by Spinco):

- (a) no adverse material change will have occurred in the business, affairs, financial condition or operations of Explorex (including changes that may arise in connection with the consolidation of financial statements to give effect to the Arrangement); and
- (b) the representations and warranties of Explorex as set out in this Arrangement Agreement will be true and correct on and as of the Effective Date as if they were made on and as of such date, except as affected by transactions contemplated or permitted by this Arrangement Agreement and except for any failures or breaches of representations or warranties which would not have a material adverse effect on the business, assets, financial condition or results of operations of Explorex, taken as a whole.

The foregoing conditions will be for the sole benefit of Spinco and may be waived by it in whole or in part at any time.

Termination

The Arrangement Agreement may be terminated at any time before or after the holding of the Meeting, and before or after the granting of the Final Order, but in each case prior to the Effective Date, be terminated by direction of the Board of Explorex without further action on the part of Explorex Shareholders, or the board of directors of Spinco, and nothing expressed or implied herein or in the Plan of Arrangement will be construed as fettering the absolute discretion of the board of directors of Explorex to terminate this Arrangement Agreement and discontinue efforts to effect the Arrangement for whatever reasons it may consider appropriate.

Completion of the Arrangement

The Arrangement will become effective at 12:01 a.m. (Pacific time) on the date upon which all of the conditions to completion of the Arrangement as set out in the Arrangement Agreement have been satisfied or waived in accordance with the Arrangement Agreement, all documents agreed to be delivered thereunder have been delivered to the satisfaction of the recipient, acting reasonably, and the filings required under the BCBCA have been filed with the Registrar. Completion of the Arrangement is expected to occur on or about March 14, 2020; however, it is possible that

completion may be delayed beyond this date if the conditions to completion of the Arrangement cannot be met on a timely basis.

Procedure for Distribution of Certificates

Share Certificates

As soon as practicable following the Effective Date, Explorex and Spinco will cause to be delivered to Explorex Shareholders as of the Effective Date in accordance with the terms hereof, share certificates representing the aggregate Spinco Shares to which such Explorex Shareholders are entitled following the Arrangement.

No new share certificates shall be issued with respect to the Explorex New Shares issued in connection with the Arrangement. Rather, after the Effective Time, share certificates representing, on their face, Explorex Shares, shall for all purposes be deemed to be share certificates representing Explorex New Shares.

Warrant Certificates

As soon as practicable following the Effective Date, Explorex and Spinco will cause to be delivered to the Explorex Warranholders in accordance with the terms hereof, warrant certificates representing the aggregate Explorex Replacement Warrants and Spinco Replacement Warrants to which such Explorex Warranholders are entitled following the Arrangement.

Fractional Shares

No fractional shares will be issued and Explorex Shareholders will not receive any compensation in lieu thereof.

Effects of the Arrangement on Explorex Shareholders' Rights

Explorex Shareholders receiving Explorex New Shares and Spinco Shares under the Arrangement will remain shareholders of Explorex and will also become shareholders of Spinco. Spinco, like Explorex, is a company governed by the BCBCA.

Court Approval of the Arrangement

An arrangement under the BCBCA requires Court approval.

Explorex Interim Order

On February 4, 2020 Explorex obtained the Explorex Interim Order providing for the calling and holding of the Explorex Meeting and certain other procedural matters. The text of the Explorex Interim Order is set out in Appendix "C" to this Circular.

Explorex Final Order

Subject to the terms of the Arrangement Agreement, and if the Arrangement Resolution is approved by Explorex Shareholders at the Explorex Meeting in the manner required by the Explorex Interim Order, Explorex intends to make an application to the Court for the Explorex Final Order.

The application for the Explorex Final Order approving the Arrangement is currently scheduled for March 13, 2020 at 9:45 a.m. (Pacific time), or as soon thereafter as counsel may be heard, at 800 Smithe Street, Vancouver, British Columbia, Canada, or at any other date and time as the Court may direct. Any Explorex Shareholder or any other interested party who wishes to appear or be

represented and to present evidence or arguments at that hearing of the application for the Explorex Final Order must file and serve a response to petition no later than 4:00 p.m. (Pacific time) on March 11, 2020 along with any other documents required, all as set out in the Explorex Interim Order and the Notice of Petition, the text of which are set out in Appendix “C” to this Circular, and satisfy any other requirements of the Court. Such Persons should consult with their legal advisors as to the necessary requirements. In the event that the hearing is adjourned, then, subject to further order of the Court, only those Persons having previously filed and served a response to petition will be given notice of the adjournment.

The Court has broad discretion under the BCBCA when making orders with respect to the Arrangement. The Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, on the terms presented or substantially on those terms. Depending upon the nature of any required amendments, Explorex or Spinco may determine not to proceed with the Arrangement.

The Spinco Shares to be issued to Explorex Shareholders in exchange for their Explorex Shares pursuant to the Arrangement, have not been and will not be registered under the U.S. Securities Act or the Securities Laws of any state of the United States and will be issued and exchanged in reliance upon the exemption from registration under the U.S. Securities Act provided by Section 3(a)(10) thereof and exemptions provided under the Securities Laws of each state of the United States in which Explorex Shareholders reside. Section 3(a)(10) of the U.S. Securities Act exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration under the U.S. Securities Act where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the fairness of the terms and conditions of such issuance and exchange to those to whom the securities will be issued, at which all Persons to whom it is proposed to issue the securities have the right to appear and receive timely and adequate notice thereof. The Court will be advised prior to the hearing of the application for the Explorex Final Order that if the terms and conditions of the Arrangement, and the fairness thereof, are approved by the Court, the Spinco Shares to be received by Explorex Shareholders pursuant to the Arrangement will not require registration under the U.S. Securities Act pursuant to Section 3(a)(10) thereunder. Accordingly, the Explorex Final Order of the Court will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the issuance of the Spinco Shares in exchange for the Explorex Shares pursuant to the Arrangement. See “*The Explorex Meeting – Regulatory Law Matters*” below.

For further information regarding the Court hearing and your rights in connection with the Court hearing, see the form of Notice of Hearing of Petition attached at Appendix “C” to this Circular. The Notice of Hearing of Petition constitutes notice of the Court hearing of the application for the Explorex Final Order and is your only notice of the Court hearing.

Regulatory Approvals

The Explorex Shares are listed and posted for trading on the CSE. It is a condition of the Arrangement that the CSE conditional approval is obtained.

Application will be made for the listing of the Spinco Shares on the CSE. Any listing will be subject to meeting initial listing requirements of the CSE. There can be no assurance as to if, or when, the Spinco Shares will be listed or traded on the CSE or any other stock exchange. It is a condition of the Arrangement that the CSE shall have approved the listing of the Spinco Shares on the CSE. As the Spinco Shares are not listed on a stock exchange, unless and until such a listing is obtained, holders of Spinco Shares may not have a market for their shares.

Regulatory Law Matters and Securities Law Matters

Other than the Explorex Final Order and the approvals of the CSE, Explorex is not aware of any material approval, consent or other action by any federal, provincial, state or foreign government or any administrative or regulatory agency that would be required to be obtained in order to complete the Arrangement. In the event that any such approvals or consents are determined to be required, such approvals or consents will be sought. Any such additional requirements could delay the Effective Date or prevent the completion of the Arrangement. While there can be no assurance that any regulatory consents or approvals that are determined to be required will be obtained, Explorex currently anticipates that any such consents and approvals that are determined to be required will have been obtained or otherwise resolved by the Effective Date. Subject to receipt of the Explorex Shareholder Approval at the Explorex Meeting, receipt of the Explorex Final Order and the satisfaction or waiver of all other conditions specified in the Arrangement Agreement, the Effective Date is expected to be on or about March 14, 2020 or shortly thereafter.

Canadian Securities Law Matters

Each Explorex Shareholder is urged to consult such Explorex Shareholder's professional advisors to determine the Canadian conditions and restrictions applicable to trades in the Explorex New Shares or Spinco Shares.

Status under Canadian Securities Laws

Explorex is a reporting issuer in British Columbia, Alberta, Ontario and Yukon and its shares currently trade on the CSE.

Upon completion of the Arrangement, Spinco expects that it will be a reporting issuer in British Columbia, Alberta, Ontario and Yukon. Application will be made for the listing of the Spinco Shares on the CSE. Any listing will be subject to meeting the initial listing requirements of the CSE. There can be no assurance as to if, or when, the Spinco Shares will be listed or traded on the CSE or any other stock exchange. It is a condition of the Arrangement that the CSE shall have approved the listing of the Spinco Shares on the CSE. As the Spinco Shares are not listed on a stock exchange, unless and until such a listing is obtained, holders of Spinco Shares may not have a market for their shares.

Distribution and Resale of Explorex New Shares and Spinco Shares under Canadian Securities Laws

The distribution of the Explorex New Shares and Spinco Shares pursuant to the Arrangement will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian securities legislation and is exempt from or otherwise is not subject to the registration requirements under applicable securities legislation. The Explorex New Shares and Spinco Shares (if listed) received pursuant to the Arrangement will not be legended and may be resold through registered dealers in each of the provinces of Canada provided that (i) the trade is not a "control distribution" as defined National Instrument 45-102 - *Resale of Securities* of the Canadian Securities Administrators, (ii) no unusual effort is made to prepare the market or to create a demand for the Explorex New Shares or the Spinco Shares, as the case may be, (iii) no extraordinary commission or consideration is paid to a Person or company in respect of such sale, and (iv) if the selling security holder is an insider or officer of Explorex or Spinco, as the case may be, the selling security holder has no reasonable grounds to believe that Explorex or Spinco, as the case may be, is in default of applicable Canadian Securities Laws.

The issuance pursuant to the Arrangement of the Explorex New Shares and the Spinco Shares, as well as all other issuances, trades and exchanges of securities under the Arrangement, will be made pursuant to exemptions from the registration and prospectus requirements contained in applicable Canadian provincial securities legislation or, where required, exemption orders or rulings from various securities regulatory authorities in the provinces and territories of Canada where Explorex Shareholders are resident. Explorex is currently a “reporting issuer” under the applicable securities legislation in the provinces of British Columbia, Alberta, Ontario and Yukon. Under National Instrument 45-102 – *Resale of Securities* (and if required, orders and rulings from various securities regulatory authorities in the provinces and territories of Canada where Explorex Shareholders are resident), the Explorex New Shares and Spinco Shares received by Explorex Shareholders pursuant to the Arrangement may be resold through registered dealers in Canadian provinces or territories without any “hold period” restriction (provided that no unusual effort is made to prepare the market or create a demand for these securities, no extraordinary commission or consideration is paid in respect of the sale and, if the seller is an insider or officer of the issuer, the seller has no reasonable grounds to believe that the issuer is in default of securities legislation). Resales of Explorex New Shares and Spinco Shares will, however, be subject to resale restrictions where the sale is made from the holdings of any Person or combination of Persons holding a sufficient number of Explorex New Shares or Spinco Shares, as the case may be, to affect materially the control of Explorex or Spinco, respectively.

United States Securities Law Matters

Resales of Spinco Shares within the United States after the Effective Time

The resale rules under the U.S. Securities Act applicable to Explorex Shareholders are summarized below.

Non-Affiliates of Spinco

Explorex Shareholders who are not “affiliates” of Spinco at the time of, or within 90 days before, their resale of Spinco Shares and who were not “affiliates” of Spinco within 90 days prior to the Effective Date, may generally resell Spinco Shares without restriction under the U.S. Securities Act. An “affiliate” of an issuer is a person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the issuer. “Control” means the possession, direct or indirect, of the power to direct or cause direction of the management and policies of an issuer, whether through the ownership of voting securities, by contract or otherwise. Typically, persons who are executive officers, directors or 10% or greater shareholders of an issuer are considered to be its “affiliates”.

Affiliates of Spinco

Explorex Shareholders who are affiliates of Spinco at the time of, or within 90 days before, their resale of Spinco Shares or who were affiliates of Spinco within 90 days prior to the Effective Date, will be subject to restrictions on resale imposed by the U.S. Securities Act with respect to the Spinco Shares. These Explorex Shareholders may not resell their Spinco Shares unless such securities are registered under the U.S. Securities Act or an exemption from registration is available, such as pursuant to Regulation S or Rule 144, if available, as follows:

- *Resale of Spinco Shares Pursuant to Regulation S.* In general, under Regulation S, persons who are affiliates of Spinco at the time of their resale of Spinco Shares solely by virtue of their status as an officer or director of Spinco may sell Spinco Shares outside of the United States in an “offshore transaction” (which would include a sale through the TSX, TSXV or CSE, if applicable) if neither the seller nor any person acting on its behalf engages in

“directed selling efforts” in the United States and no selling commission, fee or other remuneration is paid in connection with such sale other than a usual and customary broker’s commission. For purposes of Regulation S, “directed selling efforts” means “any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered” in the sale transaction. Certain additional restrictions are applicable to a holder of Spinco Shares who is an affiliate of Spinco at the time of their resale of Spinco Shares other than by virtue of his or her status as an officer or director of Spinco.

- *Resale of Spinco Shares Pursuant to Rule 144.* In general, under Rule 144 under the U.S. Securities Act, if available, persons who are affiliates of Spinco at the time of, or within 90 days before, their resale of Spinco Shares, or who were affiliates of Spinco within 90 days prior to the Effective Date, will be entitled to sell Spinco Shares in the United States, provided that during any three-month period, the number of such Spinco Shares sold does not exceed the greater of one percent of the then outstanding securities of such class or, if such securities are listed on a United States securities exchange, the average weekly trading volume of such securities during the four-week period preceding the date of sale, subject to specified restrictions on manner of sale, notice requirements, aggregation rules and the availability of current public information about Spinco.

Each U.S. Holder of Explorex Shares should consult its own tax advisor as to the particular tax consequences to it of the receipt of Spinco Shares pursuant to the Explorex spinout and the ownership and disposition of the Spinco Shares received, including the effects of applicable U.S. federal, state and local tax laws and non-U.S. tax laws and possible changes in tax laws.

Fees and Expenses

All expenses incurred in connection with the Arrangement and the Arrangement shall be paid by the Party incurring such expense.

Interests of Certain Persons in the Arrangement

In considering the recommendation of the Board with respect to the Arrangement, Explorex Shareholders should be aware that Explorex’s senior management and the Board will participate in the Arrangement, to the extent they are Explorex Shareholders, in the same manner as Explorex Shareholders. There are no collateral benefits to be received by the directors or executive officers of Explorex as a result of the Arrangement. Additionally, all outstanding stock options in Explorex, the majority of which are held by Explorex directors and executive officers are being voluntarily surrendered for cancellation as part of the transactions contemplated in this Circular.

Directors

The directors (other than directors who are also executive officers) hold, in the aggregate, 1,376,825 Explorex Shares, representing approximately 5.5% of the Explorex Shares outstanding on the Record Date. All of the Explorex Shares held by the directors will be treated in the same fashion under the Arrangement as Explorex Shares held by every other Explorex Shareholder.

Executive Officers

The current responsibility for the general management of Explorex is held and discharged by a group of executive officers. The executive officers of Explorex are as follows:

Name	Position	Explorex Shares
Mike Sieb	President	Nil
Gary Schellenberg	CEO	1,389,667
Elizabeth Richards	CFO	114,375

The executive officers of Explorex hold, in the aggregate, 1,504,042 Explorex Shares representing approximately 6.02% of the Explorex Shares as of the Record Date. All of the Explorex Shares held by the executive officers of Explorex will be treated in the same fashion under the Arrangement as Explorex Shares held by every other Explorex Shareholder.

Risks Associated with the Arrangement

In evaluating the Arrangement, Explorex Shareholders should carefully consider the following risk factors relating to the Arrangement. The following risk factors are not a definitive list of all risk factors associated with the Arrangement. Additional risks and uncertainties, including those currently unknown or considered immaterial by Explorex, may also adversely affect trading price of the Explorex New Shares, the Spinco Shares and/or the businesses of Explorex and Spinco following the Arrangement. In addition to the risk factors relating to the Arrangement set out below, Explorex Shareholders should also carefully consider the risk factors associated with the businesses of Explorex and Spinco included in this Circular, the Appendices to this Circular and in the documents incorporated by reference herein. If any of the risk factors materialize, the expectations, and the predictions based on them, may need to be re-evaluated. The risks associated with the Arrangement include:

The Arrangement Agreement may be terminated in certain circumstances, including in the event of a change having an adverse material effect on Explorex.

Each of Explorex and Spinco has the right to terminate the Arrangement Agreement in certain circumstances. Accordingly, there is no certainty, nor can Explorex provide any assurance, that the Arrangement Agreement will not be terminated by either Explorex or Spinco before the completion of the Arrangement. For example, Spinco has the right, in certain circumstances, to terminate the Arrangement Agreement if changes occur that, in the aggregate, have an adverse material effect on Explorex. Although an adverse material effect excludes certain events that are beyond the control of Explorex (such as general changes in the global economy or changes that affect the mining industry generally and which do not have a materially disproportionate effect on Explorex), there is no assurance that a change having an adverse material effect on Explorex will not occur before the Effective Date, in which case Spinco could elect to terminate the Arrangement Agreement and the Arrangement would not proceed.

There can be no certainty that all conditions precedent to the Arrangement will be satisfied.

The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of Explorex, including satisfaction of the conditions precedent to the Arrangement and receipt of the Explorex Final Order. There can be no certainty, nor can Explorex provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. If the Arrangement is not completed, the market price of the Explorex Shares may decline to the extent that the current market price reflects a market assumption that the Arrangement will be completed. If the Arrangement is not completed and the Board decides to seek another merger or arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the total consideration to be paid pursuant to the Arrangement.

Explorex will incur costs even if the Arrangement is not completed.

Certain costs related to the Arrangement, such as legal, accounting and certain financial advisor fees, must be paid by Explorex even if the Arrangement is not completed. Explorex is liable for its costs incurred in connection with the Arrangement. See “*The Explorex Meeting – The Arrangement Agreement - Termination*”.

The market price for the Explorex Shares may decline.

If the Arrangement is not approved by the Explorex Shareholders, the market price of the Explorex Shares may decline to the extent that the current market price of the Explorex Shares reflects a market assumption that the Arrangement will be completed. If the Arrangement Resolution is not approved and the Board decides to seek another merger or arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the total consideration to be paid pursuant to the Arrangement.

Explorex may sell Spinco Shares on behalf of Explorex Shareholders to meet Explorex’s withholding tax obligations (including any applicable interest and penalties) arising as a result of any deemed dividend under the Arrangement. Any such sales may negatively impact the trading price of the Spinco Shares (if listed).

If Explorex determines that a deemed dividend arose as a consequence of the Arrangement, Explorex will be entitled to deduct and withhold from any consideration payable or otherwise deliverable to an Explorex Shareholder (including the Spinco Shares) such amounts as Explorex is required or permitted to deduct and withhold under the Tax Act. To the extent that Explorex is required to deduct and withhold from consideration, including the Spinco Shares, Explorex is entitled to liquidate such consideration to the extent necessary in order to fund its deduction, withholding and remittance obligations (including any applicable interest and penalties). Any such sales may negatively impact the trading price of the Spinco Shares (if listed). See “*Certain Canadian Federal Income Tax Considerations*”.

Spinco Shares may not be qualified investments under the Tax Act for a Registered Plan.

Although an application will be made to the CSE for listing of the Spinco Shares on the CSE, there is no assurance when, or if, the Spinco Shares will be listed on the CSE or on any other stock exchange. If the Spinco Shares are not listed on a designated stock exchange in Canada before the due date for Spinco’s first income tax return or if Spinco does not otherwise satisfy the conditions in the Tax Act to be a “public corporation”, the Spinco Shares will not be considered to be a qualified investment for a Registered Plan from their date of issue. Where a Registered Plan acquires a Spinco Share in circumstances where the Spinco Share is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant under the Registered Plan, including that the Registered Plan may become subject to penalty Taxes, the annuitant of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax or, in the case of a registered education savings plan, such plan may have its tax exempt status revoked. See “*Certain Canadian Federal Income Tax Considerations – Residents of Canada - Eligibility for Investment*”.

Dissent Rights

Explorex Shareholders will not be given the right to dissent in respect of the special resolution to approve the Arrangement and accordingly, the dissent proceedings contained in Division 2 of Part 8 of the BCBCA **do not** apply to such special resolution or the Arrangement.

Explorex acknowledges that the shareholders are offered a right to dissent in most plan of arrangement transactions. Explorex Shareholders will not be provided with the right to dissent because Explorex does not have the cash resources or assets that could be readily liquidated to finance such a right.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to an Explorex Shareholder who, for purposes of the Tax Act, holds Explorex Shares, and will hold Explorex New Shares and Spinco Shares acquired pursuant to the Arrangement, as capital property, deals at arm's length with each of Explorex and Spinco and is not affiliated with Explorex or Spinco.

Explorex Shares generally will be considered capital property to an Explorex Shareholder for purposes of the Tax Act unless the Explorex Shareholder holds such Explorex Shares in the course of carrying on a business of buying and selling securities or the Explorex Shareholder has acquired or holds them in a transaction or transactions considered to be an adventure or concern in the nature of trade. In circumstances where Explorex Shares may not otherwise constitute capital property to a particular holder who is resident in Canada for purposes of the Tax Act, such holder may be entitled to elect that Explorex Shares be deemed capital property by making an irrevocable election under subsection 39(4) of the Tax Act to deem every "Canadian security" (as defined in the Tax Act) owned by such holder in the taxation year of the election and in each subsequent taxation year to be capital property. Explorex Shareholders contemplating such an election should first consult their own tax advisors.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the "**Tax Regulations**") in force on the date hereof, and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency ("**CRA**"). The summary takes into account all specific proposals to amend the Tax Act and the Tax Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**"), and assumes that all Tax Proposals will be enacted in the form proposed. However, there is no certainty that the Tax Proposals will be enacted in the form currently proposed, if at all. The summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action, or other changes in administrative policies or assessing practices of the CRA, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may materially differ from Canadian federal income tax legislation or considerations.

This summary does not apply to Explorex Shareholders which are "financial institutions" for the purposes of the market-to-market rules in the Tax Act, "specified financial institutions" or an interest in which would be a "tax shelter" or a "tax shelter investment" or has entered or will enter into a "derivative forward agreement", a "synthetic disposition arrangement", or a "synthetic equity arrangement", each as defined in the Tax Act. This summary also does not apply to an Explorex Shareholder that has made a functional currency reporting election pursuant to the Tax Act. In addition, this summary does not address the tax considerations relevant to Explorex Shareholders who acquired their shares on the exercise of an employee stock option. Such Explorex Shareholders should consult their own tax advisors.

This summary does not apply to holders of Explorex Warrants. Such holders should consult their own tax advisors.

Further, this summary is not applicable to a person that (i) is a corporation resident in Canada and (ii) is, or becomes as part of a transaction or event or series of transactions or events that includes the acquisition of Explorex Shares, Explorex New Shares or Spinco Shares, controlled by a non-resident corporation for the purposes of the foreign affiliate dumping rules in section 212.3 of the Tax Act. Any such shareholder should consult its own tax advisor.

This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal, business or tax advice or representations to any particular Explorex Shareholder. Accordingly, Explorex Shareholders should consult their own tax advisors with respect to their particular circumstances, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Explorex Shares, Explorex New Shares or Spinco Shares, including interest, dividends, adjusted cost base and proceeds of disposition must be converted into Canadian dollars based on the relevant exchange rate applicable on the effective date (as determined in accordance with the Tax Act) of the related acquisition, disposition or recognition of income.

Residents of Canada

This part of the summary is applicable only to Explorex Shareholders, who, for the purposes of the Tax Act and at all relevant times, are resident, or deemed to be resident, in Canada (“**Resident Holders**”).

Exchange of Explorex Shares for Explorex New Shares and Spinco Shares

Resident Holders will be considered to have disposed of their Explorex Shares on the exchange of their Explorex Shares for Explorex New Shares and Spinco Shares.

The cost to a Resident Holder of Spinco Shares acquired on the exchange of Explorex Shares for Explorex New Shares and Spinco Shares will be equal to the fair market value of the Spinco Shares at the time of the exchange. The cost to a Resident Holder of Explorex New Shares acquired on the exchange will be equal to the amount, if any, by which the adjusted cost base (“**ACB**”) of the Resident Holder’s Explorex Shares immediately before the exchange exceeds the fair market value of the Spinco Shares received on the exchange. If the aggregate fair market value of the Spinco Shares received by a Resident Holder on the exchange exceeds the paid-up capital as determined for purposes of the Tax Act of the Explorex Shares exchanged then the excess will generally be deemed to be a dividend received by the Resident Holder from Explorex. See “Dividends on Explorex Shares” below for a general description of the treatment of dividends under the Tax Act including amounts deemed under the Tax Act to be received as dividends. A determination of whether a Resident Holder will be deemed to receive a dividend and the amount of any such dividend cannot be made at this time because it will be dependent on the fair market value, on the Effective Date, of the Spinco Shares distributed by Explorex pursuant to the Arrangement and the paid-up capital of the Explorex Shares on the Effective Date. Subsequent to the Effective Date, Explorex will advise Holders as to whether it believes a deemed dividend arose and the amount of any such deemed dividend by having such information posted on Explorex website. However, this information will not be binding on the CRA.

On the exchange of Explorex Shares for Explorex New Shares and Spinco Shares, a capital gain (or capital loss) may be realized by a Resident Holder equal to the amount by which (a) the aggregate of the cost of the Spinco Shares and of the Explorex New Shares received, determined as described above, less the amount of any dividend deemed to be received on the exchange, exceeds (or is less

than) (b) the aggregate of the ACB of the Explorex Shares exchanged and any reasonable costs of disposition. Resident Holders should consult with their own tax advisors regarding the ACB of their Explorex Shares since the ACB will depend on the circumstances in which their Explorex Shares were issued to them.

See “Taxation of Capital Gains and Losses” below.

Dividends on Shares

A Resident Holder who is an individual will be required to include in income any dividends received or deemed to be received on the Resident Holder’s Explorex Shares, Explorex New Shares or Spinco Shares, and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by Explorex or Spinco, as the case may be, as “eligible dividends”, as defined in the Tax Act. Explorex will be continued as the Continued Company following the Arrangement.

A Resident Holder that is a corporation will be required to include in income any dividend received or deemed to be received on the Resident Holder’s Explorex Shares, Explorex New Shares or Spinco Shares, but generally will be entitled to deduct an equivalent amount in computing its taxable income. In the event that a dividend is deemed to have been received on the exchange of Explorex Shares for Explorex New Shares and Spinco Shares under the Arrangement, Resident Holders that are corporations may wish to consult their tax advisors on the tax consequences of the deemed receipt of such a dividend, including the potential application of subsection 55(2) of the Tax Act that may result in a portion or all of such deemed dividend being treated as a capital gain, depending on the circumstances.

Please see the discussion below under the heading “Continuation to the Cayman Islands - Certain Canadian Federal Income Tax Considerations - Holders Resident in Canada” regarding the Canadian tax treatment of dividends received on a Resident Holder’s Cayman Shares following the Continuation.

A “private corporation” or a “subject corporation” (as defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax of 38½% on any dividend that it receives or is deemed to receive on Explorex Shares, Explorex New Shares or Spinco Shares to the extent that the dividend is deductible in computing the corporation’s taxable income.

Taxable dividends received by an individual or trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act.

Disposition of Explorex New Shares and Spinco Shares

A Resident Holder that disposes or is deemed to dispose of an Explorex New Share or a Spinco Share in a taxation year generally will realize a capital gain (or capital loss) equal to the amount by which the proceeds of disposition of the Explorex New Share or Spinco Share, as the case may be, exceed (or are less than) the sum of the Resident Holder’s ACB of such Explorex New Share or Spinco Share, determined immediately before the disposition and any reasonable costs of disposition. See “Taxation of Capital Gains and Losses” below.

Taxation of Capital Gains and Losses

Generally, a Resident Holder will be required to include in computing the Resident Holder’s income for a taxation year one-half of the amount of any capital gain (a “taxable capital gain”) realized by the Resident Holder in that year. A Resident Holder will generally be entitled to deduct one-half of the

amount of any capital loss (an “allowable capital loss”) realized in a taxation year from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses in excess of taxable capital gains for a taxation year may be carried back to any of the three preceding taxation years or carried forward to any subsequent taxation year and deducted against net taxable capital gains realized in such years to the extent and under the circumstances specified in the Tax Act.

Where a Resident Holder is a corporation, the amount of any capital loss arising on a disposition or deemed disposition of any Explorex Share may be reduced by the amount of dividends received or deemed to have been received by it on such Explorex Share to the extent and under the circumstances described in the Tax Act. Similar rules may apply where a corporation is a member of a partnership or a beneficiary of a trust that owns Explorex Shares, or where a trust or partnership of which a corporation is a beneficiary or a member is a member of a partnership or a beneficiary of a trust that owns any Explorex Shares.

A Resident Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be required to pay an additional 10% refundable tax on certain investment income, which includes taxable capital gains.

Capital gains realized by an individual or trust, other than certain specified trusts, may give rise to minimum tax under the Tax Act.

Minimum Tax

A Resident Holder who is an individual (including certain trusts) is subject to minimum tax under the Tax Act. This tax is computed by reference to adjusted taxable income. Eighty percent (80%) of capital gains (net of capital losses) and the actual amount of taxable dividends (not including any gross-up) are included in determining the adjusted taxable income of an individual. Any additional tax payable by an individual under the minimum tax provisions may be carried forward and applied against certain tax otherwise payable in any of the seven immediately following taxation years, to the extent specified by the Tax Act.

Eligibility for Investment

The Explorex New Shares and the Spinco Shares to be issued pursuant to the Arrangement would, if issued on the date of this Circular, be “qualified investments” under the Tax Act for trusts governed by a registered retirement savings plan (“RRSP”), a registered retirement income fund (“RRIF”), a deferred profit sharing plan, a registered education savings plan (“RESP”), a registered disability savings plan (“RDSP”) and a tax-free savings account (“TFSA”) (collectively, “Registered Plans”), provided such Explorex New Shares and Spinco Shares are listed on a “designated stock exchange” as defined in the Tax Act, which includes the CSE, or Explorex or Spinco, as the case may be, is a “public corporation” as defined in the Tax Act. If the Spinco Shares are not listed on a designated stock exchange at the time they are issued pursuant to the Arrangement, but such Spinco Shares become listed on a designated stock exchange in Canada before the due date for Spinco’s first income tax return and Spinco makes the appropriate election under the Tax Act in that return, such Shares will be considered qualified investments for Registered Plans from the date of issuance.

If the Spinco Shares are not listed on a designated stock exchange before the due date for Spinco’s first income tax return or if Spinco does not otherwise satisfy the conditions in the Tax Act to be a “public corporation”, the Spinco Shares will not be considered to be a qualified investment for a Registered Plan from their date of issue. Where a Registered Plan acquires a Spinco Share in circumstances where the Spinco Share is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant under or the subscriber or holder of the Registered Plan, including that the Registered Plan may

become subject to penalty taxes, the annuitant of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax or, in the case of a RESP, such plan may have its tax exempt status revoked.

Notwithstanding that the Explorex New Shares and the Spinco Shares may be a qualified investment for a trust governed by a RRSP, RRIF, RESP, RDSP or TFSA, the annuitant under a RRSP or RRIF, the subscriber of a RESP, or the holder of a RDSP or TFSA that holds the Explorex New Shares and/or the Spinco Shares will be subject to a penalty tax if the Explorex New Shares and/or the Spinco Shares, as the case may be, are “prohibited investments” for purposes of the Tax Act for the RRSP, RRIF, RESP, RDSP or TFSA, as the case may be. However, the Explorex New Shares and/or the Spinco Shares, as the case may be, will not be prohibited investments if the annuitant under a RRSP or RRIF, the subscriber of a RESP, or the holder of a RDSP or TFSA, as the case may be, deals at arm’s length with Explorex and/or Spinco, as the case may be, for the purposes of the Tax Act, and does not have a “significant interest” (as defined in the Tax Act) in Explorex and/or Spinco, as the case may be. In addition, Explorex New Shares and/or Spinco Shares will generally not be prohibited investments if the Explorex New Shares and/or Spinco Shares are “excluded property” as defined in the Tax Act. Explorex Shareholders should consult their own tax advisors as to whether Explorex New Shares and/or Spinco Shares will be prohibited investments in their particular circumstances, including with respect to whether the Explorex New Shares or the Spinco Shares, as the case may be, would be “excluded property”, as defined in the Tax Act.

Please see the discussion below under the heading “Continuation to the Cayman Islands - Certain Canadian Federal Income Tax Considerations - Holders Resident in Canada - Eligibility for Investment” regarding the qualification of Cayman Shares (the Explorex New Shares prior to the Continuation), following the Continuation, as investments for Registered Plans. The qualification of the Spinco Shares as investments for Registered Plans should not be affected by the Continuation.

Non-Residents of Canada

This part of the summary is applicable to Explorex Shareholders, who, for purposes of the Tax Act, have not been and will not be resident or deemed to be resident in Canada at any time while they have held or will hold Explorex Shares, Explorex New Shares or Spinco Shares, and who do not use or hold, will not use or hold and are not and will not be, deemed to use or hold such Explorex Shares, Explorex New Shares or Spinco Shares, in carrying on a business in Canada (a “**Non-Resident Holder**”). Special rules, which are not discussed in this summary, may apply to a non-resident that is an insurer carrying on business in Canada and elsewhere.

Exchange of Shares for Explorex New Shares and Spinco Shares

The cost to a Non-Resident Holder of Spinco Shares acquired on the exchange of Explorex Shares for Explorex New Shares and Spinco Shares will be equal to the fair market value of the Spinco Shares at the time of the exchange. The cost to a Non-Resident Holder of Explorex New Shares acquired on the exchange will be equal to the amount, if any, by which the ACB of the Non-Resident Holder’s Explorex Shares immediately before the exchange exceeds the fair market value of the Spinco Shares received on the exchange. If the aggregate fair market value of the Spinco Shares received by a Non-Resident Holder on the exchange exceeds the paid-up capital as determined for purposes of the Tax Act of the Explorex Shares exchanged then the excess will generally be deemed to be a dividend received by the Non-Resident Holder from Explorex subject to withholding tax. See “Dividends on Shares” below for a general description of the treatment of dividends under the Tax Act including amounts deemed under the Tax Act to be received as dividends. A determination of whether a Non-Resident Holder will be deemed to receive a dividend and the amount of any such dividend cannot be made at this time because it will be dependent on the fair market value, on the Effective Date, of the Spinco Shares distributed by Explorex pursuant to the

Arrangement and the paid-up capital of the Explorex Shares on the Effective Date. Subsequent to the Effective Date, Explorex will advise Holders as to whether it believes a deemed dividend arose and the amount of any such deemed dividend by having such information posted on Explorex website. However, this information will not be binding on the CRA.

If Explorex determines that a deemed dividend arose as a consequence of the Arrangement, Explorex will be entitled to deduct and withhold from any consideration payable or otherwise deliverable to a Holder (including the Spinco Shares) such amounts as Explorex is required or permitted to deduct and withhold under the Tax Act. To the extent that Explorex is required to deduct and withhold an amount from the consideration, including the Spinco Shares, Explorex will take such actions as may be reasonably necessary in order to meet Explorex's withholding tax obligations arising as a result of any deemed dividend to Non-Resident Shareholders. Non-Resident Holders may be subject to additional tax consequences in Canada as a result of any such actions taken by Explorex to meet its withholding obligations under the Tax Act.

On the exchange of Explorex Shares for Explorex New Shares and Spinco Shares, a capital gain (or capital loss) may be realized by a Non-Resident Holder equal to the amount by which (a) the aggregate of the cost of the Spinco Shares and of the Explorex New Shares received, determined as described above, less the amount of any dividend deemed to be received on the exchange exceeds (or is less than) (b) the aggregate of the ACB of Explorex Shares exchanged and any reasonable costs of disposition.

A Non-Resident Holder who participates in the Arrangement will not be subject to tax under the Tax Act on any capital gain realized on the exchange of Explorex Shares for Explorex New Shares and Spinco Shares, provided that the Explorex Shares are not "taxable Canadian property" (as defined in the Tax Act), as discussed below, to the Non-Resident Holder at the time of the exchange or an applicable income tax treaty or convention exempts the capital gain from tax under the Tax Act.

Explorex Shares will generally not constitute taxable Canadian property of a Non-Resident Holder at the time of disposition, if the Explorex Shares are listed on a designated stock exchange, as defined in the Tax Act, which includes the CSE, at the time of disposition unless at any time during the 60-month period immediately preceding the disposition (i) the Non-Resident Holder, persons with whom the Non-Resident Holder did not deal at arm's length, partnerships in which the Non-Resident Holder or a person with whom the Non-Resident Holder did not deal at arm's length holds a membership interest, directly or indirectly, through one or more partnerships, or the Non-Resident Holder together with all such persons, owned or was considered to own 25% or more of the issued Explorex Shares or of any class of the capital stock of Explorex, and (ii) more than 50% of the fair market value of the Explorex Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties", "timber resource properties" (each as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such properties (whether or not such property exists). Explorex Shares may also be deemed to be "taxable Canadian property" pursuant to the Tax Act.

Dividends on Explorex Shares

Dividends paid or credited, or deemed to be paid or credited, on a Non-Resident Holder's Explorex Shares, Explorex New Shares or Spinco Shares will be subject to withholding tax under Part XIII of the Tax Act at a rate of 25%, unless the rate is reduced under the provisions of an applicable income tax treaty or convention. In the case of a Non-Resident Holder who is the beneficial owner of dividends and is a resident of the United States for purposes of the *Convention Between Canada and the United States of America with Respect to Taxes on Income and on Capital* (the "**Canada-US Treaty**") and who is entitled to the benefits of the Canada-US Treaty, the rate of withholding will generally be reduced to 15%.

If Explorex determines that a deemed dividend arose as a consequence of the Arrangement, Explorex will be entitled to deduct and withhold from any consideration payable or otherwise deliverable to a Non-Resident Holder (including the Spinco Shares) 25%, subject to reduction under the provisions of an applicable income tax treaty or convention, of the deemed dividend under Part XIII of the Tax Act. To the extent that Explorex is required to deduct and withhold from consideration that is not cash, including the Spinco Shares, Explorex will take such actions as may be reasonably necessary in order to meet Explorex's withholding tax obligations arising as a result of any deemed dividend to Non-Resident Shareholders. Non-Resident Holders may be subject to additional tax consequences in Canada as a result of any such actions taken by Explorex to meet its withholding obligations under the Tax Act.

UNITED STATES TAX CONSIDERATIONS

Each U.S. Holder of Explorex Shares should consult its own tax advisor as to the particular tax consequences to it of the receipt of Spinco Shares pursuant to the Explorex spinout and the ownership and disposition of the Spinco Shares received, including the effects of applicable U.S. federal, state and local tax laws and non-U.S. tax laws and possible changes in tax laws.

INFORMATION CONCERNING SPINCO

Spinco is currently a wholly-owned subsidiary of Explorex that has been formed to acquire and hold the Spinco Properties. The registered and records office of Spinco is located at 400-725 Granville Street, Vancouver, British Columbia, V7Y 1G5. Upon completion of the Arrangement and the Arrangement, Spinco expects that it will be a reporting issuer in British Columbia, Alberta, Ontario and Yukon and will hold the Spinco Properties and approximately \$500,000 in cash. An application will be made for listing of the Spinco Shares on the CSE. Any listing will be subject to meeting CSE original listing requirements and there is no assurance such a listing will be obtained.

Upon completion of the Arrangement, each Explorex Shareholder will become a shareholder of Spinco. Information relating to Spinco after the Arrangement is contained in Appendices "D", "F" and "G" to this Circular.

INFORMATION CONCERNING RESULTING ISSUER (GIVING EFFECT TO THE EXPLOREX ARRANGEMENT AND FUNDAMENTAL CHANGE – RAFFLES ACQUISITION)

Explorex Shares are listed on the CSE under the symbol "EX". Information regarding Explorex before and after the Arrangement and the Fundamental Change is contained in Appendices "E", "H" and "I" to this Circular. See "Particulars of Matters to be Acted Upon – Fundamental Change" below.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Approval of Spinco Stock Option Plan

As the Explorex Option Plan will not carry forward to Spinco, and in contemplation of the Arrangement becoming effective, the directors of Spinco have adopted the Spinco Option Plan. At the Explorex Meeting, Explorex Shareholders will be asked to approve and ratify the Spinco Option Plan. The Spinco Option Plan was approved by the board of directors of Spinco on February 3, 2020.

Summary of Spinco Option Plan

Spinco has adopted the Spinco Option Plan in order to provide incentive compensation to directors, officers, employees and consultants of Spinco as well as to assist Spinco in attracting, motivating and retaining qualified directors, management personnel and consultants. The purpose of the Spinco

Option Plan is to provide additional incentive for participants' efforts to promote the growth and success of the business of Spinco. The Spinco Option Plan will be administered by Spinco's directors, or committee thereof, which will designate, from time to time, the recipients of grants and the terms and conditions of each grant, in each case in accordance with applicable Securities Laws and stock exchange requirements.

The terms of Spinco Option Plan are substantially the same as those of the Explorex Option Plan. For a full description of the Spinco Option Plan, see Appendix "D" – *Information Concerning Spinco*. The description is qualified in its entirety by reference to the full text of the Spinco Option Plan which is available for review at the Explorex Meeting and prior thereto at Explorex's offices.

Upon completion of the Arrangement, no Spinco stock options will have been granted under the Spinco Option Plan. If the Spinco Option Plan is approved by Explorex Shareholders, it is expected that approximately 1,362,187 Spinco stock options will be available for grant, which will represent 10% of the issued and outstanding Spinco Shares at the time of completion of the Arrangement.

At the Explorex Meeting, Explorex Shareholders will be asked to pass a resolution in substantially the following form:

"IT IS RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. Spinco adopt a Stock Option Plan (the "**Spinco Option Plan**"), including the reserving for issuance under the Plan at any time of a maximum of 10% of the issued common shares of Spinco;
2. The Board of Directors be authorized on behalf of Spinco to make any further amendments to the Plan as may be required by regulatory authorities, without further approval of the shareholders of Spinco, in order to ensure adoption of the Spinco Option Plan;
3. Any one director or officer of Spinco is authorized and directed to do all such acts and things and to execute and deliver all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution."

Recommendation of the Directors

The board of directors of Spinco has reviewed the Spinco Option Plan and concluded that the Spinco Option Plan is fair and reasonable to the Explorex Shareholders and in the best interests of Explorex and Spinco. Management of Explorex recommends that Explorex Shareholders vote **in favour** of the foregoing resolutions to approve the Spinco Option Plan. Unless such authority is withheld, the Persons named in the enclosed Proxy intend to vote in favour of the approval of the foregoing resolutions.

Approval of Fundamental Change

As discussed elsewhere and throughout the Circular, Explorex intends to complete the Fundamental Change following the completion of the Arrangement, Consolidation and Continuation, subject to receipt of required approvals. The Continuation is described in detail elsewhere in this Circular.

Effective December 20, 2019, Explorex, Raffles and the shareholders of Raffles entered into the Share Exchange Agreement. The Share Exchange Agreement sets out the terms for a proposed transaction between Explorex and Raffles whereby Explorex will acquire all of the outstanding shares of Raffles and Raffles will become a wholly-owned subsidiary of Explorex. The completion of the acquisition of Raffles pursuant to the Fundamental Change constitutes a fundamental change under the policies of the CSE (the "**Fundamental Change**").

The business of Explorex upon completion of the Fundamental Change (“**Raffles Pubco**”) will be the same business of Raffles, conducted through its wholly-owned subsidiary, Raffles. Raffles is an established Singapore company that provides an array of financial advisory and related services to companies in China, Singapore, Australia and other countries in and throughout Asia.

See Appendix “E” – “*Resulting Issuer Information Following Fundamental Change*” for further information regarding Raffles and the anticipated business of Raffles Pubco following completion of the Fundamental Change. Also refer to Appendix I – “*Financial Statements and MD&A of Raffles*” and Appendix “H” – “*Pro Forma Combined Financial Statements of the Resulting Issuer Giving Effect to Fundamental Change*”.

Description of Raffles’ Business

Raffles was incorporated on July 5, 2018, under the name “3R Strategic Holdings Private Limited” pursuant to *The Companies Act (Chapter 50)* of Singapore. Raffles changed its name to “Raffles Financial Private Limited” on March 21, 2019.

Raffles is headquartered in Singapore, with its head office in the downtown business district of Singapore City as well as smaller regional offices in Sydney, Beijing and Hong Kong.

Raffles management and team work closely with public and private companies, governments and financial sponsors to originate, structure and execute equity and equity-linked financings such as initial public offerings, follow-on offerings, convertibles and derivatives. Raffles also provides guidance on capital structure across debt, hybrid, derivative and equity-linked products for organizations.

Raffles wants to become a market leader in M&A advice, including sell-side advice, raid and activism defenses, cross-border M&A, special committee assignments and complicated merger transactions.

Raffles’ clients are located across China and Asia and include businesses, sophisticated investors and family offices/funds.

Raffles provides advice on a full range of transactions, including mergers, sales, acquisitions, leveraged buyouts, joint ventures, raid defenses, spin-offs, divestitures and other restructurings.

In summary, Raffles works with its clients on:

- Public Company Offerings (Treasury and Secondary)
- Initial Public Offerings
- Private Placements
- Mergers & Acquisitions
- Corporate Restructuring
- Strategic Alternative Planning
- Asset Acquisitions and Divestitures

To date, Raffles’ advisory services include assignments such as strategic planning, business assessments, assisting in financial restructurings, and providing an opinion on how to internationalize assets.

Raffles has 30 representatives throughout China and parts of Asia that provide Raffles with an upfront fee in exchange for Raffles’ expertise and advisory access. Raffles has completed more than 50 transactions to date. After its transactions, Raffles has experienced a good retention rate in that

in 95% of all situations Raffles has become a trusted business advisor that clients have called upon informally for advice and support on an ongoing basis.

Raffles has historically acted as an intermediary, and generally not as a provider of capital. Raffles has offered highly independent advice to clients and has helped owners find practical solutions that are cost effective. Raffles, as an experienced, quality corporate advisor, has added value to a number of the transactions it has participated in.

Raffles was created by its three founders and shareholders: Charles In of Singapore – Chairman and Chief Executive Officer; Victor Liu Chang Sheng, Ph.D. of China – Chief Executive Officer; and Abigail Zhang of China – Executive Director. Collectively, they are referred to herein as the “**Founders**”.

The Founders have the following proposed roles with the Raffles Pubco:

- Charles In – Chairman of the Board and Director
- Victor Liu – Chief Executive Officer and Director
- Abigail Zhang - Director

The Founders provide overall strategic expertise, manage Raffles’ strategic partners and organize its resources. All of this is done to assist Raffles’ clients in their corporate financial planning, management and oversight. Raffles draws on the Founders’ educational and occupational backgrounds as well as their contacts to formulate the services and practices carried out by Raffles. In addition to the Founders, Raffles has contracted Mr. Kit Chan (CPA, ACIS, ACS, MCG), who serves as Raffles’ Chief Financial Officer and Corporate Secretary. Mr. Chan is a proposed Director of Raffles Pubco. The proposed Chief Financial Officer of Raffles Pubco is Dong Shim.

The board of directors of Explorex upon completion of the Fundamental Change are expected to be comprised of the following six persons: Charlie Nany Sing In, Victor Liu, Abigail Zhang, Kit Chan, Harley Sinclair and Mike Zhou, plus one additional independent director to be appointed before closing of the Fundamental Change, subject to approval of the CSE.

Description of the Fundamental Change

Pursuant to the Share Exchange Agreement, Raffles Shareholders will receive 450 Explorex Shares (Cayman Shares) for each share of Raffles held at the closing of the Fundamental Change, on a post-Consolidation (as defined herein) basis. It is anticipated that the Fundamental Change will result in Explorex issuing an aggregate of 45,000,000 Explorex Shares to the Raffles Shareholders and will therefore constitute a reverse takeover transaction.

The closing of the Share Exchange Agreement (the “**Closing**”) is conditional upon certain related transactions occurring. Concurrent with the Closing, Raffles Pubco will complete one or more equity financings comprised of post-Consolidation common shares at \$5.00 per Raffles Pubco Share for maximum gross proceeds of \$20,000,000 (the “**Financing**”). The Raffles Pubco Shares issued under the Financing will be subject to a contractual hold period expiring four months and one day from the date the Raffles Pubco Shares are listed on the CSE.

On closing of the Fundamental Change:

- (a) The pre-Fundamental Change holders of Explorex common shares will own 2.1% of the Raffles Pubco Shares;
- (b) The former Raffles shareholders will own 89.9% of the Raffles Pubco Shares; and

- (c) The subscribers to the Financing will own 8.0% of the Raffles Pubco Shares.

Explorex, upon completion of the Fundamental Change, will be engaged in the business of Raffles as described herein. Explorex will have ceased to operate its mineral exploration business, and will dispose all of its assets associated with its previous business pursuant to the Arrangement prior to completion of the Fundamental Change.

See Appendix "E" – *"Resulting Issuer Information Following Fundamental Change"* for further information regarding Raffles and the anticipated business of Raffles Pubco following completion of the Fundamental Change. Also refer to Appendix "I" – *"Financial Statements and MD&A of Raffles"* and Appendix "H" – *"Pro Forma Combined Financial Statements of the Resulting Issuer Giving Effect to Fundamental Change"*. Raffles will arrange for updated and auditor-reviewed interim financial statements to be made available and posted to SEDAR before the Explorex Meeting. Explorex Shareholders are encouraged to review such updated financial statements.

Shareholder Approval

To be approved, the Fundamental Change Resolution requires the affirmative vote of a simple majority of the votes cast by Explorex Shareholders at the Meeting, whether in person or by proxy. Below is the full text of the Fundamental Change Resolution that Explorex Shareholders are being asked to vote on.

Management unanimously recommends that Explorex Shareholders vote FOR the Fundamental Change Resolution.

"BE IT RESOLVED, as an ordinary resolution of the Explorex Shareholders, that:

1. Explorex be authorized, empowered and directed to complete the transactions contemplated by the Share Exchange Agreement, particularly the acquisition of Raffles Financial Private Limited, which will constitute a fundamental change and a change of business (the "**Fundamental Change**") for Explorex under the policies of the Canadian Securities Exchange;
2. notwithstanding that this ordinary resolution has been duly passed by the shareholders of Explorex, the directors of Explorex are hereby authorized, at their discretion, to determine, at any time, to select an implementation date for the Fundamental Change, to proceed or not to proceed with the Fundamental Change and to postpone, abandon or otherwise refrain from implementing this resolution at any time prior to the implementation of the Fundamental Change without further approval of the shareholders, and in such case, this resolution approving the Fundamental Change shall be deemed to have been rescinded; and
3. any one director or any one officer of Explorex is authorized and empowered, acting for, in the name of and on behalf of Explorex, to execute or to cause to be executed, and to deliver and file or to cause to be delivered and filed all such documents and instruments, and to do or to cause to be done, all such acts and things as in the opinion of such director or officer of Explorex may be necessary or desirable in order to carry out the intent of this resolution."

Approval of Continuation to the Cayman Islands

Background to Continuation

Explorex is currently incorporated under the BCBCA. Shareholders will be asked to consider, and if thought fit, to pass, with or without variation, a special resolution (the "**Continuation Resolution**"), substantially in the form of the resolution set forth below, approving the continuance of Explorex to the Cayman Islands (the "**Continuation**") following the Fundamental Change, whereby it would become and be a company whose existence is governed by the Cayman Islands *Companies Law (as revised)* (the "**Companies Law**"). Upon being continued under the Companies Law, Explorex would be subject to the Memorandum and Articles of Association that would replace Explorex's current British Columbia Notice of Articles and Articles that currently serve as the primary organizational documents of Explorex under the BCBCA.

The Continuation will affect certain rights of Shareholders as they currently exist under the BCBCA. **Explorex Shareholders should consult their legal advisors regarding implications of the Continuation, which may be of particular importance to them.**

Rationale for the Continuation

The principal reasons for the Board's proposal to undertake and complete the Continuation are as follows:

- The Continuation, which will occur before the Fundamental Change, complements Explorex's Fundamental Change to become a financial services company, as such services may not involve any material connection to Canada and could involve an expansion of the Resulting Issuer's activities in scope and geography and the Continuation will provide the Resulting Issuer with flexibility to structure business activities outside of Canada from an internationalized corporate structure.
- The Resulting Issuer's future plans may include a dual listing on a stock exchange in Asia in order to broaden its shareholder base and attract more investors. If this is pursued, Management believes that being incorporated in the Cayman Islands would facilitate an application by the Resulting Issuer for such a listing, as investors, stock exchanges and other participants in those capital markets may be more familiar with Cayman Islands companies than with British Columbia companies.
- When management determined that it would be beneficial for Explorex to continue its existence outside of Canada, as part of, and before the Fundamental Change, Explorex and Raffles evaluated a number of potential alternate jurisdictions that were considered favourable bases for an international operation from tax, legal, cost, reputation and other perspectives. The Cayman Islands were selected because their corporate laws are based in English law and well-regarded as being based in sound legal and business principles. From an investment perspective, the Cayman Islands were deemed favourable because of their limited foreign ownership and investment restrictions, and because being organized under the laws of Cayman Islands is anticipated to facilitate the Resulting Issuer's access to international financial sources.

Principal Effects of the Continuation

The Continuation of Explorex to the Cayman Islands would result in Explorex being an exempted company limited by shares within the meaning of the Companies Law (the "**Continued Company**")

and ceasing to be a company governed by the BCBCA. Consequently, the BCBCA will cease to apply to Explorex and Explorex will then become subject to the Companies Law as if it had been originally incorporated and registered under the Companies Law. The Continuation will not create a new legal entity, or effect the continuity of Explorex, or have any impact on Explorex's ownership of its properties. The persons serving on the Board prior to the Continuation will continue to constitute the Continued Company's Board upon the Continuation becoming effective.

Upon Continuation, Explorex Shareholders will hold Cayman Shares. The number of common shares a Shareholder owns (or has rights to acquire) and the percentage ownership such Shareholder has in Explorex immediately prior to the Continuation will not change as a result of the Continuation. Each pre-Continuation Shareholder will hold that number of Cayman Shares in the Continued Company that is equal to the number of Explorex Shares such Shareholder holds in Explorex immediately prior to the effective time of the Continuation.

The Continuation will not affect Explorex's status as a reporting issuer under the securities legislation of any jurisdiction in Canada, and Explorex will remain subject to the requirements of such legislation. Upon completion of the Continuation, the Cayman Shares will continue to be listed on the CSE. Explorex will complete the Continuation before the Fundamental Change, but in anticipation of the Fundamental Change, and accordingly, it is anticipated that the Continued Company will be known as "Raffles Financial Group Limited" and that its Cayman Shares will trade on the CSE under the symbol "RICH", or such other symbol as may be approved by the CSE.

The BCBCA provides that the Continuation will only be permitted if, under Cayman Law:

- the property, rights and interests of Explorex continue to be the property, rights and interests of the Continued Company;
- the Continued Company continues to be liable for the obligations of Explorex;
- an existing cause of action, claim or liability to prosecution is unaffected;
- a legal proceeding being prosecuted or pending by or against Explorex may be prosecuted or its prosecution may be continued, as the case may be, by or against the Continued Company; and
- a conviction against, or a ruling, order or judgment in favour of or against, Explorex may be enforced by or against the Continued Company.

Although the rights and privileges of Explorex Shareholders under the BCBCA are in many instances comparable to those under the Companies Law, there are several differences. For an overview and comparison of shareholder's rights under the Companies Law, including an overview of the proposed Memorandum and Articles of Association of Explorex following the Continuation, see the disclosure below under the heading "*Comparison Of Shareholder Rights Under the BCBCA And Cayman Law*". The summary below is not intended to be exhaustive and Explorex Shareholders should consult their legal advisors regarding all of the implications of the effects of the Continuation on such shareholders' rights.

For a summary of the principal Canadian federal income tax considerations to holders of Explorex Shares relative to Explorex continuing from the BCBCA to the Companies Law and ceasing to be resident in Canada for purposes of the *Income Tax Act* (Canada), see the disclosure below under the heading "*Canadian Federal Income Tax Considerations*".

Continuation Process

In order to effect the Continuation, the following steps would have to be taken:

1. Explorex must obtain the approval of Explorex's Shareholders to the Continuation by approval of the Continuation Resolution by special resolution;
2. Explorex must apply to British Columbia Registrar of Companies under Section 308(5) of the BCBCA for authorization to continue its existence under the Companies Law;
3. Once the Continuation Resolution is approved as a special resolution by Explorex's Shareholders, Explorex must prepare and submit an application to the Cayman Islands Registrar of Companies for authorization to continue its existence as an exempted company under the Companies Law, which application will include a number of prescribed documents and other pertinent information;
4. As required under Section 311 of the BCBCA, Explorex must deliver to the British Columbia Registrar of Companies a copy of the certificate (the "**Continuation Certificate**") issued by the Cayman Islands Registrar of Companies confirming that Explorex is re-registered by way of continuation as an exempted company under the Companies Law;
5. On the date shown on the Continuation Certificate, Explorex will become and be a company registered under the Companies Law as if it had been originally incorporated under such law.

Implementation of the Continuation

If approval of the Explorex Shareholders is obtained, the Continuation process will commence subsequent to the Explorex Meeting at such time as the Board may determine, but will be following completion of the Arrangement and Consolidation. The Continuation Resolution approving the Continuation also authorizes the directors, if thought appropriate, to revoke the Continuation Resolution and abandon the Continuation process without further approval of the Explorex Shareholders. If the Continuation Resolution is approved by the Explorex Shareholders and the process is not abandoned by the directors, the Continuation shall become effective upon the registration by way of continuance of Explorex in the Cayman Islands by the Registrar of Companies of the Cayman Islands (the "**Continuation Effective Time**").

Shareholder Approval

To be approved, the Continuation Resolution requires the affirmative vote of at least 66 and 2/3% of the votes cast by Explorex Shareholders at the Meeting, whether in person or by proxy. Below is the full text of the Continuation Resolution that Explorex Shareholders are being asked to vote on. A resolution such as the Continuation Resolution gives rise to dissent rights under the BCBCA. These dissent rights are described below under the heading "*Dissent Rights*".

Management unanimously recommends that Shareholders vote FOR the Continuation Resolution.

"BE IT RESOLVED, as a Special Resolution of the Explorex Shareholders, that:

1. Explorex be authorized, empowered and directed to:
 - (a) apply to the Cayman Islands Registrar of Companies requesting that Explorex be continued into the Cayman Islands by way of registration by way of continuation

- as a Cayman Islands exempted company limited by shares under the Cayman Islands *Companies Law (as revised)*;
- (b) apply to the British Columbia Registrar of Companies under Section 308(5) of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") for authorization to continue Explorex under the Cayman Islands *Companies Law (as revised)* (the "**Continuation**"); and
 - (c) as required under Section 311 of the BCBCA, deliver to the British Columbia Registrar of Companies a copy of the certificate (the "**Continuation Certificate**") issued by the Cayman Islands Registrar of Companies confirming that Explorex is re-registered by way of continuation as an exempted company under the *Companies Law (as revised) of the Cayman Islands*;
2. subject to the issuance of such Continuation Certificate and without affecting the validity of Explorex and the existence of Explorex by or under its existing Articles and any act done thereunder, with effect from the date of application of the Continuation Certificate, Explorex adopt the Memorandum and Articles of Association substantially in the form of the Memorandum and Articles of Association attached to the Circular for the Annual General and Special Meeting of Explorex Shareholders at which the Continuation proposal is submitted to the Explorex Shareholders, in substitution for Explorex's existing Notice of Articles and Articles, and such Memorandum and Articles of Association are hereby approved and adopted; The proposed Memorandum and Articles of Association for the Continued Company provides for the Continued Company to be registered with an authorized share capital of \$5,000,000 divided into 5,000,000,000 shares of par value \$0.001 each. Also, so long as Explorex has sufficient unissued share capital within its authorized share capital, under the Companies Law and the Memorandum and Articles of Association the Board may authorize and issue additional shares of different classes and designate the rights and privileges (including voting rights, distribution rights, rights to return of capital and other rights) attaching to those classes of shares;
3. with effect from the date of application of the Continuation Certificate:
- (a) the authorized capital of Explorex be converted into an authorized share capital of \$5,000,000 divided into 5,000,000,000 shares of par value C\$0.001 per share; and
 - (b) each issued and outstanding Common Share without par value of Explorex be converted into one ordinary share of Explorex with a par value of \$0.001 per share;
4. upon issuance of the Continuation Certificate, those persons who were directors immediately prior to the Continuation taking effect will be the directors of Explorex and the number of directors of Explorex following the completion of the Continuation will be set as equal to the number of directors immediately prior to the completion of the Continuation (inclusive of any vacancies);
5. notwithstanding that this special resolution has been duly passed by the shareholders of Explorex, the directors of Explorex are hereby authorized, at their discretion, to determine, at any time, to select an implementation date for the Continuation, to proceed or not to proceed with the Continuation and to postpone, abandon or otherwise refrain from implementing this resolution at any time prior to the implementation of the Continuation

without further approval of the shareholders, and in such case, this resolution approving the Continuation shall be deemed to have been rescinded; and

6. any one director or any one officer of Explorex is authorized and empowered, acting for, in the name of and on behalf of Explorex, to execute or to cause to be executed, under the seal of Explorex or otherwise, and to deliver and file or to cause to be delivered and filed all such documents and instruments, and to do or to cause to be done, all such acts and things as in the opinion of such director or officer of Explorex may be necessary or desirable in order to carry out the intent of this resolution."

In the absence of contrary instruction, the persons named in the enclosed Instrument of Proxy intend to vote FOR the approval of the Continuation Resolution.

COMPARISON OF SHAREHOLDER RIGHTS UNDER THE BCBCA AND CAYMAN LAW

The following should be read together with the information and statements contained elsewhere in this Circular. The rights of the Explorex Shareholders are currently governed by the BCBCA and by Explorex's current British Columbia Notice of Articles and Articles. Upon being continued under the Companies Law, Explorex would be subject to the Memorandum and Articles of Association that would replace Explorex's current Notice of Articles and Articles. Although the rights and privileges of Explorex Shareholders under the BCBCA are in many instances comparable to those under the Companies Law, there are several differences.

The following is a summary and overview of Explorex Shareholder's rights under the Companies Law and certain differences between the Companies Law and the BCBCA, but it is not intended to be a comprehensive review of the Memorandum and Articles of Association, Companies Law, or the BCBCA. Reference should be made to the full text of the Companies Law and BCBCA and the regulations thereunder for particulars of any differences between them, and the proposed Memorandum and Articles of Association attached hereto as Appendix "K". Explorex Shareholders should consult their own legal or other professional advisors with regard to all of the implications of the Continuation which may be of importance to them.

Charter Documents

Under the BCBCA, the charter documents consist of a "notice of articles", which sets forth, among other things, the name of the corporation and the amount and type of authorized capital, and "articles", which govern the management of the corporation.

Under Cayman Law, the "memorandum of association" and "articles of association" are the governing instruments of a corporation and are broadly equivalent to a corporation's notice of articles and articles under the BCBCA, respectively. The Continued Company's new Memorandum and Articles of Association and the applicable laws of the Cayman Islands (principally, the Companies Law) are collectively referred to herein as the "**Cayman Law**".

Upon the Continuation taking effect, the memorandum of association and articles of association thereby approved by Explorex's Shareholders as part of the Continuation Resolution (the "**Memorandum and Articles of Association**") would replace Explorex's Notice of Articles and Articles in force under the BCBCA as the primary organizational documents of the Continued Company. It is proposed that the Memorandum and Articles of Association would also set out the rules pertaining to the relationship between members and the management of Explorex. The proposed Memorandum and Articles of Association would be substantially in the form of the Memorandum and Articles of Association set out Appendix "K" of this Circular. Accordingly, approval

of the Continuation Resolution at the Meeting will have the effect of approving an amendment to the Notice of Articles and Articles, subject to and upon Continuation, so that Explorex's charter documents on and from Continuation would comply with the Companies Law.

Amendments to Charter Documents

Any substantive change to the corporate charter of a corporation under the BCBCA, such as an alteration of the restrictions, if any, on the business carried on by a corporation, a change in the name of a corporation or an increase or reduction of the authorized capital of a corporation will be effected by the type of resolution specified in the articles of a corporation, which for many alterations, could provide for approval solely by a resolution of the directors. Where neither the BCBCA nor Explorex's articles specify the type of resolution, the articles and notice of articles may be altered by special resolution.

Under the BCBCA, a resolution passed by a special majority at a general meeting for which proper notice has been provided constitutes a special resolution. A special majority is a majority of votes, as specified by the articles, that is not less than 66 and 2/3% of the votes cast on the resolution. A resolution consented to in writing by all of the Shareholders holding shares that carry the right to vote at general meetings also constitutes a special resolution.

Other fundamental changes such as an alteration of the special rights and restrictions attached to issued shares or a proposed amalgamation or continuance of a corporation out of the jurisdiction require a similar special resolution passed by holders of shares of each class entitled to vote at a general meeting of a corporation and the holders of all classes of shares adversely affected by an alteration of special rights and restrictions.

Under Cayman Law, the Memorandum and Articles of Association may only be amended by a special resolution, which requires the approval of not less than 66 and 2/3% of the votes cast at a meeting (or such greater number as may be specified by the Articles of Association) or a written resolution unanimously adopted by all shareholders entitled to vote on the matter.

Under Explorex's current Articles, if Explorex's share capital is divided into different classes or series, the rights attaching to any class or series of shares (unless otherwise provided by the terms of issue of the shares of that class or series) may be varied with the consent in writing of the holders of at least 66 and 2/3% of the issued shares of that class or series, or with a resolution passed by at least 66 and 2/3% of the votes cast at a separate shareholder meeting of the holders of the shares of the class or series.

Certain Voting Requirements for Extraordinary Fundamental Changes

Under the BCBCA, certain extraordinary corporate actions such as certain amalgamations, continuances, sales, leases or exchanges of all or substantially all of the undertakings of the corporation, other than in the ordinary course of its business, and other extraordinary corporate actions such as liquidations (winding-ups) and arrangements requires approval by a special resolution.

In certain cases, a special resolution to approve an extraordinary corporate action is also required to be approved separately by the holders of a class or series of shares, including in certain cases a class or series of shares not otherwise carrying voting rights.

Certain extraordinary corporate actions, such as winding up the company (voluntarily or by court order) or the merger or amalgamation of a company with or into one or more other companies, require the approval of shareholders by a special resolution under Cayman Law. Cayman Law also provides for shareholder schemes of arrangements, requiring, depending on the circumstances,

consent of a majority in number of the shareholders representing not less than 75% in value of the shares of each class affected by the scheme.

Overview of the Continued Company's Organizational Documents

Following the completion of the Continuation, the rights of members of the Continued Company would be governed by the Cayman Law. The following is an overview of the attributes attaching to the Cayman Shares and is subject to the Memorandum and Articles of Association and to Cayman Law. Though management has attempted to describe and compare all material differences between the attributes of Cayman Shares and those of the currently outstanding Common Shares of Explorex, there can be no assurance that all material attributes (and all material differences in attributes) have been described, nor that any or all holders of outstanding shares would agree that Explorex has properly identified those attributes and differences. Management of Explorex therefore recommends that the Shareholders review the attributes with their advisors.

Shareholders are referred to as Members under Cayman Law

Under Cayman Law, the Explorex Shareholders are referred to as members, as opposed to being referred to as shareholders under the BCBCA. In and of itself, this distinction has no impact on the rights of the holders of the Cayman Shares, as it is a difference of name and not of substance.

Exempted Company Limited by Shares

Upon Continuation, the Continued Company would be an "exempted company limited by shares" under Cayman Law, meaning that the liability of its members is limited to the amount unpaid on their shares. Upon Continuation, all members' shares would continue to be recorded as fully-paid issued shares in the Continued Company. This is equivalent to the limitation of liability that Explorex Shareholders currently enjoy under the BCBCA.

Authorized Share Capital

The proposed Memorandum and Articles of Association for the Continued Company provides for the Continued Company to be registered with an authorized share capital of \$5,000,000 divided into 5,000,000,000 shares of par value \$0.001 each. Also, so long as the Continued Company has sufficient unissued share capital within its authorized share capital, under the Companies Law and the Memorandum and Articles of Association, the Board may authorize and issue additional shares of different classes and designate the rights and privileges (including voting rights, distribution rights, rights to return of capital and other rights) attaching to those classes of shares.

The current authorized share capital of Explorex under the BCBCA permits the issuance of an unlimited number of Common Shares without par value. The Companies Law does not permit the authorization of an unlimited number of shares, as is permitted under the BCBCA. However, management believes that the proposed Memorandum and Articles of Association for the Continued Company will establish an authorized share structure upon Continuation that will remain as similar to Explorex's pre-Continuation authorized capital as is permissible under the Companies Law. Management believes that the proposed authorized share capital of \$5,000,000 will be sufficient for the Continued Company's corporate purposes as this authorized capital has been divided into 5,000,000,000 shares of par value \$0.001 each, leaving the Continued Company with the ability to issue up to an additional approximately 4.9 billion shares upon Continuation. Under the proposed Memorandum and Articles of Association, the directors of the Continued Company will also be authorized to create and designate new classes of preferred shares, with the rights and restrictions on such shares to be designated by the directors, in a manner that is substantially equivalent to the existing rights of the directors under Explorex's current Articles. The directors will be entitled to

approve the issuance of new ordinary shares at fair market value, which is a requirement under the CSE, and it is anticipated that the fair market value of any new ordinary shares issued will greatly exceed the prescribed nominal par value of CAD\$0.001 per share of the ordinary shares.

Accordingly, management believes that the proposed aggregate maximum authorized share capital amount will:

- provide opportunity for the sale of ordinary or other shares by the Continued Company in order to raise funds for working capital, business expansion, investments or other reasons;
- enable the Continued Company to complete future acquisitions of assets, properties, projects or new companies through the issuance of ordinary or other shares; and
- provide adequate reserve for issuances of ordinary shares on the exercise of stock options under Explorex's stock option plan, plus potential for future annual incentive awards or bonuses.

Upon the Continuation taking effect, there would be transferred to the share capital account of the ordinary shares of the Continued Company the whole of the capital paid-up on the Explorex Shares.

Voting

So long as the only class of shares outstanding are its ordinary shares, then in the same manner as under the BCBCA, pursuant to the Memorandum and Articles of Association, each holder of the ordinary shares, present in person, by proxy or otherwise at a meeting of members, would be entitled to one vote per share on a show of hands or one vote per share on the taking of a poll on all matters to be voted upon. There are no limitations imposed by Cayman Law on the rights of non-resident members to hold or vote their Cayman Shares.

Consistent with the BCBCA, under Cayman Law most regular decisions or actions requiring approval by the members of the Continued Company would require the approval of holders of a majority of the Cayman Shares present in person, by proxy or otherwise at a meeting of members, or approval in writing of holders of all Cayman Shares (such approval by members at a meeting or in writing being an "**Ordinary Members' Resolution**"). However, some matters require the approval of members pursuant to the affirmative vote of holders of not less than 66 and 2/3% of the votes of members properly cast at a meeting of members, whether present in person, by proxy or otherwise, or approval in writing by all members entitled to vote on the matter (such approval by members at a meeting or in writing being a "**Special Members' Resolution**"), such as altering the Memorandum and Articles of Association, changing the name of the Continued Company, reducing the share capital or any capital redemption fund or voluntarily winding up of the Continued Company.

If at any time the Continued Company issues other classes of shares, the voting rights attributable to those shares would be prescribed by the Board prior to their issuance. As a result, thereafter depending upon the voting rights prescribed for these other classes of shares, an Ordinary Members' Resolution and a Special Members' Resolution could include or exclude the votes of the holders of those other outstanding classes of shares. This is similar to what would occur under the BCBCA and the Articles of Explorex prior to the Continuation.

Quorum for Members' Meetings

The existing Articles provide that the presence of at two persons who are Explorex Shareholders present and being, or two Explorex Shareholders who each represent at least one Shareholder by proxy, or one Shareholder present and being and one Shareholder represented by proxy, with each

Shareholder holding not less than one of the issued Explorex Shares entitled to be voted at the Meeting, will constitute a quorum for the transaction of business at any general meeting of the Shareholders. The Articles of Association of the Continued Company will provide for the same quorum.

Changes to the Continued Company's Authorized or Issued Share Capital and Other Organizational Changes

The existing Articles of Explorex provide in Article 9.1 that Explorex may by directors' resolution:

- create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- increase, reduce or eliminate the maximum number of shares that Explorex is authorized to issue out of any class or series of shares or establish a maximum number of shares that Explorex is authorized to issue out of any class or series of shares for which no maximum is established;
- subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- if Explorex is authorized to issue shares of a class of shares with par value:
 - decrease the par value of those shares; or
 - if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- alter the identifying name of any of its shares; or
- otherwise alter its shares or authorized share structure when required or permitted to do so by the BCBCA;

Article 9.2 of Explorex's existing Articles permits the following matters to be accomplished by approval of the Shareholders by special resolution (which includes for the purposes of the discussion below approval by way of unanimous written resolution of the Explorex Shareholders):

- create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued;

Explorex may also otherwise alter the Articles by special resolution where the BCBCA does not specify the resolution type that is required.

Further, Article 9.3 of Explorex's existing Articles permits the change of name of Explorex by Directors' Resolution.

For the Continued Company under the Memorandum and Articles of Association and the Companies Law, the following actions affecting the Continued Company's share capital requires approval of members by Ordinary Members' Resolution:

- an increase in the Continued Company's authorized share capital;
- a consolidation or division of any outstanding shares into a smaller or larger amount;
- a conversion of any shares into stock, or a conversion of stock into shares;
- a subdivision of existing shares into a smaller number of shares; or
- the cancellation of any shares that have not been taken, or acquired, by any person or party.

This is different from Explorex's current Articles, where approval by directors' resolution is required for these matters. For most other proposals involving changes to the Memorandum or Articles, including any proposal to change the Continued Company's name, to reduce share capital or to merge or consolidate with another company, approval by a Special Members' Resolution is required. Accordingly, certain items which could be approved by directors' resolution under the BCBCA (if the company's Articles so permitted it), must be approved by shareholders under the Companies Law, which provides somewhat less flexibility to effect certain corporate actions than is the current situation.

A change of the Continued Company's corporate name will require approval by Special Members' Resolution under the Memorandum and Articles of Association of the Continued Company.

In addition, under the Memorandum and Articles of Association and Cayman Law, where a company has different classes of shares outstanding, the attributes applicable to a class of shares may be varied with the sanction of a Special Members' Resolution of that class, in addition to any approval of members otherwise required under the Memorandum and Articles of Association.

However, based on Explorex's current share structure, the Continued Company would only have ordinary shares outstanding upon Continuation.

Dividend Rights

Subject to any rights and restrictions of any other class or series of shares outstanding (of which there are currently none), the Board may, from time to time, declare dividends on the issued shares and authorize payment of the dividends out of the Continued Company's lawfully available funds (and otherwise subject to the provisions of the Companies Law including with respect to solvency). The Board may declare that any dividend be paid wholly or partly by the distribution of shares and/or specific assets of the Continued Company. This is consistent with the rules applicable to dividends by Explorex under the BCBCA.

Rights upon Liquidation

In the event of the liquidation of the Continued Company, after the full amounts that holders of any issued shares ranking senior to the Cayman Shares (there are currently no such shares authorized for issuance) plus creditors as to distribution on liquidation or winding up are entitled to receive have been paid or set aside for payment, the holders of Cayman Shares would be entitled to receive, pro rata, any remaining assets of the Continued Company available for distribution to the holders of Cayman Shares. This is consistent with what would happen upon the liquidation of the pre-Continuation Company under the BCBCA.

No Liability for Further Calls or Assessments

As is the case for the currently outstanding Explorex Shares, the Cayman Shares to be issued pursuant to the Continuation would be issued as fully paid and non-assessable. As such, members of the Continued Company shall have no liability in respect of unpaid shares, either in whole or in part. The Memorandum and Articles of Association will provide that no share can be issued without it being fully paid (whether in cash or otherwise).

No Pre-emptive Rights

As is the case for the currently outstanding common shares of Explorex under the BCBCA, holders of Cayman Shares would have no pre-emptive or preferential right to purchase any securities of the Continued Company.

Redemption and Conversion

As is the case for the currently outstanding common shares of Explorex, the Cayman Shares would not be convertible into shares of any other class or series or be subject to redemption either by the Continued Company or the holder of the Cayman Shares.

Repurchases of Outstanding Shares

Under the Memorandum and Articles of Association but subject to the provisions of the Companies Law, the Continued Company may, if authorized by the Board, purchase any issued Cayman Shares in circumstances and on terms determined by the directors and agreed by the holder(s) of such shares.

However, the Continued Company may not purchase issued Cayman Shares otherwise than out of profits at any time when, immediately following such purchase, it would be unable to pay its debts as they fall due in the ordinary course of business.

Subject to Cayman Law and applicable securities laws, the Continued Company may, from time to time, with the agreement of a holder, purchase all or part of the holder's Cayman Shares whether or not the Continued Company has made a similar offer to all or any other of the holders of Cayman Shares. Unless designated by the Board to be held as "Treasury Shares", any repurchased Cayman Shares will be treated as cancelled and such Cayman Shares will be available for re-issue as determined by the Board.

This is consistent with the situation for Explorex under the BCBCA.

Compulsory Acquisition of Shares Held by Minority Holders

Similar to the BCBCA, there are certain circumstances under Cayman Law where an acquiring party may be able to compulsorily acquire the shares of minority holders. Under Cayman Law, an acquiring party may be able to compulsorily acquire the ordinary shares of minority holders in one of three ways:

1. By a procedure under Cayman Law known as a "scheme of arrangement", a Cayman court may, on the application of a company, a creditor of the company or a member of the company, order a meeting of the creditors of the company or of any class of creditors affected by the scheme, and/or a meeting of all members of the company or of any class of members affected by the scheme, and if a majority in number of the creditors or members, as the case may be, present at the meeting held to consider the arrangement, representing at least 75% in value of the creditors or class of creditors, or members or class of members,

as the case may be, agree to the scheme, the scheme, if sanctioned by the court, shall bind the company, all relevant creditors, and all relevant members. It is possible that the effect of such a scheme may be that the Continued Company would be dissolved, its assets transferred to the acquiring company and shares of the acquiring company be issued to the holders of ordinary shares of the Continued Company.

2. By acquiring pursuant to a tender offer 90% of the ordinary shares not already owned by the acquiring party (the "**offeror**"). If an offeror has, within four months after the making of an offer for all the ordinary shares not owned by the offeror, obtained the approval of not less than 90% of all the shares to which the offer relates (including shares tendered to the offeror), the offeror may, at any time within two months after the end of that four month period, require any nontendering member to transfer its shares on the same terms as the original offer (such a transaction being a "Squeeze-Out Fundamental Change"). In a Squeeze-Out Fundamental Change, nontendering members will be compelled to sell their shares, unless within one month from the date on which the notice to compulsorily acquire was given to the nontendering member, the nontendering member is able to convince the court to order otherwise.
3. By way of statutory merger under the Companies Law with or into another one or more other companies, if (a) the acquiring party holds 90% or more of the shares of the company and the company is merged into the acquiring party itself; or (b) the merger is approved by way of Special Members' Resolution of the company (in which case minority holders who follow the statutory dissent procedure have a right to be paid "fair value" for their shares).

Shareholders should note that for Explorex under the BCBCA, although certain of the transactions described above in connection with a "scheme of arrangement" could generally be completed under a "plan of arrangement", to the extent that shareholder approval is required, the required approval would be by special resolution rather than by a majority in number of holders representing 75% of the shares in value.

Transfer Agent

The transfer agent and registrar for the Cayman Shares will continue to be AST Trust Company (Canada).

Board of Directors

For the Continued Company, the Memorandum and Articles of Association substantially preserve the existing provisions of Explorex's Articles with respect to the election and removal of members of the Board of directors, and likewise carry forward similar Advance Notice Provisions for nomination of directors that are in Explorex's current Articles (which are designed to prevent shareholders from nominating directors through a proxy fight or an ambush, without in each case providing an issuer with adequate time to consider and respond in an informed way to such proposed nomination).

Notwithstanding the foregoing, the Companies Law does not contain specific restrictions or requirements with respect to the Board (other than that the Continued Company must at all times have at least one director), so, subject to any requirements of applicable securities laws and the Canadian Securities Exchange (for so long as the Continued Company's shares remain listed thereon), members of the Continued Company will be free to amend the Memorandum and Articles of Association with respect to the election and removal of members of the Board of directors and the Advance Notice Provisions.

Duties of Directors and Officers

Under the BCBCA, in exercising their powers and discharging their duties, directors and officers must act honestly and in good faith, with a view to the best interests of the corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. No provision in the corporation's notice of articles, articles, resolutions or contracts can relieve a director or officer of these duties.

As a matter of Cayman Law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company. Fiduciary obligations and duties of directors under Cayman Law are substantially the same as under the BCBCA. Under Cayman Law, directors owe the following fiduciary duties: (i) duty to act in good faith in what the director believes to be in the best interests of the company as a whole; (ii) duty to exercise powers for the purposes for which those powers were conferred and not for a collateral purpose; (iii) directors should not properly fetter the exercise of future discretion; (iv) duty to exercise powers fairly as between different sections of members; (v) duty not to put themselves in a position in which there is a conflict between their duty to the company and their personal interests; and (vi) duty to exercise independent judgment.

In addition, under Cayman Law, directors also owe a duty of care which is not fiduciary in nature. This duty has been defined as a requirement to act as a reasonably diligent person having both the general knowledge, skill and experience that may reasonably be expected of a person carrying out the same functions as are carried out by that director in relation to the company and the general knowledge skill and experience which that director has.

As set out above, directors have a duty not to put themselves in a position of conflict and this includes a duty not to engage in self-dealing, or to otherwise benefit as a result of their position. However, the Memorandum and Articles of Association modify that position by providing that, so long as the nature and extent of any director's personal interest in a matter, transaction or arrangement is declared to the other directors, the interested director may (inter alia) participate in, vote on and be counted in the quorum at any meeting of the Directors that considers matters relating to that interest.

Alternate Directors

Under the Memorandum and Articles of Association and as permitted by the Companies Law, directors are authorized to appoint another person to serve as his or her alternate on the Board. The Continued Company must be notified when a director elects to make such an appointment. A duly appointed alternate director will be entitled to full treatment as a director of the Continued Company and to exercise all rights and authority of the director for whom he or she is an alternate, as well as being subject to all obligations of the director for whom he or she is alternate. However, an alternate director will have no authority to further appoint an alternate, and his or her appointment as an alternate may be terminated by the director for whom he or she is an alternate. This is similar to the situation for Explorex under its current Articles, where a director has authority to appoint someone else to act as his or her alternate, in accordance with the provisions of its current Articles.

Appointment of Auditor

Under the Memorandum and Articles of Association and the Companies Law, the Board has the authority to select and change the auditors of the Continued Company. This is different from the situation under the BCBCA, where the auditors are selected by vote of the shareholders but the Board has the authority to select an auditor following the resignation or disqualification of the auditors.

Notice of Meetings of Members

Under the Memorandum and Articles of Association, for the Continued Company notices of meetings of members preserve the current situation, where notice of meetings of shareholders must be provided at least 21 days before a scheduled meeting of shareholders.

However, before and after the Continuation, notwithstanding those notice provisions, for so long as the Continued Company is a reporting issuer in a jurisdiction of Canada, under Canadian securities laws generally between 30 and 60 days' notice is required to be provided to the shareholders or members, as the case may, in advance of a meeting of shareholders or members. Accordingly, it is anticipated that, in practice, the move to a shorter notice period will not have a material impact on the time period in which notice of meetings of the members of the Continued Company is provided.

Inspection of Books and Records by Members

Under the BCBCA, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation's stock ledger, list of shareholders and other books and records. Under Cayman Law, members have no general right to obtain copies of member lists or corporate records.

Rights of Dissent and Appraisal

The BCBCA provides that shareholders who dissent to certain actions being taken by a corporation may exercise a right of dissent and require the corporation to purchase the shares held by such shareholder at the fair value of such shares. The dissent right may be exercised by a holder of shares of any class of the corporation in certain circumstances, including pursuant to any court order that permits dissent, and when the corporation proposes to:

- amend its articles to alter restrictions on the powers of the corporation or the business that the corporation is permitted to carry on;
- adopt an amalgamation agreement;
- continue out of the jurisdiction;
- sell, lease or otherwise dispose of all or substantially all of the corporation's undertaking;
- adopt a resolution to approve an amalgamation into a foreign jurisdiction;
- adopt a resolution to approve an arrangement, the terms of which arrangement permit dissent; or
- adopt any other resolution, if dissent is authorized by the resolution.

With the exception of the case of a proposed merger or consolidation of a Cayman Islands company (pursuant to which a dissenting shareholder is entitled to payment of the fair value of their shares), there is no specific right of dissent for shareholders under Cayman Law.

Oppression Remedy

Under the BCBCA, a shareholder of a corporation, including a beneficial shareholder and any other person whom the court considers to be an appropriate person to make an application under the BCBCA, has the right to apply to a court on the ground that:

- the affairs of the corporation are being or have been conducted, or that the powers of the directors are being or have been exercised, in a manner oppressive to one or more of the shareholders, including the applicant; or
- some act of the corporation has been done or is threatened, or that some resolution of the shareholders or of the shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial to one or more of the shareholders, including the applicant.

On such an application, the court may make such order as it sees fit, including an order to prohibit any act proposed by the corporation.

The statutory laws of the Cayman Islands do not contain a specific standalone provision by which prejudiced members of the company can take action. However, a petition to wind up the company on "just and equitable grounds" may be brought by a shareholder. If successful, this allows for the Cayman court to make a variety of orders in the alternative to winding up.

Shareholder Derivative Actions

Under the BCBCA, a shareholder, defined as including a beneficial shareholder and any other person whom the court considers to be an appropriate person to make an application under the BCBCA, or a director of a corporation may, with leave of the court, bring an action in the name and on behalf of the corporation to enforce an obligation owed to the corporation that could be enforced by the corporation itself or to obtain damages for any breach of such an obligation. An applicant may also, with leave of the court, defend a legal proceeding brought against a corporation. Leave may be granted on terms the court considers appropriate if:

- the complainant has made reasonable efforts to cause the directors of the corporation to prosecute or defend the legal proceeding;
- notice of the application for leave has been given to the corporation and any other person the court may order;
- the complainant is acting in good faith; and
- it appears to the court that it is in the best interests of the corporation for the legal proceeding to be prosecuted or defended.

The Cayman Islands courts have recognized derivative suits by shareholders in some limited circumstances. The courts of the Cayman Islands would ordinarily be expected to follow English case law precedents, which would permit a minority shareholder to commence an action against or a derivative action in the name of the company in the following circumstances:

- where the act complained of is alleged to be beyond the corporate power of the company or illegal;
- where the act complained of is alleged to constitute a fraud against the minority perpetrated by those in control of the company; or
- where the act requires approval by a greater percentage of the company's shareholders than actually approved it.

Generally, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

Shareholder Meetings

Based on the BCBCA, a company must hold an annual general meeting, for the first time, not later than 18 months after the date on which it was recognized and subsequently not later than 15 months after holding the last preceding annual general meeting and may at any time call a special meeting of shareholders.

Furthermore, under the BCBCA, one or more shareholders of a corporation holding not less than 5% of the issued voting shares of the corporation may give notice to the directors requiring them to call and hold a general meeting which meeting must be held within four months.

Under the Companies Law, a Cayman Islands exempted company may, but is not required to, hold a shareholder meeting each year unless the articles of association otherwise provide. Under the Continued Company's Articles of Association, the Continued Company may, but is not required to, hold an annual shareholder meeting.

Under Cayman Law, a shareholder meeting may be called from time to time by the Board. The Continued Company Board must call a shareholder meeting when requested to do so by shareholders holding at least 10% of the paid-up capital of the Continued Company as at the date of deposit of the request which carries the right to vote at shareholder meetings of the Continued Company, and is to proceed to convene such meeting, which must be held within three months of receipt of such requisition. If the directors do not proceed to convene the meeting within one month of deposit of the requisition, then the requisitionists may themselves convene a shareholder meeting to be held within three months following the expiry of the one month period.

Under the BCBCA, general meetings of shareholders are to be held in British Columbia, or may be held at a location outside of British Columbia if:

- the location is provided for in the articles;
- the articles do not restrict the corporation from approving a location outside of British Columbia, the location is approved by the resolutions required by the articles for that purpose (in the case of the corporation, may be approved by directors' resolutions), or if no resolutions are specified then approved by ordinary resolutions before the meeting is held; or
- the location is approved in writing by the British Columbia registrar of companies before the meeting is held.

There is no requirement under Cayman Law that an annual shareholder meeting, if held, be held in the Cayman Islands.

Shareholder Proposals

The BCBCA includes a detailed regime for shareholders' proposals. For example, a person submitting a proposal must have been the registered or beneficial owner of one or more voting shares for an uninterrupted period of at least two years before the date of the signing of the proposal. In addition, the proposal must be signed by shareholders who, together with the submitter, are registered or beneficial owners of (i) at least 1% of the corporation's voting shares, or (ii) shares with a fair market value exceeding an amount prescribed by regulation (at present, \$2,000).

Any member may request the directors of the Continued Company to propose a resolution for consideration at the next members' meeting. This ability to requisition is not incorporated into the Continued Company's Articles of Association or Cayman Law, but is a general practice. The directors have the discretion to refuse any such request, but in doing so are to be mindful of their fiduciary duties towards the Continued Company and also the ability of the member, as set out in the Articles of Association, to separately requisition a meeting if the requisition is made by members holding at least 10% of the paid-up capital of the Continued Company as at the date of deposit of the request which carries the right to vote at Shareholder meetings of the Continued Company.

Indemnification of Directors and Officers

Under the BCBCA, current or former directors or officers of a company or an associated corporation, or any of their heirs and personal or other legal representatives, are eligible to be indemnified by the company (each an "**eligible party**"). A company may indemnify an eligible party against a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of certain proceedings incurred in connection with eligible proceedings and certain associated reasonable expenses. In certain circumstances, a company may advance expenses. A company must not indemnify an eligible party in certain circumstances, including where the eligible party did not act honestly and in good faith with a view to the best interests of the company or the associated corporation, or where, in proceedings other than civil proceedings, the eligible party did not have reasonable grounds for believing that the eligible party's conduct was lawful. In addition, a company must not indemnify an eligible party in proceedings brought against the eligible party by or on behalf of the company or an associated corporation.

Although the Companies Law does not specifically restrict a Cayman Islands exempted company's ability to indemnify its directors or officers, it does not expressly provide for such indemnification either. However, certain Cayman Islands jurisprudence indicates that the indemnification is generally permissible, unless there has been willful default, willful neglect, breach of fiduciary duty, unconscionable behaviour or behaviour which falls within the broad stable of conduct identifiable as "equitable fraud" on the part of the director or officer in question, although these limits to indemnification are not settled.

The Articles provide that each of the Continued Company's directors and officers shall be indemnified out of the assets of the Continued Company against any liability incurred by him or her as a result of any act or failure to act in carrying out his or her functions other than such liability, if any, that he or she may incur by his or her own actual fraud or willful default. No such director, agent or officer shall be liable for any loss or damage in carrying out his or her functions unless that liability arises through the actual fraud or willful default of such director, agent or officer.

DISSENTING SHAREHOLDERS' RIGHTS WITH RESPECT TO THE CONTINUATION

A Registered Shareholder is entitled to dissent in respect of the Continuation Resolution ("**Dissent Rights**") and be paid by Explorex the fair value of their common shares in accordance with section 245 of the BCBCA if such Registered Shareholder dissents from the Continuation and otherwise complies with the procedure set out in Division 2 of Part 8 of the BCBCA.

The following is a summary of the provisions of the BCBCA relating to a Shareholder's dissent and appraisal rights in respect of the Continuation Resolution. Such summary is not a comprehensive statement of the procedures to be followed by a Registered Shareholder who wishes to duly and validly exercise their Dissent Rights ("**Dissenting Shareholder**") and seek payment of the fair value of its common shares and the following summary is qualified in its entirety by reference to the full text of Division 2 of Part 8 of the BCBCA (the "**Dissent Procedures**").

The statutory provisions dealing with the right of dissent are technical and complex. Any Dissenting Shareholders should seek independent legal advice, as failure to comply strictly with the provisions of Division 2 of Part 8 of the BCBCA, which are attached to this Circular as Appendix "L" may result in the loss of all Dissent Rights. Each Dissenting Shareholder is entitled to be paid the fair value (determined immediately before passing of the Continuation Resolution) of all but not less than all, of the holder's common shares, provided that the holder duly dissents to the Continuation Resolution and the Continuation becomes effective.

In many cases, common shares beneficially owned by a holder are registered either (a) in the name of an Intermediary that the Beneficial Shareholder deals with in respect of such shares, such as, among others, banks, trust companies, securities brokers, trustees and other similar entities, or (b) in the name of a depository, such as CDS & Co., of which the intermediary is a participant. Accordingly, a Beneficial Shareholder will not be entitled to exercise his, her or its rights of dissent directly (unless the common shares are re-registered in the Beneficial Shareholder's name).

In order for an Explorex Shareholder to dissent, a written objection (a "**Notice of Dissent**") to the Continuation must be received by Explorex at 488 – 625 Howe Street, Vancouver, British Columbia, V6C 2T6, Attention: Corporate Secretary, with a copy to its legal counsel at, Miller Thomson LLP, Suite 400 – 725 Granville Street, Vancouver, British Columbia, V7Y 1G5, Attention: Kathy Tang no later than 5:00 pm (Vancouver time) on March 5, 2020 or the date that is 48 hours, excluding Saturdays, Sundays and statutory holidays prior to the date of any adjournment or postponement of the Explorex Meeting. Such Notice of Dissent must strictly comply with the requirements of section 242 of the BCBCA. Any failure by a Registered Shareholder to fully comply with the provisions of the BCBCA may result in the loss of that holder's Dissent Rights.

To exercise Dissent Rights, a Registered Shareholder must prepare a separate Notice of Dissent for himself, herself or itself, if dissenting on his, her or its own behalf, and for each other Beneficial Shareholder who beneficially owns common shares registered in the Shareholder's name and on whose behalf the Shareholder is dissenting; and must dissent with respect to all of the common shares registered in his, her or its name or if dissenting on behalf of a Beneficial Shareholder, with respect to all of the common shares registered in his, her or its name and beneficially owned by the Beneficial Shareholder on whose behalf the Shareholder is dissenting. The Notice of Dissent must set out the number of common shares in respect of which the Dissent Rights are being exercised (the "**Notice Shares**") and: (a) if such common shares constitute all of the common shares of which the Shareholder is the registered and beneficial owner and the Shareholder owns no other common shares beneficially, a statement to that effect; (b) if such common shares constitute all of the common shares of which the Shareholder is both the registered and beneficial owner, but the Shareholder owns additional common shares beneficially, a statement to that effect and the names of the Registered Shareholders, the number of common shares held by each such Registered Shareholder and a statement that written notices of dissent are being or have been sent with respect to such other common shares; or (c) if the Dissent Rights are being exercised by a Registered Shareholder who is not the beneficial owner of such common shares, a statement to that effect and the name of the Beneficial Shareholder and a statement that the Registered Shareholder is dissenting with respect to all common shares of the Beneficial Shareholder registered in such registered holder's name.

If the Continuation Resolution receives Shareholder approval, and Explorex notifies a registered holder of Notice Shares of Explorex's intention to act upon the Continuation Resolution pursuant to section 243 of the BCBCA, in order to exercise Dissent Rights such Registered Shareholder must, within one month after Explorex gives such notice, send to Explorex a written notice that such holder requires the purchase of all of the Notice Shares in respect of which such holder has given Notice of Dissent. Such written notice must be accompanied by the certificate or certificates representing those Notice Shares (including a written statement prepared in accordance with section 244(1)(c) of

the BCBCA if the dissent is being exercised by the Registered Shareholder on behalf of a Beneficial Shareholder), whereupon, subject to the provisions of the BCBCA relating to the termination of Dissent Rights, the Registered Shareholder becomes a Dissenting Shareholder, and is bound to sell and Explorex is bound to purchase those common shares. Such Dissenting Shareholder may not vote, or exercise or assert any rights of a Shareholder in respect of such Notice Shares, other than the rights set forth in Division 2 of Part 8 of the BCBCA.

The BCBCA does not provide, and Explorex will not assume, that a vote against the Continuation Resolution or an abstention constitutes a Notice of Dissent. A Dissenting Shareholder need not vote its common shares against the Continuation Resolution in order to dissent but must not vote (in person or by way of proxy) any common shares held in favour of the Continuation Resolution.

The Dissenting Shareholders who:

- ultimately are entitled to be paid fair value for their common shares, will be entitled to be paid the fair value of such common shares, and will not be entitled to any other payment or consideration; or
- ultimately are not entitled, for any reason, to be paid fair value for such common shares shall be deemed to have participated in the Continuation on the same basis as a non-dissenting holder of common shares.

If a Dissenting Shareholder is ultimately entitled to be paid for their common shares in respect of which the Dissenting Shareholder has duly and validly exercised the Dissent Rights ("**Dissenting Shares**"), such Dissenting Shareholder may enter into an agreement for the fair value of such Dissenting Shares. If such Dissenting Shareholder does not reach an agreement, such Dissenting Shareholder, or Explorex, may apply to the Court, and the Court may determine the payout value of the Dissenting Shares and make consequential orders and give directions as the Court considers appropriate. There is no obligation on Explorex to make an application to the Court. The Dissenting Shareholder will be entitled to receive the fair value that the common shares had immediately before passing of the Continuation Resolution. After a determination of the fair value of the Dissenting Shares, Explorex must then promptly pay that amount to the Dissenting Shareholder.

In no circumstances will Explorex or any other person be required to recognize a person as a Dissenting Shareholder: (i) if such person has voted or instructed a proxy holder to vote such Notice Shares in favour of the Continuation Resolution; or (ii) unless such person has strictly complied with the Dissent Procedures for exercising Dissent Rights set out in Division 2 of Part 8 of the BCBCA and does not withdraw such Notice of Dissent prior to the completion of the Continuation.

Dissent Rights with respect to Notice Shares will terminate and cease to apply to the Dissenting Shareholder if, before full payment is made for the Notice Shares, the Continuation in respect of which the Notice of Dissent was sent is abandoned or by its terms will not proceed, a court permanently enjoins or sets aside the corporate action approved by the Continuation Resolution, or the Dissenting Shareholder withdraws the Notice of Dissent with Explorex's written consent. If any of these events occur, Explorex must return the share certificates or book-entry advice statements representing the common shares to the Dissenting Shareholder and the Dissenting Shareholder regains the ability to vote and exercise its rights as a Shareholder.

The above is only a summary of the Dissent Procedures, which are technical and complex. If you are a Registered Shareholder and wish to exercise your Dissent Rights, you should seek your own legal advice as failure to strictly comply with the Dissent Procedures, will result in the loss of your Dissent Rights.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes, as of the date hereof, the principal Canadian federal income tax considerations generally applicable to an Explorex Shareholder who, immediately prior to the Continuation, owns Explorex New Shares (“**Shares**”) or Cayman Shares, following the Continuation. This summary is generally applicable to a beneficial owner of Shares or Cayman Shares who, for purposes of the Tax Act and at all relevant times, holds the Shares or the Cayman Shares, as applicable, as capital property, deals at arm’s length with Explorex and following the Continuation, the Continued Company, and is not affiliated with Explorex and, following the Continuation, the Continued Company (a “**Holder**”). Generally, the Shares and Cayman Shares will be considered capital property to a Holder provided the Holder does not hold the Shares or the Cayman Shares in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based upon the current provisions of the Tax Act in force as of the date hereof and the current administrative policies and assessing practices of the CRA published in writing and publicly available prior to the date thereof. This summary takes into account all specific proposals to amend the Tax Act that have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and assumes that the Proposed Amendments will be enacted in the form proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action or changes in the administrative policies or assessing practices of the CRA, nor does it take into account other federal or any provincial, territorial or foreign tax considerations, which may differ materially from those described in this summary.

This summary is not applicable to a Holder: (i) that is a “financial institution” for purposes of certain rules in the Tax Act (referred to as the mark-to-market rules); (ii) an interest in which is a “tax shelter investment”; (iii) that is a “specified financial institution”; (iv) that reports its “Canadian tax results” in a currency other than the Canadian currency; (v) that has entered, or will enter, into a “derivative forward agreement” with respect to the Shares; or (vi) in respect of which the Continued Company is at any time a “foreign affiliate” for any purpose of the Tax Act (including for purposes of any “specified provision” within the meaning of paragraphs 93.1(1.1)(a)-(d) of the Tax Act), each term as defined in the Tax Act. Such Holders should consult their own tax advisors.

The summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, Holders are urged to consult their own legal and tax advisors with respect to the tax consequences to them of the Continuation, having regard to their particular circumstances.

Currency Conversion

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Shares, or Cayman Shares, as applicable generally must be expressed in Canadian dollars. Amounts denominated in another currency must be converted into Canadian dollars using the applicable exchange rates determined in accordance with the Tax Act.

Holders Resident in Canada

The following portion of this summary applies to a Holder who, for purposes of the Tax Act and all relevant times, is resident, or is deemed to be resident, in Canada (a “**Resident Holder**”).

Following the Continuation, the Cayman Shares will not be “Canadian securities” for purposes of the one-time election under subsection 39(4) of the Tax Act to treat all “Canadian securities” owned by a Resident Holder as capital property, and therefore no such election will apply to the Cayman Shares following the Continuation. Resident Holders who do not hold their Cayman Shares as capital property should consult with their own tax advisors.

Dissenting Shareholders

A Dissenting Shareholder that is a Resident Holder (a “**Dissenting Resident Holder**”) that is entitled to be paid fair value for its Dissenting Shares will be deemed to transfer such Dissenting Shares to Explorex for cancellation in consideration for a cash payment equal to such fair value from Explorex. A Dissenting Resident Holder who is paid fair value for its Dissenting Shares by Explorex will be deemed to have received a dividend in an amount equal to the amount, if any, by which the cash received in respect of the fair value of such Dissenting Shares (other than in respect of interest awarded by a court) exceeds the “paid-up capital” of such Dissenting Shares as determined under the Tax Act.

A dividend that is deemed to be received by a Dissenting Resident Holder will be required to be included in the Dissenting Resident Holder’s income for the purposes of the Tax Act for the taxation year in which such dividend is deemed to be received. A deemed dividend received by a Dissenting Resident Holder who is an individual (other than certain trusts) will be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to taxable dividends received from taxable Canadian corporations. An enhanced dividend tax credit will be available to individuals in respect of “eligible dividends” (as defined in the Tax Act) designated by Explorex to the Dissenting Resident Holder in accordance with the provisions of the Tax Act. There may be limitations on the ability of Explorex to designate any deemed dividends arising from the purchase of Dissenting Shares for cancellation as eligible dividends.

In the case of a Dissenting Resident Holder that is a corporation, a deemed dividend received by the Dissenting Resident Holder will be required to be included in computing the corporation’s income for the taxation year in which such dividend is deemed to be received and will generally be deductible in computing the corporation’s taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend (including a deemed dividend) received by a Dissenting Resident Holder that is a corporation as proceeds of disposition or a capital gain. Dissenting Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Dissenting Resident Holder that is a “private corporation” or “subject corporation” (each as defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on any dividend deemed to be received by it to the extent that such dividend is deductible in computing the Dissenting Resident Holder’s taxable income.

A Dissenting Resident Holder will be considered to have disposed of its Dissenting Shares for proceeds of disposition equal to the cash payment received in respect of such Dissenting Resident Holder’s Dissenting Shares less any amount that is deemed to be a dividend received by the Dissenting Resident Holder and less any amount in respect of interest awarded by a court. A Dissenting Resident Holder will realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, adjusted as described above, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Dissenting Resident Holder of the Dissenting Shares immediately prior to the disposition. For a description of the tax treatment of capital gains and capital losses, see “*Holdings Resident in Canada – Taxation of Capital Gains and Capital Losses*” below. The amount of any capital loss realized by a Dissenting Resident Holder that is a corporation as a result of having disposed of Dissenting Shares may be reduced by the amount of

any dividends (including deemed dividends) received on the Dissenting Shares to the extent that such dividends were deductible in computing the Dissenting Resident Holder's taxable income for any taxation year. Analogous rules apply to a Dissenting Resident Holder that is a partnership or trust of which a corporation, partnership or trust is a member or beneficiary.

A Dissenting Resident Holder will generally be required to include in computing its income any interest awarded by a court in connection with the Continuation in the year such interest is received.

A Dissenting Resident Holder that is throughout the year a "Canadian-controlled private corporation", as defined in the Tax Act, may be liable to pay an additional refundable tax on certain investment income, including taxable capital gains and interest.

Capital gains realized and dividends (including deemed dividends) received by a Dissenting Resident Holder who is an individual (other than certain trusts) may result in such Dissenting Resident Holder being liable for alternative minimum tax under the Tax Act.

In general, the tax consequences described below under "*Holders Resident in Canada – Holding and Disposing of Shares*", as applicable, should apply to a Dissenting Resident Holder who is deemed to have participated in the Continuation on the same basis as a non-dissenting Resident Holder.

Dissenting Resident Holders are advised to consult their own tax advisors.

Holding and Disposing of Shares

The following portion of this summary applies to a Resident Holder that is not a Dissenting Resident Holder.

Explorex intends to complete the Continuation following the Arrangement, but before the closing of the Fundamental Change and the acquisition of Raffles. This section assumes that, following the Continuation, the Continued Company will not be resident in Canada for purposes of the Tax Act on the basis that the "central management and control" of the Continued Company will be exercised outside Canada.

Receipt of Dividends on Shares

It is not expected that any dividends will be paid by Explorex on Shares while Explorex is a resident of Canada for purposes of the Tax Act. This section assumes that any dividends paid by the Continued Company on Cayman Shares will be paid at a time when the Continued Company is a non-resident of Canada for purposes of the Tax Act.

Dividends received or deemed to be received on Cayman Shares held by a Resident Holder will be included in computing the Resident Holder's income for the purposes of the Tax Act. Dividends paid or deemed to be paid on the Cayman Shares that are received by a Resident Holder who is an individual (other than certain trusts) will not be subject to the gross-up and dividend tax credit rules in the Tax Act normally applicable to dividends received from taxable Canadian corporations. A Resident Holder that is a corporation will not be entitled to deduct the amount of any such dividends received on the Cayman Shares in computing its taxable income. Dividends received by a Resident Holder on the Cayman Shares may be subject to foreign withholding taxes. Depending upon the circumstances, the Resident Holder may be entitled to a foreign tax credit or deduction in respect of such foreign withholding taxes to the extent and under the circumstances described in the Tax Act. Resident Holders should consult their own tax advisors regarding the availability of a foreign tax credit or deduction in their particular circumstances.

A Resident Holder that is, throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on its “aggregate investment income” (as defined in the Tax Act), which include dividends received or deemed to be received on the Cayman Shares.

Disposition of Shares

A disposition or a deemed disposition of a Cayman Share by a Resident Holder will generally result in the Resident Holder realizing a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Cayman Share exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder of the Cayman Share and any reasonable costs of disposition. Such capital gain (or capital loss) will be subject to the tax treatment described under “*Holders Resident in Canada – Taxation of Capital Gains and Capital Losses.*”

Foreign tax, if any, levied on any gain realized on a disposition of Cayman Shares may be eligible for a foreign tax credit under the Tax Act to the extent and under the circumstances described in the Tax Act. Resident Holders should consult their own tax advisors with respect to the availability of such a credit, having regard to their particular circumstances.

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a “taxable capital gain”) realized by a Resident Holder in a taxation year must be included in the Resident Holder’s income for the year. One-half of any capital loss (an “allowable capital loss”) realized by a Resident Holder in a taxation year must be deducted from taxable capital gains realized by the Resident Holder in the year of disposition. Allowable capital losses in excess of taxable capital gains realized in a taxation year generally may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year, to the extent and under the circumstances described in the Tax Act.

A Resident Holder that is throughout the relevant taxation year, a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay an additional refundable tax on its “aggregate investment income,” which is defined in the Tax Act to include taxable capital gains.

Capital gains realized by a Resident Holder who is an individual (other than certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the Tax Act. Resident Holders who are individuals should consult their own tax advisors in this regard.

Foreign Property Information Reporting

In general, a Resident Holder that is a “specified Canadian entity” (as defined in the Tax Act) for a taxation year or fiscal period and whose total cost amount of “specified foreign property” (as defined in the Tax Act), which will include the Cayman Shares, at any time in the year or fiscal period exceeds C\$100,000 will be required to file an information return with the CRA for the taxation year or fiscal period disclosing certain prescribed information in respect of such property. Subject to certain exceptions, a taxpayer resident in Canada, other than a corporation or trust exempt from tax under Part I of the Tax Act, will be “specified Canadian entity,” as will certain partnerships. The reporting requirements with respect to specified foreign property have been expanded in recent years so that more detailed information is required to be provided to the CRA in certain circumstances.

The foreign property reporting rules in the Tax Act are complex and this summary does not purport to address all circumstances in which foreign property reporting may be required. Resident Holders should consult with their own tax advisors with respect to these requirements.

Eligibility for Investment

Provided that the Cayman Shares are, at all relevant times after the Continuation, listed on a “designated stock exchange” for purposes of the Tax Act (which includes the CSE), the Cayman Shares will be a “qualified investment” under the Tax Act for a trust governed by a Registered Plan.

Notwithstanding that the Cayman Shares may be a qualified investment for a trust governed by a RRSP, RRIF, RESP, RDSP or TFSA, the annuitant under a RRSP or RRIF, the subscriber of a RESP, or the holder of a RDSP or TFSA that holds the Cayman Shares will be subject to a penalty tax if the Cayman Shares are a “prohibited investment” for purposes of the Tax Act for the RRSP, RRIF, RESP, RDSP or TFSA, as the case may be. The Cayman Shares will not be a prohibited investment if the annuitant under a RRSP or RRIF, the subscriber of a RESP, or the holder of a RDSP or TFSA, as the case may be, (i) deals at arm’s length with the Continued Company for the purposes of the Tax Act and (ii) does not have a “significant interest” (as defined in the Tax Act) in the Continued Company. In addition, Cayman Shares will generally not be a prohibited investment if the Cayman Shares are “excluded property” as defined in the Tax Act. Resident Holders should consult their own tax advisors with respect to whether the Cayman Shares would be prohibited investments in their particular circumstances, including with respect to whether the Cayman Shares would be “excluded property”, as defined in the Tax Act.

Holders Not Resident in Canada

The following portion of this summary applies to a Holder who, at all relevant times, for purposes of the Tax Act and any applicable income tax treaty or convention, is not resident, and is not deemed to be resident, in Canada and does not use or hold, and is not deemed to use or hold, Shares in connection with carrying on a business in Canada (a “**Non-Resident Holder**”). This part of the summary is not applicable to Non-Resident Holders that are insurers carrying on an insurance business in Canada and elsewhere.

Dissenting Shareholders

A Dissenting Shareholder that is a Non-Resident Holder (a “**Dissenting Non-Resident Holder**”) that is entitled to be paid fair value for its Dissenting Shares will be deemed to transfer such Dissenting Shares to Explorex for cancellation in consideration for a cash payment equal to the fair value of such Shares from Explorex. A dividend will be deemed to have been received by a Dissenting Non-Resident Holder in an amount equal to the amount, if any, by which the cash received in respect of the fair value of such Dissenting Shares (other than in respect of interest awarded by the court) exceeds the “paid-up capital” of such Dissenting Shares as determined under the Tax Act. Any dividend that is deemed to be paid by Explorex to a Dissenting Non-Resident Holder will be subject to withholding tax under Part XIII of the Tax Act at a rate of 25%, subject to reduction under an applicable income tax treaty or convention. In the case of a Dissenting Non-Resident Holder who is a resident of the United States for purposes of the Canada-US Treaty and who is entitled to the benefits of the Canada-US Treaty, the rate of withholding on the deemed dividend will generally be reduced to 15%.

A Dissenting Non-Resident Holder will be considered to have disposed of its Dissenting Shares for proceeds of disposition equal to the amount of cash received less any amount that is deemed to be a dividend received by the Dissenting Non-Resident Holder as described above. Any capital gain realized by a Dissenting Non-Resident Holder will not be subject to tax under the Tax Act unless the Dissenting Shares disposed of are “taxable Canadian property” and are not “treaty-protected property” of the Dissenting Non-Resident Holder (each as defined in the Tax Act) at the time of disposition.

A Dissenting Share generally will not be taxable Canadian property of a Dissenting Non-Resident Holder at the time of disposition unless, at any time during the 60-month period immediately

preceding the time of disposition, (a) if the Dissenting Share is listed on a designated stock exchange, as defined in the Tax Act at the time of disposition, 25% or more of the issued shares of any class of Explorex's shares were owned by or belonged to one or any combination of (i) the Dissenting Non-Resident Holder, (ii) persons with whom the Dissenting Non-Resident Holder did not deal at arm's length and (iii) partnerships in which the Dissenting Non-Resident Holder or a person described in (ii) holds a membership interest directly or indirectly through one or more partnerships and (b) more than 50% of the fair market value of the Dissenting Share was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource property" (as defined in the Tax Act), "timber resource property" (as defined in the Tax Act), "timber resource property" (as defined in the Tax Act), and options in respect of, or interests in, or for civil law rights in, any such property (whether or not such property exists). Notwithstanding the foregoing, Dissenting Shares may, in certain circumstances, be deemed to be taxable Canadian property to a Non-Resident Holder for the purposes of the Tax Act. Non-Resident Holders whose Shares may constitute taxable Canadian property are urged to consult their own tax advisors for advice having regard to their particular circumstances.

Even if Dissenting Shares are considered to be taxable Canadian property of a Dissenting Non-Resident Holder, a taxable capital gain (or an allowable capital loss) resulting from the disposition of such Dissenting Shares will not be included (or deducted) in computing the Dissenting Non-Resident Holder's income for purposes of the Tax Act if the Dissenting Shares constitute "treaty-protected property", as defined in the Tax Act. Dissenting Shares owned by a Dissenting Non-Resident Holder will generally be treaty-protected property if the gain from the disposition of such shares would, because of an applicable income tax treaty or convention to which Canada is a signatory, be exempt from tax under Part I of the Tax Act.

Any interest paid or credited to a Dissenting Non-Resident Holder in respect of the exercise of Dissent Rights will generally not be subject to Canadian withholding tax.

Dissenting Non-Resident Holders are advised to consult their own tax advisors.

Holding and Disposing of Shares

The following portion of this summary applies to a Non-Resident Holder that is not a Dissenting Non-Resident Holder.

Dividends on Shares

This section assumes that any dividends paid by the Continued Company on Cayman Shares will be paid at a time when the Continued Company is a non-resident of Canada for purposes of the Tax Act. Canadian withholding tax will not apply to such dividends.

Disposition of Shares

A Non-Resident Holder who holds Cayman Shares that are not "taxable Canadian property" will not be subject to tax under the Tax Act on a capital gain arising on the disposition of such Cayman Shares. Although the Cayman Shares will not likely be "taxable Canadian property" for the purposes of the Tax Act, the circumstances in which Shares may constitute "taxable Canadian property" will be the same as described above under "Holders Not Resident in Canada – Dissenting Shareholders".

Even if Cayman Shares are considered to be "taxable Canadian property" of a Non-Resident Holder, a taxable capital gain resulting from the disposition of Cayman Shares will not be included in computing the Non-Resident Holder's income for purpose of the Tax Act if the Cayman Shares constitute "treaty-protected property". The circumstances in which Shares may constitute "treaty

protected property” will be the same as described above under “*Holders Not Resident in Canada – Dissenting Shareholders*”. Non-Resident Holders who hold Shares that are or may be “taxable Canadian property” are urged to consult their own advisors as to the Canadian income tax consequences of disposing of Shares.

OTHER MATTERS

Management of Explorex is not aware of any matters to come before the Explorex Meeting other than as set forth in the Notice of Meeting that accompanies this Circular. If any other matter properly comes before the Explorex Meeting, it is the intention of the Persons named in the enclosed Form of Proxy to vote the Explorex Shares represented thereby in accordance with their best judgment on such matter.

INTEREST OF EXPERTS

To the best of Explorex’s knowledge, as at the date hereof RWE Growth Partners, Inc., who have prepared the Fairness Opinion, the summary of which is included in this Circular, nor any director, officer, employee or partner thereof, have not received a direct or indirect interest in a property of Explorex or Spinco or any associate or affiliate thereof except as disclosed herein.

None of the aforementioned Persons nor any directors, officers, employees and partners, as applicable, of each of the aforementioned companies and partnerships, is currently expected to be elected, appointed or employed as a director, officer or employee of Explorex or Spinco or any associate or affiliate of Explorex or Spinco.

Davidson & Company LLP are the auditors for Explorex and Spinco. Davidson & Company LLP has confirmed that they are independent with respect to Explorex within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Nexia TS Public Accounting Corporation, of Singapore, are the auditors for Raffles. Nexia TS Public Accounting Corporation has confirmed that they are independent with respect to Raffles within the meaning of the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, applicable to them.

ADDITIONAL INFORMATION

Additional information relating to Explorex is on SEDAR at www.sedar.com. Shareholders may contact Explorex to request copies of financial statements and MD&A at the following address:

Explorex Resources Inc.
625 Howe Street, Suite 488
Vancouver, BC V6C 2T6

Financial information is provided in Explorex’s financial statements and MD&A for its most recently completed financial year which are filed on SEDAR.

APPROVAL OF DIRECTORS

The contents and sending of this Circular, including the Notice of Meeting, have been approved and authorized by the Board.

February 3, 2020

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) Gary Schellenberg
CEO and Director

APPENDIX "A"

ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") involving Explorex Resources Inc., ("**Explorex**"), all as more particularly described and set forth in the Management Proxy Circular (the "**Circular**") of Explorex dated February 3, 2020, accompanying the notice of this meeting (as the Arrangement may be, or may have been, modified or amended in accordance with its terms), is authorized, approved and adopted.
2. The plan of arrangement (the "**Plan of Arrangement**"), involving Explorex and implementing the Arrangement, the full text of which is set out in Appendix "B" to the Circular (as the Plan of Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted.
3. The arrangement agreement (the "**Arrangement Agreement**") between Explorex and Origen Resources Inc. dated January 28, 2020, and all the transactions contemplated therein, the actions of the directors of Explorex in approving the Arrangement and the actions of the directors and officers of Explorex in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified and approved.
4. Notwithstanding that this resolution has been passed (and the Arrangement approved) by the shareholders of Explorex or that the Arrangement has been approved by the Supreme Court of British Columbia (the "**Court**"), the directors of Explorex are hereby authorized and empowered, without further notice to, or approval of, the shareholders of Explorex:
 - (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
 - (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.
5. Any director or officer of Explorex is hereby authorized and directed for and on behalf of Explorex to make application to the Court for an order approving the Arrangement and to execute, whether under corporate seal of Explorex or otherwise, and to deliver such other documents as are necessary or desirable to the Director under the BCBCA in accordance with the Arrangement Agreement for filing.
6. Any one or more directors or officers of Explorex is hereby authorized, for and on behalf and in the name of Explorex, to execute and deliver, whether under corporate seal of Explorex or otherwise, all such agreements, forms waivers, notices, certificate, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:

- (a) all actions required to be taken by or on behalf of Explorex, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
- (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by Explorex;
- (c) such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

Appendix "B"

PLAN OF ARRANGEMENT UNDER SECTION 288 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms will have the respective meanings set forth below:

“**Arrangement Agreement**” means the arrangement agreement dated January 28, 2020 between Explorex and Spinco, to which this Plan of Arrangement is attached as Exhibit A, as they may be supplemented or amended from time to time;

“**Arrangement Resolution**” means the special resolution of Explorex Shareholders authorizing and approving the Plan of Arrangement;

“**Asset Purchase Agreement**” means the agreement to be entered into between Explorex and Spinco pursuant to which Spinco Acquires the Spinout Assets and assumes the Spinout Liabilities;

“**Business Corporations Act**” means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended;

“**Business Day**” means a day which is not a Saturday, Sunday or a day when commercial banks are not open for business in Vancouver, British Columbia;

“**Closing**” has the meaning given in Section 6.3 of the Arrangement Agreement;

“**Court**” means the Supreme Court of British Columbia;

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

“**Effective Date**” means the date on which the last of all necessary documents to effect the Plan of Arrangement have been filed with the Registrar;

“**Effective Time**” means 12:01 a.m. (local Vancouver time) on the Effective Date;

“**Exercise Price Proportion**” means the fraction A/B, where:

A is the fair market value of a Spinco Share immediately prior to the Effective Time;
and

B is the fair market value of an Explorex New Share immediately prior to the Effective Time;

“**Explorex**” means Explorex Resources Inc., a company incorporated under the laws of British Columbia;

“**Explorex Common Share**” means a common share without par value in the authorized share structure of Explorex outstanding immediately prior to the Effective Time;

“**Explorex Class A Common Share**” has the meaning set out in subsection 2.2(b);

“**Explorex New Shares**” has the meaning set out in subsection 2.2(b);

“**Explorex Replacement Warrant**” means a warrant to acquire an Explorex New Share granted by Explorex to a holder of a Explorex Warrant in accordance with subsection 2.2(c), with the exercise price of each such Explorex Replacement Warrant determined in accordance with this Plan of Arrangement, subject to such reasonable adjustment as may be necessary in the circumstances and are approved by the board of directors of Explorex;

“**Explorex Shareholder**” means a holder of Explorex Common Shares, Explorex Class A Common Shares or Explorex New Shares as the context requires;

“**Explorex Warrant**” means a share purchase warrant of Explorex outstanding and unexercised immediately prior to the Effective Time;

“**Explorex Warrantholder**” means a holder of Explorex Warrants;

“**Final Order**” means the final order of the Court pursuant to section 291 of the Business Corporations Act approving the Plan of Arrangement, as such order may be amended by the Court (with the consent of the Parties, acting reasonably) at any time prior to the Effective Date, or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (with the consent of the Parties, acting reasonably) on appeal, which order shall include a statement to 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 Origen Resources Inc. pursuant to the Plan of Arrangement”;

“**Information Circular**” means the information circular to be sent to Explorex Shareholders in connection with the Meeting, including any other documents incorporated by reference therein;

“**ITA**” means the *Income Tax Act* (Canada) and the regulations made thereunder, as amended from time to time;

“**Interim Order**” means the order made after application to the Court, and being informed of the intention to rely upon the Section 3(a)(10) Exemption from registration under the U.S. Securities Act in connection with the issuance of the Spinco Shares to Explorex Shareholders in the United States, pursuant to section 291 of the Business Corporations Act, providing for, among other things, the calling and holding of the Meeting, as such order may be amended, supplemented or varied by the Court (with the consent of the Parties, acting reasonably);

“**Law**” or “**Laws**” means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity or self-regulatory authority (including the CSE), and the term “applicable” with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;

“**Meeting**” means the special meeting of Explorex Shareholders to be held at 10 a.m. (Pacific time) on March 9, 2020 and any adjournment or postponement thereof;

“**Parties**” means Explorex and Spinco;

“**Plan of Arrangement**” means, and similar expressions mean, this plan of arrangement, including the appendices hereto, and any amendments, variations or supplements hereto made in accordance with the terms hereof, the Arrangement Agreement or made at the direction of the Court in the Final Order;

“**Section 3(a)(10) Exemption**” means the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof;

“**Spinco**” means Origen Resources Inc., formerly 1223104 B.C. Ltd., a company incorporated under the laws of British Columbia;

“**Spinco Replacement Warrants**” means a warrant to acquire a Spinco Share granted by Spinco to a holder of a Explorex Warrant in accordance with Subsection 2.2(c), with the exercise price of each such Spinco Replacement Warrant determined in accordance with this Plan of Arrangement, subject to such reasonable adjustment as may be necessary in the circumstances and are approved by the board of directors of Spinco;

“**Spinco Shareholder**” means a holder of Spinco Shares;

“**Spinco Shares**” means common shares without par value of Spinco;

“**Spinout Assets**” means:

- (a) all direct and indirect right, title and interest of Explorex in and to the following mineral exploration projects, Arlington, Kagoot Brook, Bonanza and Silver Dollar and all business, corporate, legal and accounting books, records and documents used in the conduct of the foregoing properties and related undertakings;
- (b) all equipment, hardware, software, office supplies, fixtures, and other tangible property owned, leased or held by or on behalf of Explorex; and
- (c) cash in the amount of \$500,000.

“**Spinout Liabilities**” means:

- (a) all liabilities or obligations (contingent or otherwise) (other than any liability or obligation for Taxes) in respect (but only in respect) of the Spinout Assets (including the operations or activities in connection therewith);
- (b) all liabilities or obligations for Taxes payable to any Governmental Entity arising from, or in connection with the Spinout Assets; and
- (c) all liabilities or obligations for Taxes payable but not yet paid or reflected in the contingencies or commitments in the Annual Financial Statements of Explorex to any Governmental Entity and imposed on, or is in respect of, the Spinout Assets and/or any liabilities or obligations referred to in this definition net of all applicable credits, deductions, and other amounts available (including any loss carryforwards) with respect to the Spinout Assets;

“**Taxes**” means any taxes, duties, fees, premiums, assessments, imposts, levies, expansion fees and other charges of any kind whatsoever imposed by any Governmental Entity, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, windfall, royalty, capital, transfer, land transfer, sales, GST/HST, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll,

employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada Pension Plan premiums or contributions imposed by any Governmental Entity, and any transferee liability in respect of any of the foregoing;

“**Transfer Agent**” means AST Trust Company;

“**U.S. Securities Act**” means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated from time to time thereunder; and

“**Warrant Exchange**” has the meaning ascribed to that term in Subsection 2.2(c).

1.2 Headings and References

The division of this Plan of Arrangement into Articles and sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Plan of Arrangement. Unless otherwise specified, references to sections are to sections of this Plan of Arrangement.

1.3 Number, etc.

Unless the context otherwise requires, words importing the singular number only shall include the plural and vice versa; words importing the use of any gender shall include all genders; and words importing persons shall include firms and corporations and vice versa.

1.4 Date of Any Action

In the event that any 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.

1.5 Meaning

Words and phrases not otherwise defined herein and defined in the Business Corporations Act will have the same meaning herein as in the Business Corporations Act, unless the context otherwise requires.

ARTICLE 2 THE ARRANGEMENT

2.1 Effectiveness

This Plan of Arrangement is made pursuant to, is subject to the provisions of, and forms part of the Arrangement Agreement.

2.2 The Arrangement

At the Effective Time, the events and transactions set out in Subsections (a) to (d), inclusive, will occur and be deemed to occur, unless otherwise provided, in the order set out below, without any further act or formality, and with each event or transaction occurring and being deemed to occur immediately after the occurrence of the immediately preceding event or transaction:

- (a) Pursuant to the Asset Purchase Agreement, Explorex will transfer all of the Spinout Assets and Spinout Liabilities to Spinco in consideration for the issuance by Spinco of such number of fully-paid and non-assessable SpinCo Shares to Explorex such that immediately after the foregoing issuance Explorex shall hold in the aggregate (together with the Spinco Share held immediately prior to the foregoing issuance) that number of Spinco Shares that is equal to 0.5 of the total number of Explorex Common Shares issued and outstanding immediately prior to the Effective Time;
- (b) Explorex shall undertake a reorganization of capital within the meaning of Section 86 of the ITA as follows, with the following steps occurring in the following order:
 - (i) Explorex's authorized share capital and its Articles will be altered by:
 - A. renaming and redesignating all of the issued and unissued Explorex Common Shares as Explorex Class A Common Shares;
 - B. providing that the rights, privileges, restrictions and conditions attached to the Explorex Class A Common Shares are as follows:
 - (1) to two votes at all meetings of shareholders of Explorex except meetings at which only holders of a specified class of shares are entitled to vote and shall be entitled to one vote for each common share held;
 - (2) to receive, subject to the rights of the holders of another class of shares, any dividend declared by Explorex; and
 - (3) to receive, pari passu with the Explorex New Shares (as defined below), and subject to the rights of the holders of another class of shares, the remaining property of Explorex on the liquidation, dissolution or winding up of Explorex, whether voluntary or involuntary;
 - C. creating a new class consisting of an unlimited number of common shares without par value (the "**Explorex New Shares**");
 - D. providing that the rights, privileges, restrictions and conditions attached to the Explorex New Shares are as follows:
 - (1) to vote at all meetings of shareholders of Explorex except meetings at which only holders of a specified class of shares are entitled to vote and shall be entitled to one vote for each common share held;
 - (2) to receive, subject to the rights of the holders of another class of shares, any dividend declared by Explorex; and
 - (3) to receive, pari passu with the Explorex Class A Common Shares, and subject to the rights of the holders of another class of shares, the remaining property of Explorex on the liquidation, dissolution or winding up of Explorex, whether voluntary or involuntary;

- (ii) each Explorex Shareholder will exchange each Explorex Class A Common Share held at the Effective Time for (A) one Explorex New Share, and (B) 0.5 of a Spinco Share, and such Explorex Shareholders shall cease to be the holders of the Explorex Class A Common Shares so exchanged;
- (iii) the authorized share capital of Explorex is amended to delete the Explorex Class A Common Shares, none of which are issued and outstanding, and to delete the rights, privileges, restrictions and conditions attached to the Explorex Class A Common Shares; and
- (iv) the aggregate amount added to the stated capital of the Explorex New Shares issued pursuant to Section 2.2(b)(ii) above shall be equal to the amount if any, by which (A) the aggregate paid-up capital (as that term is defined for the purposes of the ITA) of the Explorex Class A Common Shares immediately prior to the Effective Time, exceeds (B) the fair market value of the Spinco Shares distributed to the Explorex Shareholders.

No fractional shares will be issued and Explorex Shareholders will not receive any compensation in lieu thereof. The name of each Explorex Shareholder who is so deemed to exchange his, her or its Explorex Class A Common Shares, shall be removed from the securities register of Explorex Class A Common Shares with respect to the Explorex Class A Common Shares so exchanged and shall be added to the securities registers of Explorex New Shares and Spinco Shares as the holder of the number of Explorex New Shares and Spinco Shares deemed to have been received on the exchange;

- (c) each Explorex Warrantholder will dispose of the Exercise Price Proportion of such holder's Explorex Warrants to Spinco and the remaining portion to Explorex, and as sole consideration therefor: (i) Spinco will grant Spinco Replacement Warrants to the Explorex Warrantholder; and (ii) Explorex will grant Explorex Replacement Warrants to the holder (collectively, the "**Warrant Exchange**"), such that, for each Explorex Common Share that the Explorex Warrantholder would have been entitled to acquire pursuant to an Explorex Warrant (and the terms of the Explorex Warrant certificate), the Explorex Warrantholder will instead be entitled to acquire one Explorex New Share pursuant to the corresponding Explorex Replacement Warrant and 0.5 Spinco Shares pursuant to the corresponding Spinco Replacement Warrant. For greater certainty, an Explorex Warrantholder will receive no consideration for the exchange of such Explorex Warrants other than Explorex Replacement Warrants and Spinco Replacement Warrants, and the Explorex Warrants so exchanged will be cancelled and terminated concurrently with the Warrant Exchange. The original exercise price of a holder's Explorex Warrants will be allocated to the Explorex Replacement Warrants and the Spinco Replacement Warrants acquired by the holder pursuant to the Warrant Exchange such that an amount equal to the Exercise Price Proportion of such original exercise price (rounded up to the nearest whole cent) will be payable by the holder to Spinco under the Spinco Replacement Warrants and an amount equal to the remainder of such original exercise price (rounded up to the nearest whole cent) will be payable by the holder to Explorex under the Explorex Replacement Warrants; and
- (d) Explorex will surrender to Spinco for cancellation, the one Spinco Share issued to Explorex on incorporation of Spinco,

the exchanges, cancellations and steps provided for in this Section 2.2 shall be deemed to occur on the Effective Date, notwithstanding that certain of the procedures related thereto are not completed until after the Effective Time.

2.3 Deemed Fully Paid and Non-Assessable Shares

All Explorex New Shares and Spinco Shares issued pursuant hereto shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes.

2.4 Arrangement Effectiveness

The Arrangement shall become final and conclusively binding on the Explorex Shareholders, Explorex Warranholders and the Spinco Shareholders and each of Explorex and Spinco on the Effective Date.

2.5 Supplementary Actions

Notwithstanding that the transactions and events set out in Section 2.3 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of Explorex and Spinco 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 2.3, 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 therefor, and any necessary additions to or deletions from share registers.

2.6 Withholding Rights

Explorex shall be entitled to deduct or withhold from the consideration or other amount payable to any Explorex Shareholder and from all dividends, other distributions or other amounts otherwise payable to any Explorex Shareholder under the Arrangement such Taxes or other amounts as Explorex is required, entitled or permitted to deduct and withhold with respect to such payment under the ITA, the United States Internal Revenue Code of 1986, or any other provisions of any applicable Laws. For greater certainty, to the extent that the exchange in subsection 2.2(b)(ii) hereof gives rise to a deemed dividend under the ITA, Explorex shall be entitled to retain and sell that number of Spinco Shares as required to satisfy any withholding requirement under the ITA or any other applicable Laws. To the extent that Taxes or other amounts are so deducted or withheld, such deducted or withheld Taxes or other amounts shall be treated for all purposes under this Plan of Arrangement as having been paid to the Explorex Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority and for greater certainty the number of Spinco shares retained and sold by Explorex, if any, shall be deemed to have been issued to the applicable Explorex Shareholders.

2.7 U.S. Securities Law Exemption

Notwithstanding any provision herein to the contrary, the Parties agree that the Plan of Arrangement will be carried out with the intention that all Spinco Shares issued on completion of the Plan of Arrangement to the Explorex Shareholders in the United States will be issued by Spinco in reliance on the Section 3(a)(10) Exemption from the registration requirements of the U.S. Securities Act.

ARTICLE 3 DISSENT RIGHTS

3.1 No Dissent Rights

Explorex Shareholders will not be given the right to dissent in respect of the special resolution to approve the Arrangement and accordingly, the dissent proceedings contained in Division 2 of Part 8 of the *Business Corporations Act* do not apply to such special resolution or the Arrangement.

ARTICLE 4 DELIVERY OF SECURITIES

4.1 Right to Receive Spinco Shares

As soon as practicable following the Effective Date, Explorex and Spinco will cause to be delivered to the Transfer Agent, to be delivered to Explorex Shareholders as of the Effective Date in accordance with the terms hereof, share certificates representing the aggregate Spinco Shares to which such Explorex Shareholders are entitled following the Arrangement.

4.2 Right to Receive Explorex Replacement Warrants and Spinco Replacement Warrants

As soon as practicable following the Effective Date, Explorex and Spinco will cause to be delivered to the Explorex Warrantholders in accordance with the terms hereof, warrant certificates representing the aggregate Explorex Replacement Warrants and Spinco Replacement Warrants to which such Explorex Warrantholders are entitled following the Arrangement.

ARTICLE 5 AMENDMENTS

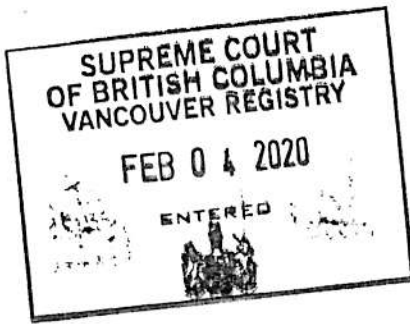
5.1 Amendments

- (a) The Arrangement Agreement and the Plan of Arrangement may be amended at any time and from time to time before or after the holding of the Meeting but not later than the Effective Time; provided that any such amendment (i) is in writing and is agreed to in writing by the Parties; (ii) if required, is filed with the Court; and (iii) if made following the Meeting, is approved by the Court and, if and as required by the Court, is communicated to Explorex Shareholders and/or consented to by Explorex Shareholders.
- (b) Any such amendment may, subject to the Interim Order and the Final Order and applicable Law, without limitation:
 - (i) change the time for performance of any of the obligations or acts of the Parties;
 - (ii) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant to the Arrangement Agreement;
 - (iii) waive compliance with or modify any of the covenants contained in the Arrangement Agreement or waive or modify performance of any of the obligations of the Parties; and/or

- (iv) waive compliance with or modify any mutual conditions precedent contained in the Arrangement Agreement.
- (c) Any amendment made before the Meeting in accordance with this Section 5.1 may be made with or without any other prior notice or communication and, if accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Agreement and the Plan of Arrangement for all purposes.

5.2 Further Assurances.

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur at the time and in the manner set out in this Plan of Arrangement without any further act or formality, Explorex and Spinco shall make, do and execute, or cause to be made, done or executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein. Explorex, in its sole discretion, reserves the right to amend, modify and/or supplement this Plan of Arrangement from time to time at any time prior to the Effective Time provided that any such amendment, modification or supplement must be contained in a written document that is filed with the Court and, if made following the Meeting, approved by the Court.



Appendix "C"

No. S-201084
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

**IN THE MATTER OF SECTION 288 OF THE BRITISH COLUMBIA
BUSINESS CORPORATIONS ACT, S.B.C. 2002, C.57, AS AMENDED**

AND

**IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING
EXPLOREX RESOURCES INC. AND ORIGEN RESOURCES INC.**

EXPLOREX RESOURCES INC.

PETITIONER

**ORDER MADE AFTER APPLICATION
(INTERIM ORDER)**

BEFORE) MASTER KEIGHLEY) February 4, 2020
))
))

ON THE APPLICATION of the Petitioner, Explorex Resources Inc. ("**Explorex**"), without notice, for an Interim Order under Section 291 of the British Columbia *Business Corporations Act*, S.B.C. 2002, c. 57, as amended (the "**BCBCA**") in connection with an arrangement under Section 288 of the BCBCA, coming on for hearing at 800 Smithe Street, Vancouver, British Columbia on February 4, 2020 and on hearing Gordon G. Plottel, counsel for Explorex, and upon reading the Affidavit #1 of Mike Sieb made January 30, 2020 (the "**Sieb Affidavit**");

THIS COURT ORDERS that:

DEFINITIONS

1. As used in this Order, unless otherwise defined, terms beginning with capital letters shall have the respective meanings set out in the notice of special meeting of Shareholders (the "**Notice**") and accompanying management information circular of Explorex (the "**Information Circular**"), attached as **Exhibit "A"** to the Sieb Affidavit.

SPECIAL MEETING

2. Pursuant to Section 291(2)(b)(i) and Section 289(1)(a)(i) and (e) of the BCBCA, Explorex is authorized and directed to call, hold and conduct an annual general and a special meeting (the “**Meeting**”) of the holders (the “**Explorex Shareholders**”) of Explorex common shares (the “**Explorex Shares**”), to be held at # 400 – 725 Granville Street, Vancouver, British Columbia, on March 9, 2020 commencing at 10:00 a.m. (Pacific Time) to, inter alia, consider and, if deemed advisable, to pass, with or without variation, a special resolution (the “**Arrangement Resolution**”) approving and adopting in accordance with Section 289(1)(a)(i) and (e) of the BCBCA an arrangement under Section 288 of the BCBCA (the “**Arrangement**”) substantially as contemplated in the plan of arrangement (the “**Plan of Arrangement**”), a draft of which special resolution is attached as **Schedule “A”** to the Information Circular.
3. The Meeting shall be called, held and conducted in accordance with the BCBCA, the Notice, the Information Circular, the articles of Explorex and applicable securities laws, subject to the terms of this Interim Order and any further Order of this Court, and the rulings and directions of the Chair of the Meeting, such rulings and directions not to be inconsistent with this Interim Order, and to the extent of any inconsistency, this Interim Order shall govern.

AMENDMENTS

4. Explorex is authorized to make, in the manner contemplated by and subject to the Arrangement Agreement, such amendments, modifications or supplements to the Arrangement, the Plan of Arrangement, the Arrangement Agreement and the Notice as it may determine without any additional notice to or authorization of the Explorex Shareholders or further orders of this Court. The Arrangement, the Plan of Arrangement, the Arrangement Agreement and the Notice as so amended, modified or supplemented, shall be the Arrangement, the Plan of Arrangement, the Arrangement Agreement and the Notice to be submitted to Explorex Shareholders at the Meeting, as applicable, and the subject of the Arrangement Resolution.

ADJOURNMENTS AND POSTPONEMENTS

5. Notwithstanding the provisions of the BCBCA and the articles of Explorex, and subject to the terms of the Arrangement Agreement, the board of directors of Explorex (the “**Explorex Board**”) by resolution shall be entitled to adjourn or postpone the Meeting on one or more occasions without the necessity of first convening the Meeting or first obtaining any vote of the Explorex Shareholders respecting the adjournment or postponement, and without the need for approval of this Court. Explorex shall provide notice of any such adjournment or postponement by press release, newspaper advertisement or notice sent to the Explorex Shareholders by one of the methods specified in Paragraph 9 of this Interim Order, as determined to be the most appropriate method of communication by the Explorex Board.

RECORD DATE

6. The record date for determining the Explorex Shareholders entitled to receive the Notice, the Information Circular and the form of proxy for use by the Explorex Shareholders (collectively, the “**Meeting Materials**”) shall be the close of business on February 3, 2020 (the “**Record Date**”), as previously approved by the Explorex Board and published by Explorex.
7. The Record Date will not change in respect of any adjournments or postponements of the Meeting.

NOTICE OF SPECIAL MEETING

8. The Information Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of Section 290(1)(a) of the BCBCA, and Explorex shall not be required to send to the Explorex Shareholders any other or additional statement pursuant to Section 290(1)(a) of the BCBCA.
9. The Meeting Materials, with such amendments or additional documents as counsel for Explorex may advise are necessary or desirable, and as are not inconsistent with the terms of this Interim Order, shall be sent:
 - (a) To registered Explorex Shareholders, determined as at the Record Date, at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing or delivery, by prepaid ordinary mail or by delivery in person or by recognized courier service, addressed to the registered Explorex Shareholder at its address as it appears in Explorex’s central securities register as at the Record Date;
 - (b) To beneficial Explorex Shareholders (those whose names do not appear in the securities register of Explorex), by providing, in accordance with National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, the requisite number of copies of the Meeting Materials to intermediaries and registered nominees to facilitate the distribution of the Meeting Materials to beneficial Explorex Shareholders;
 - (c) At any time by email or facsimile transmission to any Explorex Shareholder who identifies himself, herself or itself to the satisfaction of Explorex (acting through its representatives), who requests such email or facsimile transmission; and
 - (d) To the directors and auditor of Explorex by prepaid ordinary mail or by delivery in person or by recognized courier service or by email or facsimile transmission at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing, delivery or transmission;

and substantial compliance with this Paragraph shall constitute good and sufficient notice of the Meeting.

10. The Meeting Materials shall not be sent to any registered Explorex Shareholders where mail previously sent to such Explorex Shareholders by Explorex or its registrar and transfer agent has been returned to Explorex or its registrar and transfer agent on at least two previous consecutive occasions.
11. Accidental failure of or omission by Explorex to give notice to any one or more Explorex Shareholders, or the non-receipt of such notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of Explorex (including, without limitation, any inability to use postal services) shall not constitute a breach of this Interim Order or a defect in the calling of the Meeting and shall not invalidate any resolution passed or proceeding taken at the Meeting, but if any such failure or omission is brought to the attention of Explorex, then it shall use commercially reasonable efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

DEEMED RECEIPT OF NOTICE

12. The Meeting Materials and any amendments, modifications, updates or supplements to the Meeting Materials and any notice of adjournment or postponement of the Meeting, shall be deemed to have been received,
 - (a) In the case of mailing, at the time specified at Section 6 of the BCBCA;
 - (b) In the case of delivery in person, upon receipt thereof at the intended recipient's address or, in the case of delivery by courier, one (1) business day after receipt by the courier;
 - (c) In the case of transmission by email or facsimile, upon the transmission thereof;
 - (d) In the case of advertisement, at the time of publication of the advertisement;
 - (e) In the case of electronic filing on SEDAR, upon receipt by Explorex from SEDAR of confirmation of filing; and
 - (f) In the case of beneficial Explorex Shareholders, three (3) days after delivery thereof to intermediaries and registered nominees.

UPDATING MEETING MATERIALS

13. Notice of any amendments, modifications, updates or supplements to any of the information provided in the Meeting Materials may be communicated, at any time prior to the Meeting, to the Explorex Shareholders by press release, news release, newspaper advertisement or by notice sent to the Explorex Shareholders by any of the means set forth in Paragraphs 9 and 10, as determined to be the most appropriate method of communication by the Explorex Board.

PERMITTED ATTENDEES

14. The only persons entitled to attend the Meeting shall be:
 - (a) The registered Explorex Shareholders as at 5:00 p.m. (Pacific Time) on the Record Date, or their respective proxyholders;
 - (b) Directors, officers, auditors and advisors of Explorex;
 - (c) Directors, officers, auditors and advisors of Origen Resources Inc.;
 - (d) Other persons with the prior permission of the Chair of the Meeting;

and the only persons entitled to vote at the Meeting shall be the Explorex Shareholders at the close of business on the Record Date.

SOLICITATION OF PROXIES

15. Explorex is authorized to use the forms of proxy in substantially the same form as is attached as Exhibit "C" to the Sieb Affidavit, subject to Explorex's ability to insert dates and other relevant information in the final form thereof and to make other non-substantive changes and changes legal counsel advise are necessary or appropriate. Explorex is authorized, at its expense, to solicit proxies directly and through its officers, directors and employees, and through such agents or representatives as it may retain for that purpose and by mail, telephone or such other form of personal or electronic communication as it may determine.
16. The procedures for the use of proxies at the Meeting and revocation of proxies shall be as set out in the Notice and the Information Circular.
17. Explorex may in its discretion generally waive the time limits for the deposit of proxies by Explorex Shareholders if Explorex deems it advisable to do so, such waiver to be endorsed on the proxy by the initials of the Chair of the Meeting.

QUORUM AND VOTING

18. At the Meeting, the votes shall be taken on the following bases:
 - (a) Each registered Explorex Shareholder whose name is entered on the central securities register of Explorex as at 5:00 p.m. (Pacific Time) on the Record Date is entitled to one vote for each Explorex Share held at the close of business on the Record Date;

- (b) The requisite and sole approvals required to pass the Arrangement Resolution shall be the affirmative vote of:
 - (i) At least two-thirds of the votes cast by Explorex Shareholders at the Meeting present in person or represented by proxy voting as a single class (excluding from the count of total votes cast any spoiled, illegible and/or defective ballots and abstentions); and

- 19. A quorum at the Meeting shall be two persons who are Explorex Shareholders, or two persons present in person who each represent at least one Explorex Shareholder by proxy, or one Explorex Shareholder present in person and representing one Explorex Shareholder present in person and representing one Explorex Shareholder by proxy entitled to vote at the Meeting.

SCRUTINEER

- 20. The scrutineer for the Meeting shall be AST Trust Company (Canada) (acting through its representatives for that purpose). The duties of the scrutineer shall include:
 - (a) Reviewing and reporting to the Chair on the deposit and validity of proxies;
 - (b) Reporting to the Chair on the quorum of the Meeting;
 - (c) Reporting to the Chair on the polls taken or ballots cast, if any, at the Meeting; and
 - (d) Providing to Explorex and to the Chair written reports on matters related to their duties.

APPLICATION FOR FINAL ORDER

- 21. Explorex shall include in the Meeting Materials, when sent in accordance with Paragraph 9 of this Interim Order, a copy of the Notice of Petition herein, in substantially the form attached as Exhibit "B" to the Sieb Affidavit, and the text of this Interim Order (collectively, the "**Court Materials**"), and such Court Materials shall be deemed to have been served at the times specified in accordance with Paragraphs 9 and/or 12 of this Interim Order, whether such persons reside within British Columbia or within another jurisdiction.
- 22. The form of Notice of Petition attached as Exhibit "B" to the Sieb Affidavit is hereby approved as the form of notice for the hearing of the application for the Final Order.
- 23. Subject to any ruling of the Court hearing the application for the Final Order, the persons entitled to appear and be heard at any hearing to sanction and approve the Arrangement, shall be only:
 - (a) Explorex;
 - (b) Origen Resources Inc.;

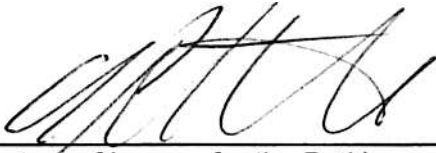
- (c) Explorex Shareholders and other persons who have served and filed a Response to Petition and have otherwise complied with the Supreme Court Civil Rules and Paragraph 24 of this Interim Order.
24. The sending of the Meeting Materials in the manner contemplated by Paragraphs 9 and 10, shall constitute good and sufficient service and no other form of service need be effected and no other material need be served on such persons in respect of these proceedings, except with respect to any person who shall:
- (a) File a Response to Petition, in the form prescribed by the Supreme Court Civil Rules, together with any evidence or material which is to be presented to the Court at the hearing of the Application; and
- (b) Deliver the filed Response to Petition together with a copy of any evidence or material which is to be presented to the Court at the hearing of the Application, to Explorex's counsel at:
- Miller Thomson LLP
400 – 725 Granville Street
Vancouver, BC V7Y 1G5
Attention: Gordon G. Plottel
- by or before 4:00 p.m. (Pacific Time) on March 11, 2020.
25. Upon the approval by the Explorex Shareholders of the Arrangement Resolution, in the manner set forth in this Interim Order, Explorex may apply to this Court (the "**Application**") for an Order:
- (a) Pursuant to Section 291(4)(a) of the BCBCA approving the Arrangement; and
- (b) Pursuant to Section 291(4)(c) of the BCBCA declaring that the Arrangement is fair and reasonable to the Explorex Shareholders
- (collectively the "**Final Order**"),
- and the hearing of the Application will be held on March 13, 2020 at 9:45 a.m. (Pacific Time) at the Courthouse at 800 Smithe Street, Vancouver, British Columbia or as soon thereafter as the Application can be heard or at such other date and time as this Court may direct.
26. In the event that the hearing of the Application is adjourned, then only those persons who filed and delivered a Response to Petition in accordance with Paragraph 24, need be served and provided with notice of the adjourned hearing date.

VARIANCE

27. Explorex shall be entitled, at any time, to apply to vary this Interim Order.

28. Rules 8-1 and 16-1 (3), (8) – (12) of the Supreme Court Civil Rules will not apply to any further applications in respect of this proceeding, including the application for the Final Order and any application to vary this Interim Order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:



Signature of Lawyer for the Petitioner,
Exploflex Resources Inc.
Gordon G. Plottel

BY THE COURT



Deputy Registrar



No. _____
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH
COLUMBIA**

IN THE MATTER OF SECTION 288 OF THE
BRITISH COLUMBIA
BUSINESS CORPORATIONS ACT, S.B.C. 2002,
C.57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED
ARRANGEMENT INVOLVING
EXPLOREX RESOURCES INC. AND ORIGEN
RESOURCES INC.

1230 PC

EXPLOREX RESOURCES INC.

PETITIONER

**ORDER MADE AFTER APPLICATION
(INTERIM ORDER)**

MILLER THOMSON LLP
400 – 725 Granville Street
Vancouver, BC V7Y 1G5
Telephone: 604.687.2242

ATTENTION: GORDON G. PLOTTEL
File # 0229710.0003

West Coast

No. S-201084
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 288 OF THE BRITISH COLUMBIA
BUSINESS CORPORATIONS ACT, S.B.C. 2002, C.57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING
EXPLOREX RESOURCES INC. AND ORIGEN RESOURCES INC.

EXPLOREX RESOURCES INC.

PETITIONER

NOTICE OF PETITION

TO: The Shareholders of Explorex Resources Inc. ("**Explorex**")
AND TO: Origen Resources Inc.

NOTICE IS HEREBY GIVEN that a Petition to the Court has been filed by Explorex in the Supreme Court of British Columbia for approval, pursuant to section 291 of the *Business Corporations Act*, S.B.C. 2002 c. 57 and amendments thereto, of an arrangement contemplated in an Arrangement Agreement dated January 29, 2020 involving Explorex and Origen Resources Inc. (the "**Arrangement**").

NOTICE IS FURTHER GIVEN that by Order of Maser Keighley, a Master of the Supreme Court of British Columbia, dated February 4, 2020, the Court has given directions by means of an Interim Order (the "**Interim Order**") on the calling of a meeting (the "**Meeting**") of the Explorex Shareholders for the purpose of, among other things, considering and voting upon the special resolution to approve the Arrangement.

NOTICE IS FURTHER GIVEN that if the Arrangement is approved at the Meeting, Explorex intends to apply to the Supreme Court of British Columbia for a final order (the "**Final Order**") approving the Arrangement and declaring it to be fair and reasonable to the Explorex Shareholders, which application will be heard at the courthouse at 800 Smithe Street, in the City of Vancouver, in the Province of British Columbia on March 13, 2020 at

9:45 a.m. (Pacific Time) or so soon thereafter as counsel may be heard or at such other date and time as the Court may direct.

IF YOU WISH TO BE HEARD AT THE HEARING OF THE APPLICATION FOR THE FINAL ORDER OR WISH TO BE NOTIFIED OF ANY FURTHER PROCEEDINGS, YOU MUST GIVE NOTICE OF YOUR INTENTION by filing a form entitled "Response to Petition" together with any evidence or materials which you intend to present to the Court at the Vancouver Registry of the Supreme Court of British Columbia and YOU MUST ALSO DELIVER a copy of the Response to Petition and any other evidence or materials to Explorex's address for delivery, which is set out below, on or before 4:00 p.m. (Pacific Time) on March 11, 2020.

YOU OR YOUR SOLICITOR may file the Response to Petition. You may obtain a form of Response to Petition at the Registry. The address of the Registry is 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1.

IF YOU DO NOT FILE A RESPONSE TO PETITION AND ATTEND EITHER IN PERSON OR BY COUNSEL at the time of the hearing of the application for the Final Order, the Court may approve the Arrangement, as presented, or may approve it subject to such terms and conditions as the Court deems fit, all without further notice to you. If the Arrangement is approved, it will affect the rights of the Explorex Shareholders.

A copy of the Petition to the Court and the other documents that were filed in support of the Interim Order and will be filed in support of the Final Order will be furnished to any Explorex Shareholder upon request in writing addressed to the solicitors of the Petitioner at the address for delivery set out below.

The Petitioner's address for delivery is:

Miller Thomson LLP
400 – 725 Granville Street
Vancouver, BC V7Y 1G5
Attention: Gordon G. Plottel

DATED this 10th day of February, 2020.



Solicitor for the Petitioner,
Explorex Resources Inc.
Gordon G. Plottel

APPENDIX “D”

INFORMATION CONCERNING SPINCO

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1. INTRODUCTION

The following describes the proposed business of Spinco following the completion of the Arrangement (as defined herein) and should be read together with the Spinco Financial Statements (as defined herein) attached hereto as Appendix “G” and the Carve-Out Financial Statements (as defined herein) in respect of the Arlington Project (as defined herein) and the other Spinco Properties (as defined herein) attached hereto as Appendix “F”. Except where the context otherwise requires, all of the information contained in this Appendix “D” is made on the basis that the Arrangement described in the management information circular of Explorex Resources Inc. (“**Explorex**”) dated February 3, 2020 (the “**Circular**”).

Unless the context otherwise requires, all references in this Appendix “D” to “Spinco” means “Origen Resources Inc.”. Certain other terms used in this Appendix that are not otherwise defined herein are defined in the Circular to which this Appendix is attached.

The disclosure in this Circular has not been reviewed by the Canadian Securities Exchange (“**CSE**”). Spinco will be applying to list Spinco Shares on the CSE. Listing will be subject to Spinco fulfilling all of the listing requirements of the CSE and obtaining the conditional approval of the CSE, which has not yet been granted. As a condition to listing, Spinco must file a standalone listing statement in the form of CSE Form 2A, which will be filed after completion of the Arrangement.

1.1 Structure of Transaction

On January 28, 2020, Explorex and Spinco entered into an arrangement agreement (the “**Arrangement Agreement**”) and in closing of the Arrangement will enter into an asset purchase

agreement (the “**Asset Purchase Agreement**”), pursuant to which they are proposing to complete a transaction (the “**Arrangement**”) whereby Explorex shareholders (“**Explorex Shareholders**”) will be issued common shares of Spinco (the “**Spinco Shares**”) in consideration for the transfer to Spinco of:

- (a) the Spinco Properties, all business, corporate, legal and accounting books, records and documents related to the Spinco Properties, all equipment, hardware, software, office supplies, fixtures, and other tangible property owned, leased or held by or on behalf of Explorex, and cash in the amount of \$500,000 (collectively, the “**Spinout Assets**”); and
- (b) all liabilities or obligations of any type whatsoever (including contingent or absolute obligations, and future obligations) of Explorex, including all liabilities or obligations for Taxes payable arising from or in connection with the Spinout Assets (collectively, the “**Spinout Liabilities**”).

Pursuant to the Arrangement Agreement, at or after 12:01 AM (Vancouver time) (the “**Effective Time**”) on the date upon which the Arrangement becomes effective (the “**Effective Date**”):

- Explorex will transfer the Spinout Assets to Spinco and Spinco will assume the Spinout Liabilities in accordance with the Asset Purchase Agreement and the Arrangement Agreement in consideration for the issuance by Spinco of such number of Spinco Shares to Explorex Shareholders such that each Explorex Shareholder will receive one Spinco Share in exchange for each two common shares of Explorex (each, an “**Explorex Share**”) held at the Effective Date;
- Explorex will undertake a reorganization of its share capital;
- each Explorex Warrantholder will dispose of the Exercise Price Proportion of such holder’s Explorex Warrants to Spinco and the remaining portion to Explorex, and as sole consideration therefor: (i) Spinco will grant Spinco Replacement Warrants to the Explorex Warrantholder; and (ii) Explorex will grant Explorex Replacement Warrants to the Explorex Warrantholder; and
- Explorex will surrender to Spinco for cancellation the one Spinco Share issued to Explorex on the incorporation of Spinco.

Upon completion of the Arrangement and pursuant to the terms of the Arrangement Agreement, the total number of outstanding Spinco Shares will be equal to 0.5 of the total number of Explorex Shares issued and outstanding immediately prior to the Effective Time.

Concurrent to or immediately after the closing of the Arrangement, Spinco intends to complete a financing (the “**Unit Financing**”) of units (“**Units**”) at \$0.18 per Unit, each Unit comprised of one Spinco Share (a “**Unit Share**”) and one common share purchase warrant (a “**Unit Warrant**”) for minimum gross proceeds (the “**Minimum Unit Financing**”) of \$150,000 (833,333 Units) to maximum gross proceeds (the “**Maximum Unit Financing**”) of \$300,000 (1,666,666 Units). Each Unit Warrant will be exercisable to purchase one Spinco Share at a price of \$0.22 per Spinco Share for a period of two years from the date of issuance.

At the annual general and special meeting of Explorex Shareholders to be held on March 9, 2020 (and any adjournment or postponement thereof) (the “**Explorex Meeting**”), the Explorex Shareholders will be asked to vote on the Arrangement pursuant to terms of the Arrangement Agreement and the plan of arrangement set forth in the Arrangement Agreement (the “**Plan of Arrangement**”) and to approve the stock option plan of Spinco, which is based substantially on the stock option incentive plan of Explorex (the “**Spinco Option Plan**”).

The provisions of the Arrangement Agreement and the Asset Purchase Agreement are the result of arm’s length negotiations between representatives of Explorex and Spinco and their respective financial and legal advisors.

1.2 Forward-Looking Statements

This document contains information and projections based on current expectations. Certain statements herein may constitute “forward-looking” statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Spinco, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used herein, such statements use such words as “will”, “may”, “could”, “intends”, “potential”, “plans”, “believes”, “expects”, “projects”, “estimates”, “anticipates”, “continue”, “potential”, “predicts” or “should” and other similar terminology. These statements reflect expectations regarding future events and performance but speak only as of the date hereof. Forward-looking statements include, among others, statements with respect to planned acquisitions, strategic partnerships or other transactions not yet concluded; plans to explore and develop the Spinco Properties; plans to undertake Phase 1 of the recommended exploration program on the Arlington Project; market competition; plans to retain and recruit personnel; the ability to secure funding; and the ability to obtain regulatory and other approvals are all forward-looking information. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar, fluctuations in the prices of commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company’s actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements.

Spinco assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law.

Although Spinco believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Spinco can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. The forward-looking statements herein speak only as of the date hereof. Actual results could differ materially from those anticipated due to a number of factors and risks including those described under “Risk Factors” in section 17 hereof.

2. CORPORATE STRUCTURE

2.1 Corporate Name and Office

The full corporate name of Spinco is “Origen Resources Inc.”, which was changed from 1223104 B.C. Ltd. on January 23, 2020.

The head office of Spinco is located at #488 - 625 Howe Street, Vancouver, BC, V6C 2T6.

The registered and records office of Spinco is located at Suite 400-725 Granville Street, Vancouver, BC, V7Y 1G5.

2.2 Jurisdiction of Incorporation

Spinco was incorporated as “1223104 B.C. Ltd.” under the *Business Corporations Act* (British Columbia) on September 12, 2019.

2.3 Intercorporate Relationships

Spinco has no subsidiaries.

2.4 Requalification following a Fundamental Change

Not applicable.

2.5 Incorporation outside of Canada

Not applicable.

3. GENERAL DEVELOPMENT OF SPINCO’S BUSINESS

Currently, Spinco has no assets or operations. Prior to the Effective Date of the Arrangement, Spinco will not carry on any business except as contemplated by the Arrangement. After the Effective Date, Spinco will be engaged in the business of exploration of the Spinco Properties, particularly its material mineral property, the Arlington Project, a mineral property located in the Greenwood Mining Division, British Columbia, Canada. Spinco will be an exploration stage company, will own no developing or producing properties and, consequently, will have no operating income or cash flow from the properties it holds. Spinco will also have commitments pursuant to the agreements relating to the Spinco Properties which are described in more detailed in this Appendix “D”, “*Management’s Discussion & Analysis – Result of Operations – Commitments, Events, Risks or Uncertainties*”.

Spinco is not currently a reporting issuer and the Spinco Shares are not listed on any stock exchange. If the Arrangement is completed, Spinco expects that it will be a reporting issuer in British Columbia, Alberta, Ontario and Yukon. As set forth above, Spinco will make an application for the listing of the Spinco Shares on the CSE after completion of the Arrangement. Any listing of the Spinco Shares will be subject to meeting CSE listing requirements and there is no assurance such a listing will be obtained.

4. NARRATIVE DESCRIPTION OF SPINCO’S BUSINESS

4.1 General

4.1.1 Business of Exploration

(a) Mineral Properties

The mineral properties to be acquired by Spinco pursuant to the Arrangement include Explorex’s direct and indirect right, title and interest in the following mineral exploration projects, all of which will be transferred from Explorex to Spinco pursuant to the Arrangement Agreement and the Asset Purchase Agreement, in exchange for Spinco Shares:

- (i) 100% interest in and title to three contiguous Mineral Title Online (MTO) mineral claims with tenure numbers 1033354, 1034388 and 1051497 located in the Arrow Boundary district of south-central British Columbia (the “**Arlington Project**”);
- (ii) option to acquire a 75% interest in and title to seven claims, totalling 4,233 hectares, located in north-central New Brunswick (the “**Kagoot Brook**”);

Project) pursuant to an option agreement between Explorex and Great Atlantic Resources Corp. ("**Great Atlantic**") dated May 10, 2018, as amended January 7, 2020 (the "**Kagoot Brook Option Agreement**");

- (iii) 100% interest in and title to the Silver Dollar project located southeast of Revelstoke, British Columbia (the "**Silver Dollar Project**"), of which Mariner Resources Corp. has a right to acquire 75% interest in pursuant to an option agreement between Exploration and Mariner (the "**Mariner Option Agreement**"); and
- (iv) 100% interest in and title to the 803 hectare, high grade gold and copper Bonanza Mountain project located in the Greenwood Mining District of British Columbia (the "**Bonanza Project**"), which includes the right to purchase 100% right, title and interest in and to the 485 hectares mineral claim (tenure number 1066698) constituting the core of the Bonanza Project pursuant to a sale and purchase agreement dated October 7, 2019 between Explorex and Jordan Lewis (the "**Bonanza Purchase Agreement**"),

(collectively, the "**Spinco Properties**").

Pursuant to the Arrangement Agreement and the Asset Purchase Agreement, Spinco will also be transferred all business, corporate, legal and accounting books, records and documents used in the conduct of and related to the undertakings of the Spinco Properties, all equipment, hardware, software, office supplies, fixtures, and other tangible property owned, leased or held by or on behalf of Explorex and \$500,000 in cash. Spinco will also assume the Spinco Liabilities.

Pursuant to the Arrangement Agreement, Explorex Shareholders will be issued such number of Spinco Shares such that each Explorex Shareholder will receive one Spinco Share in exchange for each two Explorex Shares held at the Effective Date.

On January 27, 2020, Explorex announced the results of an initial surface exploration program completed on the Bonanza Project in the fall of 2019, which included the reconnaissance of the historic mine workings and the collection of 1074 soil samples and 54 rock grab samples.

(b) *Business Objectives and Milestones*

With the funds available to it as described below under the sub-heading "*Total Available Funds*" and "*Principal Purposes of Funds Available*", Spinco intends to, during the 12 months following completion of the Arrangement:

- complete its application for listing of the Spinco Shares on the CSE. This is anticipated to occur in the spring of 2020;
- continue exploration of the Arlington Project and undertake Phase 1 of the two-phase exploration program to evaluate the known Minfile occurrences at depth and along strike as set forth in the Technical Report (as defined herein);
- continue exploration of other Spinco Properties, including the required payment of \$30,000 on the Kagoot Brook Project by May 23, 2020, and
- as opportunities arise, expand its portfolio of exploration properties.

Spinco plans to stay in the mineral exploration business. Due to the nature of the business of mineral exploration, budgets are regularly reviewed with respect to both the success of the exploration program and other opportunities which may become available to Spinco. Accordingly, if the results of the Phase 1 exploration program are

not supportive of proceeding with Phase 2, or if continuing with the Phase 1 exploration program becomes inadvisable for any reason, Spinco may abandon in whole or in part, its interest in the Arlington Project, or may, as work progresses, alter the recommended work program, or may make arrangements for the performance of all or any portion of such work by other persons or companies and may use any funds so diverted for the purpose of conducting work or examining the other Spinco Properties or other properties acquired by Spinco, although Spinco has no present plans in this respect.

(c) *Total Funds Available*

Pursuant to the terms of the Arrangement Agreement, assuming completion of the Arrangement, payment by Explorex to Spinco of cash on the Effective Date of \$500,000 and proceeds of \$150,000 from the Minimum Unit Financing, it is anticipated that Spinco will have available cash of approximately \$650,000.

Pursuant to the terms of the Arrangement Agreement, assuming completion of the Arrangement, payment by Explorex to Spinco of cash on the Effective Date of \$500,000 and proceeds of \$300,000 from the Maximum Unit Financing, it is anticipated that Spinco will have available cash of approximately \$800,000.

(d) *Principal Purposes of Funds Available*

The following table summarizes expenditures anticipated by Spinco required to achieve its business objectives during the 12 months following completion of the Arrangement and the proposed listing of the Spinco Shares on the CSE (see in this Appendix "D" - "Narrative Description of Spinco's Business – General – Business of Exploration - Business Objectives and Milestones", which follows).

Principal purpose	Amount (completion of Minimum Unit Financing)	Amount (completion of Maximum Unit Financing)
Obtain CSE listing ⁽¹⁾	\$130,000	\$130,000
Phase 1 program on the Arlington Project as recommended by the Technical Report ⁽²⁾	\$100,000	\$100,000
Kagoot Brook Project payment ⁽³⁾	\$30,000	\$30,000
General & administrative expenses for 12 months ⁽⁴⁾	\$130,000	\$130,000
Accrued Debt	\$150,000	\$150,000
Unallocated working capital	\$110,000	\$260,000
TOTAL:	\$650,000	\$800,000

Notes:

⁽¹⁾ Consists of transfer agent fees and miscellaneous fees of \$25,000, legal fees of \$50,000 and audit fees of \$55,000.

⁽²⁾ Refer to the Technical Report – Recommendations.

⁽³⁾ Pursuant to the Kagoot Brook Option Agreement.

⁽⁴⁾ Includes estimated management and consulting fees of \$95,000, insurance expenses of \$10,000 and office administration expenses of \$25,000.

Spinco intends to spend the funds available to it as stated in the table above. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for Spinco to achieve its objectives or to pursue other exploration and development opportunities. See "*Risk Factors*".

4.1.2 Principal Products or Services

Not applicable.

4.1.3 Production and Sales

Upon completion of the Arrangement, Spinco will have no direct employees. Spinco expects to rely on and engage consultants on a contract basis, as is usual in the mineral exploration business in Canada.

4.1.4 Competitive Conditions

The mining industry is intensely competitive in all its phases. Spinco will compete for the acquisition of mineral properties, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees with many companies possessing greater financial resources and technical facilities than Spinco. The competition in the mineral exploration and development business could have an adverse effect on Spinco's ability to hire or maintain experienced and expert personnel or acquire suitable properties or prospects for mineral exploration in the future.

4.1.5 Lending and Investment Policies and Restrictions

Not applicable.

4.1.6 Bankruptcy or Receivership Proceedings

There have been no results of any bankruptcy, or any receivership or similar proceedings against Spinco or any voluntary bankruptcy, receivership or similar proceedings by Spinco.

4.1.7 Material Restructuring Transactions

Not applicable.

4.1.8 Social or Environmental Policies

Not applicable.

4.2 Companies with Asset-backed Securities Outstanding

Not applicable.

4.3 The Arlington Project

Upon completion of the Arrangement, Spinco's material property will be the Arlington Project. Information of a scientific or technical nature in respect of the Arlington Project in this Appendix "D" is derived from portions of the independent NI 43-101 technical report dated effective December 27, 2019, entitled "National Instrument 43-101 Technical Report on the Arlington Project" (the "**Technical Report**") prepared by James Chapman, P. Geo (the "**Author**"). The Author is a qualified person and is independent of Spinco.

Investors should consult the Technical Report to obtain further particulars regarding the Arlington Project. Readers are cautioned that the summary of technical information in this Appendix "D" should be read in the context of the qualifying statements, procedures and accompanying discussion within

the complete Technical Report and the summary provided herein is qualified in its entirety by Technical Report. Capitalized and abbreviated terms appearing in this section and not otherwise defined herein have the meaning ascribed to such terms in the Technical Report.

4.3.1 Property Description and Location

(a) *Area and Location*

The Arlington Project is located in the Arrow Boundary district of south-central British Columbia, Canada and is 17km north of Beaverdell (population ~350) and 67km south of Kelowna, British Columbia along British Columbia Provincial Highway 33 (Figure 1). The Arlington Project is located on NTS map sheet 082E/11 and consists of three contiguous mineral claims covering 649.31ha of land as illustrated in Figure 2. The Arlington Claims (as defined herein) are centered at 49°35'13.08" N Latitude and 119°05'3.45" W Longitude. It covers the following thirteen Minfile occurrences i.e. Elk 3 (082ENW038), ELK 2 (082ENW005), DKD 6 (082ENW044), ELK 4 (082ENW006), DKD 4 (082ENW043), DKD 2 (082ENW041), Hall (082ENW065), BRU 21

(082ENW042), BRU 22 (082ENW045), Hall Creek (082ENW033), Wallace (082ENW039), Arlington (082ENW015) and BLACK (082ENW061).

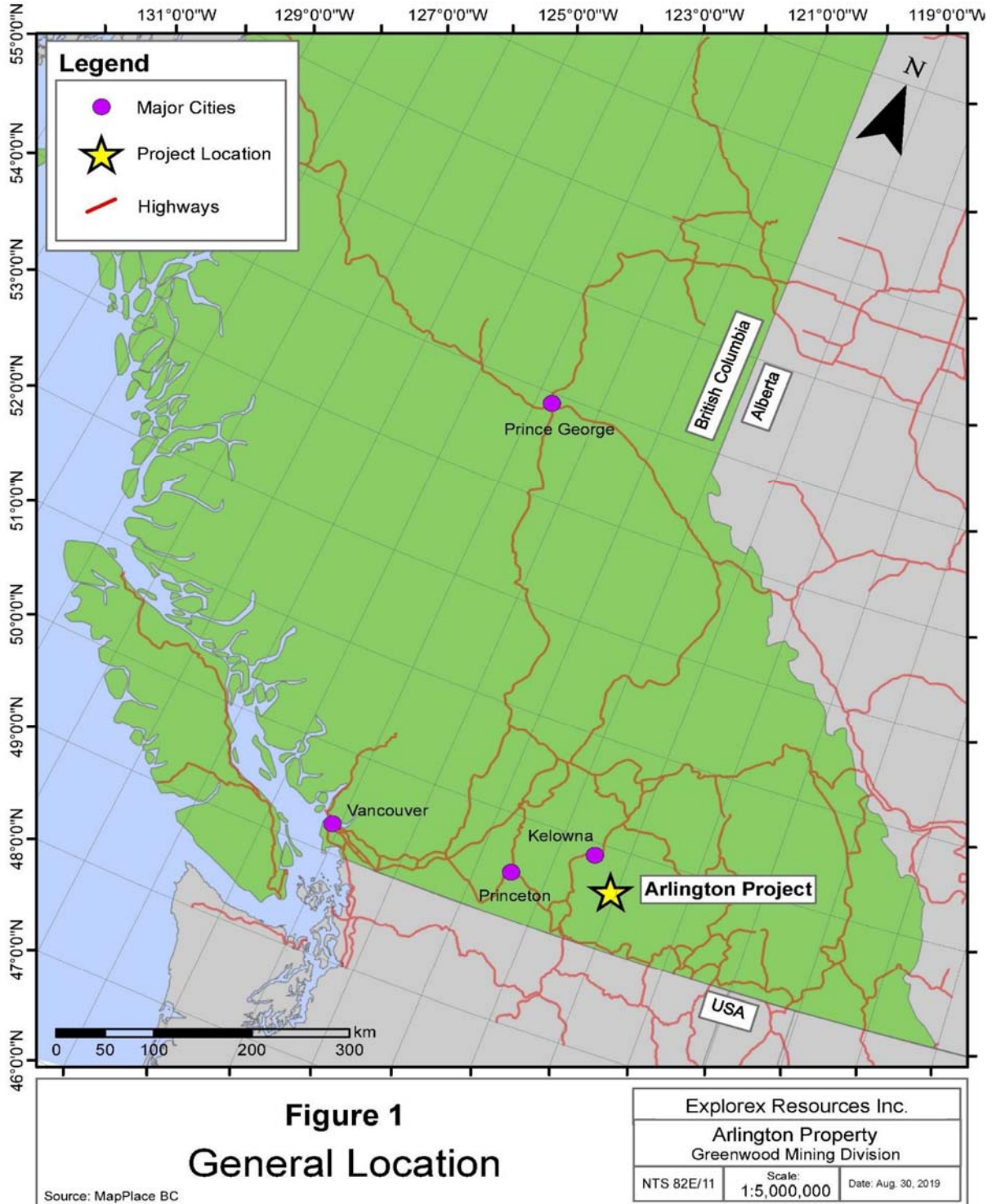
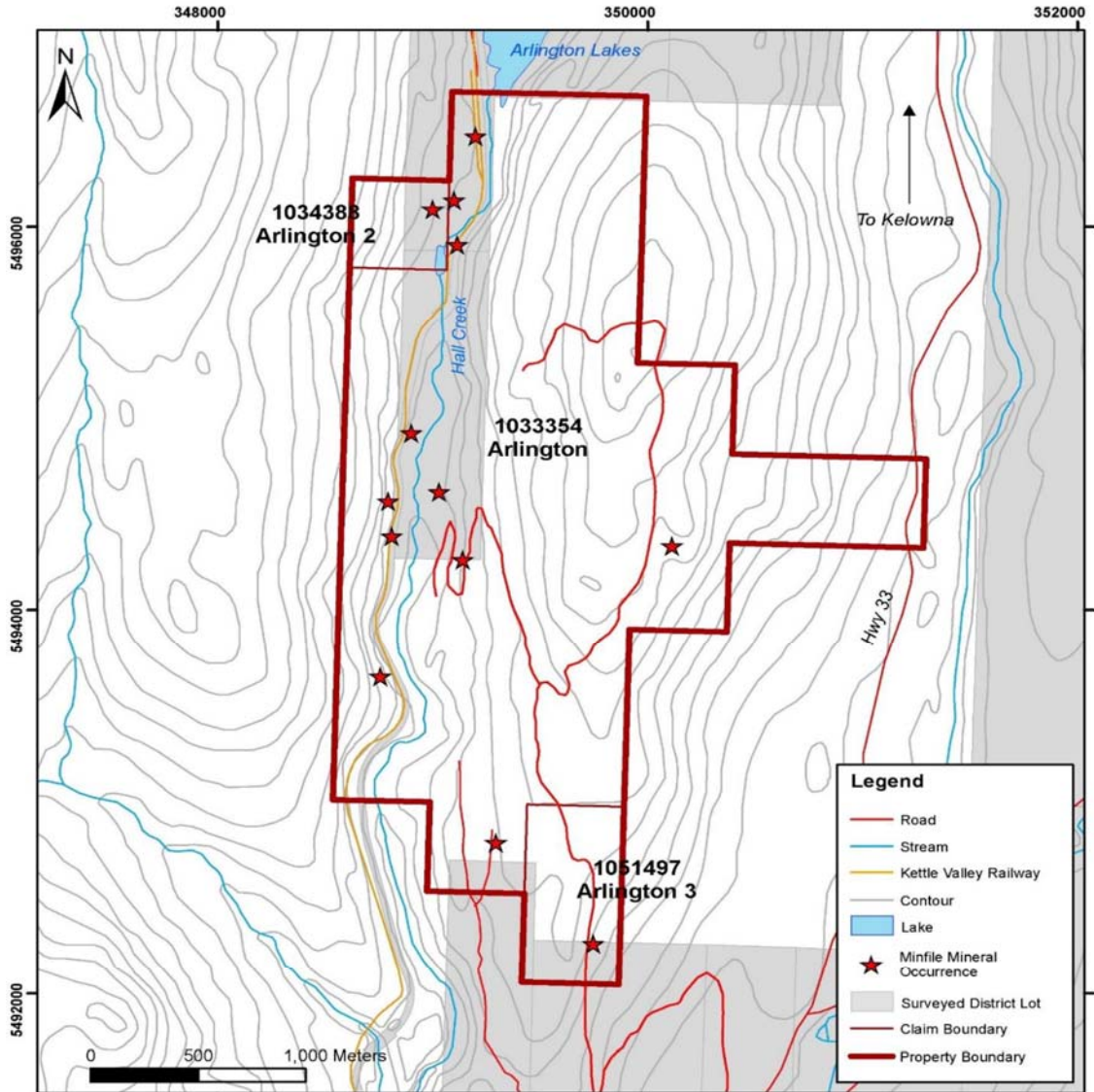


Figure 1: Property Location Map



<h1 style="margin: 0;">Figure 2 Claim Map</h1>		
Explorex Resources Inc.		
Arlington Property Greenwood Mining Division		
Topo Source: Geogratis	Scale: 1:25000	Date: Aug 30, 2019 UTM NAD83 Zone 11
NTS 82E/11		

Figure 2: Property Claim Map

Explorex holds 100% interest and title to three contiguous MTO mineral claims with tenure numbers 1033354, 1034388 and 1051497 as listed in Table 1 (the “**Arlington Claims**”).

The Arlington Claims boundaries are illustrated in Figure 2 along with the locations of the known Minfile occurrences. There has been no historical production on the Arlington Project, and the Author is not aware of any environmental liabilities that have potentially accumulated from any historical activity. There are no other known significant factors or risks that may affect access, title to the property or the ability to perform work on the Arlington Project. The claims are currently in good standing until June 15, 2022.

Table 1: Claim Information

Tenure Number	Claim Name	Staking Date	Claim Expiry	Area (ha)
10333354	Arlington	January 13, 2015	June 15, 2022	586.46
1034388	Arlington 2	February 25, 2015	June 15, 2022	20.94
1051497	Arlington 3	April 20, 2017	June 15, 2022	41.91
Total Area (ha)				649.31

The Arlington Project is located immediately south of Arlington Lakes with Hall Creek closely bounding the western claim boundary. Arlington mountain is centered on the eastern side of the property. British Columbia Provincial Highway 33 crosses the most easterly portion of the property. The decommissioned Kettle Valley Railroad (KVR) right-of-way traverses the claim from north to south which closely follows Hall Creek (Figure 2).

(b) *Title to the Property*

Explorex acquired the Arlington Project by on-line staking and holds 100% interest and title to the Arlington Claims.

The Arlington Project is located on Crown Land, Explorex holds the sub surface rights only. There are four separate district lots (“**District Lots**”) which overlap the Arlington Project along its southern, western and northern claim boundary. The District Lots are located within the Similkameen Division of the Yale Land District and are referenced as District Lot (DL) 3050S, DL 1497S, DL 1498S and DL 1225S (Figure 2). Interests underlying the District Lots include licenses’ of occupation for the purpose of commercial recreation activities, i.e. tour guiding along the Kettle Valley Railway right-of-way, permits for forestry roads and bridges along Hall Creek by Interfor Corporation and reserve/notation interest over the Kettle Valley Railway corridor for recreation purposes held by the Ministry of Forests, Lands and Natural Resources operations.

A District Lot is a type of primary land division or description, which defines a parcel of land that has been surveyed. Unless otherwise excluded in the property title, the District Lot owner is entitled to the soil and the sand and gravel on the property.

A free miner who is exercising a right under the Mineral Tenure Act, is entitled to enter private lands, provided those lands are mineral lands. The Mining Right of Way Act provides for the right of a recorded holder to use access roads owned by a person or to use existing roads on Crown Land or private land for the purpose of gaining access to a mineral title.

Notwithstanding other surface interests there are no known legal impediments to access. To the best of the Author’s knowledge there are no other factors limiting access, title or the ability to perform appropriate work.

There are no First Nations reserves, treaty lands, or treaty related lands on or in the vicinity of the Arlington Project. However, the province of British Columbia is legally obligated to consult and accommodate (where required) First Nations on land and resource decisions that could impact their Aboriginal interests. While the province of British Columbia is responsible for ensuring adequate and appropriate consultation and accommodation, it may involve the proponent in the procedural aspects of consultation. Proponents are encouraged to engage with First Nations as early as possible in the planning stages to build relationships and for information sharing purposes. There are currently five First Nations who may have community interests encompassing the area of the Arlington claims. These First Nation organizations

include the Okanagan Indian Band, Penticton Indian Band, the Okanagan Nation Alliance, Lower Similkameen Indian Band and the Upper Nicola Indian Band.

A large area designated as ungulate winter range for mule deer overlaps the property. Special restrictions affect silviculture activities within the winter range area, but these restrictions do not apply to any work (such as mineral exploration and development) that falls under the *Mineral Tenure Act*.

Historical records document numerous old workings within the claim as evidenced by the presence of overgrown pits, trenches, shafts, open cuts and short adits which may pose a potential public safety hazard. There are no significant waste dumps associated with the historic workings on the Arlington Project and they do not, in the Author's opinion, constitute a significant environmental liability. There are no former mill or tailings sites on the Arlington Project.

As shown in Figure 2, there are no other mineral claims which adjoin the Arlington Project. The economy of the Carmi/Beaverdell area has historically relied largely, or entirely, on the local natural resources. Exploration and mining activities in the region are generally regarded favorably.

(c) *Royalties, Payments or other agreements and encumbrances*

There are no royalties, back-in rights, payments, or other agreements or encumbrances on the Arlington Project. There are no other known significant factors or risks that may affect access, title to the Arlington Project or the ability to perform work on the Arlington Project. The claims are currently in good standing until June 15, 2022. The Arlington tenure of 586.46ha is in its fifth assessment year @ \$15.00/ha and requires an expenditure of \$8,796.90 to advance the expiry date by one year. The Arlington 2 tenure of 20.94ha is in its fifth assessment year @ \$15.00/ha and requires an expenditure of \$314.10 to advance the expiry date by one year and the Arlington 3 tenure of 41.91ha is in its third assessment year @\$10.00/ha and requires an expenditure of \$419.10 to advance the expiry date by one year.

Mineral claims within the province of British Columbia require assessment work (such as geological mapping, geochemical, or geophysical surveys, trenching or diamond drilling) be completed each year to maintain title to the claim. New regulations regarding work obligations to maintain tenure came into effect on July 1, 2012. As of that date, annual work requirements are determined as follows:

\$5.00 per hectare for anniversary years 1 and 2
\$10.00 per hectare for anniversary years 3 and 4
\$15.00 per hectare for anniversary years 5 and 6
\$20.00 per hectare for subsequent anniversary years

All claims in the province of British Columbia were set back to the year 1 requirement in 2012, regardless of the number of years which has lapsed since the claim acquisition, so that the next time a filing of assessment was made after July 1, 2012, the claim is treated as if it is year one. Thereafter the work commitment increases according to the above schedule. Work in excess of the annual requirement may be credited to future years. In lieu of assessment work, cash payments can be made to maintain title. To encourage exploration work, cash in lieu of requirements have been established at two times the requirement for assessment work.

(d) *Environmental Liabilities*

There has been no historical production on the Arlington Project and the Author is not aware of any environmental liabilities that have potentially accumulated from any historical activity.

- (e) *Location of Mineralized Zones, Mineral Resources, Mineral Reserves and Mine Workings*

Please see below section 4.3.9 of this Appendix "D".

- (f) *Permits Required*

To complete work on mineral claims in British Columbia involving tree cutting/removal, Induced Polarization Geophysical Surveys or mechanized disturbance, a Notice of Work and Reclamation Program application (NoW) for mineral and coal exploration activities, placer mines, and smaller-scale industrial minerals mines and aggregate pits/quarries are made online through Front Counter BC. The applications are reviewed by the Ministry of Energy, Mines and Petroleum Resources regional offices or regional Mine Development Review Committees. Once approved, the Ministry of Energy, Mines and Petroleum Resources issues a Mines Act permit which authorizes the exploration and reclamation activities as detailed in the Notice of Work application. The applicant must not deviate from the permitted program without written authorization. The Arlington Project does not have a Mines Act permit and in order to complete the work programs proposed in the Technical Report, a Notice of Work and Reclamation permit application must be completed and submitted.

4.3.2 Accessibility, Climate, Local Resources, Infrastructure and Physiography

- (a) *Accessibility and Proximity to Population Centre*

There is excellent road access to the Arlington Project. From Kelowna, access is south along Highway 33 for 67km to the Arlington Lakes access road. Turn west (right) onto the Arlington Lake road and follow the road for approximately 4km. A semi-open British Columbia Forest Service campsite is located near the old Kettle Valley Railway station of Lakevale located on the most southerly lake which is located at the northern boundary of the Arlington Claims.

- (b) *Climate*

The climate of the Arlington Project area is typical of the mountainous regions of south central and southwestern British Columbia, with warm wet summers and cold snowy winters. Year-round development and mining would be possible. Field exploration seasons are best conducted from May through October as snow accumulations on the property have been reported from October through to May. The mean annual precipitation in the area of the property is approximately 481mm and 153cm of snow, and annual average temperatures range from -12 degrees Celsius to 15.5 degrees Celsius.

- (c) *Local Resources and Infrastructure*

Limited services, including room, board and groceries are available in the community of Beaverdell. Most services needed for exploration are available in either Rock Creek, located 48km to the south of Beaverdell at the junction of BC Provincial Highways 33 and 3 or in Kelowna located 67km to the north of the community of Beaverdell. A small sawmill in Beaverdell provides lumber for local needs. The closest full service international airport is located in Kelowna with regularly scheduled air service to Vancouver, Calgary and USA destinations. There is a small dirt airstrip located in

Beaverdell which services both private and charter aircraft. With a recent history of mining in the Greenwood District, there are also ample personnel available with experience in mineral exploration and development. Exploration services such as drilling equipment or equipment rentals that are unavailable in Beaverdell can generally be found in the regional centers of Kelowna and Penticton.

Three phase power lines follow Highway 33 through the town of Beaverdell if needed for future mine development. Water sources are locally available within the claim from Hall Creek and bounding tributaries.

(d) *Physiography*

Outcrop exposure on the Arlington Project is variable but generally less than 5%. In general, rock exposure is better in the steeper portions of the property and is scarce on the gentler slopes. Best exposures are located along the Kettle Valley railway right-of-way. The scarcity of outcrop in the low slope areas hampers prospecting and mapping efforts.

4.3.3 History

(a) *Prior Ownership and Results of Exploration Work Undertaken*

Regionally, the area received considerable attention with the discovery of placer gold at Rock Creek during the mid-1850's and again after the establishment of the Canada – United States International Boundary and the subsequent discovery of the Fairview Mines and Camp McKinney. Later in the early parts of the 1900's, the West Kettle River area became prominent with prospectors resulting from the general lack of access to areas north of the border and the discovery of high-grade ruby silver on Wallace Mountain in 1889. The majority of the significant properties were staked on Wallace Mountain, Carmi and the Arlington Lakes area from 1896 to 1900. The major producing mines in the Beaverdell silver-lead-zinc vein camp were the Wellington, Sally and Rob Roy, Beaver and Beaverdell mines, with numerous other small workings throughout the area. The first ore shipment from the Beaverdell camp was in 1896. The Beaverdell Mine was the longest producing mine in the area, almost continuously between 1913 and 1991. During this period 1,198,829 tonnes of ore were mined from which 1,076,005,759 grams of silver, 520,197 grams of gold, 11,598,238 kilograms of lead and 13,900,078 kilograms of zinc were recovered (Minfile 082ESW030). The Author has been unable to verify the historical production and the information is not necessarily indicative of the mineralization on the Arlington Project that is the subject of the Technical Report.

The Kettle Valley branch of the Canadian Pacific Railway was started in 1910. It traversed the Beaverdell-Carmi area and by 1913, rail steel had been laid as far as Arlington lakes. With the influx of settlers; wagon roads and trails were established throughout the area and in the next decade many promising mineral discoveries were made in the area.

Historical exploration work in the area of the Arlington Project is limited in scope. Work completed to date has located numerous old and overgrown pits, trenches, shafts and short adits. Much of this historical work is centered on the Kettle Valley Railway right-of-way, the timing of this historical work is assumed to be from the early part of the century.

As detailed below, three eras of limited historical exploration activity occurred during the early 1970's, 1987 and 1996. The source of this information is from the British

Columbia Geological Survey Branch, Assessment Report Indexing System (ARIS). More recently, Explorex completed a one-week field program in June 2015. In April 2017, Explorex optioned the Arlington Project to Clarmin Exploration Inc. ("**Clarmin**") who had the right to acquire 100% interest in the Arlington Project. Clarmin completed field programs in May 2017 and May 2018 and in late 2018, Clarmin returned the property to Explorex the results of the 2017 and 2018 exploration field programs.

1970 Durocop Mines Ltd. (AR 2804). A 15-day geological survey was completed over the Elk 1-12 claims which covered the central and southern lakes of the Arlington chain of lakes and extended a further 915m to the south of Arlington lakes. The survey was designed to create a geological map of the Arlington Project and in the process document mineralization encountered. The Technical Report describes samples collected from mineralized outcrop yet none were submitted for analysis. The results of the program determined that mineralization (pyrite, chalcopyrite, molybdenum) is best developed within the Permian-Triassic aged Anarchist Group comprising intercalated volcanics and sediments and the Jurassic aged Nelson Plutonic suite dominantly granodiorite to quartz diorite in composition. Mineralization is associated with shear zones which typically contain irregular veins of white quartz and are variably mineralized with pyrite, chalcopyrite, molybdenum and lesser pyrrhotite, magnetite with copper and iron carbonates and oxides. The location of the Elk 3 Minfile showing resulted from this work.

1971 D. Ellison (AR 3352). A seven-day field program was completed on the DKD 1 to 6 mineral claims owned by D. Ellison of Kelowna, B.C. The claims are roughly centered on the KVR right-of-way and Hall Creek and are located approximately 1.6 kilometers south of Arlington lakes. In October 1971 a pace and compass grid was established over which a magnetometer survey was completed using a McPhar M700 magnetometer. Approximately 6.8 miles of magnetic surveys were completed over lines established at 400-foot intervals with readings taken at 100 foot intervals and tightened to 25 foot station intervals in anomalous areas. The survey lines were oriented in a northwest-southeast direction and aided in mapping geological contacts. During the course of the survey, outcrop areas were identified while sites with chalcopyrite mineralization were noted. The results of this work identified the location of the DKD 2, DKD 4 and DKD 6 Minfile showings. No samples were submitted for analysis. The results of the magnetometer survey identified a north-south trending magnetic anomaly up to 50,000 gammas in strength. Located showings of chalcopyrite mineralization are coincident with the anomaly. The geological contact between the gneissic diorite and mafic diorite was established, in part, on the basis of the magnetic anomaly.

1973 K.F. Brunning (AR 4461). A seven-day field program was completed in May 1973 over the Lakevale property which included a soil geochemical and geological survey to determine the potential of the property and to delineate areas of interest. The property included the DKD 1-6 and the BRU 15-23 claims. This extended the coverage to the north and east of the original DKD claim group. Mapping located several areas with old workings and outcrop exposures with quartz veining, shearing and sulphide enrichment.

The results of the surveys determined that the altered Jurassic aged diorite to quartz diorite is the best host for shear-controlled quartz veins with chalcopyrite, pyrite +/- molybdenum, sphalerite and galena mineralization. The geological survey concluded that mineralization on the property occurs as chalcopyrite, sphalerite, galena and molybdenum mineralization in quartz veins cutting altered diorite; disseminations and replacements of chalcopyrite, pyrite and specular hematite in and around shear zones within altered diorite and greenstone. This type of mineralization is the most common

on the property and assays up to 2% copper have been encountered over narrow widths. Mineralization occurs less frequently as disseminations of magnetite, pyrite and chalcopyrite in highly altered basic rocks. A soil geochemical survey covered the property along east-west oriented survey lines established at 750 foot intervals. Samples were collected along the lines at 200-foot intervals. The samples were analyzed in a field laboratory utilizing the "Bloom test" for exchangeable heavy metals. The analysis is neither quantitative nor qualitative but is a fast and inexpensive method for indicating the presence of heavy metals. The result of the survey are not conclusive but indicates one major zone of metal concentration in the soils trending north-south through the center of the DKD claims measuring 4000 feet long by 1000 feet wide at its widest point. The results of this work identified the location of the DKD 2, DKD 4 and DKD 6 Minfile showings. No rock samples were submitted for analysis.

1973 D.C. Mitchell (AR 4720). An eight-day geological mapping and soil geochemical survey was completed over the Cu claims the same year as the geological/geochemical surveys on the adjoining BRU and DKD claims to the west. The soil geochemical survey covered the entire claim block with compass and chain grid lines oriented in an east-west direction and established at 750-foot intervals. Soil samples were collected from the B horizon at 200-foot intervals. Soil analysis was completed in the field utilizing the Bloom test for exchangeable heavy metals. The geochemical survey did not indicate any trends of anomalous heavy metal results and failed to identify the known locations of chalcopyrite enrichment. The mapping program identified three styles of mineralization on the property. Replacement of highly altered dyke rock or greenstone by massive and near massive chalcopyrite and pyrite carrying values in silver. Quartz veins along greenstone or dyke contacts usually associated with shearing carrying blebs and disseminations of chalcopyrite and pyrite and as minor disseminated chalcopyrite, magnetite and pyrite in dyke rocks. The results of this program identified numerous locations of historical surface work, i.e. trenching, shafts and adits with quartz veining, shearing and chalcopyrite mineralization, the location of the Arlington Minfile showing resulted from this work. Results from the sampling program reports 0.92% Cu and 63.0g/t Ag over a 0.6 meter chip sample.

1987 Edward Carson and Associates (AR 17,030). During the period from June 18 to October 31, 1987, a program of geological mapping, prospecting and rock geochemistry was completed on the Black claim group. During the course of the prospecting and geological mapping program several areas of historical exploration activity in the form of surface trenching and test pits were located. The historical work dates back to the early parts of the century. A total of 23 rock samples and two stream silt samples were submitted to ACME Analytical Labs in Vancouver for analysis. Best results are reported from two rock samples collected along the northern boundary of the Black 2 claim returning up to 1.08% Cu and 65.4ppm Ag in sample 7851 and 1.61% Cu, 85.3ppm Ag and 12ppb Au in sample 7853. In the north central portion of the Black claim, seven rock samples were collected of which six are considered anomalous with analysis of up to 1.19% Mo, 1.74% Cu, 1.54opt Ag and 0.02 opt Au. All of the anomalous samples are described as being hosted by the Nelson Plutonic suite of rocks.

1996 Madman Mining Co. Ltd. (AR 24,921). A brief prospecting, soil sampling and a VLF-EM geophysical survey was completed on the companies Arlington Project. The aim of the program was to locate and sample historic showings and conduct reconnaissance soil geochemical test lines across prospective bedrock units. VLF-EM data was collected long the soil lines. The prospecting and sampling program were centered along the KVR right-of-way. A total of six rock grab samples from six historical occurrences were submitted for analysis. Grab sample ARL04-L returned 0.16% Cu from mafic schist with chalcopyrite stringers, associated quartz stringers in clasts or

xenoliths in granitoid rock from Minfile showing DKD-6. Grab sample ARL02-G is from minfile showing DKD-2 returning 0.21% Cu and 11.8gm/tonne Ag from a malachite and azurite stained, highly oxidized vein from a railway rock cut. Grab sample ARL01-G is from a malachite and azurite stained boulder broken off from a KVR rail cut from a highly oxidized vein which appears to strike E-W and dip vertically. Analytical results returned 6.1gm/tonne Au, 8.7gm/tonne Ag and 0.18% Cu. The reconnaissance soil survey consisted of three east-west lines, each 400m long and established 500m apart on the west slope of Arlington mountain. Soil samples were collected 25m apart. Anomalous Cu-Zn soil results are reported on the east side of the centre soil line which may extend to the eastern end of the southernmost line. The overall trend of the anomaly is north-south with anomalous results up to 150m wide. The anomaly in part coincides with outcroppings of mafic schist. The VLF-EM survey utilized Seattle as the transmitting station. The survey lines were established to far apart to correlate readings from line to line.

2015 Explorex Resources Inc (AR 36,026). A four-man field program was completed from June 1 to June 6, 2015 on the Arlington Project. The program consisted of both magnetic and VLF-EM geophysical surveys and a prospecting and sampling program. A total of 12.0km of magnetic and VLF-EM geophysical surveys were completed covering 300ha of land. The geophysical surveys were completed along pre-existing bush road access trails oriented near north-south. The VLF-EM survey demonstrated its effectiveness in detecting and delineating the shear structures at each of the located Minfile showings. Several of the VLF-EM anomalies show on-trend anomalies in regions with no known showings nor outcrop exposure, thus presenting good targets for further exploration. The Total Field Magnetic results from the Magnetometer survey varied significantly. Two distinct magnetic domains were delineated, a low domain ranging from 51,000 nT to 54,000 nT, and a high domain, ranging from 55,000 nT to 58,000 nT. The high magnetic domain reflects the close proximity of the Carboniferous to Permian aged Anarchist Group while the lower magnetic domain reflects the Middle Jurassic aged Nelson Plutonic Rocks.

All of the located Minfile showings are noted to occur on or near the contact between the high and low magnetic domains, or the interpreted contact between the Anarchist and Nelson units. A total of nine out of thirteen Minfile occurrences were located in the field during the program. A total of 14 grab samples were collected from the various Minfile occurrences returning elevated and anomalous base and precious metal results from 19.0ppm to 1,490.3ppm Pb, 1,005.7ppm to 2.557% Cu and 4.1ppm to 131gm/t Ag from the Arlington showing, 1,095.3ppm Mo from the Elk 4 showing, 85.7ppb to 10,891.5ppb Au from the BRU 22 Minfile showing and 0.9ppb to 2,336.3ppb Au from the ELK 2 Minfile showing. The attitude of the mineralized structures generally varies from 072° to 108° with dips varying from 62° north to 66° south. Quartz veins typically occupy the structural zones and have been noted up to 1m in width (Elk 4). The reader is cautioned that grab samples by nature are selective and therefore may not be representative of the mineralization being evaluated.

Further work was recommended consisting of two compass and GPS flagged soil geochemical grids oriented north-south with grid lines spaced at 100m intervals and sample stations established at 25 to 50m intervals. Magnetic and VLF-EM geophysical surveys will be completed over the grid to aid in mapping and to identify conductive trends associated with known Minfile occurrences and newly located showings.

2017 Clarmin Exploration Inc. (AR 36,956). From May 8 to May 23, 2017, a six-man field crew from Coast Mountain Geological Ltd collected 657 B horizon soil samples, 44 rock samples and surveyed 26.4-line kilometers of ground magnetic and VLF-EM data on behalf of Clarmin Exploration Inc. The 2017 field program was funded by

Clarmin Exploration Inc., totaling \$105,893.17. Two separate grids were established with the aid of hand held GPS and compass. Grid lines were oriented in a north – south direction with a line spacing of 100m. Survey stations along the lines were identified with flagging at 25m to 50m intervals. The north grid consists of eight survey lines totaling 6.95km and the southern grid consists of 17 survey lines totaling 23.95km, both grids collectively cover 304.4ha of land as shown on Figure 3.

The soil sampling grids covered both the Middle Jurassic aged Nelson Plutonic Suite and the Carboniferous to Permian aged Anarchist group greenstones and encompasses all of the known MINFILE occurrences located on the property to date. The contact between these two geological units is ill defined and masked by glacial till draping the south and western slopes of Arlington mountain. Based on 657 B horizon soil samples, statistical analysis of the results determined weakly anomalous, moderately anomalous and strongly anomalous levels for Cu, Pb, Zn and Ag as shown in Table 2. Dot plots for copper and silver soil geochemical results are shown in Figures 4 and 5 respectively.

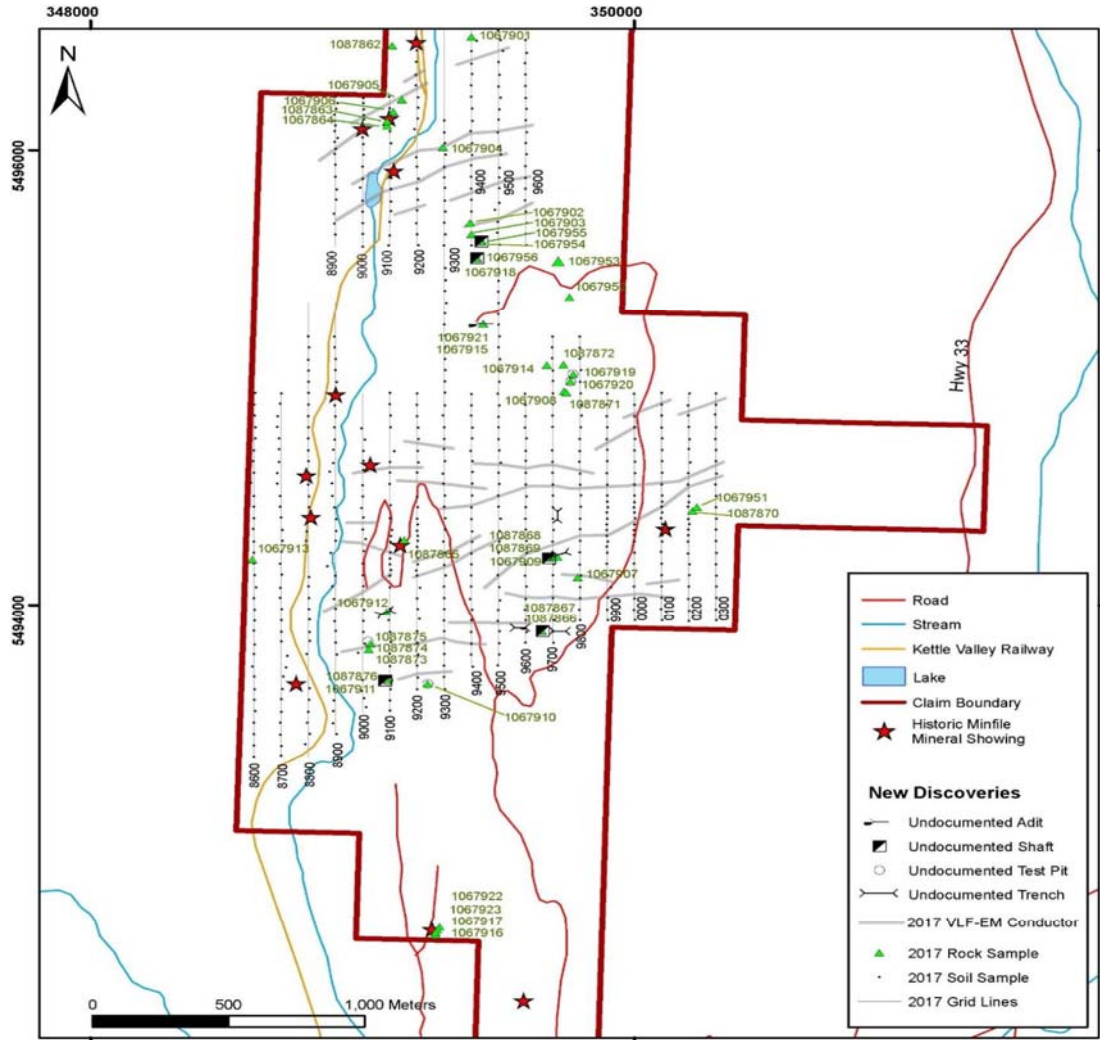


Figure 3

2017 Soil and Rock Sample Locations, New Occurrences & VLF-EM Conductors

Explorex Resources Inc.
Arlington Property
Greenwood Mining Division

NTS 82E/11	Scale: 1:20,000	Date: Aug 30, 2019 UTM NAD83 Zone 11
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Topo Source: Geogratis

Figure 3: 2017 Soil and Rock Sample Locations, New Occurrences and VLF-EM Conductors.

Table 2: 2017 Soil Geochemical Statistic

Element	Minimum Value (ppm)	Maximum Value (ppm)	Weakly Anomalous	Moderately Anomalous	Strongly Anomalous
Cu	2.4	990.5	24.9-37.5ppm	37.6-72.0ppm	>72.0ppm
Pb	2.5	268.8	11.2-14.0ppm	14.1-20.8ppm	>20.8ppm
Zn	18.0	517.0	137.0-169.6ppm	169.7-242.4ppm	>242.4ppm
Ag	0.01	3.9	0.2-0.3ppm	0.30-0.4ppm	>0.4ppm

Figure 4: 2017 Copper Geochemistry Results.

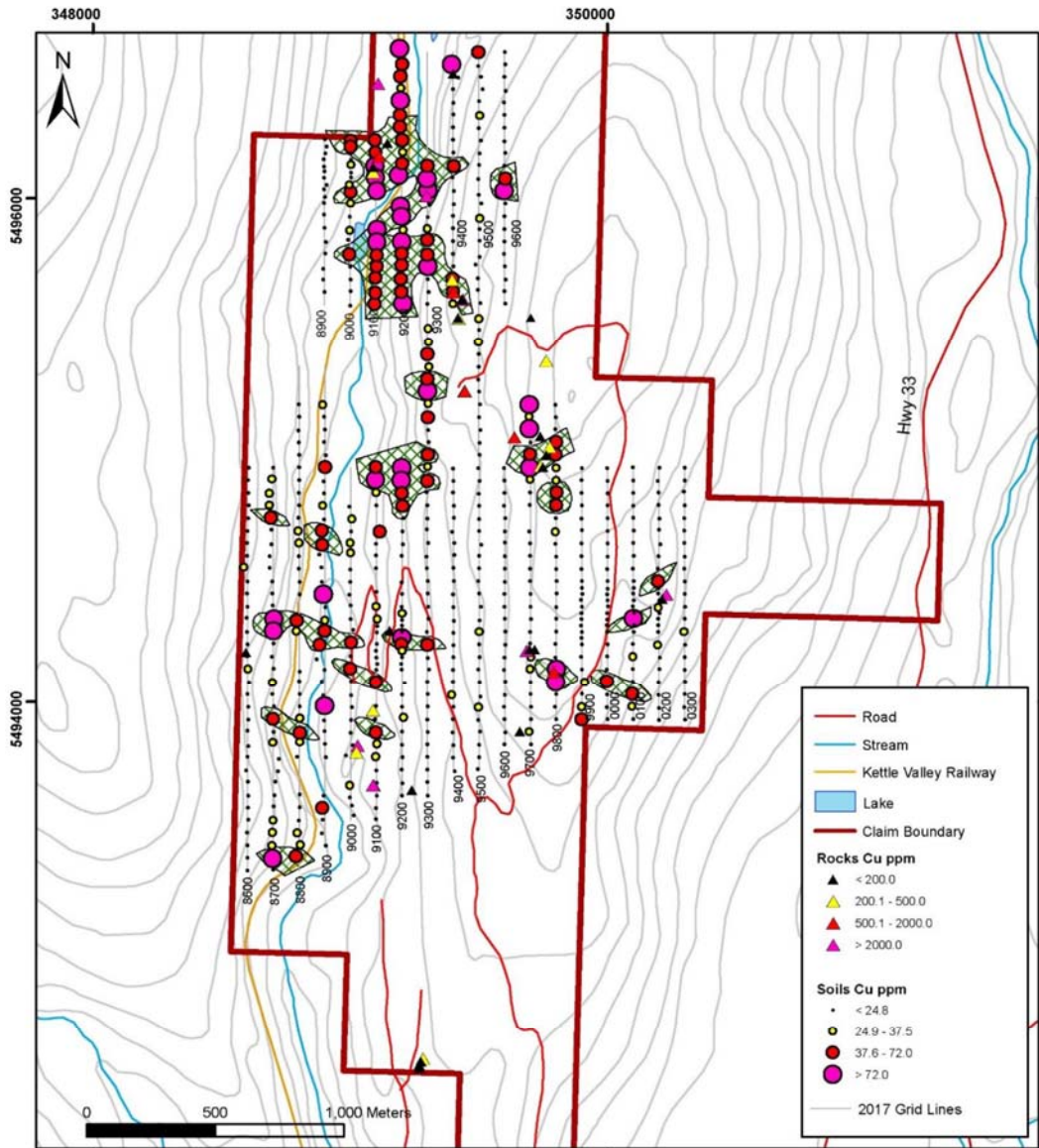


Figure 4
2017 Geochemical Results
Cu ppm

Explorex Resources Inc.		
Arlington Property Greenwood Mining Division		
NTS 82E/11	Scale: 1:20,000	Date: Aug 30, 2019 UTM NAD83 Zone 11

Topo Source: Geogratis

A total of 44 rock grab samples were collected from newly located historical workings uncovered during the 2017 field program. The locations of these rock samples are shown in Figure 3 which highlights the relationship between the showings and the VLF-EM conductor trends. A total of 20 rock samples are deemed significant and are listed in Table 3. A total of 5 samples returned elevated and anomalous gold results from 1.3ppm to 11.67ppm Au (#1087876). All five samples elevated in gold are located at the southern end of the southern grid which suggests the identified structures trending east-west in this area are enriched in Au, Ag and Cu.

Table 3: Significant 2017 Rock Sample Results

Sample Number	Type	Ag (ppm)	Au (ppm)	Cu (ppm)	Mo (ppm)	Pb (ppm)	Zn (ppm)
1067904	Grab*	4.7		3,304.4			
1067906	Grab*	5.4					9,268.0
1067907	Grab*	8.5				252.8	
1067909	Grab*	19.3		4,603.0		254.9	
1067911	Grab*	30.9	1.3	1.22%			
1067912	Grab*	17.3				2,538.1	
1067914	Grab*	3.6		1,653.4			
1067915	Grab*	5.2		1,428.4			
1067920	Grab*		1.9				
1067921	Grab*	4.8		1,614.6			
1067922	Grab*				1,224.0		
1067951	Grab*	5.5		3,144.4			
1067954	Grab*	22.7		1,071%			
1067956	Grab*	2.8					
1087862	Grab*	5.9		3,125.3			
1087866	Grab*	2.0	6.8				
1087873	Grab*	30.4	3.5	6,595.4	1,203.5		
1087874	Grab*	4.14			1,784.9		
1087875	Grab*	3.4		1,218.4	1,795.7		
1087876	Grab*	211.0	11.7	3.22%			

*Grab samples by nature are selective and therefore may not be representative of the mineralization being evaluated.

The magnetic and VLF-EM survey results are illustrated in Figure 6. In the southern grid, copper and silver soil geochemical results show east-west to northeast-southwest linear trends which closely approximate the structural trends identified by the VLF-EM survey suggesting the VLF-EM structures may be the host to sulphide enrichment. Also noted are scattered isolated anomalous geochemical responses which may in fact reflect the narrow nature of the VLF-EM structures (<2m) and the sample density of 25m to 50m sample intervals. A closer sample spacing in these areas may better define potential mineralized trends. In the northern grid area anomalous Cu-Ag geochemical results are concentrated along the break in slope and primarily overlie the Anarchist Group volcanics along its contact with the Middle Jurassic aged Nelson Plutonic rocks. As noted at several mineralized occurrences, Anarchist rocks are often located in close proximity to mineralization and as such enrichment in the Cu-Ag soil geochemical results in the northern grid may in fact be due to the proximity of this contact with NE-SW trending VLF-EM conductors located in this area. The broadly elevated copper soil results may also in part suggest enrichment is due to down slope migration with a concentration of elements occurring at the break in slope. Single and multi-line anomalous results for both copper and silver are noted at the end of lines between the two grids and along soil line 9200. Open ended anomalous results suggest additional mineralized zones may occur between the two grids which will require in fill sampling to better define any trends.

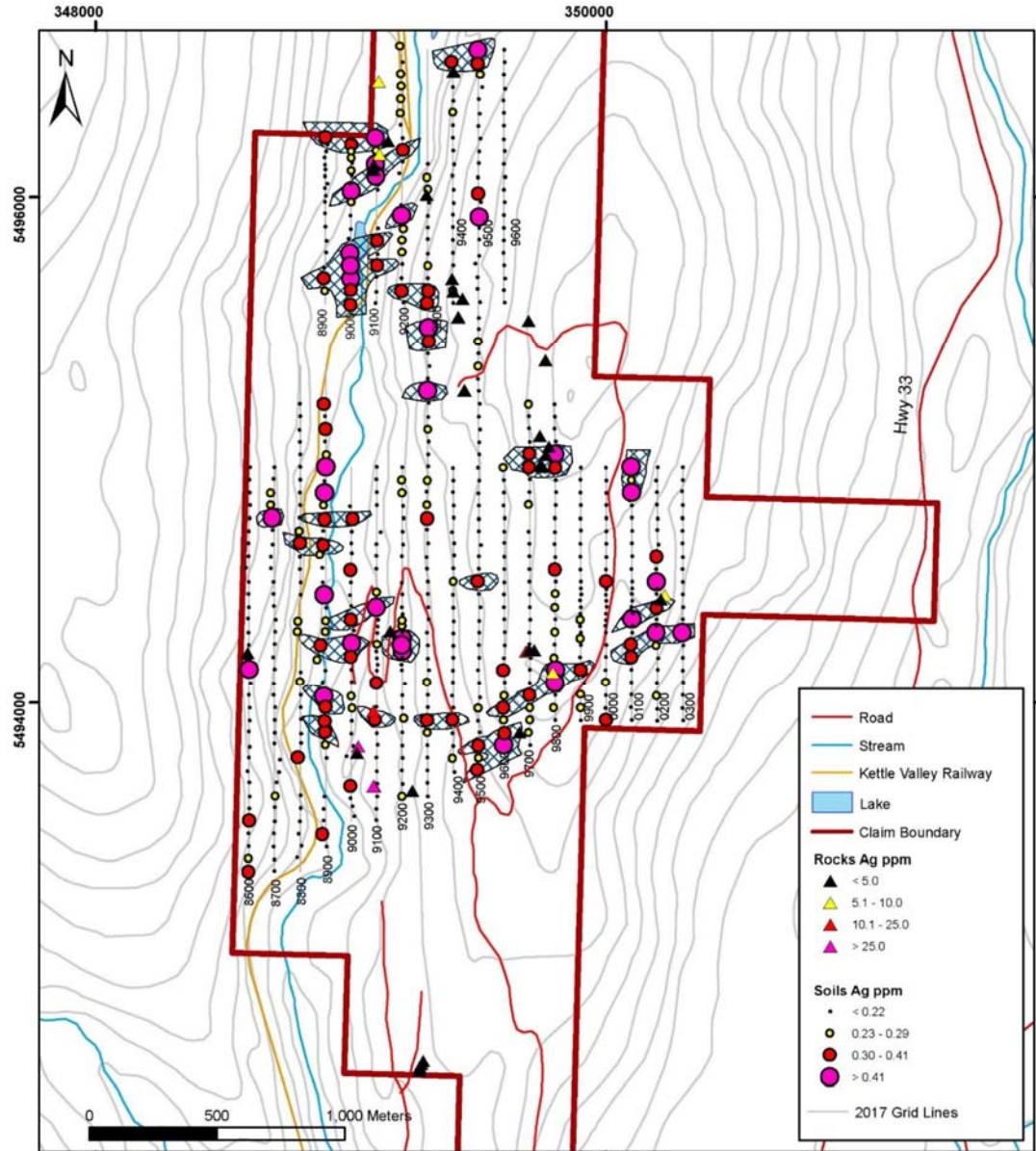


Figure 5
2017 Geochemical Results
Ag ppm

Topo Source: Geogratis

Explorex Resources Inc.		
Arlington Property Greenwood Mining Division		
NTS 82E/11	Scale: 1:20,000	Date: Aug 30, 2019 UTM NAD83 Zone 11

Figure 5: 2017 Silver Soil Geochemistry

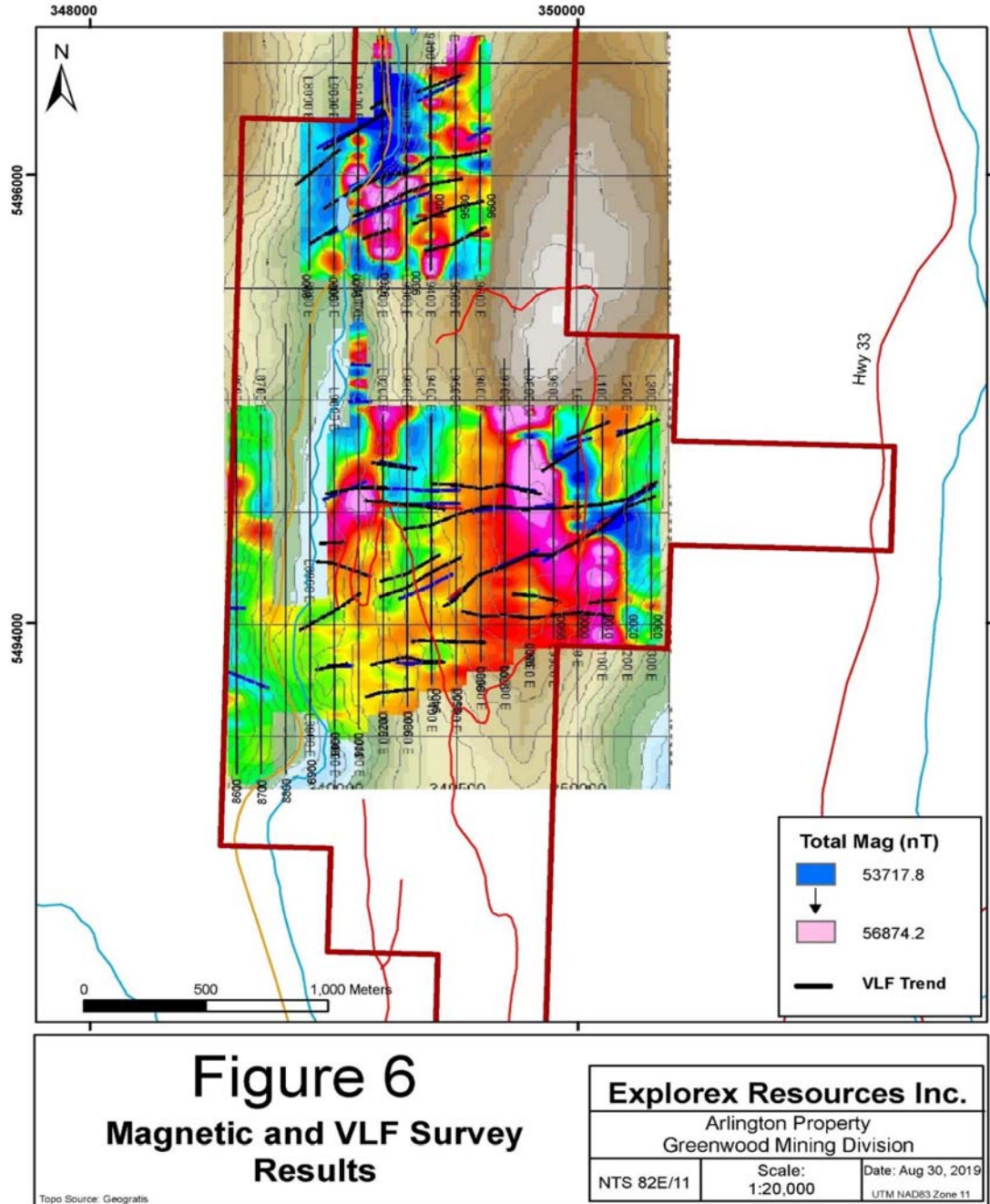


Figure 6: 2017 Magnetic and VLF Survey Results

2018 Clarmin Exploration Inc. The 2018 field program at the Arlington Project was completed over a 7-day period from May 24 to May 30, 2018. A field crew consisting of a four-man soil sampling team and a two-man prospecting team completed the program resulting in the collection of 7 rock grab samples and 268 B horizon soil samples covering 109.0ha of land. The 2018 exploration field program was funded by Clarmin Exploration Inc. totaling \$47,379.46.

The soil sampling program was designed to follow up on anomalous soil and rock geochemical results received in 2017 from both the north and south soil grids. Infill soil sample lines have now completed the coverage between the two grids east of the Kettle Valley Railroad. Additional grid lines were emplaced to the south of the southern

grid. The southern extension of the soil lines were completed along the east side of the claim group to the southern claim boundary to locate the Black showing. Following the location and examination of the Black showing, it was noted that the trend of the mineralized structure was oriented in a near north-south direction so a series of east-west trending soil lines were established and soil sampled to evaluate the on-strike potential of the Black Minfile occurrence.

The results of the 2018 soil sampling program expanded the area of anomalous copper and silver soil results through the sampled area between the two grids (Figure 7, Figure 8). Much of the anomalous copper in soil results located along the west side of the northern grid reflects the presence of the underlying Anarchist Group volcanics. A sample of Anarchist hosting a small cm scale quartz vein with rare pyrite and malachite stain returned 414.4ppm Cu, 1.68g/t Ag (Sample #1750355).

At the Black Minfile Occurrence a series of trench's and small test pits exposed a 20cm wide quartz vein trending at 153° dipping 53° to the south west. A grab sample of the quartz vein hosting chalcopyrite, molybdenite and pyrite returned anomalous results of 1.051% Cu, 37.65g/t Ag, 0.13g/t Au and 3,556.44ppm Mo (Sample #1750352).

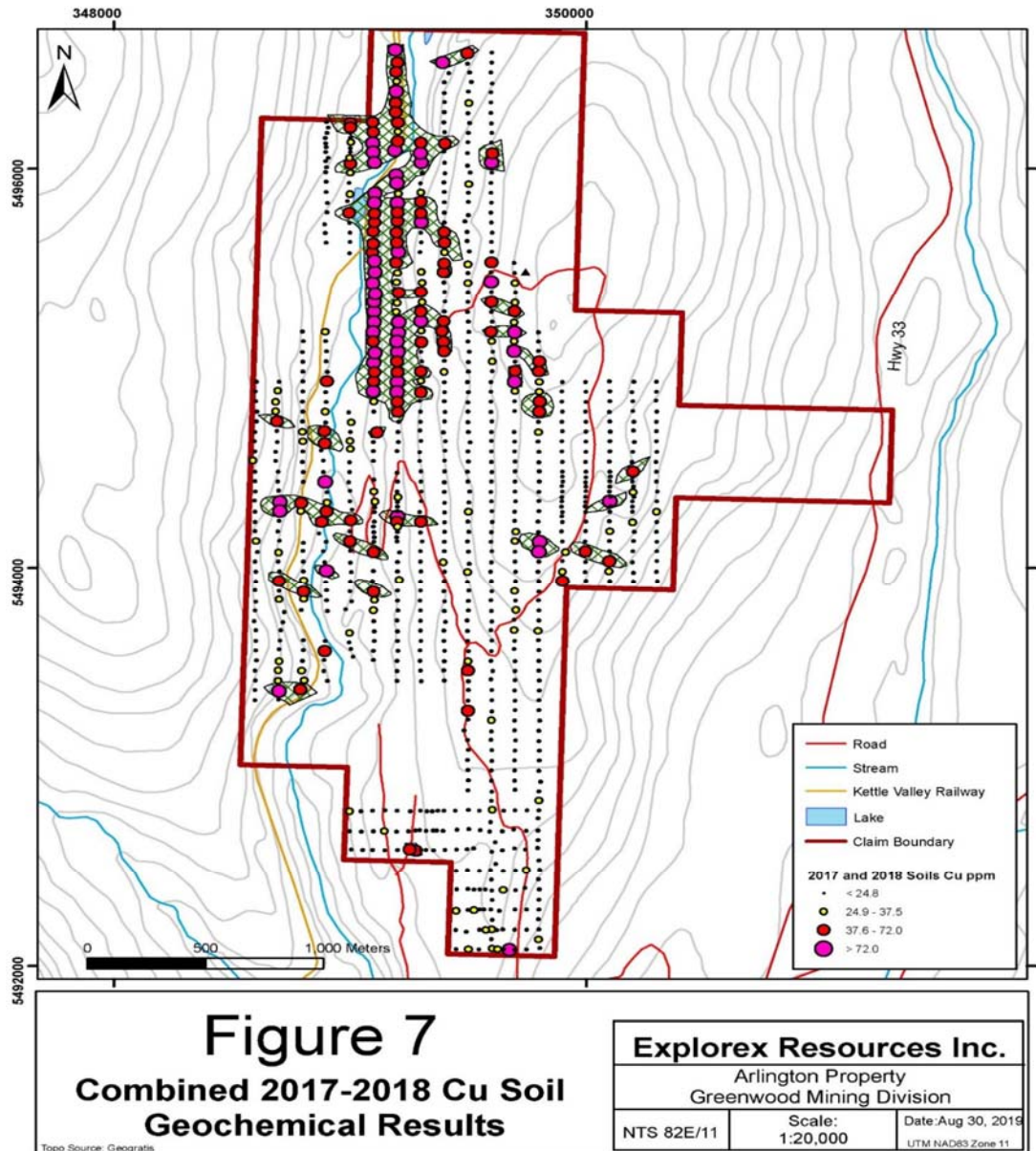


Figure 7: Combined 2017-2018 Copper Soil Geochemistry Results

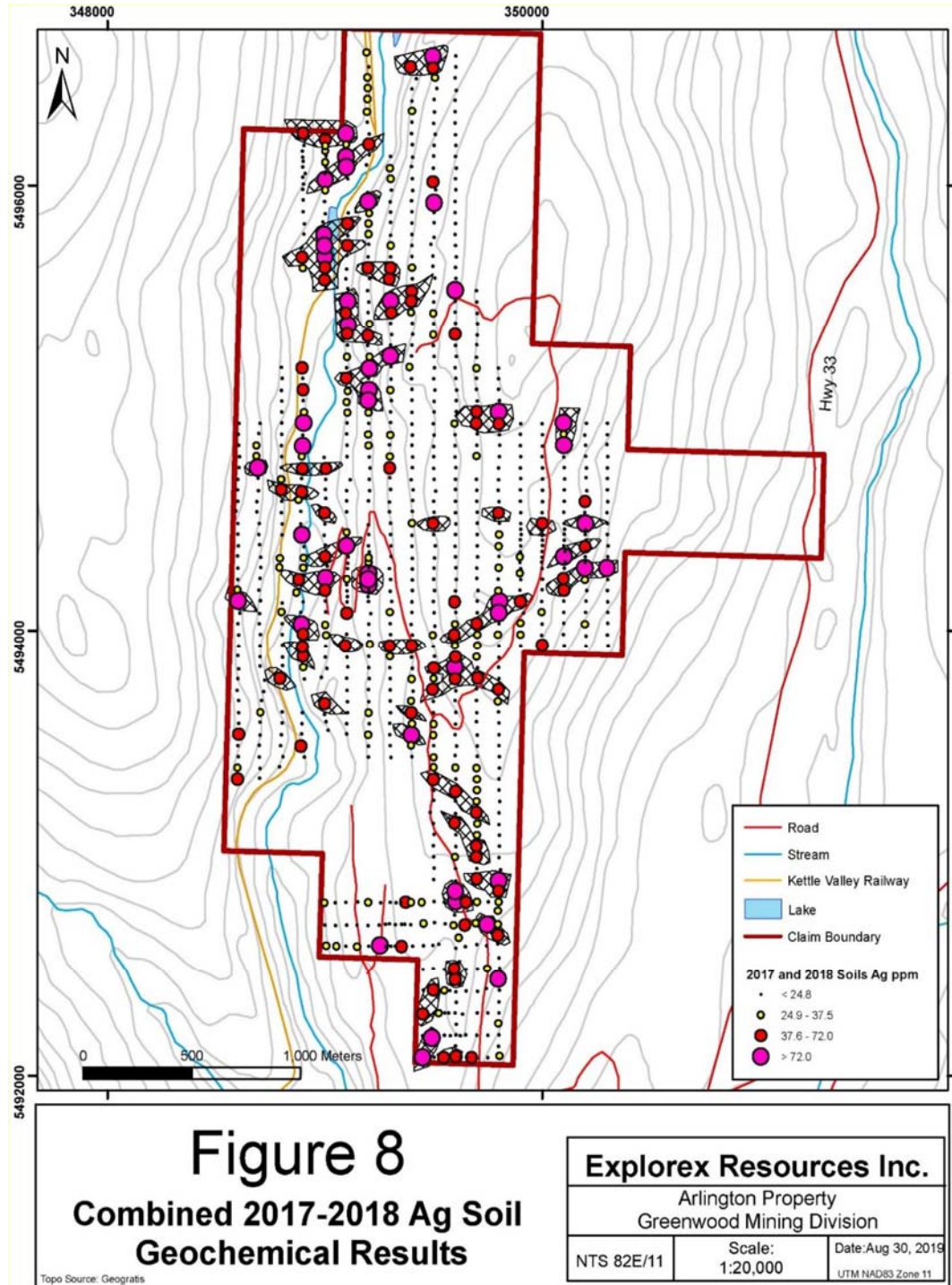


Figure 8: Combined 2017-2018 Silver Soil Geochemistry Results

Approximately 45m to the south along strike of the Black showing is a historical trench where a grab sample of quartz vein material containing pyrite, chalcopyrite and molybdenite mineralization returned 4,358ppm Cu, 16.72g/t Ag, 0.117gm Au and 9,348.75ppm Mo (Sample #1750354). A second trench was located 41m further to the south of Sample #1750354 where heavy red iron oxide and malachite staining was associated with narrow cm scale quartz veining. A sample of the altered quartz vein material returned 2013.1ppm Cu, 3.32g/t Ag and 3,829.9ppm Mo (Sample #1750353). An east-west oriented soil grid covering the Black showing and its extension failed to

return any significant copper soil results with elevated and anomalous silver soil results occurring only as scattered single point anomalies. Significant 2018 rock sample results are highlighted in Table 4.

Table 4: 2018 Rock Sample Results

Sample Number	Type	Copper (ppm,%)	Silver (ppm)	Au (ppm)	Molybdenum (ppm)	Lead (ppm)	Zinc (ppm)
1750351	Grab*	9.3	0.13	0.001	8.76	3.3	18
1750352	Grab*	1.051%	37.65	0.13	3556.44	3.5	37
1750353	Grab*	2013.1	3.32	0.027	3829.19	3.7	53
1750354	Grab*	4538.0	16.72	0.117	9348.75	7.8	136
1750355	Grab*	414.4	1.68	0.001	12.92	6.9	12
1750356	Grab*	89.9	0.23	0.001	6.31	9.1	87
1750357	Grab*	2.8	<0.005	<0.001	1.78	1.0	37

**Grab samples by nature are selective and therefore may not be representative of the mineralization being evaluated.*

4.3.4 Geological Setting- Regional, Local and Property Geology

(a) Regional Geology

The regional geology of the Penticton map sheet (NTS 82E) was mapped and compiled by D. Templeman-Kluit and published in 1989 as GSC Open File 1969. Kluit has mapped four dominant rock types in the surrounding area of the Arlington Project (Figure 9). The oldest rocks in the district belong to the Paleozoic Anarchist Group which is Carboniferous to Permian in age and has been correlated with the Wallace Formation in the Beaverdell Camp. The Anarchist Group consists of metamorphosed mafic volcanics with lesser amounts of sediments. The unit weathers to a dense dark green color and is typically recessive occurring as amphibolite, greenstone, quartz chlorite schist, quartz biotite schist and minor serpentized peridotite. The Mesozoic Nelson Plutonic Rocks are middle Jurassic in age and have been correlated with granodiorite of the Westkettle Batholith which underlies the Beaverdell Mining Camp and is host to vein type Ag-Pb-Zn mineralization. The rocks are massive to moderately foliated and medium grey in color occurring as medium to coarse grained equigranular hornblende biotite granodiorite, quartz diorite, diorite and granite. The Nelson Plutonic Rocks are likely genetically related to the Okanagan Batholith. The Okanagan Batholith is the most prominent rock in the region, bordering nearly all other rock types. The Middle to Early Mesozoic Okanagan Batholith is Cretaceous and/or Jurassic in age and occurs as a massive, light grey weathered, medium to coarse grained, equigranular to porphyritic and weakly to non-foliated biotite granodiorite to granite and includes undifferentiated granodiorite of the Nelson Plutonic Suite, age is poorly constrained. The Eocene Marron Group, located to the west of the property, is the youngest unit in the area and is described as an undifferentiated andesite, dacite and trachyte.

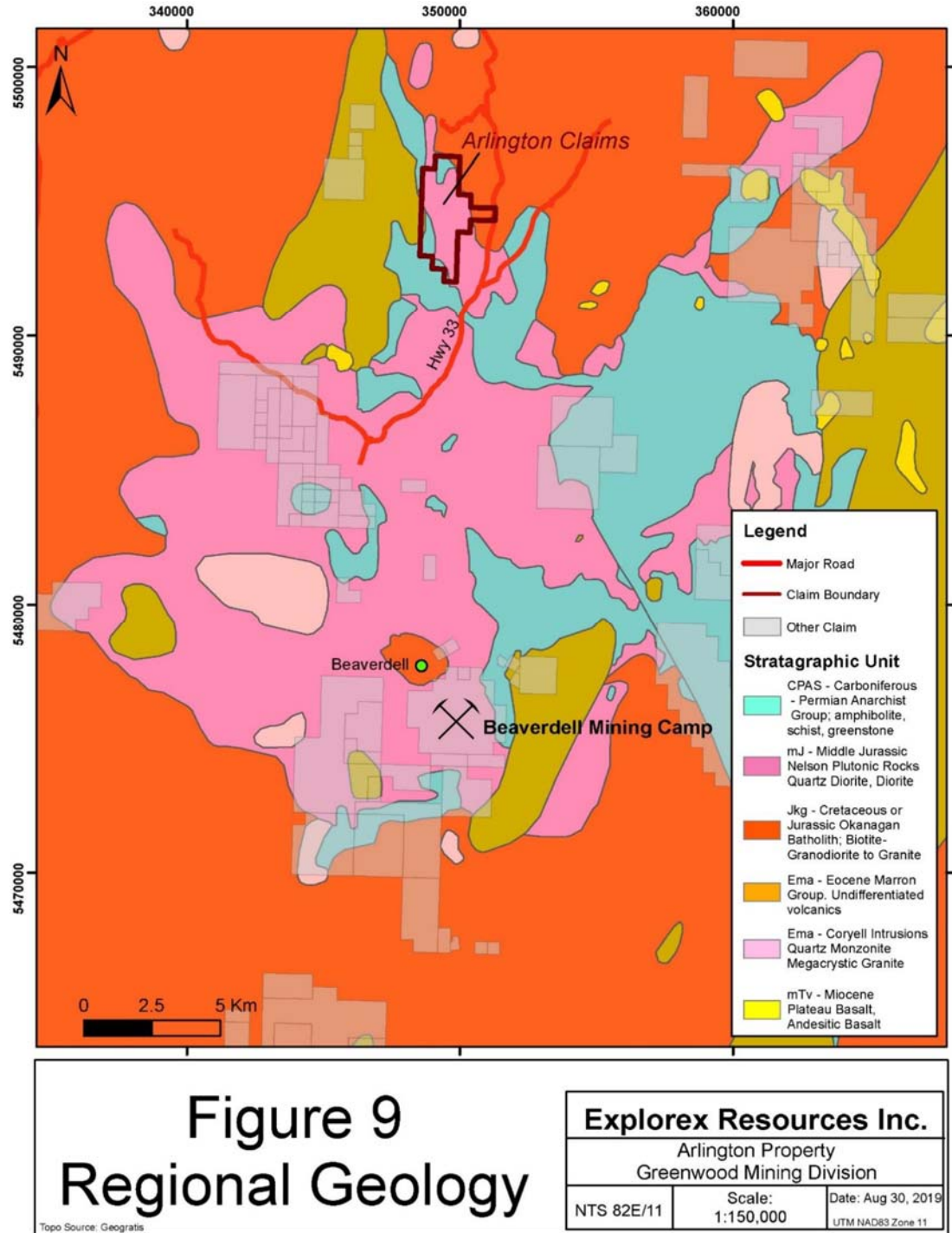


Figure 9: Regional Geology

(b) *Property Geology*

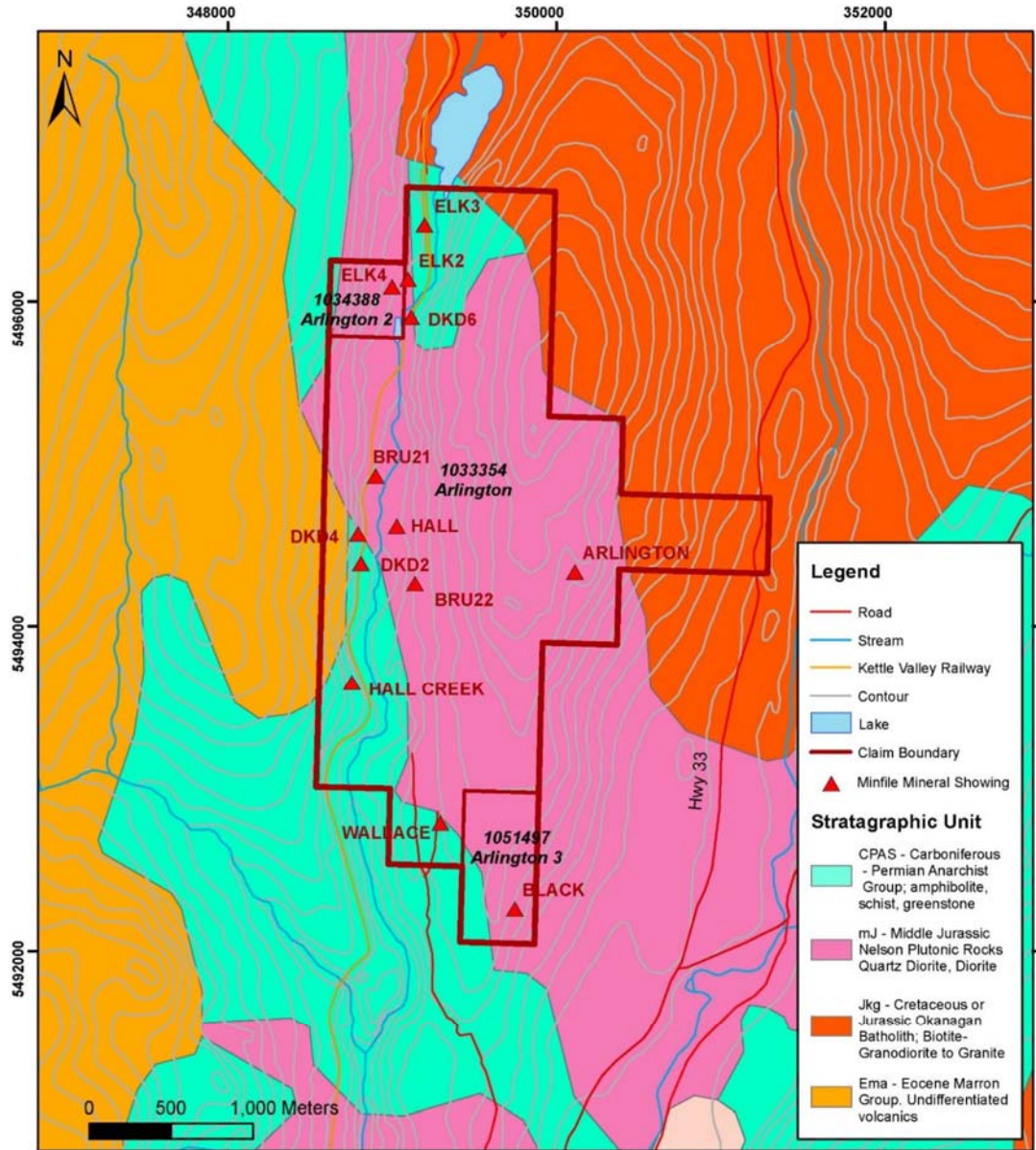
The Arlington Claims are underlain by four distinct units; variations within these units are due to the degree of alteration present. The local geology is illustrated in Figure 10. Diorite and quartz diorite of the Nelson Plutonic suite are the most common units underlying the claim; variations within these units are largely due to the intensity of alteration. The Diorite is grey-pink in color and fine grained containing approximately 85% plagioclase feldspar, +/- 5% quartz and +/- 10% mafic minerals as biotite or

hornblende. The diorite is most commonly gneissic; the degree of the gneissic banding is variable from quite tight to fairly broad. Alteration of the diorite becomes more apparent as one approaches the contact with the Carboniferous to Permian aged Anarchist group rocks and close to major zones of shearing. With increased proximity to the contact, the gneissic banding becomes tighter along with an increase in the intensity of shearing and fracturing. The diorite is chloritized, silicified and locally serpentinized close to the contact. Fractures and shears are developed and healed by quartz, K feldspar and epidote. The altered diorite is noted as a favorable host for quartz veining and chalcopyrite +/- galena, sphalerite, molybdenum, silver, gold mineralization.

Along the western side of the Arlington Project, roughly parallel to the trace of Hall Creek, is a north-south trending horizon of at least two bodies of intensely altered basic rock belonging to the Carboniferous to Permian aged Anarchist Group greenstone. The unit is generally a dense, dark green flaky chlorite biotite hornblende schist, frequently containing magnetite, pyrite and chalcopyrite as accessory minerals. Wherever this unit was encountered, the rock was strongly fractured, quite magnetic and locally brecciated with quartz, K feldspar and epidote breccia-fracture filling and veining. The contact between the Anarchist Group rocks and the Nelson Plutonic suite is sinuous, trending north northwest.

In the north east and eastern portion of the Arlington Project is porphyritic granite of the Okanagan Batholith. The contact between the granite and diorite is irregular and in places fingers of the porphyritic granite are noted to invade the bounding diorite as long dyke like bodies. Rocks of the Okanagan Batholith are light grey in color with sub centimeter scale quartz eyes set in a fine grained groundmass of quartz and feldspar. Where encountered, the granite is very uniform and equigranular with little to no alteration.

The Eocene aged Marron Group is the youngest stratigraphic unit on the property consisting of undifferentiated andesite, dacite and trachytic volcanic rocks located along the western claim boundary.



**Figure 10
Local Geology**

Explorex Resources Inc.		
Arlington Property Greenwood Mining Division		
NTS 82E/11	Scale: 1:30,000	Date: Aug 30, 2019 UTM NAD83 Zone 11

Topo Source: Geogratis

Figure 10: Property Geology

Structurally, the stratigraphy underlying the Arlington Claims vary in strike from northwesterly in the south part of the Arlington Claims to northeasterly in the northern part of the property with an apparent warp in the stratigraphy in the central portion of the Arlington Claims. The stratigraphy generally dips steeply to the east or is vertically inclined. Best outcrop exposures are located along the Kettle Valley Railroad right-of-way. Here zones of shearing and fracturing are noted which generally trend at approximately 130 degrees. Many of these structural zones were found to host chalcopyrite mineralization in both quartz veins and fractured wallrock.

4.3.5 Exploration Information

Explorex has not completed any exploration programs on the Arlington Project since June 2015 (Assessment Report #36,026). The last recorded published work on record was in May 2017 by Clarmin (AR36,956), reporting on the results of a prospecting, geochemical and geophysical exploration program on the Arlington Project. In May of 2018, Clarmin funded a soil geochemical and prospecting program, no assessment report was submitted. Clarmin returned the Arlington Project back to Explorex in late 2018 along with soil and rock sample results from the 2018 exploration field program. No additional work on the property has been completed since the 2018 exploration field program by Clarmin.

4.3.6 Mineralization

There are thirteen (13) BC Minfile showings located within the Arlington Project boundary as illustrated in Figure 10. From north to south these Minfile occurrences are the ELK 3, ELK 2, ELK 4, DKD 6, DKD 4, DKD 2, ARLINGTON, HALL, BRU 21, BRU 22, HALL CREEK, WALLACE and the BLACK showings. All of these showings were first discovered and worked on during the early part of the 1900's. More recent assessment work completed on the Arlington Project located, described and sampled the historical workings. Mineralization on the Arlington Project is noted to occur in three general forms.

(i) Chalcopyrite, sphalerite, galena and molybdenum are hosted in quartz veins which cut altered diorite intrusive rocks (Minfile 082ENW043).

(ii) Disseminations and replacements of chalcopyrite, pyrite and specular hematite in and around shear zones within a strongly jointed and altered gneissic diorite to quartz diorite intrusive hosting frequent quartz feldspar veining and greenstone rock units. The diorites to quartz diorite host are generally strongly chloritic and silicified. This style of mineralization is perhaps the most common on the property (Minfile 082ENW045).

(iii) Disseminations of magnetite, pyrite and chalcopyrite in highly altered basic rocks. This style of mineralization is confined to a north-south trending zone which parallels Hall Creek and the KVR right-of-way. Mapping by the G.S.C. identifies this unit as a greenstone belonging to the Anarchist Group. Previous claim holders describe this unit as a dense dark green flaky chlorite biotite hornblende schist, thought to be a dyke or sill like body (Minfile 082ENW015).

A summary of the Minfile occurrences located within the Arlington Project are contained in Table 2. The source of the information listed in Table 2 is from historical Assessment Reports (AR) gained from the British Columbia Geological Survey Branch, Assessment Report Indexing System (ARIS) website as listed in Section 27.0 of the Technical Report.

Table 5: Property MINFILE Details

Minfile Name	Minfile Number	Status	Mineralization	Details
ELK 3	082ENW038	Showing	Cpy, Py, Magnetite	No analysis
DKD 6	082ENW044	Showing	Cpy, Py, Magnetite	Grab: 0.16% Cu Assessment Report(AR) 24,921
ELK 2	082ENW005	Showing	Mo, Cu, Zn	Grab: 2,336.3ppb Au, 243.8ppm Ag, AR 36,026

ELK 4	082ENW006	Showing	Cpy	Grab: 6.9ppb Au, 1,095ppm Mo. AR 36,026.
DKD 4	082ENW043	Showing	Cpy	Grab: 6.1g/t Au, 8.7g/tAg,0.18% Cu AR 24,921
DKD 2	082ENW041	Showing	Cpy	Grab: 0.21% Cu, 11.8g/t Ag. AR 24,921
Arlington	082ENW015	Showing	Cpy, Py	Chip: 0.92%Cu, 63g/tAg over 0.6m AR 4,720 Grab: 38.6ppb Au, 131gm/t Ag, 2.557% Cu, 1168.9ppm Pb. AR 36,026
Hall	082ENW065	Showing	Cpy	Grab: 14.2ppb Au, 1,854.1ppm Cu. AR 36,026
Bru 21	082ENW042	Showing	Cpy	No Analysis
Bru 22	082ENW045	Showing	Cpy, Py, Hematite	Grab: 10,891.5ppb Au, 6.5ppm Ag, 614.8ppm Cu. AR 36,026
Hall Creek	082ENW033	Showing	Asbestos	Grab: 4.6ppb Au. AR 36,026
Wallace	082ENW039	Showing	Scheelite, Cpy	Grab: 0.15%Cu AR 17,030
Black	082ENW061	Showing	Cpy, Ag, Mo, Au	Composite chip sample: 52.69g/t Ag, 0.68g/t Au, 1.72% Cu, 1.19% Mo. AR 17,030

A brief description of each of the Minfile occurrences on the Arlington Project is included below.

ELK 3: The ELK 3 showing (MINFILE Number **082ENW038**) is exposed on the east side of a railway cut located approximately 250m south of Arlington Lakes. The showing consists of a hornblendite outcrop containing chalcopyrite and pyrite as fine disseminations and in quartz calcite stringers. Magnetite is common, as finely disseminated grains and in fracture fillings. The hornblendite appears to be a mafic intrusion in the Carboniferous-Permian Anarchist Group rocks. These are in contact with Cretaceous Okanagan Batholith to the north. Included with the ELK 3 is an outcrop located approximately 320 meters to the northeast of the main showing where copper mineralization was noted.

DKD 6: The DKD 6 showing (MINFILE Number **082ENW044**) is located 1kilometer south of Arlington lakes. The showing occurs in an unnamed Middle Jurassic intrusion near the east contact of a north-south trending band of Carboniferous-Permian Anarchist chlorite-biotite schist. An adit at the site was driven eastward on a quartz vein of unknown width. Disseminated magnetite, pyrite, chalcopyrite are noted within highly altered Anarchist Group rocks. Associated with the DKD 6 are two copper occurrences hosted in Anarchist chlorite-biotite schist located 100m to the northwest, disseminated chalcopyrite blebs in Anarchist chlorite biotite schist located 200m to the southwest and a copper occurrence in diorite located 250m to the west of the adit.

ELK 2: The Elk 2 showing (MINFILE Number **082ENW005**) is located 500m south of Arlington lakes and 160m west of the Kettle Valley Railroad right of way. The showings consist of several mineralized quartz veins and a series of adits, trenches and a short shaft. Quartz veins vary from 60cm to 1.8m wide hosting chalcopryrite, sphalerite and molybdenite.

ELK 4: The Elk 4 showing (MINFILE Number **082ENW006**) is exposed on the east side of a small pond about 750m south of Arlington lakes. The showing consists of a 2.5m deep pit which exposes a quartz vein hosting pyrite and chalcopryrite within granodiorite.

DKD 4: The DKD 4 showing (MINFILE Number **082ENW043**) is located 1.6 kilometers south of Arlington Lakes. The showing occurs in quartz diorite of a Middle Jurassic intrusion which is in contact with an altered gneissic diorite. The altered diorite is strongly chloritized, silicified and locally serpentinized. The showing occurs within a northwest-southeast trending, steeply dipping narrow shear zone along a railway rock cut exposure. Copper mineralization consists of chalcopryrite with abundant iron oxides, specular hematite, epidote, chlorite and biotite. Malachite staining of the outcrop exposure is also noted.

DKD 2: The DKD 2 showing (MINFILE Number **082ENW041**) is located 1.9 kilometers south of Arlington lakes. The showing consists of a mineralized outcrop on the Kettle Valley right-of-way. Mineralization is hosted by a Middle Jurassic quartz diorite intrusion which is in contact with an altered gneissic diorite. The altered diorite is strongly chloritized, silicified and locally serpentinized. The showing consists of a west-northwest trending shear zone that dips 80degrees to the south. Mineralization includes chalcopryrite with limonite, specular hematite, epidote, chlorite and biotite. Malachite staining is present on the outcrop. Greenstone of the Carboniferous-Permian Anarchist Group is located approximately 50 meters to the south.

ARLINGTON: The Arlington showing (MINFILE Number **082ENW015**) is located on the southeast slope of Arlington mountain. The Arlington mountain area has numerous old workings, pits and adits dating back to the early 1900's. The showing occurs near a contact between a Middle Jurassic quartz diorite intrusion and chlorite hornblende schist which may be part of the Carboniferous-Permian Anarchist Group. The showing has been trenched and a shaft/pit dug. A 1936 description describes the showing as a brecciated zone partly cemented with quartz and calcite and mineralized with chalcopryrite and pyrite and said to carry values in both silver and copper. Assessment work in 1987 suggested the dominant lithology at this location is granite gneiss. A channel sample taken in 1973 assayed 0.92% copper and 63 grams per tonne silver over 60cm. A high grade grab sample in 1987 assayed 1.61% copper, 0.08% lead, 0.02% zinc and 85.3grams per tonne silver.

HALL: The Hall showing (MINFILE Number **082ENW065**) is located 1.6 kilometers south of Arlington lakes. The showing occurs within Middle Jurassic quartz diorite which lies near the west contact of a north-south trending band of Carboniferous-Permian Anarchist chlorite-biotite schist. An adit is located at the site and has been driven eastward on a quartz vein within a shear zone striking 015 degrees and dipping 60 degrees west. Copper mineralization is reported.

BRU 21: The Bru 21 showing (MINFILE Number **082ENW042**) is located 2 kilometers south of Arlington Lakes. The showing consists of two mineralized outcrops, 300 meters apart along the Kettle Valley Railway right-of-way and an adit 75 meters east of the railway. The showings are hosted by greenstone of the Carboniferous-Permian Anarchist Group. Chalcopryrite is noted at this location, no other information is

available. A number of copper occurrences are found in this general area, but they are associated with quartz veins and shear zones in diorite, not greenstone.

BRU 22: The Bru 22 showing (MINFILE Number **082ENW045**) is located 2.5 kilometers south of Arlington lakes. The showing consists of three (3) adits driven eastward on a shear hosted quartz vein trending in a northwest-southeast direction. The shear zone cuts through quartz diorite of a Middle Jurassic intrusion. Hematite is noted to occur in the shear zone, and it is reported that disseminated chalcopyrite and pyrite are commonly associated with specular hematite in and around shear zones in diorite on the property. The general area has numerous old workings, pits and adits which date from the early 1900's.

HALL CREEK: The Hall Creek showing (MINFILE Number **082ENW033**) is located approximately 3.0 kilometers south of Arlington lakes, on the west side of Hall Creek canyon. The showing consists of asbestos veins which cut through a serpentinized peridotite of the Carboniferous-Permian Anarchist Group. The serpentine and asbestos occur in the lower 3 meters of a sill-like black saxonite porphyry which is 20 meters thick. The serpentine occurs as green bands in the black rock and the asbestos occurs in little veinlets in the serpentine. The bands and veinlets are more or less parallel to the lower contact of the sill. The asbestos veins rarely exceed 2.5 centimeters thick.

WALLACE: The Wallace skarn showing (MINFILE Number **082ENW039**) is located approximately 3.7 kilometers south of Arlington lakes. Scheelite, as noted in this section, occurs in quartz veinlets within a limestone pendant of the Carboniferous-Permian Anarchist Group which has been altered to garnet and epidote. The garnet and epidote may be as a result of high grade metamorphism. The skarn is hosted by a Middle Jurassic quartz diorite. Evaluation of the showing in 1987 (Assessment Report 17030) identifies both Scheelite and chalcopyrite mineralization at this location (796ppm W and 0.15% Cu).

BLACK: The Black showing (MINFILE Number **082ENW061**) is located at the southern end of the Arlington claim group and 4.5km south of Arlington Lakes. The showing consists of a quartz vein hosted in an unnamed Middle Jurassic gneissic quartz diorite intrusive located near the west contact of a north-south band of Carboniferous-Permian Anarchist chlorite, biotite schist. A composite quartz vein sample containing chalcopyrite and molybdenite mineralization assayed 1.72% copper, 1.54oz/t Ag, 1.19% Mo and 0.02 oz/t gold (Assessment Report 17,030).

4.3.7 Drilling

No drilling has been carried out on the Arlington Project to the Author's knowledge.

4.3.8 Sampling, Analysis and Security of Samples

To the best of the Author's knowledge, historical work was completed to industry best practices of the time. Procedures for sampling, sample handling and security by Clarmin and Exporex are believed by the Author to be adequate for the purposes of the Technical Report.

Rock samples collected during the 2015 field program were securely stored at the company's field facilities and were hand delivered by Coast Mountain Geological Ltd staff to Bureau Veritas Mineral Laboratories Canada located in Vancouver, B.C. Rock and soil samples collected during the 2017 and 2018 field programs were securely stored at the

company's field facilities and were hand delivered to MS Analytical Services in Langley, B.C.

During the 2017/2018 field programs, soil samples were collected along north-south trending compass and GPS survey lines with east-west trending soil lines at the south end of the Arlington Project over the Black Shoving. Soil samples were collected at 25 to 50-meter intervals. At each of the soil sample sites, a hole was dug with a Geo Tool to depths varying from 5cm to 25cm to collect a B Horizon soil sample. The sample site is marked by flagging tape and inscribed with the line and station number for future reference. A standard Kraft soil sample bag was used for sample collection. The soil was placed in the Kraft sample bag, folded closed and secured by flagging tape. The station and line number were recorded on the outside of the bag with an indelible magic marker. Notes were taken at each soil sample site recording the samples GPS location, depth of sample, soil color, % silt and clay and the soil horizon sampled. General notes document slope direction, topography and any features which may influence the sample results ie proximity to muck piles and trenches etc.

Rock samples collected during the 2015, 2017/2018 field programs were placed in clear, heavy gauge plastic sample bags along with a unique sample tag number for identification. The sample tag number was also inscribed by an indelible black marker on the outside of the plastic bag for identification. The bag was tightly sealed using flagging tape. Field notes were kept recording the rock sample number, the samples location in NAD 83, Zone 11 UTM coordinates provided by a hand held GPS and notes describing the rock type encountered, identify and estimate the percent sulphide contained in the rock sample, the attitude of any structural components ie fault and shears, bedding, schistosity, quartz vein attitude etc.

During the 2017/2018 soil sampling programs, the soil samples were first analyzed using a Thermo Scientific NITON Model XL3T 950 XRF Analyzer with Gold Package by a NRCan-certified operator. Two tablespoons of soil were removed from the 4inch X 6inch kraft soil sample bag and placed on a clean sheet of poly plastic. Any visible pebbles and organic matter were removed from the sample, a clean sheet of "Saran" wrap was placed over the sample and compacted to reduce air voids. The sample number was entered into the analyzer and the unit was set to Soil Sample Analysis – All Geo mode. The analyzer ran for a full 30 seconds, the preset time for which the main filter determines the element values. The main filter analyzes for Mo, Zr, Sr, U, Rb, Th, Pb, Au, Se, As, Hg, Zn, W, Cu, Ni, Co, Fe, and Mn with results reporting in parts per million (ppm).

The Thermo Scientific NITON Model XL3T 950 XRF Analyzer performs a spot measurement of the sample, examining an area of approximately 1cm in diameter and 0.1-3mm in depth. For each sample analysis the main, low, and high filters of the XRF were activated for 30 seconds each. The XRF results are qualitative when compared to assay results, and XRF results may not always be as quantitatively accurate as standard ICP or fire assay methods. Nevertheless, XRF analysis is useful in qualitatively identifying anomalous samples from background. For each sample the measurement is accompanied by a variable 2σ error, specific for each element detected, which gives the reliability of the analysis. It is important to note that this error is not only different for each element within a given sample, but varies between samples for the same element. Errors were reduced by thoroughly drying the samples, as well as pressing the material to eliminate air pockets between grains. The XRF did not have a low enough detection limit to analyze for gold and silver.

In 2015, rock samples submitted to Bureau Veritas Mineral Laboratories were prepared utilizing sample preparation code PRP70-250 where the sample is crushed to $\geq 70\%$ passing 2mm and then pulverizing 250g to $>85\%$ passing 200 mesh. The sample is then

analyzed using analytical code AQ201, an aqua regia digestion with 36 element ICP-ES/MS analysis based on a 15g sample. Overlimit analysis were completed for Cu and Ag using method code AQ374, a modified Aqua regia digestion reporting percent level Cu (ppm for Ag) concentrations as determined by ICP-ES.

Bureau Veritas laboratories are recognized as Accredited Laboratories for specific tests by the Standards Council of Canada (SCC), the Canadian Analytical Laboratories Association (CALA) and/or the Ministry of Sustainable Development, Environment and Climate Change (MDDELCC). Bureau Veritas Mineral Laboratories is independent of the Explorex and Spinco.

Rock and soil samples collected in 2017/2018 were submitted to MS Analytical Services in Langley BC. MS Analytical is an ISO 9001 and ISO/IEC17025 certified commercial lab with over 25 years of experience analyzing geological material. MS Analytical Services is independent of Explorex and Spinco.

Rock samples submitted to MS Analytical were first prepped utilizing method code FAS-415 where the rock samples are dried and crushed to 70% passing 2mm. A 250g representative split is taken and pulverized to 85% passing 200 mesh. A 20g sub sample of the undersized fraction is then digested in dilute aqua regia and finished by an ICP-AES/MS analysis using method code IMS-111. Overlimit base metal results were re-analyzed using method code ICF-6, a four acid ICP-AES/MS analysis while gold overlimits were re-analyzed using method code FAS-415, a 30g fire assay analysis with a gravimetric finish. Soil samples submitted to MS Analytical were prepped using method code PRP-757 where the sample was dried and screened to 80mesh discarding the plus fraction. A multi-element analysis was completed utilizing method code IMS-111 where a 20g sample is digested by dilute aqua regia and finished by ICP-AES/MS analysis.

Due to the early stage of the exploration work and the medium being sampled, controls and standards were not inserted into the sample stream; MS Analytical and Bureau Veritas Mineral Laboratories provided in house QA/QC with suitable blanks, standards and duplicates which were inserted into the sample stream at fixed intervals with the results evaluated and reviewed prior to release.

In the Author's opinion, the adequacy of sample preparation, security, and analytical procedures were suitable for the purpose of the work conducted.

The Arlington Project has several zones of known mineralization that were explored in the early 1900's. Not all of this historical work is documented, and most of the old workings are badly sloughed so that mineralization is not well exposed. Very little modern exploration work has been completed on the Arlington Project. The available data from these past exploration programs have been reviewed by the Author. Most of this historical work appears to have been conducted in accordance to standard industry practices of the time. Exploration programs completed by Coast Mountain Geological Ltd in 2015, 2017 and 2018 was also evaluated and in the Author's opinion have been carried out to current industry standards.

The Author visited the Arlington Project on September 12, 2019 to verify the location of the Arlington Claims and the access to them. The Black MINFILE occurrence was examined as were soil geochemical sample sites in the immediate area. Representative samples from the Black showing were collected. While the content of the historic material appears to be accurate, the Author not validated mineral concentrations data from original laboratory certificates or otherwise confirmed the authenticity, accuracy or completeness of the historic data. As a result, the actual results from current and future programs may be more or less favorable.

It is the opinion of the Author that the adequacy of the data is of sufficient quality for the purposes of the Technical Report.

4.3.9 Mineral Resources and Mineral Reserves

No mineral processing or metallurgical testing has been carried out by Explorex or Spinco.

No mineral resource estimates have been carried out by Explorex or Spinco and there are no reports of any previous parties doing so in the past.

No mineral reserve estimates have been carried out by Explorex or Spinco and there are no reports of any previous parties doing so in the past.

4.3.10 Mining Operations

No studies of mining methods have been carried out by Explorex or Spinco.

No studies of recovery methods have been carried out by Explorex or Spinco.

No studies of infrastructure requirements have been carried out by Explorex or Spinco.

No marketing studies or contract negotiations have been carried out by Explorex or Spinco.

No environmental, permitting, social or community impact studies have been carried out by Explorex or Spinco.

No capital or operating cost studies have been carried out by Explorex or Spinco.

No economic analysis has been undertaken by Explorex or Spinco.

4.3.11 Exploration and Development and Recommendations

The Arlington Project covers geologically prospective ground located 16 kilometers north of the historic silver-lead-zinc Beaverdell Mining Camp and 7 kilometers north of the historic past producing Carmi Mine. The Arlington Project covers thirteen (13) historic Minfile Occurrences. Work completed in 2017 and 2018 uncovered 12 additional historic work sites in the form of sloughed in trenches, test pits, short shafts and adits. There has been little effective modern exploration on the Arlington Project, and in the Author's opinion, the Arlington Project is unique in this respect. Good opportunities remain untested on this property while most properties in the area that host showings of similar quality have been more thoroughly explored.

Based on the review of historical data and results of the 2015, 2017 and 2018 field programs, it is concluded that the Arlington Project is a property of merit and possesses good potential for the discovery of copper, silver, gold and other mineralization. Excellent road access and availability of exploration and mining services in the region makes it a worthy exploration target. The description and sample techniques utilized by previous workers are poorly described in the assessment reports and therefore the historical assay results must be considered with caution.

The Arlington Property is in its early stage of exploration. The significant risk for the Arlington Project is the same as all early stage exploration properties and that is there may be no mineral resource in economic quantities. As of the effective date of the Technical Report, the Author was not aware of other significant risks that could affect the viability of the Arlington Project.

Based on the results received to date from the Arlington Project, further work is warranted to advance the Arlington Project.

The recommended field program for 2020 includes the re-establishment of the central portion of the 2017 / 2018 soil geochemical grid. The re-established compass, GPS and flagged survey grid will cover anomalous copper and silver soil geochemical trends as well as several associated historical workings. Flagged survey stations will be established at 50m intervals along the survey lines with north-south oriented grid lines emplaced at 100m intervals. The grid lines will vary in length from 900m to 1,450m. The re-established grid totals 17.3line kilometers. A 2D Induced Polarization survey will be completed over the re-established grid.

A phase 2 NQ sized diamond drill program totaling 400m is designed to test significant results obtained from the Induced Polarization survey.

Based on the above recommendations, the following two-phase exploration program with corresponding budget is proposed. Phase 2 is contingent on the results from Phase 1.

Table 6: Phase 1 Exploration Program Budget

Grid Re-establishment	\$10,300
Room and Board 14 days	\$6,600
Fuel	\$1,500
Data Processing	\$7,500
Mob/ Demob	\$6,250
IP Survey 10 days @ \$6,275/day	\$62,750
<i>SUB TOTAL</i>	<i>\$94,900</i>
Contingency	\$5,100
TOTAL	\$100,000

Table 7: Phase 2 Exploration Program Budget

Diamond Drilling (400m x \$270/m(\$108,000
Backhoe/Cat. Road/Pad construction 30 hrs x \$185/hr	\$5,550
Logging, Sampling, Supervision (Technician + Geologist @ \$1250/day x 20 days)	\$25,000
Assays (30 element ICP, 150 samples @ \$42.00/sample, shipping, QA QC)	\$6,300
Room and Board	\$10,200
Transportation, fuel	\$4,200
Field Equipment and Supplies, Rentals	\$2,400
Preparation, Compilation, Report, Drafting	\$15,000
<i>SUB TOTAL</i>	<i>\$176,650</i>
Contingency 10%	\$17,665
TOTAL	\$194,315

Total Phase 1 and Phase 2: \$294,315

4.4 Issuers with Oil and Gas Operations

Not applicable.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Annual Information

The following table is a summary of selected annual financial information of Spinco for the period from incorporation on September 12, 2019 to December 31, 2019, comprised of the statement of financial

position, statement of changes in equity, statement of cash flows and notes to such statements, derived from the audited financial statements of Spinco for the period from incorporation on September 12, 2019 to December 31, 2019 (the “**Spinco Financial Statements**”) included as Appendix “G” to this Circular.

	Year ended December 31, 2019 (audited)
Revenue	Nil
Net Income (Loss)	Nil
Basic and diluted earnings from continued operations (loss) per share	Nil
Total Assets	\$1
Total Liabilities	Nil

Upon completion of the Arrangement, the Arlington Project will form the primary business of Spinco. As a result, included as Appendix “F” to this Circular are the audited carve-out financial statements related to the Arlington Project and the other Spinco Properties for the years ended March 31, 2019 and 2018, comprised of carve-out statements of comprehensive loss, carve-out statements of changes in equity and carve-out statements of cash flows and notes to such carve-out statements for the years ended March 31, 2019 and 2018, and carve-out statements of financial position as at March 31, 2019 and 2018 (the “**Audited Carve-Out Financial Statements**”).

Also included and attached as Appendix “F” to this Circular are the unaudited interim carve-out financial statements related to the Arlington Project and the Spinco Properties for the six months ended September 30, 2019 and 2018, comprised of carve-out statements of comprehensive loss, carve-out statements of changes in equity and carve-out statements of cash flows and notes to such carve-out statements for the six months ended September 30, 2019 and 2018, and carve-out statements of financial position as at September 30, 2019 and 2018 (the “**Unaudited Carve-Out Financial Statements**” together with the Audited Carve-Out Financial Statements, the “**Carve-Out Financial Statements**”).

The Spinco Financial Statements and the Carve-Out Financial Statements were prepared in accordance with International Financial Reporting Standards.

The following tables set out selected financial information in respect of the Spinout Assets as at and for the year ended March 31, 2019 (audited) and for the six months ended September 30, 2019 (unaudited), all of which is qualified by the more detailed information contained in the Carve-Out Financial Statements included as Appendix “F” to this Circular.

Carve-Out Financials of Explorex Resources Inc.		
Selected Financial Statement Information		
Statement of Comprehensive Loss		
	For the three months ended September 30, 2019 (unaudited)	For the year ended March 31, 2019 (audited)
Expenses		
Consulting fees	\$13,500	\$81,064
General office	\$2,219	\$95,309
Investor relations	\$5,517	\$442,392
Management fees	\$57,400	\$255,875
Professional fees	\$35,986	\$160,127
Property investigation	NIL	\$92,689
Rent	NIL	\$17,550
Share-based payment	NIL	NIL
Transfer agent and filing fees	\$5,021	\$18,328
Travel	NIL	\$4,792
Loss before other items	(\$119,643)	(\$1,168,126)
Gain on forgiveness of debt	NIL	NIL
Reduction of flow-through premium liability	NIL	\$28,434
Write off of exploration and evaluation assets	(\$101,678)	(\$232,284)
Net and Comprehensive Loss	(\$221,321)	(\$1,371,976)

5.2 Quarterly Information

Spinco was incorporated on September 12, 2019 and has not yet completed a financial year, therefore no quarterly information is available.

5.3 Dividends

Spinco has not paid dividends since its incorporation. While there are no restrictions precluding Spinco from paying dividends, it has no source of cash flow and anticipates using all available cash resources toward its stated business objectives. At present, Spinco's policy is to retain earnings, if any, to finance its business operations. The board of directors of Spinco (the "**Spinco Board**" or "**Board**") will determine if and when dividends should be declared and paid in the future based on Spinco's financial position, financial requirements and other conditions existing at the relevant time.

5.4 Foreign GAAP

Not applicable.

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

6.1 General

The following Management's Discussion and Analysis ("MD&A") is as at the date of this Circular relating to the financial information from Spinco's incorporation on September 12, 2019 to December

31, 2019. It includes financial information from, and should be read in conjunction with, the Spinco Financial Statements and the notes thereto, which are attached as Appendix “G” to the Circular, as well as the disclosure contained throughout this Appendix “D” and the Circular. All dollar amounts in this MD&A are expressed in Canadian dollars unless otherwise indicated.

6.2 Overall Performance

Spinco was incorporated on September 12, 2019 and commenced business at that time. Spinco’s sole business focus has been to (i) acquire and operate the exploration business of Explorex solely in respect of the Spinco Properties; and (ii) make application to list the Spinco Shares on the CSE. To that end, Spinco will enter into various agreements with Explorex for the acquisition of the Spinout Assets, including the Arrangement Agreement and the Asset Purchase Agreement (see in this Appendix “D”, “*Introduction – Structure of Transaction*” and “*Narrative Description of Spinco’s Business– General – Business of Exploration*”). Other than these acquisitions, Spinco has made no significant acquisitions or dispositions since incorporation.

Upon the completion of the Arrangement, Spinco will commence exploration and, as warranted, development of the Arlington Project.

As of the date of this MD&A, Spinco’s costs and operations have been funded, to date, by its sole shareholder, Explorex. Upon completion of the Arrangement Spinco will have available funds of approximately \$650,000 (if the Minimum Unit Financing is completed) and \$800,000 (if the Maximum Unit Financing is completed), which management believes will be sufficient for all of Spinco’s needs in the first 12 months following listing on the CSE. See in this Appendix “D”, “*Narrative Description of Spinco’s Business – General – Total Available Funds*” and “*Narrative Description of Spinco’s Business – General - Principal Purposes of Funds Available*”. Spinco may seek to raise additional funds through public or private equity funding, bank debt financing or from other sources.

6.3 Selected Financial Information

The following table sets forth selected financial information with respect to Spinco, which information has been derived from and should be read in conjunction with the Spinco Financial Statements (attached as Appendix “G” to the Circular).

	Period ended on December 31, 2019 (audited)
Revenue	\$Nil
Income or loss before discontinued operations and extraordinary items	\$Nil
Basic and diluted income or loss per common share	\$Nil
Net loss and comprehensive loss for the period	(\$Nil)
Basic and diluted loss per common share	(\$Nil)
<u>Financial Position</u>	As at December 31, 2019 (audited)
Current assets	\$1
Total assets	\$1

	Period ended on December 31, 2019 (audited)
Total liabilities	Nil
Shareholders' equity	\$1
Dividends per share	Nil

⁽¹⁾ See in this Appendix "D", "*Management's Discussion and Analysis – Description of Securities*" and "*Description of Securities - Prior Sales*".

6.4 Variations

Other than the acquisition of the Spinco Properties which includes Explorex's interest in the Arlington Project, Spinco has made no significant acquisitions or dispositions since incorporation. See in this Appendix "D", "*General Development of Spinco's Business*".

6.5 Result of Operations

6.5.1 Net Sales or Total Revenues

For the period ended December 31, 2019, Spinco had no revenues or expenses.

6.5.2 Any other Significant Factors causing Changes in Net Sales or Total Revenues

This section is not applicable to Spinco as Spinco has had no revenues or expenses for the period ended December 31, 2019.

6.5.3 Cost of Sales or Gross Profit

This section is not applicable to Spinco as Spinco has had no revenues or expenses for the period ended December 31, 2019.

6.5.4 Arlington Project

After the Effective Date, Spinco plans to commence exploration and, as warranted, development of the Arlington Project pursuant to the recommendations in the Technical Report. Spinco will undertake Phase 1 of the recommended exploration program. Phase 2 will be contingent on the results of Phase 1.

Further details regarding the Arlington Project can be found at this Appendix "D", "*Narrative Description of Spinco's Business – General – Arlington Project*".

6.5.5 Factors that Caused Change between Costs and Revenues

Spinco was incorporated on September 12, 2019 and has not yet completed a financial year, therefore this information is not available.

6.5.6 Commitments, Events, Risks or Uncertainties

Spinco presently has no contractual obligations other than as disclosed in the Circular and pursuant to the agreements related to the Spinco Properties, as disclosed in this Appendix "D" under "*General Development of Spinco's Business*".

Upon acquisition of the Spinco Properties, Spinco will be subject to the following commitments:

Kagoot Brook Project

Pursuant to the Kagoot Brook Option Agreement, Spinco will be required to incur a total of \$750,000 of exploration expenditures over a period of 4 years, \$100,000 of which would be a firm commitment on or before May 10, 2019 in order to acquire 75% interest in the Kagoot Brook Project. The other required cash payments and common share issuances to-date have been paid or issued by Explorex.

Upon earning 75% interest, Spinco and Great Atlantic will enter into a joint venture. The terms provide that if Great Atlantic's interest in the joint venture drops below 5%, it will revert to a 3% net smelters return royalty ("**NSR**"). Spinco will then retain a right to buy back 2% of the NSR at \$1,000,000 for each 1%.

Pursuant to the January 7, 2020 amendment of the Kagoot Brook Option Agreement of, Great Atlantic granted a four month extension for the \$30,000 cash payment due on January 23, 2020, which Spinco will have to pay by May 23, 2020. See in this Appendix "D", "*Narrative Description of Spinco's Business- General – Business of Exploration – Principal Purposes of Funds Available*".

Bonanza Project

Pursuant to the Bonanza Purchase Agreement, in order to earn 100% interest in the 485 hectares mineral claim, Spinco will be required to issue 300,000 Spinco Shares within ten days of the listing of the Spinco Shares on the CSE. The claim is subject to a 1.5% NSR, with a right of Spinco to buyback 1% of the NSR for \$1,000,000. The other required cash payment was paid by Explorex within ten days of executing the Bonanza Purchase Agreement.

See in this Appendix "D", "*Risks Factors*" for additional information, risks and uncertainties associated with Spinco, its business and operations, and the Spinco Shares. In addition, see in the Circular, "*The Explorex Arrangement — Risks Associated with the Explorex Arrangement*".

6.5.7 Effect of Inflation and Specific Price Changes on Revenues and on Loss

Not applicable.

6.5.8 Unusual or Infrequent Events or Transactions

Other than the Arrangement, Spinco has not engaged in any unusual events or transactions in the year ended December 31, 2019.

6.6 Summary of Quarterly Results

Spinco was incorporated on September 12, 2019 and has not yet completed a financial year, therefore no quarterly results are available.

6.7 Liquidity and Capital Resources

To date Spinco's operations have been funded by Explorex, its sole shareholder. As at December 31, 2019, Spinco had share capital of \$1 and working capital of \$1.

Spinco has no source of revenue, income or cash flow. It is, as of the date of this MD&A, wholly dependent upon its sole shareholder, Explorex, for advance of funds. Spinco also needs to have adequate working capital for CSE listing purposes, being sufficient funds: i) for exploration of the Arlington Project and ii) to cover a minimum 12 months of general and administrative expenses (estimated to be \$260,000 for the first 12 months of operations following completion of the

Arrangement Agreement and the proposed listing of the Spinco Shares on the CSE). Upon completion of the Arrangement Agreement it is anticipated that Spinco will have available funds of approximately \$650,000 if the Minimum Unit Financing is completed and \$800,000 if the Maximum Unit Financing is completed, which management estimates to be sufficient for all of Spinco's needs in the first 12 months following listing of the Spinco Shares on the CSE. On completion of the Arrangement, Spinco will also be subject to the financial commitments set forth in section 6.5.6 above. See in this Appendix "D", "*Narrative Description of Spinco's Business- General – Business of Exploration - Principal Purposes and Funds Available*", "*Management's Discussion and Analysis– Result of Operations– Commitments, Events, Risks or Uncertainties*" and "*Risk Factors*".

6.8 Off-Balance Sheet Arrangements

Spinco does not have any off-balance sheet arrangements.

6.9 Transactions with Related Parties

Spinco will be party to the Arrangement Agreement and the Asset Purchase Agreement pursuant to which it will acquire the Spinout Assets and assume the Spinout Liabilities (see in this Appendix "D", "*General Development of Spinco's Business*", "*Promoters*" and "*Interests of Management and Other in Material Transactions*").

As at the date of the Circular, Spinco is Explorex's wholly-owned subsidiary and the sole director and officer of Spinco is also a director and officer of Explorex. See in this Appendix "D", "*Directors and Executive Officers*".

6.10 Fourth Quarter

Spinco was incorporated on September 12, 2019 and has not yet completed a financial year, therefore no quarterly information is available.

6.11 Proposed Transactions

Spinco will apply to the list the Spinco Shares on the CSE. Upon completion of the Arrangement and satisfaction of all of the outstanding listing requirements of the CSE, management of Spinco anticipates Spinco will be a publicly traded junior mineral exploration company, with a portfolio of exploration properties in Canada and the U.S., as well as an experienced board of directors and management team and, in the view of its management, capitalization sufficient to achieve its business objectives in the near term.

In order to become effective, the Arrangement must be approved by a special resolution passed by: (a) at least a two-thirds majority of the votes cast by Explorex Shareholders; at the Explorex Meeting and present in person or by proxy. Completion of the Arrangement is also subject to receipt of certain required regulatory approvals, including the approval of the CSE and the Supreme Court of British Columbia, and other customary closing conditions, all of which are described in more detail in the Circular. See in the Circular, "*The Explorex Arrangement*".

Other than the Arrangement and the transactions proposed to be completed prior thereto, as at the date of this MD&A, Spinco has no proposed asset or business acquisitions or dispositions.

6.12 Changes in Accounting Policies

Not applicable.

6.13 Financial Instruments and Other Instruments

See Note 3 to the Spinco Financial Statements for the period ended December 31, 2019, which are attached as Appendix "G" to, and form part of, this Circular.

6.14 Interim MD&A

Spinco was incorporated on September 12, 2019 and has not yet completed a financial year, therefore no interim information is available.

6.15 Additional Disclosure for Issuers without Significant Revenue

6.15.1 Breakdown of Material Components

For information relating to capitalized or expensed exploration and development costs, expensed research and development costs, deferred development costs, general and administration expenses and any other material costs, please see the Carve-Out Financial Statements included as Appendix "F" to this Circular and the Spinco Financial Statements included as Appendix "G" to this Circular.

6.15.2 Analysis of Capitalized or Expensed Exploration on a Property-by-Property Basis

Please refer to the Carve-Out Financial Statements included as Appendix "F" to this Circular.

6.16 Description of Securities

Spinco has one class of shares outstanding, being common shares without par value (as previously defined herein, the "**Spinco Shares**"). As at the date of this MD&A and the date of the Circular, one (1) Spinco Share was issued and outstanding. See in this Appendix "D", "*Description of Securities*", "*Description of Securities - Prior Sales*" and "*Consolidated Capitalization*".

As of the date of this MD&A, Spinco has not granted any incentive stock options under the Spinco Option Plan (as hereinafter defined), or otherwise, nor has it issued any other rights or securities to purchase Spinco Shares. The Spinco Board does not intend to grant any incentive stock options until such time following listing as the trading price of the Spinco Shares on the CSE has stabilized such that a fair market value exercise price for options can be determined. See in this Appendix "D", "*Options and Other Rights to Purchase Securities of Spinco*".

7. MARKET FOR SECURITIES

Currently, there is no market for the Spinco Shares. Listing is subject to Spinco meeting the initial listing requirements of the CSE and meeting all conditions of listing imposed by the CSE, including filing a standalone listing statement. There can, however, be no assurance as to if, or when, the Spinco Shares will be listed for trading on the CSE.

8. CONSOLIDATED CAPITALIZATION

The following table sets out the share and loan capital of Spinco. The table should be read in conjunction with the audited financial statements attached as Appendix "G" to this Circular as well as with the other disclosure contained in this Appendix "D" and in the Circular. See also in this Appendix "D", "*Description of Securities*" and "*Description of Securities - Prior Sales*".

Capital	Authorized	Amount outstanding as of December 31, 2019⁽¹⁾	Amount outstanding as of the Information Circular⁽¹⁾	Amount outstanding assuming completion of the Arrangement and Minimum Unit Financing^{(2) (4)}	Amount outstanding assuming completion of the Arrangement and Maximum Unit Financing^{(3) (4)}
Spinco Shares	Unlimited	1 Spinco Share	1 Spinco Share	13,318,842 Spinco Shares	14,152,175 Spinco Shares
Spinco Replacement Warrants	Up to 935,325	Nil	Nil	935,325 Spinco Replacement Warrants ⁽⁵⁾	935,325 Spinco Replacement Warrants ⁽⁵⁾
Unit Warrants	Up to 1,666,666	Nil	Nil	833,333 Unit Warrants ⁽⁶⁾	1,666,666 Unit Warrants ⁽⁶⁾
Long term debt	N/A	Nil	Nil	Nil	Nil

(1) See in this Appendix "D", "Description of Securities - Prior Sales".

(2) Represents the aggregate of half of the number of Explorex Shares outstanding as of the date hereof being 12,485,509 and 833,333 Unit Shares from the Minimum Unit Financing. This figure assumes that the one (1) Spinco Share outstanding as of the date hereof has been cancelled.

(3) Represents the aggregate of half of the number of Explorex Shares outstanding as of the date hereof being 12,485,509 and 1,666,666 Unit Shares from the Minimum Unit Financing. This figure assumes that the one Spinco Share outstanding as of the date hereof has been cancelled.

(4) There will be no Explorex Options and 1,870,650 Explorex Warrants outstanding prior to the Effective Date.

(5) Each Spinco Replacement Warrant will be exercisable into one Spinco Share at \$0.22 per Spinco Share, with 562,950 Spinco Replacement Warrants exercisable until July 3, 2020, 267,625 Spinco Replacement Warrants exercisable until November 27, 2020 and 104,750 Spinco Replacement Warrants exercisable until December 20, 2020.

(6) Each Unit Warrant is exercisable into one Spinco Share at \$0.22 per Spinco Share for a period of two years from the date of issuance.

9. OPTIONS AND OTHER RIGHTS TO PURCHASE SECURITIES

9.1 Spinco Stock Options

9.1.1 Spinco Option Plan

The Spinco Board, with the approval of Spinco's sole shareholder, have adopted a stock option incentive plan (previously defined as Spinco Option Plan) that will be implemented upon acceptance by: (i) the Explorex Shareholders at the Meeting and (ii) the CSE in conjunction with the proposed listing of the Spinco Shares on the CSE. The Spinco Option Plan is a rolling stock option plan that sets the number of Spinco Shares issuable under the Spinco Option Plan at a maximum of 10% of the Spinco Shares issued and outstanding at the time of any grant under the Spinco Option Plan. As of the date of the Circular, Spinco has not granted any incentive stock options under the Spinco Option Plan, or otherwise, nor has it issued any other rights or securities to purchase Spinco Shares.

The Spinco Board does not intend to grant any incentive stock options until such time following listing of the Spinco Shares on the CSE that the trading price of the Spinco Shares on the CSE has stabilized, such that a fair market value exercise price for options can be determined.

9.1.2 Summary of the Spinco Option Plan

The Spinco Option Plan reserves for issuance a maximum of 10% of the Spinco Shares at the time of a grant of options under the Spinco Option Plan. The Spinco Option Plan will be administered by the Spinco Board and provide for grants of non-transferable options under the Spinco Option Plan at the discretion of the Spinco Board, to directors, officers, employees, management company employees of, or consultants to, Spinco and its subsidiaries, or their permitted assigns (each an “**Eligible Person**”).

The exercise price of options granted under the Spinco Option Plan will be determined by the Spinco Board. Following listing of the Spinco Shares on the CSE, the exercise price must not be lower than the greater of the last closing market price for the Spinco Shares as quoted on the CSE on (a) the market trading day immediately prior to the date of grant of the option, and (b) the date of grant of the option.

The term of any options granted under the Spinco Option Plan will be fixed by the Spinco Board and may not exceed ten years. Should an Eligible Person cease to qualify as an Eligible Person under the Spinco Option Plan prior to expiry of the term of their respective options, those options will expire on a date to be determined by the Board which will not be later than the Expiry Date. If such cessation as an Eligible Person is on account of disability or death, the options expire within the lesser of one (1) year from the date of the Option Holder’s death or the Expiry Date of the Option, and if it is on account of termination of employment for just cause, the options terminate immediately.

The Spinco Option Plan also provides for adjustments to outstanding options in the event of alteration in the capital structure of Spinco, merger or amalgamation involving Spinco or Spinco’s entering into a plan of arrangement. Moreover, upon a change of control, all options outstanding under the Spinco Option Plan shall become immediately exercisable.

The directors of Spinco may, at their discretion at the time of any grant, impose a schedule over which period of time options will vest and become exercisable by the optionee.

Subject to any required approval of the CSE, the Spinco Board may terminate, suspend or amend the terms of the Spinco Option Plan, provided that for certain amendments, the Spinco Board must obtain shareholder approval.

See in the Circular, “*Particulars of Other Matters to be Acted Upon – Approval of Spinco Stock Option Plan*”.

9.2 Warrants

As of the date of this Circular, Spinco has no warrants outstanding.

Pursuant to the Arrangement Agreement, Spinco will grant 935,325 Spinco Replacement Warrants to Explorex Warrantholders in accordance with the Plan of Arrangement.

Concurrent with or immediately after the completion of the Arrangement, Spinco will complete the Unit Financing, whereby it will issue a minimum of 833,333 Unit Warrants assuming completion of the Minimum Unit Financing and a maximum of 1,666,666 Unit Warrants assuming completion of the Maximum Unit Financing. Each Unit Warrant will be exercisable to purchase one Spinco Share at \$0.22 per Spinco Share for a period of two years from the date of issuance.

10. DESCRIPTION OF SECURITIES

10.1 Authorized Capital

Spinco’s authorized share capital consists of an unlimited number of common shares without par value, of which one (1) Spinco Share (held by Explorex) is issued and outstanding as fully paid and non-assessable as of the date of the Circular. Assuming completion of the Arrangement pursuant to its terms and the Minimum Unit Offering and the cancellation of the

one (1) Spinco Share outstanding as of the date of this Circular, approximately 13,318,842 Spinco Shares will be issued and outstanding as fully paid and non-assessable, 12,485,509 of which will be distributed to the Explorex Shareholders. Assuming completion of the Arrangement pursuant to its terms and the Maximum Unit Offering and the cancellation of the one (1) Spinco Share outstanding as of the date of this Circular, approximately 14,152,175 Spinco Shares will be issued and outstanding as fully paid and non-assessable, 12,485,509 of which will be distributed to the Explorex Shareholders.

10.2 Spinco Shares

Spinco Shares are not subject to any future call or assessment and do not have any pre-emptive, conversion or redemption rights, and all have equal voting rights. There are no special rights or restrictions of any nature attached to any of the Spinco Shares, all of which rank equally as to all benefits which might accrue to the holders of the Spinco Shares. All holders of Spinco Shares are entitled to receive a notice of any general meeting to be convened by Spinco. At any general meeting of Spinco, subject to the restrictions on joint registered owners of Spinco Shares, every Shareholder has one vote for each Spinco Share of which he or she is the registered owner. Voting rights may be exercised in person or by proxy.

The holders of Spinco Shares are entitled to share pro rata in any: (i) dividends if, as and when declared by the Spinco Board, and (ii) such assets of Spinco as are distributable to shareholders upon liquidation of Spinco. The aggregate Spinco Shares outstanding upon completion of the Arrangement will be fully paid and non- assessable.

10.3 Spinco Warrants

As of the date of this Circular, Spinco does not have any warrants outstanding. At the Effective Time it is anticipated that 1,870,650 Explorex Warrants will be outstanding and, pursuant to the Arrangement Agreement, Spinco will issue 935,325 Spinco Replacement Warrants to Explorex Warrantholders.

Concurrent with or immediately after the completion of the Arrangement, Spinco will complete the Unit Financing, whereby it will issue a minimum of 833,333 Unit Warrants assuming completion of the Minimum Unit Financing and a maximum of 1,666,666 Unit Warrants assuming completion of the Maximum Unit Financing. Each Unit Warrant will be exercisable to purchase one Spinco Share at \$0.22 per Spinco Share for a period of two years from the date of issuance.

10.4 Spinco Stock Options

As of the date of the Circular, Spinco does not have any stock options outstanding. At the Effective Time it is anticipated that no options of Explorex and Spinco will be outstanding.

Spinco has adopted the Spinco Option Plan (see in this Appendix "D", "*Options to Purchase Securities of Spinco — Spinco Stock Options – Spinco Option Plan*"). The Spinco Board does not intend to grant any incentive stock options until such time following listing of the Spinco Shares on the CSE that the trading price of the Spinco Shares has stabilized such that a fair market value exercise price for options can be determined. At the Meeting, Explorex Shareholders will be asked to consider and if advisable approve the Spinco Option Plan. See in this Appendix "D", "*Options to Purchase Securities- Spinco Option Plan*".

10.5 Prior Sales

On September 12, 2019, Spinco issued one (1) Spinco Share to the incorporator, which was repurchased by Spinco. Spinco then issued one (1) Spinco Share to Explorex on September 12, 2019.

Other than the one (1) Spinco Share held by Explorex, Spinco has not issued any other shares as of the date of this Circular. On the Effective Date, it is expected that 13,318,842 Spinco Shares will be issued and outstanding pursuant to the Arrangement Agreement, assuming completion of the Minimum Unit Financing and cancellation of the one (1) Spinco Share outstanding as of the date of this Circular. On the Effective Date, it is expected that 14,152,175 Spinco Shares will be issued and outstanding pursuant to the Arrangement Agreement, assuming completion of the Maximum Unit Financing and cancellation of the one (1) Spinco Share outstanding as of the date of this Circular.

10.6 Listing of Spinco Shares

An application will be made for the listing of the Spinco Shares on the CSE. Listing will be subject to Spinco fulfilling all the initial listing requirements of the CSE. There can be no assurances as to if, or when, the Spinco Shares will be listed or traded on the CSE, or any other stock exchange.

As at the date of the Circular, there is no market through which the Spinco Shares to be distributed pursuant to the Arrangement may be sold and Explorex Shareholders may not be able to resell the Spinco Shares to be distributed to them pursuant to the Arrangement. This may affect the pricing of the Spinco Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the Spinco Shares, and the extent of issuer regulation.

As at the date of the Circular, Spinco does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities on the TSX, the CSE, a U.S. marketplace, or a marketplace outside Canada and the United States of America.

See in this Appendix "D", "*Risks Factors*".

11. ESCROWED SECURITIES

Spinco does not have any of its securities subject to escrow or contractual restrictions on transfer. However, on completion of the Arrangement Agreement, the principals of Spinco are expected to be subject to escrow pursuant to National Policy 46-201 – *Escrow for Initial Public Offerings* ("**NP 46-201**"). The CSE imposes NP 46-201 escrow requirements on completion of transactions such as the Arrangement.

In accordance with NP 46-201, all securities of an issuer that are owned or controlled by its principals (or spouses of its principals) will be escrowed at the time of the issuer's initial public offering, or in this case the completion of the Arrangement, unless the securities held by the principals, or issuable to the principals upon conversion of convertible securities held by the principals, collectively represent less than 1% of the total issued and outstanding shares of the issuer after giving effect to the offering or transaction.

Uniform terms of automatic timed-release escrow apply to principals of exchange-listed issuers, differing only according to the classification of the issuer. As it is expected that Spinco will be classified as an "emerging issuer" for the purposes of NP 46-201, it is anticipated that the following automatic timed releases will apply to the securities held by its principals:

Date	% of Escrowed Securities Released
The Listing Date	1/10 of the escrowed securities
On the date 6 months following the Listing Date	1/6 of the remaining escrowed securities

On the date 12 months following the Listing Date	1/5 of the remaining escrowed securities
On the date 18 months following the Listing Date	1/4 of the remaining escrowed securities
On the date 24 months following the Listing Date	1/3 of the remaining escrowed securities
On the date 30 months following the Listing Date	1/2 of the remaining escrowed securities
On the date 36 months following the Listing Date	The remaining escrowed securities

To the knowledge of Spinco, assuming completion of the Arrangement, a total of 1,299,745 Spinco Shares and 86,000 Spinco Replacement Warrants will be deposited into escrow pursuant to the terms of an escrow agreement to be entered into by Spinco, the escrow shareholders and Spinco's transfer agent, as the escrow agent (the "**Escrow Agreement**"), assuming that none of the escrow holders listed below purchase Units in the Unit Financing.

Name and Position of Escrow Holder	Number of Escrowed Securities	Percentage of Class (Minimum Unit Offering)	Percentage of Class (Maximum Unit Offering)
Gary Schellenberg Director, CEO	694,833 Spinco Shares ⁽⁵⁾	5.22% ⁽¹⁾	4.91% ⁽²⁾
	86,000 Spinco Replacement Warrants ⁽⁶⁾	0.57% ⁽³⁾	0.51% ⁽⁴⁾
William E. A. Wishart Director	408,100 Spinco Shares	3.06% ⁽¹⁾	2.88% ⁽²⁾
James Mustard, B. App. Sc., P. Eng. Director	196,812 Spinco Shares	1.48% ⁽¹⁾	1.39% ⁽²⁾
TOTAL:	1,299,745 Shares	9.76%⁽¹⁾	9.18%⁽²⁾
	86,000 Spinco Replacement Warrants	0.57%⁽³⁾	0.51%⁽⁴⁾

(1) Based on 13,318,842 Spinco Shares issued and outstanding, assuming completion of the Arrangement and the Minimum Unit Financing.

(2) Based on 14,152,175 Spinco Shares issued and outstanding, assuming completion of the Arrangement and the Maximum Unit Financing.

(3) Based on an issued and outstanding 15,087,500 Spinco Shares, on a fully-diluted basis, including 13,318,842 Spinco Shares upon completion of the Arrangement and the Minimum Unit Financing, 833,333 Spinco Shares issuable on exercise of the Unit Warrants and 935,325 Spinco Shares issuable on exercise of the Spinco Replacement Warrants.

(4) Based on an issued and outstanding 16,754,166 Spinco Shares, on a fully-diluted basis, including 14,152,175 Spinco Shares upon completion of the Arrangement and the Maximum Unit Financing, 1,666,666 Spinco Shares issuable on exercise of the Unit Warrants and 935,325 Spinco Shares issuable on exercise of the Spinco Replacement Warrants.

(5) 246,250 Spinco Shares are held through 404198 B.C. Ltd., a company controlled by Mr. Schellenberg and 357,750 Spinco Shares are held through Coast Mountain Geological Ltd., a company controlled by Mr. Schellenberg.

(6) 65,000 Spinco Replacement Warrants will be held through 404198 B.C. Ltd., a company controlled by Mr. Schellenberg and 21,000 Spinco Replacement Warrants will be held through Coast Mountain Geological Ltd., a company controlled by Mr. Schellenberg.

Pursuant to the terms of the Escrow Agreement, the Spinco Shares and Spinco Replacement Warrants held in escrow may be transferred within escrow to an individual who is a director or senior officer of Spinco or of a material operating subsidiary of Spinco, subject to the approval of the Board, or to a person or company that before the proposed transfer holds more than 20% of the voting rights attached to Spinco's outstanding securities, or to a person or company that after the proposed transfer will hold more than 10% of the voting rights attached to Spinco's outstanding securities and that has the right to elect or appoint one or more directors or senior officers of Spinco or of any of its material operating subsidiaries.

Pursuant to the terms of the Escrow Agreement, upon the bankruptcy of a holder of escrowed securities, the securities held in escrow may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such securities. Upon the death of a holder of escrowed securities, all securities of the deceased holder will be released from escrow to the deceased holder's legal representative.

The Escrow Agreement also provides that escrowed securities can be transferred within escrow to a financial institution on the realization of escrowed securities pledged, mortgaged or charged by the holder of such escrowed securities to the financial institution as collateral for a loan. Pursuant to the terms of the Escrow Agreement, escrowed securities may also be transferred within escrow to or between registered retirement savings plans, registered retirement income funds or other similar registered plans or funds with a trustee, where the annuitant of such plans or funds, or the beneficiaries of the other registered plan or funds are limited to the holder and his or her spouse, children and parents, or in the case of a trustee of such a registered plan or fund, to the annuitant of the registered plan or fund, or a beneficiary of the registered plan or fund, as applicable, or his or her spouse, children and parents.

Pursuant to the terms of the Escrow Agreement, 10% of each principal's escrowed securities (a total of 129,974 Spinco Shares and 8,600 Spinco Replacement Warrants) will be released from escrow on the date the Spinco Shares are listed on the CSE (the "**Listing Date**"). The remaining 1,169,771 Spinco Shares which will be held in escrow immediately following the Listing Date will represent 8.78% of the Spinco Shares anticipated to be issued and outstanding at the Listing Date assuming completion of the Minimum Unit Financing and 8.27% of the Spinco Shares anticipated to be issued and outstanding at the Listing Date assuming completion of the Maximum Unit Financing. The remaining 77,400 Spinco Replacement Warrants which will be held in escrow immediately following the Listing Date will represent 0.51% of the Spinco Shares anticipated to be issued and outstanding at the Listing Date on a fully-diluted basis assuming completion of the Minimum Unit Financing and 0.46% of the Spinco Shares anticipated to be issued and outstanding at the Listing Date on a fully-diluted basis assuming completion of the Maximum Unit Financing.

12. PRINCIPAL SHAREHOLDERS

As of the date of the Circular, Explorex holds 100% of the issued and outstanding Spinco Shares. Assuming completion of the Arrangement and to the knowledge of Spinco's directors and officers, no person will beneficially own, directly or indirectly, or exercise control or direction over more than 10% of the then issued Spinco Shares.

13. DIRECTORS AND OFFICERS

13.1 Directors and Executive Officers of Spinco

As at the date of the Circular, Spinco's sole director and officer is Gary Schellenberg, the President of Spinco, who is also a director and the Chief Executive Officer of Explorex. Mr. Schellenberg was elected as Spinco's director by Explorex, Spinco's sole shareholder.

Upon completion of the Arrangement, certain directors and officers of Explorex will be the directors and officers of Spinco, the names, place of residence, positions and offices and principal occupations of which are as follows:

Name and place of residence	Principal occupation⁽³⁾	Number and Percentage of Spinco Shares owned	Date of appointment as director or officer of Spinco
Gary Schellenberg Director, CEO <i>Richmond, B.C.</i>	See detailed description below under "Management Details".	694,833 (5.22%) ⁽⁴⁾ (4.91%) ⁽⁵⁾	September 12, 2019 (Director and President) Proposed CEO
Mike Sieb Director, President <i>Vancouver, B.C.</i>	See detailed description below under "Management Details".	NIL	January 17, 2020 (Director) Proposed President
William E.A. Wishart ^{(1) (2)} Director <i>Vancouver, B.C.</i>	See detailed description below under "Management Details".	408,100 (3.06 %) ⁽⁴⁾ (2.88%) ⁽⁵⁾	Proposed
James Mustard, B. App. Sc., P. Eng. ⁽¹⁾ Director <i>Vancouver, B.C.</i>	See detailed description below under "Management Details".	196,812 (1.48%) ⁽⁴⁾ (1.39%) ⁽⁵⁾	Proposed
Jerry Bella ^{(1) (2)} Director <i>Rossland, B.C.</i>	See detailed description below under "Management Details".	83,500 (0.63%) ⁽⁴⁾ (0.59%) ⁽⁵⁾	Proposed
Elizabeth Richards, CPA, CA CFO <i>Vancouver, B.C.</i>	See detailed description below under "Management Details".	57,187 (0.43%) ⁽⁴⁾ (0.40%) ⁽⁵⁾	Proposed
Monita Faris Corporate Secretary <i>North Vancouver, B.C.</i>	See detailed description below under "Management Details".	NIL	Proposed

Notes:

- (1) Proposed Member of the Audit Committee.
- (2) Proposed Member of the Compensation Committee.
- (3) The information as to principal occupation, business or employment and shares beneficially owned or controlled is not within the knowledge of management of the Spinco and has been furnished by the respective individuals.
- (4) Figures calculated based on 13,318,842 Spinco Shares issued and outstanding, assuming the completion of the Arrangement and the Minimum Unit Offering, that the one (1) Spinco Share outstanding as of the date of this Circular is cancelled and that no Explorex Options or Explorex Warrants are exercised prior to the Effective Date.
- (5) Figures calculated based on 14,152,175 Spinco Shares issued and outstanding, assuming the completion of the Arrangement and the Maximum Unit Offering, that the one (1) Spinco Share outstanding as of the date of this Circular is cancelled and that no Explorex Options or Explorex Warrants are exercised prior to the Effective Date.

13.2 Period of Service of Directors

The current and proposed directors of Spinco will be elected annually at each annual general meeting of the Spinco shareholders and will hold office until the next annual general meeting unless a director's office is earlier vacated in accordance with the constating documents of Spinco or he or she becomes disqualified to serve as a director.

13.3 Directors' and Officers' Common Share Ownership

As at the date of the Circular, there are no Spinco Shares beneficially owned, directly or indirectly, or control or direction was exercised over those shares, by the directors and executive officers of Spinco. On the Effective Date, each of the directors and executive officers of Spinco will beneficially own, directly or indirectly, or control or direct one Spinco Share for each two Explorex Shares held. It is expected that, upon completion of the Arrangement, 1,299,745 Spinco Shares, or approximately 9.76% of the Spinco Shares then issued and outstanding on a non-diluted basis, if the Minimum Unit Offering is completed or approximately 9.18% of the Spinco Shares then issued and outstanding on a non-diluted basis, if the Maximum Unit Offering is completed, will be beneficially owned, directly or indirectly, or control or direction will be exercised over those shares, by the directors and executive officers of Spinco as a group.

13.4 Board Committees

13.4.1 Audit Committee

Upon completion of the Arrangement, Spinco will have an audit committee (the "**Audit Committee**") consisting of William E.A. Wishart, James Mustard and Jerry Bella, each of whom is a director and financially literate in accordance with National Instrument 52-110 *Audit Committees* ("**NI 52-110**"). William E.A. Wishart, James Mustard and Jerry Bella are all independent, as defined under NI 52-110. Mr. Bella will be the Chair of the Audit Committee.

13.4.2 Compensation Committee

Upon completion of the Arrangement, Spinco will have a compensation committee (the "**Compensation Committee**") consisting of William E.A. Wishart and Jerry Bella. The Compensation Committee will recommend how directors will be compensated for their services as directors.

The Spinco Board may from time to time establish additional committees.

13.5 Principal Occupation of Directors and Executive Officers

Information on directors' and executive officers' principal occupation is set out in section 13.11 – *Management Details*.

13.6 Cease Trade Orders and Bankruptcies

Other than as disclosed below, no proposed director or officer of the Spinco or a shareholder holding a sufficient number of securities of the Spinco to affect materially the control of Spinco, is, or within 10 years before the date hereof has been, a director or officer of any other issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under securities law, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order

or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Gary Schellenberg: Mr. Schellenberg is a former director of Golden Coast Energy Corp. (“GCE”). While a director of GCE, on December 11, 2015, GCE was subject to a cease trade order of the British Columbia Securities Commission for failure to file its audited financial statements and related MD&A for the financial year ended July 31, 2015. The cease trade order remains in effect. Mr. Schellenberg resigned as a director of GCE on March 24, 2016.

The foregoing has been furnished by the respective directors, executive officers and shareholders holding a sufficient number of securities of Spinco to affect materially control of Spinco.

13.7 Penalties or Sanctions

No proposed director or executive officer of Spinco, or a shareholder holding a sufficient number of Spinco’s securities to affect materially the control of Spinco, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

The foregoing has been furnished by the respective directors, executive officers and shareholders holding a sufficient number of securities of Spinco to affect materially control of Spinco.

13.8 Settlement Agreements

Not applicable.

13.9 Personal Bankruptcies

No director or officer of Spinco, or a shareholder holding sufficient securities of Spinco to affect materially the control of Spinco, or a personal holding company of any such persons has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

13.10 Potential Conflicts of Interest

Certain directors and officers of Spinco are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties, including Explorex. Such associations to other public companies in the resource sector may give rise to conflicts of interest from time to time. As a result, opportunities provided to a director of Spinco may not be made available to Spinco, but rather may be offered to a company with

competing interests. The directors and senior officers of Spinco are required by law to act honestly and in good faith with a view to the best interests of Spinco and to disclose any personal interest which they may have in any project or opportunity of Spinco, and to abstain from voting on such matters.

The directors and officers of Spinco are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosure by the directors of conflicts of interests and Spinco will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers.

13.11 Management Details

The following sets out details of the proposed directors and officers of Spinco on completion of the Arrangement:

Gary Schellenberg – Director and CEO - Age: 61

Mr. Schellenberg will be a director and the CEO of Spinco. He brings over 30 years of worldwide exploration and venture capital experience. Mr. Schellenberg has been involved in a number of discoveries and acquisitions as an early 90's buyout of Winspear Resources by De Beers. Mr. Schellenberg's technical expertise and strong business sense bring a solid balance and leadership to Spinco.

Mr. Schellenberg currently serves as a director and the CEO of Explorex. He has also been President of Coast Mountain Geological Ltd. since April 1987. Previously he was a director of number of other public companies.

Mr. Schellenberg holds a Bachelor of Science (Geology) degree from the University of British Columbia.

Mr. Schellenberg will spend 40% of his available time on the affairs of Spinco and has not entered into a non-competition or non-disclosure agreement with Spinco.

Mike Sieb – Director and President - Age: 54

Mr. Sieb will be a director and the President of Spinco. He has been director and officer of numerous publicly-traded companies and his expertise extends across multiple commodities and jurisdictions.

Mr. Sieb is currently a director and the President of Spinco and the senior project manager for Coast Mountain Geological. He has been the director of Troubadour Resources Inc. since June 2018; director of Getchell Gold Corp. since December 2018 and director of Cross River Ventures Inc. since July 2018. Mr. Sieb was previously the President of American Potash Corp. from April 2012 to September 2015 and the director of International Lithium Corp. from May 2011 to January 2017.

Mr. Sieb holds an MBA from the University of British Columbia and received a B. Sc. degree in geology from Concordia University in 1989.

Mr. Sieb will spend approximately 10% of his available time on the affairs of Spinco and has not entered into a non-competition or non-disclosure agreement with Spinco.

William E.A. Wishart – Director - Age: 61

Mr. Wishart will be a director of Spinco. Mr. Wishart is a successful executive entrepreneur. He is a corporate finance professional with over 35 years of experience with public companies, corporate finance, business administration, real estate and entrepreneurial environments. Since 2000, Mr. Wishart has been directly involved with public companies, serving various roles including, presidencies, directorships, investor relations and corporate finance. He brings extensive skills in

investor relations and corporate finance that have enabled him to establish valuable relationships with key players and senior investment advisors in the financial markets.

He was employed in the securities industry in Vancouver, B.C. from 1985 to 2000 as a senior investment advisor for two full service brokerage firms, twelve of those years with PI Financial Corp. He is currently a director and Chairman of the board of directors of Explorex. Mr. Wishart was also a director of First Star Resources Inc. from June 2000 to December 2010 and during that period served as President until November 2010 and thereafter as Chairman until December 2010. Mr. Wishart attended Langara College and obtained a certificate in the Canadian Securities Course (Honours).

Mr. Wishart will spend 35% of his available time on the affairs of Spinco and has not entered into a non-competition or non-disclosure agreement with Spinco.

James Mustard – Director - Age: 70

Mr. Mustard will be a director of Spinco. He is a seasoned capital markets and mining professional, bringing over 30 years of expertise in business and project development.

Mr. Mustard is currently a director and the VP Corporate Development of Explorex, has been a director of Director Kilo Goldmines Ltd. since 2007, a director of Four Nines Gold Inc. since 2016, and a director of Cipher Resources since 2017. He was also the VP Corporate Finance of PI Financial Corp from October 2009 to February 2016, the President of Canada Zinc Metals and before that was VP and Senior Mining Analyst at Haywood Securities Inc. for 11 years. Mr. Mustard has also worked for Barrick Gold, Eldorado Gold, Amax of Canada, Canada Tungsten Mining, the government of Canada and Cyprus Anvil. Through his various tenures, he has reviewed hundreds of projects and companies and has accumulated extensive experience in exploration and development in North and South America.

Mr. Mustard is a registered Professional Engineer with the Association of Professional Engineers and Geoscientists of B.C. He received his B. App. Sc. (Applied Science) in 1974 from Queens University.

Mr. Mustard will spend approximately 10% of his available time on the affairs of Spinco and has not entered into a non-competition or non-disclosure agreement with Spinco.

Jerry Bella – Director - Age: 63

Mr. Bella will be a director of Spinco. He is a self-employed financial consultant providing services to a leading China-based integrated lithium producer and has been a director and CFO of numerous private and publicly-traded companies including mineral resource exploration, oil and gas, manufacturing and high-tech companies. Mr. Bella has extensive experience relating to the financial stewardship of Canadian and international mineral exploration projects and is currently overseeing the finances of two major international lithium exploration projects.

Mr. Bella is currently a director of Explorex. Mr. Bella holds a professional accounting designation which he received in 1979.

Mr. Bella will spend 10% of his available time on the affairs of Spinco and has not entered into a non-competition or non-disclosure agreement with Spinco.

Elizabeth Richards, CPA, CA – CFO - Age: 40

Ms. Richards will be the CFO of Spinco. She has over 15 years of experience in the resource sector, gaining extensive experience through her role at Davidson & Company LLP where she provided reporting and accounting assurance services to publicly traded companies, primarily in natural resources,

Ms. Richards is currently the CFO of Explorex. Previously, she was an audit Principal at Davidson & Company LLP, where she spent over a decade focused on the exploration and development industry.

While working as an audit Principal, Ms. Richards specialized in reverse takeovers, prospectus and offering documents, merger/acquisition transactions, asset acquisitions and business combinations, and assisting with due diligence requirements. She has worked on both Canadian and US-listed companies and has accumulated extensive accounting experience working on TSX and TSX Venture listed companies, as well as numerous regional and international private companies.

Ms. Richards is a member of the Institute of Chartered Professional Accountants of British Columbia having received a CPA, CA from the Chartered Professional Accountants of British Columbia in 2008. She graduated with a Bachelor of Business Administration (BBA) in accounting from Kwantlen University College in 2004.

Ms. Richards will spend 20% of her available time on the affairs of Spinco and has not entered into a non-competition or non-disclosure agreement with Spinco.

Monita Faris – Corporate Secretary - Age: 53

Ms. Faris will be the Corporate Secretary of Spinco. She has worked as a consultant for the past 17 years providing corporate and securities compliance services to private and public companies.

Ms. Faris is currently the Corporate Secretary of Explorex.

Ms. Faris obtained her B.A. in English from the University of Central Florida. She actively attends securities programs and courses offered by the B.C. Securities Commission, the Continuing Legal Education Society of B.C. and the Toronto Stock Exchange.

Ms. Faris will spend 20% of her available time on the affairs of Spinco and has not entered into a non-competition or non-disclosure agreement with Spinco.

14. CAPITALIZATION

Spinco will provide the information for this item in its listing statement to be filed with the CSE, prior to listing. This will give effect to all relevant financings and transactions, including the Arrangement.

15. EXECUTIVE COMPENSATION

15.1 Compensation of Executive Officers

Spinco was incorporated on September 12, 2019 and, accordingly, has not yet completed a financial year or developed a compensation program. As mentioned above, upon completion of the Arrangement, it is anticipated that Spinco will establish the Compensation Committee, which is expected to recommend the granting of stock options in such amounts and upon such terms as may be recommended by the Compensation Committee and approved by the Spinco Board from time to time.

The Compensation Committee will also consider and make recommendations with respect to the compensation of the executive officers of Spinco. It is anticipated that all executive officers of Spinco will receive cash compensation and stock option grants in line with market practice for public issuers in the same industry and market and of the same size as Spinco.

15.2 Long-Term Incentive Plan

Spinco does not have any long-term incentive plans.

15.3 Option-based Awards

Following completion of the Arrangement, Spinco will not have any options outstanding.

15.4 Pension Plan Benefits

Spinco does not have defined benefit or defined contribution plans.

15.5 Director Compensation

Upon completion of the Arrangement, it is anticipated that Spinco will pay cash compensation to its directors in amounts paid to directors of comparable publicly traded Canadian companies for services rendered in their capacity as directors.

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is, or at any time during the most recently completed financial year was, a director or executive officer of Spinco, a proposed nominee for election as a director of Spinco, and each associate of any such director, executive officer or proposed nominee: (a) is, or at any time since the beginning of the most recently completed financial year of Spinco has been indebted to Spinco or any of its subsidiaries or (b) has indebtedness to another entity that is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Spinco or any of its subsidiaries.

17. RISK FACTORS

An investment in Spinco Shares, as well as Spinco's prospects, are highly speculative due to the high-risk nature of its business and the present stage of its development. Shareholders of Spinco may lose their entire investment. The risks described below are not the only ones facing Spinco. Additional risks not currently known to Spinco, or that Spinco currently deems immaterial, may also impair Spinco's operations. If any of the following risks actually occur, Spinco's business, financial condition and operating results could be adversely affected.

Explorex Shareholders should consult with their professional advisors to assess the Arrangement and their resulting investment in Spinco. In evaluating Spinco and its business and whether to vote in favour of the Arrangement, Explorex Shareholders should carefully consider, in addition to the other information contained in the Circular and this Appendix "D" the risk factors which follow, as well as the risks associated with the Arrangement (see in the Circular "*The Explorex Arrangement — Risks Associated with the Explorex Arrangement*"). These risk factors may not be a definitive list of all risk factors associated with the Arrangement, an investment in Spinco or in connection with Spinco's business and operations.

Listing of Spinco Shares

The Spinco Shares are not currently listed on any stock exchange. Although an application will be made to list the Spinco Shares on the CSE, there is no assurance when, or if, the Spinco Shares will be listed on the CSE or on any other stock exchange. Until the Spinco Shares are listed on a stock exchange, shareholders of Spinco may not be able to sell their Spinco Shares. Even if a listing is obtained, ownership of Spinco Shares will involve a high degree of risk.

Qualification under the *Tax Act* for a Registered Plan

If the Spinco Shares are not listed on a designated stock exchange in Canada before the due date for Spinco's first income tax return or if Spinco does not otherwise satisfy the conditions in the *Tax Act* to be a "public corporation", the Spinco Shares will not be considered to be a qualified investment for a Registered Plan (as defined in the *Tax Act*) from their date of issue. Where a Registered Plan acquires a Spinco Share in circumstances where the Spinco Share is not a qualified investment under the *Tax Act* for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant under the Registered Plan, including that the Registered Plan may become subject to

penalty taxes, the annuitant of such Registered Plan may be subject to a penalty tax or, in the case of a registered education savings plan, such plan may have its tax exempt status revoked.

Limited Business History

Spinco has a short history of operations and has no history of earnings. The likelihood of success of Spinco must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. Spinco has limited financial resources and there is no assurance that funding over and above the initial \$500,000 cash amount, and the Minimum Unit Offering gross proceeds of \$150,000 or the Maximum Unit Offering gross proceeds of \$300,000, will be available to it when needed. There is also no assurance that Spinco can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

Unknown Environmental Risks for Past Activities

Exploration and mining operations incur risks of releases to soil, surface water and groundwater of metals, chemicals, fuels, liquids having acidic properties and other contaminants. In recent years, regulatory requirements and improved technology have significantly reduced those risks. However, those risks have not been eliminated, and the risk of environmental contamination from present and past exploration or mining activities exists for mining companies. Companies may be liable for environmental contamination and natural resource damages relating to properties that they currently own or operate or at which environmental contamination occurred while or before they owned or operated the properties. No assurance can be given that potential liabilities for such contamination or damages caused by past activities at the Spinco mineral properties do not exist.

Sale of Spinco Shares by Explorex as Funding for its Canadian withholding tax obligations, if required

If Explorex determines that a deemed dividend will arise as a consequence of the Arrangement Agreement, Explorex will be entitled to deduct and withhold from any consideration payable or otherwise deliverable to a Explorex Shareholder that is not resident in Canada for Canadian tax purposes (including the Spinco Shares) such amounts as Explorex is required, entitled or permitted to deduct and withhold under the *Tax Act*. To the extent that Explorex is required to deduct and withhold from consideration that is not cash, including the Spinco Shares, Explorex is entitled to liquefy such consideration to the extent necessary in order to fund its deduction, withholding and remittance obligations. Any such sales may negatively impact the trading price of the Spinco Shares where such shares are listed.

Acquisitions and Joint Ventures

Spinco will evaluate from time to time opportunities to acquire and joint venture mining assets and businesses. These acquisitions and joint ventures may be significant in size, may change the scale of Spinco's business and may expose it to new geographic, political, operating, financial and geological risks. Spinco's success in its acquisition and joint venture activities will depend on its ability to identify suitable acquisition and joint venture candidates and partners, acquire or joint venture them on acceptable terms and integrate their operations successfully with those of Spinco. Any acquisitions or joint ventures would be accompanied by risks, such as the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of Spinco's ongoing business; the inability of management to maximize the financial and strategic position of Spinco through the successful incorporation of acquired assets and businesses or joint ventures; additional expenses associated with amortization of acquired intangible assets; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, customers and contractors as a result of any integration of new management personnel; dilution of Spinco's present shareholders or of its interests in its subsidiaries or assets as a result of the issuance of shares to pay

for acquisitions or the decision to grant earning or other interests to a joint venture partner; and the potential unknown liabilities associated with acquired assets and businesses. There can be no assurance that Spinco would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions or joint ventures. There may be no right for shareholders to evaluate the merits or risks of any future acquisition or joint venture undertaken except as required by applicable laws and regulations.

Additional Financing and Dilution

Spinco plans to focus on exploring for minerals and will use its working capital to carry out such exploration. However, Spinco will require additional funds to further such activities. To obtain such funds, Spinco may sell additional securities including, but not limited to, its common shares or some form of convertible security, the effect of which would result in a substantial dilution of the equity interests of Spinco's shareholders.

Spinco has limited financial resources and provides no assurance that it will obtain additional funding for future acquisitions and development of projects or to fulfill its obligations under applicable agreements. Spinco provides no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Spinco Properties with the possible dilution or loss of such interests. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of exploration programs and general market conditions for natural resources. Spinco provides no assurance that it can operate profitably or that it will successfully implement its plans for its further exploration and development of the Spinco Properties.

No Mineral Resources and no Mineral Reserves have been estimated at Arlington Project

The Arlington Project is in the exploration stage and sufficient work has not been done to define a mineral resource or mineral reserve. There is no assurance given by Spinco that continuing work on the Arlington Project will lead to defining the mineralization with enough confidence and in sufficient quantities to report it as a mineral resource or a mineral reserve.

No History of Mineral Production or Mining Operations

Spinco has never had a producing property. There is no assurance that commercial quantities of gold or ore will be discovered nor is there any assurance that Spinco's exploration programs will yield positive results. Even if commercial quantities of gold or ore are discovered, there can be no assurance that any property, including the Arlington Project, will ever be brought to a stage where gold resources can profitably be produced therefrom. Factors which may limit the ability to produce gold resources include, but are not limited to, the price of gold, availability of additional capital and financing and the nature of any mineral deposits. Spinco does not have a history of mining operations that would guarantee it will produce revenue, operate profitably or provide a return on investment in the future. Spinco has not paid dividends in the past and Spinco does not have any plans to pay dividends in the foreseeable future.

Economics of Developing Mineral Properties

Mineral exploration and development is speculative and involves a high degree of risk. While the discovery of an ore body may result in substantial rewards, few properties which are explored are commercially mineable and ultimately developed into producing mines. There is no assurance that Spinco's gold deposits are commercially mineable.

Should any mineral resources and reserves exist, substantial expenditures will be required to confirm mineral reserves which are sufficient to commercially mine and to obtain the required environmental approvals and permitting required to commence commercial operations. The decision as to whether a

property contains a commercial mineral deposit and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense. This decision will involve consideration and evaluation of several significant factors including, but not limited to: (1) costs of bringing a property into production, including exploration and development work, preparation of production feasibility studies and construction of production facilities; (2) availability and costs of financing; (3) ongoing costs of production; (4) gold prices; (5) environmental compliance regulations and restraints (including potential environmental liabilities associated with historical exploration activities); and (6) political climate and/or governmental regulation and control. Development projects are also subject to the successful completion of engineering studies, issuance of necessary governmental permits, and availability of adequate financing. Development projects have no operating history upon which to base estimates of future cash flow.

The ability to sell, and profit from the sale of any eventual mineral production from any property will be subject to the prevailing conditions in the minerals marketplace at the time of sale. The global minerals marketplace is subject to global economic activity and changing attitudes of consumers and other end-users' demand for mineral products. Many of these factors are beyond the control of a mining company and therefore represent a market risk which could impact the long term viability of Spinco and its operations.

Factors Beyond the Control of Spinco

The potential profitability of mineral properties is dependent upon many factors beyond Spinco's control. For instance, world prices of and markets for minerals are unpredictable, highly volatile, potentially subject to governmental fixing, pegging and/or controls and respond to changes in domestic, international, political, social and economic environments. Another factor is that rates of recovery of minerals from mined ore (assuming that such mineral deposits are known to exist) may vary from the rate experienced in tests and a reduction in the recovery rate will adversely affect profitability and, possibly, the economic viability of a property. Profitability also depends on the costs of operations, including costs of labour, equipment, electricity, environmental compliance or other production inputs. Such costs will fluctuate in ways Spinco cannot predict and are beyond Spinco's control, and such fluctuations will impact on profitability and may eliminate profitability altogether. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for development and other costs have become increasingly difficult, if not impossible, to project. These changes and events may materially affect the financial performance of Spinco.

The mining industry is intensely competitive and there is no assurance that, even if commercial quantities of a mineral resource are discovered, a profitable market will exist for the sale of the same. There can be no assurance that metal prices will be such that the Spinco Properties can be mined at a profit. Factors beyond the control of Spinco may affect the marketability of any minerals discovered. Metal prices are subject to volatile price changes from a variety of factors including international economic and political trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns, international investment patterns, national fiscal policies, monetary systems, speculative activities and increased production due to improved mining and production methods. The supply of, and demand for, Spinco's principal products and exploration targets, gold, is affected by various factors, including political events, economic conditions and production costs. The price of gold, silver and other metals has fluctuated widely in recent years. Future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on Spinco's business, financial condition and result of operations. Moreover, the ability of Spinco to fund its activities and the valuation of investor companies will depend significantly upon the market price of precious and other metals. The effect of these factors, individually or in the aggregate, is impossible to predict with accuracy.

Spinco's proposed operations will require access to adequate infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect Spinco's operations, financial condition and results of operations.

Spinco currently depends on a single property

At the Effective Date, Spinco's only material mineral property will be the Arlington Project. Unless Spinco acquires or develops additional material properties or projects, Spinco will be solely dependent upon the operation of the Arlington Project for its revenue and profits, if any. If Spinco loses or abandons its interest in the Arlington Project, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the CSE. There is also no guarantee that the CSE will approve the acquisition of any additional properties by Spinco, whether by way of option or otherwise, should Spinco wish to acquire any additional properties.

Regulatory Requirements

The current or future operations of Spinco, including development activities and possible commencement of production on its properties, requires permits from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays in production and other schedules as a result of the need to comply with the applicable laws, regulations and permits. Spinco will require licenses and permits from various governmental and non-governmental authorities for its operations. Spinco has obtained, or plans to obtain all necessary licenses and permits required carrying on the activities it is currently conducting or which it proposes to conduct under applicable laws and regulations. However, such licenses and permits are subject to change in regulations and in various operating circumstances. There can be no assurance that all permits which Spinco may require for the development and construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which Spinco might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments or changes to current laws, regulations government policies and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Spinco and cause increases in costs or require abandonment or delays in the development of new mining properties.

Insurance

Spinco's business is capital intensive and subject to a number of risks and hazards, including environmental pollution, accidents or spills, industrial and transportation accidents, labour disputes, changes in the regulatory environment, natural phenomena (such as inclement weather conditions, earthquakes, pit wall failures and cave-ins) and encountering unusual or unexpected geological conditions. Many of the foregoing risks and hazards could result in damage to, or destruction of,

Spinco's mineral properties or future processing facilities, personal injury or death, environmental damage, delays in or interruption of or cessation of their exploration or development activities, delay in or inability to receive necessary regulatory approvals, or costs, monetary losses and potential legal liability and adverse governmental action. Spinco may be subject to liability or sustain loss for certain risks and hazards against which they do not or cannot insure or which it may reasonably elect not to insure because of the cost. This lack of insurance coverage could result in material economic harm to Spinco.

Current Global Financial Condition

Spinco will be required to raise additional funds in the future for the development of its projects and other activities through the issuance of additional equity or debt. Current financial and economic conditions globally have been subject to increased uncertainties. Access to financing has been negatively affected by these economic uncertainties. These factors may affect the ability of Spinco to obtain equity and/or debt financing in the future and, if obtained, influence the terms available to Spinco. If these increased levels of volatility and market turmoil continue, Spinco may not be able to secure appropriate debt or equity financing. If additional capital is raised by the issuance of shares from the treasury of Spinco, shareholders may suffer dilution. Future borrowings by Spinco or its subsidiaries may increase the level of financial and interest rate risk to Spinco as Spinco will be required to service future indebtedness.

Environmental Risks and Hazards

All phases of Spinco's operations are subject to environmental regulation in the jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the general, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Spinco's operations. Environmental hazards may exist on the properties which are unknown to Spinco at present and which have been caused by previous or existing owners or operators of the properties. Reclamation costs are uncertain and planned expenditures estimated by management may differ from the actual expenditures required.

Spinco is not insured against most environmental risks. Insurance against environmental risks (including potential liability for pollution and other hazards as a result of the disposal of waste products occurring from exploration and production) has not been generally available to companies within the industry. Spinco will periodically evaluate the cost and coverage of the insurance against certain environmental risks that is available to determine if it would be appropriate to obtain such insurance.

Without such insurance, and if Spinco becomes subject to environmental liabilities, the payment of such liabilities would reduce or eliminate its available funds or could exceed the funds Spinco has to pay such liabilities and result in bankruptcy. Should Spinco be unable to fund fully the remedial cost of an environmental problem, Spinco might be required to enter into interim compliance measures pending completion of the required remedy.

Litigation Risk

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit.

Costs of Land Reclamation Risk

It is difficult to determine the exact amounts which will be required to complete all land reclamation activities in connection with the properties in which Spinco holds an interest. Reclamation bonds and other forms of financial assurance represent only a portion of the total amount of money that will be spent on reclamation activities over the life of a mine. Accordingly, it may be necessary to revise planned expenditures and operating plans in order to fund reclamation activities. Such costs may have a material adverse impact upon the financial condition and results of operations of Spinco.

No Assurance of Title to Property

There may be challenges to title to the mineral properties in which Spinco holds a material interest. If there are title defects with respect to any properties, Spinco might be required to compensate other persons or perhaps reduce its interest in the affected property. Also, in any such case, the investigation and resolution of title issues would divert management's time from ongoing exploration and development programs.

Dependence on Key Individuals

Spinco is and will be dependent on a relatively small number of key personnel, particularly Mike Sieb, its President, Gary Schellenberg, its CEO and Elizabeth Richards, its CFO, the loss of any one of whom could have an adverse effect on Spinco. At this time, Spinco does not maintain key-person insurance on the lives of any of its key personnel.

In addition, Spinco will be highly dependent upon contractors and third parties in the performance of its exploration and development activities. Spinco provides no guarantee that such contractors and third parties will be available to carry out such activities on behalf of Spinco or be available upon commercially acceptable terms.

Risk of Amendments to Laws

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Spinco and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Conflicts of Interest

Some of the directors and officers of Spinco are directors and officers of other companies, some of which are in the same business as Spinco. Some of Spinco's directors and officers will continue to pursue the acquisition, exploration and, if warranted, the development of mineral resource properties on their own behalf and on behalf of other companies, and situations may arise where they will be in direct competition with Spinco. Spinco's directors and officers are required by law to act in the best interests of Spinco. They may have the same obligations to the other companies in respect of which they act as directors and officers. Discharge of their obligations to Spinco may result in a breach of their obligations to the other companies and, in certain circumstances, this could expose Spinco to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of Spinco. Such conflicting legal obligations may expose Spinco to liability to others and impair its ability to achieve its business objectives.

Influence of Third Party Stakeholders

The lands in which Spinco holds an interest, or the exploration equipment and roads or other means of access which Spinco intends to utilize in carrying out its work programs or general business mandates, may be subject to interests or claims by third party individuals, groups or companies. In the

event that such third parties assert any claims, Spinco's work programs may be delayed even if such claims are not meritorious. Such delays may result in significant financial loss and loss of opportunity for Spinco.

Fluctuation in Market Value of Spinco Shares

Assuming the Spinco Shares are listed on the CSE, the market price of the Spinco Shares, as a publicly traded stock, can be affected by many variables not directly related to the corporate performance of Spinco, including the market in which it is traded, the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of Spinco Shares in the future cannot be predicted. The lack of an active public market could have a material adverse effect on the price of Spinco Shares.

Currency Risk

Currency fluctuations may affect the cash flow which Spinco may realize from its operations, since most mineral commodities are sold in a world market in United States dollars. Spinco's costs are incurred primarily in Canadian dollars.

Competitive Factors in the Precious and Base Metals Markets

Most mineral resources including precious and base metals are essentially commodities markets in which we would expect to be a small producer with an insignificant impact upon world production. As a result, production, if any, would be readily sold and would likely have no impact on world market prices. In recent months due to the significant downturn in the world economies has driven the commodities prices much lower which has made raising capital more difficult than past years.

Substantial Number of Authorized but Unissued Spinco Shares

Spinco has an unlimited number of common shares which may be issued by the Spinco Board without further action or approval of Spinco's shareholders. While the Spinco Board is required to fulfill its fiduciary obligations in connection with the issuance of such shares, Spinco Shares may be issued in transactions with which not all shareholders agree, and the issuance of such shares will cause dilution to the ownership interests of Spinco's shareholders.

See also in the Circular, "*The Explorex Arrangement — Risks Associated with the Explorex Arrangement*".

18. PROMOTERS

Explorex took the initiative of founding and organizing Spinco and its business and operations and, as such, may be considered to be the promoter of Spinco for the purposes of applicable securities legislation. As at the date of the Circular, Explorex is the sole (100%) shareholder of Spinco and has transferred or will transfer Spinout Assets to Spinco to hold and operate as contemplated by the terms of the Arrangement. See in this Appendix "D", "*General Development of Spinco's Business — General — Material Properties*" and "*Description of Securities — Prior Sales*". See also in the Circular, "*The Explorex Arrangement — The Explorex Arrangement*", "*The Explorex Arrangement — Reasons for the Explorex Arrangement*".

The claims comprising the Arlington Project have associated costs as reflected in the Carve-Out Financial Statements attached as Appendix "F" to the Circular.

During the 10 years prior to the date of the Circular, Explorex has not been subject to:

- (a) a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order), or

- (b) an order similar to a cease trade order, or
- (c) an order that denied the relevant company access to any exemption under securities legislation,

that was in effect for a period of more than 30 consecutive days; nor has Explorex been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision; nor has Explorex become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver manager or trustee appointed to hold its assets.

19. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

19.1 Legal Proceedings

Spinco is not aware of any material legal proceedings to which Spinco or a proposed subsidiary is a party or to which the Spinco Properties are subject, nor is Spinco aware that any such proceedings are contemplated.

19.2 Regulatory Actions

There are currently no: (a) penalties or sanctions imposed against Spinco by a court relating to securities legislation or by a securities regulatory authority; (b) other penalties or sanctions imposed by a court or regulatory body against Spinco that would likely be considered important to a reasonable investor in making an investment decision in Spinco; and (c) settlement agreements Spinco entered into before a court relating to securities legislation or with a securities regulatory authority since Spinco was incorporated.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Since Spinco's incorporation, no director, executive officer, or shareholder who beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Spinco Shares, or any known associates or affiliates of such persons, has or has had any material interest, direct or indirect, in any transaction or in any proposed transaction that has materially affected or is reasonably expected to materially affect Spinco other than Explorex in connection with Spinco's incorporation (see in this Appendix "D", "*Corporate Structure*" and "*Promoters*"), the entering into of the Arrangement Agreement (see in the Circular, "*The Explorex Arrangement - The Explorex Arrangement*"), and the transfer of assets to Spinco in connection with the Arrangement (see in this Appendix "D", "*Introduction - Structure of the Transaction*" and "*General Development of Spinco's Business*"). See also in this Appendix "D", "*Material Contracts*" below.

Certain directors and officers of Explorex are also the directors and officers of Spinco. See in the Circular under the heading "*The Explorex Arrangement - Background to the Explorex Arrangement*", "*The Explorex Arrangement - Recommendation of the Explore Board*", "*The Explorex Arrangement - Reasons for the Explorex Arrangement*".

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditor

The auditor of Spinco is Davidson & Company LLP, Chartered Professional Accountants of Vancouver, British Columbia, who was appointed on September 12, 2019.

21.2 Transfer Agent and Registrar

The registrar and transfer agent of Spinco and for the Spinco Shares is AST Trust Company (Canada), located at 1600 – 1066 West Hastings Street, Vancouver, British Columbia.

22. MATERIAL CONTRACTS

Pursuant to the Arrangement, Spinco will acquire Explorex's interest in the Spinco Properties by way of the Arrangement Agreement and the Asset Purchase Agreement, both of which will be filed on Spinco's SEDAR profile at www.sedar.com in due course.

23. INTEREST OF EXPERTS

Davidson & Company LLP, Chartered Professional Accountants the auditor of Spinco, has confirmed that it is independent with respect to Spinco within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Certain legal matters relating to the Arrangement and Spinco will be passed upon by Miller Thomson LLP of Vancouver, British Columbia, legal counsel to Spinco.

The disclosure with respect to the Arlington Project in this Appendix is based on the Technical Report prepared by James Chapman, P. Geo.

None of the aforementioned persons nor any directors, officers, employees or partners, as applicable, of each of the aforementioned companies and partnerships, has received or will receive as a result of the Arrangement a direct or indirect interest in a property of Spinco or any associate or affiliate of Spinco, nor is currently expected to be elected, appointed or employed as a director, officer or employee of Spinco or any associate or affiliate of Spinco.

24. OTHER MATERIAL FACTS

There are no other material facts other than as disclosed in the preceding items and that are necessary in order for this document to contain full, true and plain disclosure of all material facts relating to Spinco and its securities.

25. FINANCIAL STATEMENTS

25.1 Financial Statements

A copy of the Carve-out Financial Statements are attached to the Circular as Appendix "F" and a copy of the Spinco Financial Statements are attached to the Circular as Appendix "G".

25.2 Re-Qualifying Issuer

Not applicable.

APPENDIX “E”

RESULTING ISSUER INFORMATION (GIVING EFFECT TO FUNDAMENTAL CHANGE) RAFFLES FINANCIAL GROUP LIMITED

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GLOSSARY OF TERMS

The following is a glossary of certain definitions used herein. Terms and abbreviations used in the appendices hereto are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. All dollar amounts referenced herein are shown in either Canadian dollars or Singapore dollars, as indicated.

“Arrangement Agreement” means the Arrangement Agreement between Explorex and Spinco dated January 28, 2020.

“BCA” means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as amended, including the regulations promulgated thereunder.

“Board” or **“Board of Directors”** means the board of directors of Explorex or Raffles, as the context requires.

“Cayman Shares” means the shares of the Resulting Issuer after the Continuation.

“Companies Act” means *Companies Law (as revised) of the Cayman Islands*.

“Consolidation” means the proposed consolidation of Explorex’s share capital on the basis of 25.95 old Explorex Common Shares for every one new Explorex Share, or such other number of pre-Consolidation Explorex Common Shares such that the Consolidation results in 1,050,000 Explorex Common Shares outstanding before the Closing of the transactions under the Share Exchange Agreement.

“Continuation” means the continuation of Explorex’s corporate jurisdiction from British Columbia to Cayman Islands.

“CSE” or **“Exchange”** means the Canadian Securities Exchange.

“Explorex” means Explorex Resources Inc. a company incorporated under the laws of British Columbia.

“Explorex Common Shares” means the common shares of Explorex.

“Explorex Consideration Shares” means the Explorex Common Shares issued on a post-Consolidation basis, following the Continuation, to the Raffles shareholders.

“Explorex Meeting” means the annual general and special shareholder meeting of Explorex to be held March 9, 2020 so that shareholders may vote on the Fundamental Change, the POA and the Continuation.

“Fundamental Change” means a “fundamental change” as defined in Policy 8 of the Exchange, of which the Transaction is a fundamental change for Explorex.

“MD&A” means Management's Discussion and Analysis.

“Person” means an individual, company, corporation, body corporate, partnership, joint venture, society, association, trust or unincorporated organization, or any trustee, executor, administrator, or other legal representative.

“**POA**” means Explorex’s proposed plan of arrangement transaction with Spinco under the provisions of Section 288 of the BCA, wherein Explorex will spin out its exploration assets and liabilities to Spinco, as more particularly set out in the POA and related arrangement agreement between Explorex and Spinco.

“**Raffles**” means Raffles Financial Private Limited.

“**Raffles Ordinary Shares**” means ordinary shares in the capital of Raffles.

“**Resulting Issuer**” or “**Raffles Pubco**” means Explorex, following closing of the Transaction, as named “Raffles Financial Group Limited” on the Continuation.

“**Resulting Issuer Shares**” means the Resulting Issuer ordinary shares (being Cayman Shares) which will be listed and posted for trading on the Exchange.

“**Securities Laws**” means the applicable securities laws, regulations and rules, and the blanket rulings and policies and written interpretations of, and multilateral or national instruments applicable.

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval developed by the Canadian Securities Administrators.

“**Share Exchange Agreement**” means the Share Exchange Agreement dated December 20, 2019 among Explorex, Raffles and the shareholders of Raffles.

“**Spinco**” means Origen Resources Inc., a wholly-owned subsidiary of Explorex, with whom Explorex intends to conduct the POA.

“**Transaction**” means the acquisition of the Raffles Ordinary Shares by Explorex in exchange for Explorex Consideration Shares, which will constitute a “Fundamental Change” for Explorex under the policies of the Exchange.

CURRENCY AND EXCHANGE RATES

Unless otherwise indicated herein, references to “\$”, “Cdn\$” or “Canadian dollars” are to Canadian dollars, references to “S\$” are to Singapore dollars, and references to “US\$” or “U.S. dollars” are to United States dollars. On February 3, 2020, one Canadian dollar expressed in Singapore dollars was S\$1.0309 and one Canadian dollar expressed in US dollars was US\$0.7533.

1. INTRODUCTION

The following information is furnished by and on behalf of the management of Explorex Resources Inc. (“**Explorex**”) in order to qualify for listing the securities of the Resulting Issuer (the “**Resulting Issuer**”) following a Fundamental Change under the Policies of the Exchange.

The information contained or referred to herein with respect to Raffles Financial Private Limited (“**Raffles**”) and its business has been provided by Raffles’ management.

1.1 Structure

On January 28, 2020 Explorex entered into an Arrangement Agreement (the “**Arrangement Agreement**”) with Origen Resources Inc., a wholly-owned subsidiary of Explorex (“**Spinco**”). Pursuant to the Arrangement Agreement, Explorex will spin out its exploration assets and

liabilities to Spinco, as more particularly set out in the Plan of Arrangement (“**POA**”) and Arrangement Agreement. Please refer to elsewhere in the Information Circular for comprehensive information about the POA.

Effective December 20, 2019, Explorex, Raffles and the shareholders of Raffles entered into a Share Exchange Agreement (the “**Share Exchange Agreement**”). The Share Exchange Agreement sets out the terms for a proposed reverse takeover transaction between Explorex and Raffles whereby Explorex will acquire all of the outstanding Raffles Ordinary Shares and Raffles will become a wholly-owned subsidiary of Explorex (the “**Transaction**”). The completion of the acquisition of Raffles pursuant to the Transaction constitutes a fundamental change under the policies of the Exchange (the “**Fundamental Change**”).

Pursuant to the Share Exchange Agreement, Raffles Shareholders will receive an aggregate of 450 Explorex Consideration Shares for each Raffles Ordinary Share held at the closing of the Transaction, on a post-Consolidation (as defined herein) basis. It is anticipated that the Transaction will result in Explorex issuing an aggregate of 45,000,000 Explorex Consideration Shares to the Raffles Shareholders.

The closing of the Share Exchange Agreement (the “**Closing**”) is conditional upon certain related transactions occurring.

Consolidation

Prior to Closing, Explorex will consolidate its issued and outstanding share capital at a ratio of approximately 25.95 old Explorex Common Shares for every one new Explorex Share, or such other number of pre-Consolidation Explorex Common Shares such that the Consolidation results in 1,050,000 Explorex Common Shares outstanding before the Closing of the transactions under the Share Exchange Agreement.

Continuation

Prior to Closing the Share Exchange Agreement, but after the closing of the transactions under the Arrangement Agreement, Explorex is expected to continue its corporate jurisdiction to the Cayman Islands. Shareholder approval for the Continuation is being sought at the Explorex Meeting. Please refer to the detailed information in the Circular regarding the Continuation.

Therefore, at the time of Closing, Explorex will have completed the Consolidation, (under the name change to “Raffles Financial Group Limited” and the Continuation. Upon Closing of the Transaction, and issuance of the Explorex Consideration Shares to the shareholders of Raffles, it will be Raffles Financial Group Limited, as the Resulting Issuer, with Raffles, the Singapore company, as its wholly owned subsidiary.

Additionally, on Closing, finder’s fees of \$150,000 in cash and 30,000 Resulting Issuer Shares are expected to be paid to 1219212 B.C. Ltd. (the “**Finder**”) on Closing. The Finder is a company controlled by Mr. Shaoyuan Feng, and the Finder is arms’ length to Explorex and Raffles.

Certain of the Resulting Issuer Shares issued to the former Raffles shareholders will be subject to escrow conditions and applicable resale restrictions as required by applicable securities laws and applicable stock exchange rules. See Section 11 – Escrowed Securities.

The description of the above agreements is a summary only, is not exhaustive and is qualified in its entirety by reference to each agreement’s respective terms, which are available on the Issuer’s SEDAR profile at www.sedar.com and which is incorporated by reference herein.

Financing

Concurrent with the Closing, the Resulting Issuer will complete one or more equity financings comprised of post-Consolidation common shares at \$5.00 per Resulting Issuer Share for maximum gross proceeds of \$20,000,000 (the “**Financing**”). The Resulting Issuer Shares will be subject to a contractual hold period expiring four months and one day from the Listing Date.

1.2 Conditions to Closing the Transaction and Required Approvals

The Transaction is subject to a number of approvals and conditions prior to its implementation, including, but not limited to the following:

- (a) completion of satisfactory due diligence by each of Explorex and Raffles;
- (b) approval of the directors of Raffles and Explorex of the Transaction;
- (c) approval of the shareholders of Raffles, if applicable;
- (d) approval of the shareholders of Explorex of the Fundamental Change, the POA and the Continuation;
- (e) completion of the Financing;
- (f) completion of the Consolidation;
- (g) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by the Share Exchange Agreement, including, without limitation, the Transaction;
- (h) there being no prohibition at law against Closing of the Transaction;
- (i) the receipt of all necessary corporate, regulatory and third-party approvals including exchange approval, and compliance with all applicable regulatory requirements and conditions in connection with the Transaction.
- (j) all consents, orders and approvals required for the completion of the Transaction and transactions ancillary thereto shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, all on terms satisfactory to all parties hereto, acting reasonably, including without limitation the receipt of all regulatory approvals;
- (k) approval from the Exchange to list the Resulting Issuer Shares following the Closing of the Transaction;
- (l) the Share Exchange Agreement shall not have been terminated; and
- (m) the absence of any material change or change in a material fact which might reasonably be expected to have a material adverse effect on the financial and operational conditions or the assets of each of the parties to the Share Exchange Agreement.

Share Allocation on Closing of the Transaction

On closing of the Transaction:

- (a) The pre-Transaction holders of Explorex common shares will own 2.1% of the Resulting Issuer Shares;
- (b) The former Raffles shareholders will own 89.9% of the Resulting Issuer Shares; and
- (c) The subscribers to the Financing will own 8.0% of the Resulting Issuer Shares.

The Resulting Issuer will be engaged in the business of Raffles as described herein. Explorex will have ceased to operate its mineral exploration business, and will dispose all of its assets associated with its previous business pursuant to the POA prior to completion of the Transaction.

The board of directors of the Resulting Issuer is expected to be comprised of the following six persons: Charlie Nany Sing In (referred to herein as Dr. Charlie In), Victor Liu, Abigail Zhang, Kit Chan, Harley Sinclair and Mike Zhou, along with one additional independent director to be appointed before Closing, subject to approval of the Exchange.

The officers of the Resulting Issuer are expected to be as follows:

<u>Name</u>	<u>Office</u>
Dr. Charlie In	Chairman
Victor Liu	Chief Executive Officer
Abigail Zhang	Chief Investment Officer
Dong Shim	Chief Financial Officer

Forward-Looking Statements

This document contains information and projections based on current expectations. Certain statements herein may constitute “forward-looking” statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Resulting Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used herein, such statements use such words as “will”, “may”, “could”, “intends”, “potential”, “plans”, “believes”, “expects”, “projects”, “estimates”, “anticipates”, “continue”, “potential”, “predicts” or “should” and other similar terminology. These statements reflect expectations regarding future events and performance but speak only as of the date hereof. Forward-looking statements include, among others, statements with respect to planned acquisitions, strategic partnerships or other transactions not yet concluded; plans to market, sell and distribute products; market competition; plans to retain and recruit personnel; the ability to secure funding; and the ability to obtain regulatory and other approvals are all forward-looking information. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements.

There can be no assurance that any intended or proposed activity or transaction will occur or that, if any such action or transaction is undertaken, it will be completed on terms currently

intended by the Resulting Issuer. The Resulting Issuer assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by law.

Although the Resulting Issuer believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Resulting Issuer can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. The forward-looking statements herein speak only as of the date hereof. Actual results could differ materially from those anticipated due to a number of factors and risks including those described under “Risk Factors” in section 17 hereof.

2. CORPORATE STRUCTURE

2.1 Corporate Name and Office

Explorex: The full corporate name of Explorex is “Explorex Resources Inc.”. Explorex’s head office is #488-625 Howe Street, Vancouver, BC V6C 2T6. The registered office of the Issuer is 400 – 725 Granville Street, Vancouver, BC V7Y 1G5.

Raffles: The full corporate name of Raffles is “Raffles Financial Private Limited”. Raffles’ registered office and head office and principal place of business is 3 Shenton Way, #11 – 1H Shenton House, Singapore 068805.

Resulting Issuer: The full corporate name of the Resulting Issuer is “Raffles Financial Group Limited”, as continued to the Cayman Islands. The registered office of the Resulting Issuer will be at the offices of CO Services Cayman Limited, PO Box 10008 Willow House, Cricket Square, Grand Cayman, KY1-1001. The head office will be Raffles’ address, as the business of Raffles will be the Resulting Issuer’s business.

2.2 Jurisdiction of Incorporation

Explorex was incorporated pursuant to the *Business Corporations Act* (British Columbia) (“**BCA**”) on January 6, 2011 under the name “Explorex Capital Ltd.” On June 11, 2012, Explorex changed its name to “Explorex Resources Inc.” Explorex is a publicly held corporation and a reporting issuer in the provinces of British Columbia, Alberta, Ontario, and the territory of Yukon.

On completion of the Fundamental Change, Explorex will have previously completed the POA, Consolidation and Continuation, and as Resulting Issuer will own all of the issued and outstanding shares of Raffles, a financial services company incorporated on July 5, 2018 pursuant to *The Companies Act (Chapter 50)* of Singapore.

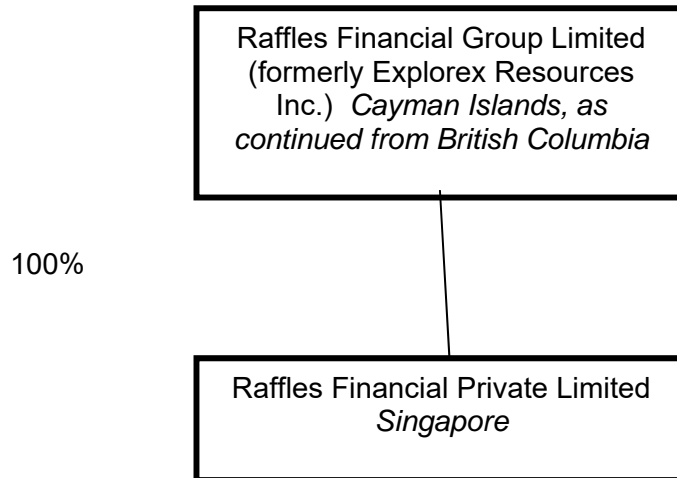
The Resulting Issuer will be governed by the corporate law of Cayman Islands under the *Companies Law (2018 Revision) of the Cayman Islands* and will be a reporting issuer in the Provinces of British Columbia, Alberta, Ontario, and the territory of Yukon. The business and operations of Raffles will be managed and operated as a wholly-owned subsidiary of the Resulting Issuer.

2.3 Intercorporate Relationships

Corporate Structure of the Resulting Issuer:

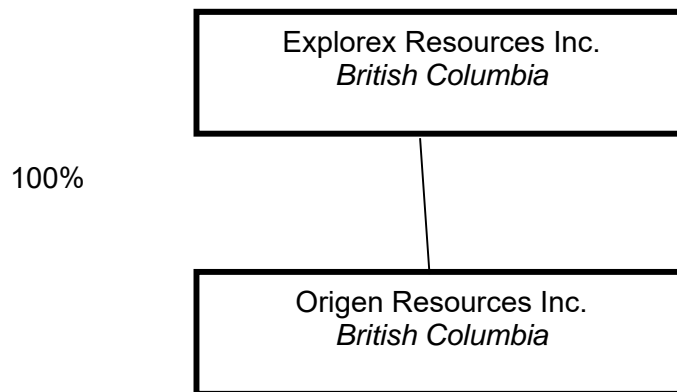
On the Closing of the Fundamental Change, Explorex will acquire the business of Raffles through the purchase of all of the outstanding Raffles Ordinary Shares.

The following chart shows the proposed inter-corporate relationship between Explorex and Raffles after the completion of the Fundamental Change:



Upon completion of the Fundamental Change, the business of Raffles shall become the business of the Resulting Issuer.

Before the Fundamental Change and Explorex closing the POA, the intercorporate relationships of the Resulting Issuer were as follows:



2.4 Incorporation outside Canada

The Resulting Issuer will be governed by the corporate law of the Cayman Islands. Please refer to the disclosure in the Circular regarding the Continuation which includes a comparison between British Columbia corporate law and Cayman Islands corporate law.

3. GENERAL DEVELOPMENT OF RAFFLES' BUSINESS

As the Resulting Issuer will operate the business of Raffles, Raffles business history is described under this section.

Raffles was incorporated on July 5, 2018, under the name "3R Strategic Holdings Private Limited" pursuant to *The Companies Act (Chapter 50)* of Singapore. Raffles changed its name to "Raffles Financial Private Limited" on March 21, 2019.

Raffles management and team work closely with public and private companies, governments and financial sponsors to originate, structure and execute equity and equity-linked financings such as initial public offerings, follow-on offerings, convertibles and derivatives. Raffles also provides guidance on capital structure across debt, hybrid, derivative and equity-linked products for organizations. The revenue of Raffles is derived mainly from two major service segments, namely, (1) financial advisory services and (2) licencing services, as described below as Raffles' Service Offerings.

Raffles wants to become a market leader in M&A advice, including sell-side advice, raid and activism defenses, cross-border M&A, special committee assignments and complicated merger transactions.

Raffles' clients are located across China and Asia and include businesses, sophisticated investors and family offices/funds.

Raffles provides advice on a full range of transactions, including mergers, sales, acquisitions, leveraged buyouts, joint ventures, raid defenses, spin-offs, divestitures and other restructurings.

In summary, Raffles works with its clients on:

- Public Company Offerings (Treasury and Secondary)
- Initial Public Offerings
- Private Placements
- Mergers & Acquisitions
- Corporate Restructuring
- Strategic Alternative Planning
- Asset Acquisitions and Divestitures

To date, Raffles' advisory services include assignments such as strategic planning, business assessments, assisting in financial restructurings, and providing an opinion on how to internationalize assets.

Raffles has completed projects with:

- Jufeel Technology Investment Group (Hong Kong) Holding Limited, pursuant to a Financial Advisory Service Agreement dated March 3, 2019;
- Hong Kong Green Leopard Medical Technology Limited, pursuant to a Financial Advisory Service Agreement dated June 15, 2019; and

- Rongxuan Technology Co., Ltd., pursuant to a Financial Advisory Service Agreement dated August 31, 2019.

Raffles has provided clients in the agriculture, hospitality, food & beverage and pharmaceutical industries with public listing advisory and arrangement services. Raffles helped a client in the food business to understand the listing requirements and formulated strategies to get the firm to be listed on a stock exchange outside of China. A pharmaceutical client was advised on how to get their new business listed on the Singapore Stock Exchange. A Singapore public-listed company was advised on how to grow its hospitality business in China and Raffles provided investor relationship counsel that led to a significant improvement in its market capitalization.

At the same time, Raffles is identifying and securing appointment of up to 30 Province Representatives throughout China and parts of Asia to provide Raffles a suite of advisory and arrangement services. Province Representatives are required to pay an upfront fee of between C\$100,000 to C\$500,000 per annum depending on the number of cities they represent.

Raffles has historically acted as an intermediary, and generally not as a provider of capital. Raffles has offered highly independent advice to clients and has helped firms find practical solutions that are cost effective. Raffles, as an experienced, quality corporate advisor, has added value to a number of the transactions it has participated in.

4. NARRATIVE DESCRIPTION OF THE BUSINESS

4.1 General

The business of the Resulting Issuer is the same business of Raffles, conducted through its wholly-owned subsidiary, Raffles. Raffles is an established Singapore company that provides an array of financial advisory and related services to companies in China, Singapore, Australia and other countries in and throughout Asia.

Raffles is headquartered in Singapore, with its head office in the downtown business district of Singapore City as well as regional branch offices in Sydney, Beijing and Hong Kong.

Raffles was created by its three founders and shareholders: Charlie In of Singapore – Chairman; Victor Liu of China – Chief Executive Officer; and Abigail Zhang of China – Chief Investment Officer. Collectively, they are referred to herein as the “**Founders**”.

The Founders have the following proposed roles with the Resulting Issuer:

- Charlie In – Chairman of the Board and Director
- Victor Liu – Chief Executive Officer and Director
- Abigail Zhang – Chief Investment Officer and Director

The Founders provide overall strategic expertise, manage Raffles’ strategic partners and organize its resources. All of this is done to assist Raffles’ clients in their corporate financial planning, management and oversight. Raffles draws on the Founders’ educational and occupational backgrounds as well as their contacts to formulate the services and practices carried out by Raffles. In addition to the Founders, Raffles has appointed Mr. Kit Chan (CPA, ACIS, ACS, MCG), who serves as Raffles’ Chief Financial Officer. Mr. Chan is a proposed Director of the Resulting Issuer. The Resulting Issuer’s proposed Chief Financial Officer is Mr. Dong Shim. See *Directors and Executive Officers of the Resulting Issuer*, below.

Raffles also employs five corporate analysts and officers.

Raffles had revenues of Singapore \$11.85 million for the twelve month period ending June 30, 2019 and had earnings before income taxes of nearly Singapore \$11.52 million for the same period.

The revenue of Raffles is derived mainly from two major service segments, namely, (1) financial advisory services and (2) licencing services (collectively, the “**Service Offerings**”):

1. **Financial advisory services**, including providing advisory and expertise support on the following:

- (i) restructuring and reorganizing clients' assets so as to internationalize such assets in favourable jurisdictions (“**Structuring**”). Raffles has successfully formulated tailor-made restructuring strategies and sourced M&A partners or vehicles in Singapore for its Chinese clients in the hospitality, food & beverage and pharmaceutical industries. Raffles has also helped these companies go public listed outside China via reverse take-over and joint ventures. This service transforms its clients' businesses from private and local entities overseas publicly listed companies;
- (ii) public listings (such as initial public offerings) in various Asian countries and in other global markets (“**Supporting**”). Raffles has helped its Chinese clients in the hospitality, food & beverage and pharmaceutical industries on listing preparation, appointment and verification of public listing matters and coordinating the works of the accountants, auditors, lawyers, bankers, independent experts, investors, media, valuers and various stakeholders, as well as investor relations counselling. Raffles has led its clients to a significant improvement in market capitalization; and
- (iii) funds, family offices and trusts regarding initial and ongoing investments and portfolios, plus performance assessments (“**Securing**”). Raffles has helped its Chinese clients on the selection and qualification of investment targets, set-up of funds and trusts, provided follow-through consulting, and provided advice with respect to investment risks for asset protection and appreciation purposes.

In providing any of the above services, Raffles enters into a service agreement with the client which sets out the services to be provided to the client, the service fee and the specified time frame for delivering such service. For the financial period ended June 30, 2019, Raffles service income was being generated partially in Hong Kong and China, with all clients primarily based in China.

2. **Licensing services**, including providing Raffles' representatives in any designated territory with various financial technology tools and advice on how to use Raffles' brand,, in addition to certain financial technology tools and techniques, to better serve their clients (“**Serving**”).

In providing such licensing services, Raffles enters into a licencing agreement with the client in which the permitted right to use the brand and certain technology, the fixed licencing fee for such right, and the specified licencing period of using such right are defined and stipulated. For the financial period ended 30 June 2019, such licencing income was being generated in China, with all clients based in two different provinces of China.

Since incorporation, Raffles has provided financial advisory services to four clients. During the financial period ended June 30, 2019, Raffles entered five advisory agreements with four

clients. For the six months interim period ended December 31, 2019, Raffles entered one advisory agreement with one repeat client who was also one of the clients for the financial year ended June 30, 2019. Each advisory agreement is usually comprised of more than one type of advisory service. For example, the advisory agreement entered during the interim period consisted of (i) re-structuring & corporate finance advisory services, (ii) IPO & global fund raising advisory services, and (iii) Fund, Family Office and Trust advisory services.

Raffles currently has four clients in Hong Kong for advisory services and three clients in China for licensing services.

For the financial period ended June 30, 2019, Raffles generated total revenues of S\$11,200,000 from four clients in Hong Kong for advisory services. For the same financial period, Raffles generated revenue of S\$333,334 from two clients in China for licensing services.

For the six months interim period ended December 31, 2019, Raffles generated total revenues of S\$2,800,000 from one client in Hong Kong for advisory services. For the same financial period, Raffles generated revenue of S\$3,000,006 from three clients in China for licensing services.

Raffles focuses its Service Offerings on assisting companies in the middle market, or so-called "Mid-Market" in Asia (primarily China and Southeast Asia), with plans to expand in other Asian regions. The Mid-Market is usually a reference to the size of a company, typically in terms of its revenue and/or asset base. There is no universally accepted revenue range that defines Mid-Market companies, however Raffles' management stipulates that it pursues companies in the range of US\$10 million to US\$50 million in revenues as its Mid-Market targets. Mid-Market companies fall between so-called "Main-Street" companies (below US\$10 million in revenues) and large "Corporations" (in the US\$51+ million to multi-billion range in revenues).

The Mid-Market comprises a significant portion of the Asian economy. In Asia, Mid-Market businesses represent one-third of the private sector GDP and employ approximately 25% of the total labour force (Source: Gartner Group, 2019).

Unlike large investment banks and self-employed financial consultants, Raffles offers customized and tailored financial services to clients and also works with a series of independent representatives ("**Representatives**") in different regions. Representatives pay annual fees to Raffles, who in turn provides such Representatives with tools, techniques and guidance. Raffles teaches the Representatives techniques to search for clients, structuring of listing requirements, securing the family assets process, etc. Also, Raffles offers Representatives a Raffles online portal to which such representatives can refer clients who want to use apps such 3rd party e-wallets, high-speed point of sale payment gateways, CRM systems, etc. The Representatives are responsible for marketing, pricing and placing deals.

Raffles' resources and professional service offerings allow Raffles to be a near full-service provider. Raffles bridges the gap between financial service providers with insufficient talent and those that are so large that they are unable to offer flexible services to serve their clients' diverse financial opportunities and challenges.

Conversely, Raffles' Service Offerings and its structure allows Raffles to address Mid-Market clients who want the type of services that Raffles offers, but either can't, or won't, pay the high fees of large investment banks or corporate finance groups; without the service levels that Raffles can deliver.

4.2 Regulatory Regime

Raffles is registered with the Monetary Authority of Singapore (“**MAS**”) as an exempt corporate finance adviser. The MAS is the sole national authority in Singapore regulating the provision of financial products and services. It is also the central bank of Singapore. In addition to the MAS, the approved exchanges in Singapore are also relevant in the regulation of financial products and services. For example, the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) is a self-regulatory organization that issues and administers rules for the marketplace, conducts surveillance on the activities of its participants and enforces compliance by its members and issuers. The approved exchanges are regulated by the MAS.

Raffles is a specialized financial services firm serving companies, especially those addressing the Chinese market. Readers should note that exempt corporate finance advisers or persons are not licensed by the MAS.

Raffles has informed the MAS that it intends to operate under the exempt regime and Raffles is thus exempted from licensing and business conduct requirements under the Singapore *Securities and Futures Act* (“**SFA**”) and/or the Singapore *Financial Advisers Act* (“**FAA**”) and the regulations thereunder.

Exempt corporate finance advisers such as Raffles are limited to serving only accredited investors, expert investors or institutional investors and are limited to serving up to 30 accredited investors.

Exempt advisers must be able to satisfy and demonstrate to MAS that they meet the “fit and proper” criteria in respect of honesty, integrity and reputation; competence and capability; and financial soundness, as stated in the Guidelines on Fit and Proper Criteria [Guidelines No. FSG-G01].

The “fit and proper” requirements have to be met on an ongoing basis, and are also applicable to the exempt company’s substantial shareholders or persons who have decision-making power in the company; directors or equivalent persons; and representatives who conduct regulated activities on behalf of the exempt company.

The registration process is meant to ensure that parties offering financial advice in Singapore follow certain guidelines initially and on an on-going basis. This framework provides Raffles’ clients with assurance of regulatory review and compliance.

Raffles intends to maintain its exempt status and to operate in accordance with Singapore laws. At the same time, Raffles may need to secure certain licenses as it moves towards the role of an investment bank with capital to place within selective projects and/or companies. At present, the Founders do not foresee the need to secure any Singapore or other country licenses given Raffles’ plans and existing business model.

The following section is prepared with regard for OSC Staff Notice 51-720 - *Issuer Guide for Companies Operating in Emerging Markets*. While Raffles also conducts business in China, Hong Kong and Australia, the disclosure in this section is limited to Raffles’ business in Singapore and the Cayman Islands. Raffles is headquartered in Singapore and upon completion of the Continuation, the Resulting Issuer will have continued its corporate jurisdiction from British Columbia to the Cayman Islands. The Continuation to the Cayman Islands is for tax purposes and the Resulting Issuer will not conduct business in the Cayman Islands.

Business and operating environment

What role does the foreign government and regulatory authorities have in the foreign operations?

Raffles is incorporated pursuant to the laws of Singapore and is subject to the corporate laws of Singapore. Raffles provides financial advisory and related services to companies in Singapore, Australia, Hong Kong, China and other countries in and throughout Asia. Raffles is headquartered in Singapore and had smaller branch offices in Sydney, Beijing and Hong Kong.

Raffles is therefore subject to the legal framework pertaining to the provision of financial advisory and related services within Singapore, Australia, China and Hong Kong.

Have restrictions or conditions been imposed, or can they be imposed, by the foreign government and regulatory authorities on the company's ability to operate in the foreign jurisdiction?

To the knowledge of management of Explorex and Raffles, no restrictions or conditions have been imposed by the foreign governments and regulatory authorities on the ability of Raffles to operate in the foreign jurisdictions where it currently conducts business.

Who in the company manages the relationship with the foreign government and regulatory authorities?

Dr. Charlie In, the Chairman and a director of Raffles, is primarily responsible for managing Raffles' relationship with the foreign governments and regulatory authorities where it conducts business.

What is the legal environment of the foreign jurisdiction? How does the legal system operate and how may it impact the company?

Singapore and the Cayman Islands both have common law legal systems. As Canada also has a common law legal system, there are similarities between the legal regimes.

What regulatory requirements is the company or its business or operations subject to in the foreign jurisdiction?

Please see the disclosure above, immediately under the heading "Regulatory Regime" on page 11.

Does the board have access to relevant expertise to ascertain the political, legal and cultural realities of the jurisdiction where the company's principal business operations are located, and the impact they may have on the company's business or operations?

The board of directors of Raffles will engage professional advisors (legal, financial, and technical) with the relevant expertise to provide assistance in the political, legal and cultural realities of Singapore and the Cayman Islands on an as-needed basis.

What are the banking customs in the foreign jurisdiction? How do they differ from Canadian customs?

Raffles has a bank account in Singapore. The banking customs in Singapore are comparable with the banking customs in Canada.

Are there any restrictions on the company's ability to transfer and/or verify the existence of funds in bank accounts located in foreign countries?

There are no restrictions on Raffles' ability to transfer and/or verify the existence of funds in bank accounts located in Singapore, where its bank account is located.

What are the impacts of local laws and customs on ownership and rights to property?

Raffles currently owns no real property and does not anticipate any impact of local laws and customs regarding rights and ownership to property to impact its business. Raffles is not aware of any restrictions on the ownership of property which might impact its business.

How frequently do Canadian board members and management visit operations in the foreign jurisdiction?

It is anticipated that the Resulting Issuer's Canadian board members and management will visit Raffles' operations in Singapore as often as is necessary. It is expected that the Resulting Issuer's Singapore resident management and board will visit Canada regularly as well.

Where are the company's books and records located and are there any access restrictions?

Raffles maintains a head office at 3 Shenton Way, #11-01H Shenton House, Singapore 068805. Raffles' books and records are located at its current address.

Shareholders of Raffles may access its financial statements, business reports and audit reports at any time during business hours. Raffles' auditors have full and free access to books and records of Raffles.

Will an investor's ability to exercise and enforce statutory rights and remedies under Canadian securities law be impacted by the fact that all or substantially all of the issuer's assets are primarily located in a foreign jurisdiction?

Raffles will become a wholly-owned subsidiary of the Resulting Issuer. Since four of the seven proposed directors of the Resulting Issuer will be resident Canadians, the majority of the board has a vested interest in ensuring that their fiduciary duties are carried out in full compliance with Canadian corporate law.

There are three statutory schemes in place governing the recognition and enforcement of foreign judgments in Singapore, namely, the CCAA, Reciprocal Enforcement of Commonwealth Judgments Act (RECJA), and Reciprocal Enforcement of Foreign Judgments Act (REFJA). These statutory rules are in addition to the common law regime. Judgments from foreign countries are enforceable in the Cayman Islands at common law.

Language and cultural differences

Does the composition of the board provide the appropriate level of knowledge and expertise in the language and cultural practices of the emerging market?

Not applicable, as English is the language of business in both Singapore and the Cayman Islands.

Is any board member fluent in the foreign language or does the board have access to an independent translator to overcome any language differences?

Not applicable, as English is the language of business in both Singapore and the Cayman Islands.

How frequently should the board members visit the operations in the emerging market and meet with local management?

Three of the proposed board of directors of the Resulting Issuer are Singapore residents. The other proposed directors will visit Singapore on an ad hoc basis.

Has the board engaged with local management to understand the manner in which business is conducted in the foreign jurisdiction?

The board of directors of the Resulting Issuer will engage with and supervise local management of Raffles as required in order to understand the manner in which business is conducted in Singapore and the Cayman Islands.

Have the books and records, including key documents such as material contracts or bank documents, been prepared in English or French or appropriately translated?

Raffles' business is primarily conducted in Singapore, where key documents are prepared in English.

Does the board have access to resources, beyond local management or local directors who are not independent, that can help overcome language and cultural issues?

The Resulting Issuer will retain a local law firm in Singapore and the Cayman Islands to provide legal consulting services as needed. A law firm in Cayman Islands is under retainer regarding the Continuation and has assisted with Continuation matters. A law firm in Singapore is under retainer by Explorex to assist with various Singapore-related matters. The Resulting Issuer expects to work with these firms as needed on a go-forward basis.

The auditor of the Issuer will also engage a local affiliate to assist in the preparation of the Resulting Issuer's audit as needed.

Corporate structure

Has the need for a complex structure been carefully assessed by management, including whether the company's objectives could be achieved through a simpler structure?

Explorex's board of directors, in reviewing the terms of the Transaction, has considered its options with respect to the corporate structure of the Resulting Issuer. As Raffles business has been headquartered in Singapore to date and Raffles has an established network of advisors in that country, Explorex's board of directors considers it appropriate to maintain Raffles' corporate jurisdiction in Singapore. Upon receipt of professional advice, as discussed in more detail in the Circular, the Explorex board of directors considers it appropriate for the corporate jurisdiction of the Resulting Issuer to be continued to the Cayman Islands.

Is the company's corporate structure consistent with its business model and the political, legal and cultural realities of the jurisdiction where its principal business operations are located?

As Raffles' business is headquartered in Singapore, the Resulting Issuer's corporate structure is consistent with its business model and the realities of the jurisdiction in which primary

operations will occur, being Singapore. For tax purposes, the corporate jurisdiction of the Resulting Issuer will be the Cayman Islands.

Where the company uses a structure that involves one or more SPEs, does it have effective control and ownership over the foreign operating entities and is the SPE structure compliant with relevant foreign investment restrictions?

The Resulting Issuer will exercise effective control and ownership over Raffles.

Does the board have the means to monitor legal and regulatory developments in the foreign jurisdiction relative to SPE structures?

The board of the Resulting Issuer will have the means to monitor legal and regulatory developments in Singapore and the Cayman Islands through its professional advisors.

Does the corporate structure limit or inhibit the ability of the board to oversee and monitor management of the foreign operations?

The Resulting Issuer's corporate structure will not limit or inhibit the ability of the board of the Resulting Issuer to oversee and monitor management of the foreign operations. The Resulting Issuer's Chairman and significant shareholder will continue to be the CEO and a director of Raffles overseeing its operations.

How does the board ensure that information from the local jurisdiction is communicated to the board in a timely manner?

There will be a routine report from Raffles to the CFO and CEO of the Resulting Issuer every month which will be disclosed in the form of Monthly Progress Report on the CSE website. The Chinese resident directors, who will be orientated with Canadian corporate governance requirements, will inform and discuss with the rest of the Board should any material events occur.

Can the Canadian parent company effectively change the board and management of the foreign operating entities?

The Resulting Issuer will have the ability to change the board and management of the foreign operating entities as the sole shareholder of Raffles.

Have the risks associated with the company's corporate structure been identified and evaluated? Does management have appropriate controls in place to address those risks?

Risks associated with the Resulting Issuer's proposed corporate structure have been identified and evaluated. It is management's opinion that the risk is minimal given the regulatory environment in Singapore, where Raffles' operations are based, and that the Chairman of the Resulting Issuer will continue to serve as CEO of Raffles.

Related parties

Has management implemented effective policies and procedures to identify related parties and any transactions with such parties, evaluate the merits of such transactions, and require that the transactions be reported to the board and be subject to prior board approval?

The Resulting Issuer has not developed a formal policy regarding related party transactions, but each of its proposed board members have been made aware of their fiduciary duties and the requirements of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* ("MI 61-101").

Are directors and senior management required to obtain board approval or the approval of independent or disinterested directors before entering into transactions in which they have an interest?

Each director of the Resulting Issuer will attempt not only to avoid dealing with such other companies in situations where conflicts might arise but will also disclose all such conflicts and will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. In addition, the Resulting Issuer will require that no director shall participate in the evaluation or approval of any related party transaction for which he or she is a related party and will abstain from voting on the approval of the related party transaction, except that the director shall provide all material information concerning the related party transaction to the board.

Are related party transactions evaluated by disinterested directors (i.e., as opposed to evaluation by directors who may be definitionally "independent" for purposes of securities regulation but would not be considered disinterested by a reasonable person)?

Yes, in accordance with the provisions of MI 61-101.

Is the Transaction subject to the minority shareholder approval and formal valuation requirements under MI 61-101?

No. The Resulting Issuer will consult with Canadian legal counsel to determine whether transactions, on a case-by-case basis, trigger the minority shareholder approval and formal valuation requirements under MI 61-101.

Are transactions that fall outside the normal course of business scrutinized to determine whether related parties have a direct or indirect interest in those transactions?

The Resulting Issuer will scrutinize such transactions, in accordance with the provisions of MI 61-101.

Could the same or similar benefits derived by a company through a related party transaction be obtained at a lower cost or with less risk on an arm's length basis (including, for example, public tender)?

On a going forward basis, the board of directors of the Resulting Issuer will review and consider whether a related party transaction can be obtained at a lower cost or with less risk on an arm's length basis. The Transaction is not a related party transaction. Neither Raffles nor Explorex are currently subject to any material transactions with related parties.

What would the impact be on the company in the event the related party no longer supplied certain goods or its services?

On a going forward basis, the board of directors of the Resulting Issuer will review and consider the impact on the company in the event any related party no longer supplied certain goods or services. To date, neither Raffles nor Explorex has entered into any material transactions for the supply of goods or services with any related parties.

What is the track record of the related party in supplying the goods or services?

On a going forward basis, the board of directors of the Resulting Issuer will review and consider the track record of the related party supplying any goods or services to the company. To date, neither Raffles nor Explorex has entered into any material transactions for the supply of goods or services with any related parties.

Does the related party have the requisite skills, experience and/or financial capability to supply the good or service?

On a going forward basis, the board of directors of the Resulting Issuer will review and consider whether the related party has the requisite skills, experience and/or financial capability to supply the good or service. To date, neither Raffles nor Explorex has entered into any material transactions for the supply of goods or services with any related parties.

Are balances due from related parties collectible?

Neither Raffles nor Explorex has any balances due from related parties.

Are there tax risks that arise from related party transactions?

The Resulting Issuer will seek professional tax advice with respect to any related party transactions as they arise from time to time.

Can the business effectively continue to operate without the approval or participation of the related party or significant shareholder?

No material business of Explorex or Raffles is operated with any related party or significant shareholder.

Risk management and disclosure

Does the board have a full understanding of the risks facing the company and how those relate to the overall risk appetite of the company?

The board of directors of the Resulting Issuer has a full understanding of the risks facing the company.

Is there a strategy in place to ensure that significant risks related to operations in the emerging market are identified and managed by the board and management?

The board of directors of the Resulting Issuer will communicate with legal counsel in Singapore and the Cayman Islands as necessary in order to monitor the political and the legal environment in which Raffles operates.

Does the board regularly engage with management to review and update the risk identification and management strategy?

The board of directors of the Resulting Issuer will have direct access to management of Raffles as the Chairman of the Resulting Issuer will continue to act as CEO of Raffles. Going forward, the board of directors of the Resulting Issuer intends to review and update its risk identification and management strategy on an as-needed basis.

Does the board ask probing questions and seek confirmations that decisions made by management are consistent with board-approved strategies and the company's overall risk appetite?

The proposed board of directors of the Resulting Issuer will ask probing questions and seek confirmations that decisions made by management are consistent with board-approved strategies and the Resulting Issuer's overall risk appetite.

Does the board obtain confirmation from management that risk exposures are in compliance with established limits?

The board of directors of the Resulting Issuer will obtain confirmation from management that risk exposures are in compliance with established limits.

Do board members take appropriate steps to stay informed of key developments that could increase the company's risk exposure in the emerging market?

The board of the Resulting Issuer will take appropriate steps to stay informed of key developments, including the legal, political and regulatory climate of Singapore and the Cayman Islands, that could increase the Resulting Issuer's risk exposure in the emerging market.

Has the board established contacts in the foreign jurisdiction that may assist the board in staying abreast of developments that could impact the company's risk exposure and does the board regularly engage with these contacts?

The board of directors of the Resulting Issuer will have direct access to legal counsel in Singapore and the Cayman Islands. The board of directors of the Resulting Issuer intends to communicate with legal counsel in Singapore and the Cayman Islands as necessary in order to stay abreast of developments that could impact the Resulting Issuer's risk exposure.

Does the Board have a clear understanding of the internal controls and processes in place to respond to risk?

The Resulting Issuer board of directors will ensure that all members have a clear understanding of the internal controls and processes in place to respond to risk.

Does the board review how disruptions to business operations caused by political, legal and cultural factors in the emerging market were dealt with by management?

The Resulting Issuer board of directors will review carefully how disruptions to business operations that may be caused by political, legal and cultural factors in the emerging market were dealt with by management.

Internal controls

What has management done to determine if the company has the proper internal controls in place to address each of the identified risks, in particular the risks associated with operating in an emerging market?

Management of the Resulting Issuer will the accounting cycle, payroll administration, operational activities, and financial reporting controls to assess internal control risks and to ensure proper internal control is in place.

What are the deficiencies and weaknesses in internal controls that have been identified? How material are these deficiencies or weaknesses?

One of the deficiencies in internal control is the lack of segregation of accounting duties due to the limited size of Raffles. However, the threat of this deficiency is considered immaterial as management has taken effective measures to mitigate this weakness.

What potential risks flow from the identified deficiencies and weaknesses?

The potential risk that flows from the identified deficiencies and weaknesses is the risk of potential fraud. However, the risk of fraud is considered low as management has taken measures as stated above to mitigate the potential risk of fraud.

What are the ways that such deficiencies and weaknesses can be remediated?

Management anticipates taking the following measures to mitigate this weakness:

- All purchase and payment, including payroll, must be authorized by management;
- All capital expenditures must be preapproved by the board of directors;
- All source documents in Singapore and the Cayman Islands must be translated and scanned for accounting entries and recordkeeping purposes;
- Almost all of the Resulting Issuer's cash will be deposited with a Singapore bank. Operating funding for Raffles will be provided by the Resulting Issuer with two directors' approval; and
- Bank statements of Raffles will be reviewed by the CFO of the Resulting Issuer regularly.

Does management have a plan and timeframe for the remediation? Does the plan include immediate/ interim steps to manage the risks that have been identified? Is the timeframe proposed by management reasonable?

The board of directors of the Resulting Issuer expects to schedule a board meeting in Singapore and the Cayman Islands following the closing date to allow for meetings with local staff and management and review of Raffles' operations.

What is the status of on-going remediation plans?

The board of directors and management of the Resulting Issuer expect in the near future to establish a whistleblowing policy.

Are there any interim measures that should be adopted before the remediation is complete?

The board of the Resulting Issuer will continue to monitor the operations of Raffles, evaluate the internal controls, and develop measures in the future to mitigate any potential risks and weaknesses.

What are the auditor's views on the company's internal controls?

Audits include a review and evaluation of the system of internal controls of Raffles and the Resulting Issuer, respectively, to assist in determining the level of reliance that may or could be placed on the system of Raffles and the Resulting Issuer in assessing the nature and extent of the audit procedures undertaken. Based on the review and evaluation of the internal controls, given the relative size of Raffles and the Resulting Issuer, management structure and the nature and volume of the transactions processed, financial and transaction controls are insufficient to allow the auditor to place a high degree of reliance hereon in the conduct of the audit.

Use of and reliance on experts

Neither Explorex nor Raffles has relied on any experts in emerging markets in connection with the Transaction.

Oversight of the external auditor

Does the auditor have a presence or affiliation in the jurisdiction in which the company's overseas operations are located?

Yes. Explorex's external auditor Davidson & Company LLP ("Davidson") is a member firm of the Nexia International network, a global accountancy and consultancy network with affiliations in Singapore and the Cayman Islands. Upon completion of the Transaction, the Resulting Issuer proposes to appoint MNP LLP as its auditor. MNP LLP also has affiliations in Singapore and the Cayman Islands.

Do any members of the audit team have the language, skills relevant to, and cultural knowledge of, the local jurisdiction?

The Resulting Issuer expects that upon completion of the transaction, the audit team will have the language, skills relevant to, and cultural knowledge of, the local jurisdiction.

Does the auditor have sufficient experience in the accounting and tax rules of the foreign jurisdiction?

To the knowledge of the Resulting Issuer, the auditor has sufficient experience.

Does the auditor understand the risks and challenges facing the emerging market issuer, and does it have sufficient appropriate audit procedures to address them?

To the knowledge of the Resulting Issuer, the auditor adequately understands such risk and challenges and has appropriate procedures to address same.

Other risks related the business of the Resulting Issuer

Raffles has financial advisory service agreements and licensing agreements in place with clients in China and Hong Kong, which may present risks to the Resulting Issuer, including risks related to foreign exchange fluctuations and the requirements to comply with different regulatory regimes. See "*Risk Factors*".

4.3 Market Overview, Market Opportunities

Asia is the largest and most populous continent on Earth. Asia covers an area of 44.5 million sq. kilometres: about 30% of the Earth's total land area. The continent has 4.5 billion people and constitutes roughly 60% of the world's population.

Mid-Market companies and small and medium size enterprises (“SMEs”) comprise a large portion of the Asian marketplace.

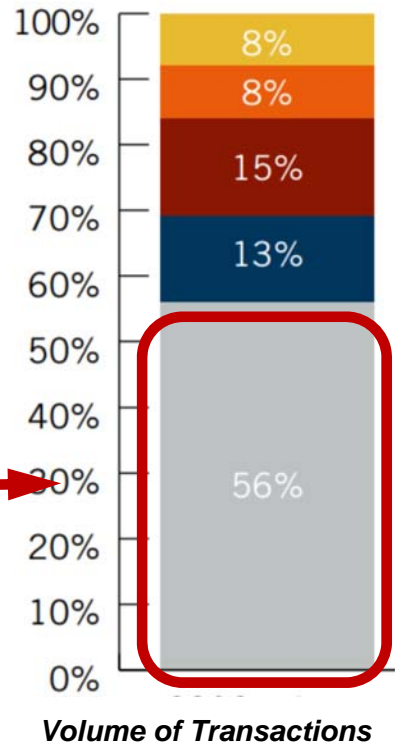
Asian financial markets, particularly within developing economies, are still generally less mature and less regulated than markets in America or Europe. Bond markets, in particular, are often underdeveloped, as bank financing is much more common than financing via the issuance of corporate debt. On the equity side, Asian markets are less likely to do the same type of capital restructuring that is common in America, with leveraged buyouts and similar maneuvers being exceptions rather than the rule. The wide variety of financial products available through retail banks is also more common in developed countries outside Asia.

The merger and acquisition (“M&A”) activity in the Asian financial services Mid-Market, in particular, has experienced recent growth. In the last five years, the Asian Mid-Market has been very active with the volume of transactions in M&A being dominated by companies in the Mid-Market.

(Source: Houlihan Lokey Capital, Inc., Asia-Pacific M&A: Investing in the Mid-Market, Issue 3 and MergerMarket).

Researchers in the Asia-Pacific region indicate that almost 60% of all M&A transactions fall within the Mid-Market space over the next five years. This is the region that Raffles is targeting with its financial advisory services.

M&A Transactions in Asia from 2012 - 2018



Volume of Transactions

Legend:
■ < US\$50m ■ US\$51m-US\$100m ■ US\$101m-US\$250m
■ US\$251m-US\$500m ■ >US\$500m

Source: 
MERGERMARKET

(Sources:

International Federation of Accountants - SMEs as the Backbone of Southeast Asia’s Growing Economy

<https://www.aseanstats.org/publication/asean-statistical-highlights-2018/>

<https://en.wikipedia.org/wiki/Asia>

<https://www.bain.com/insights/asia-pacific-private-equity-report-2019/>

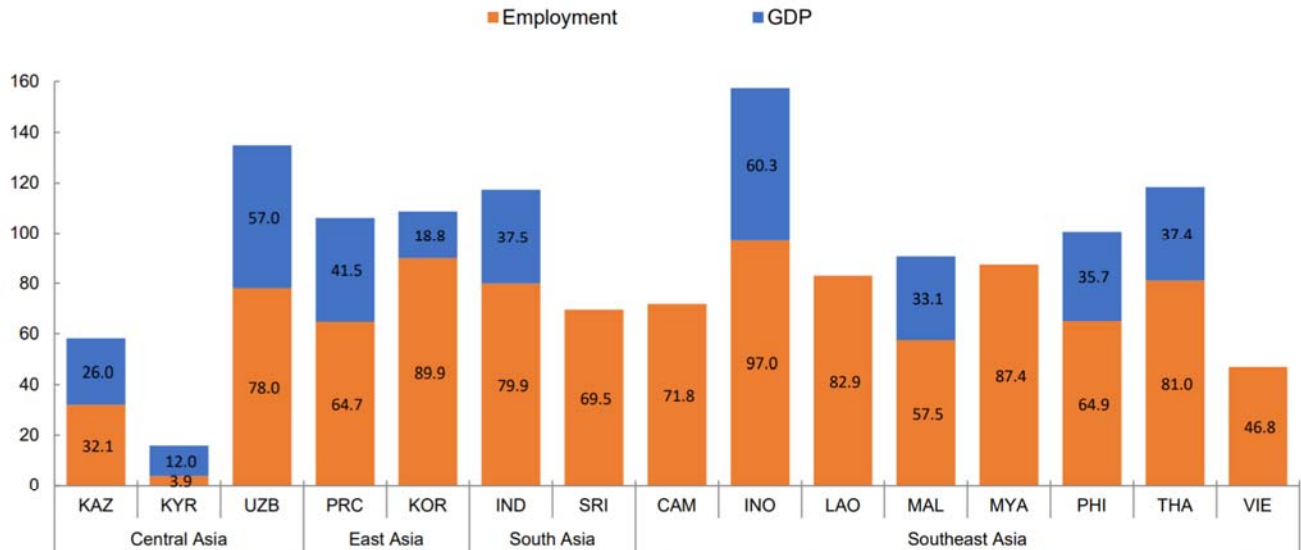
MergerMarket: Asia-Pacific M&A: Investing in the mid-market)

The Asia-Pacific region continues to increase in importance for the global financial services market. In China, business owners and families have a renewed interest to seek to move capital into international capital markets and countries where stability exists and ownership rules are clear. The countries comprising Asia present significant opportunities for Raffles as many business owners and investors are seeking solutions to their financial situations.

While mega deals often dominate the headlines, Asia’s financial services sector remains largely underwritten by the Mid-Market.

It is apparent that Asia-Pacific has a deep pool of Mid-Market companies with enterprise values of between US\$1m to US\$50m. Financial advisory work in this segment drives deal activity in the Asia-Pacific region, and this trend is expected to continue (Source: Houlihan Lokey Capital, Inc., 2018).

SME Share of GDP and Employment (%)



CAM = Cambodia, GDP = gross domestic product, IND = India, INO = Indonesia, KAZ = Kazakhstan, KOR = Republic of Korea, KYR = Kyrgyz Republic, LAO = Lao People's Democratic Republic, MAL = Malaysia, MYA = Myanmar, PHI = Philippines, PRC = People's Republic of China, SME = small and medium-sized enterprise, SRI = Sri Lanka, THA = Thailand, UZB = Uzbekistan, VIE = Viet Nam.

Sources: ADB. 2015. *Asia SME Finance Monitor 2014*. Manila; and Uzbekistan data from the State Statistics Committee (as of December 2016).

Southeast Asia, as an economic region under the flag of the Association of Southeast Asian Nations (“**ASEAN**”), continues to fulfil its potential as one of the major players in today’s global economy. With a combined GDP of US\$2.7 billion (3.5% of the world’s total GDP) in 2017, the ASEAN economy is projected to grow over 5% per year and become the fourth largest economy in the world by 2030.

A major part of the ASEAN economy consists of SMEs, which account for between 89% and 99% of total establishments, and between 52% and 97% of total employment in the ten ASEAN Member States (“**AMS**”) (Source: OECD/ERIA (2018), SME Policy Index: ASEAN 2018: Boosting Competitiveness and Inclusive Growth, OECD Publishing, Paris/Economic Research Institute for ASEAN and East Asia, Jakarta.) These SMEs contribute to each AMS’ GDP

between 30% and 53%, with export contribution between 10% and 30% per AMS (see SME Developments in ASEAN 2018). SMEs make real contribution to income and employment generation, gender and youth empowerment through their diverse business participation, together with their widespread presence in non-urban and rural areas.

At the same time, SMEs and Mid-Market companies are finding access to capital and financing matters and government policy as material issues. These are matters that Raffles' Service Offerings are intended to address.

Mergers and Acquisitions

Small and medium-size deals comprise the vast majority of M&A activity in Asia with transactions over US\$500m accounting for just 8% of volume (Source: Houlihan Lokey Capital, Inc., Asia-Pacific M&A: Investing in the Mid-Market, Issue 3 and MergerMarket). Deals in the US\$50m to \$500m range totalled almost 1,000 deals for 2018 worth more than US\$150 billion, accounting for 35% of deal volume and 32% of value, respectively.

There is a large universe of high growth companies in Asia's mid-market that continues to attract strategic acquirers seeking quality additions to their regional or global enterprises. Although these companies may not rival the large-cap segment in terms of brand recognition, Mid-Market companies play an important role in buy-and-build strategies.

Further, many of today's Mid-Market companies are SMEs that survived and thrived past the 2008 – 2012 global financial crisis and have proven to be strong and savvy competitors making them all the more attractive acquisition targets.

Deal activity has been largely intra-regional – a large percentage of middle market transactions have been cross border or domestic deals within the region – highlighting the difficulty for Western buyers to compete with local acquirers in Asia.

While China remains a largely inbound and domestic market for M&A, a rising wave of acquisitive Chinese companies venturing beyond their national borders has created an uptick in outbound transactions since 2016. In 2013, 120 outbound transactions were completed, with 34% in the middle market; this has accelerated.

Researchers find that the typical Mid-Market owner or investor is looking for proven partners / businesses with experienced management that have significant room for growth. These tend to be private, family-owned companies that grew from a start-up into a more mature entity.

Dealmakers need to be mindful of the unique dynamics of family-owned businesses that have been built upon and rely on relationships that are often controlled by the company's founder. In this environment, successful investors utilize a combination of building trust and friendship with the company's owners and management while conducting thorough due diligence.

Unlike most Western markets, leveraged buyouts in Asia are quite rare. The majority of deals occurring in the middle market are purchases of minority positions that come with limited rights and protections for the investor. This structure provides the investor with access to a high growth opportunity while allowing the entrepreneur to remain in control of the business.

As difficult as it may be to deploy capital, one topic that is at the front of many people's minds these days is the ability to exit investments. As numerous investments made in recent years have failed to IPO, a clear path to exit is becoming a critical condition for new investments. Investors often have a right to force an exit, but in practical terms such action is unrealistic without the buy-in of the majority shareholder.

These situations are causing investors to become more creative in seeking exits and in structuring new investments. How do investors source quality deals? What must they be prepared to do to win deals and best their competitors? Few deals simply fall into the laps of investors, so investors need to maintain a deep and wide network of referral sources. Raffles is positioned well in this market spot.

In order to close deals and beat the competition, owners and/or investors need to spend significant time on the ground meeting and developing a personal relationship. This is difficult to accomplish by flying in once a month for a quick meeting.

In terms of the China outbound story, we expect to see headline deals in the natural resources space, as China seeks to secure its energy needs by acquiring oil, gas and mining assets around the globe.

In the middle market, we are seeing increased interest in consumer products, food and beverage, and industrial technologies. Food security is a national priority issue in China, and we expect to see many transactions in the food and beverage sector.

As Chinese manufacturers move up the value chain, purchasing international brands and technology will also be a priority. China outbound deal volume is likely to continue to grow due to:

- an increase in the number of deal participants — as Chinese companies grow and mature there should be more companies with the skill and sophistication required for cross border M&A; and
- pressure on A-share listed companies to justify their relatively high valuations — these businesses should seek acquisitions of brands and technology to counteract slowing organic growth. From a volume perspective, most transactions will likely be in the middle market. These smaller deals typically do not involve public or political scrutiny that increases the risk of deal completion.

Many Chinese companies want to start small in terms of price and complexity and learn as they go when making acquisitions abroad.

The fastest growing segment of Asia business is Chinese sellers or buyers navigating the M&A processes.

While sector focus varies with geography, most outbound China acquisitions follow the strategy of acquiring brands or technologies that can be leveraged in China to improve growth, profitability and broaden the expertise of the acquirer.

The outbound trend is expected to continue in the years ahead as financing becomes more readily available and government support for these transactions remains strong.

Researchers foresee the Asia Pacific M&A market (a good indicator of the financial services market) for the Mid-Market being active during 2019.

Asia Pacific M&A in 2018

Key themes across the 2018 Asia Pacific M&A market include:

- 1 Record breaking hotspots**

Despite a slight regional downturn compared to 2017, 2018 was a record breaking year for Australia, India, Japan, and South Korea. China and Indonesia saw a considerable increase in deal value. US tensions had a knock-on effect in different ways in many jurisdictions across the region, the most obvious being in Mainland China where acquisitions of US companies fell 94% , but with acquisitions of European companies climbing 81%. South Korea also focused on Europe for real estate and infrastructure acquisitions. Thailand's domestic investment surged while its outbound investment decreased. Singapore had a soft year.
- 2 TMT dominates**

2018 was one of the strongest years on record in the TMT sector (18% market share). TMT was followed by industrials (13.8%), financials (13.3%) and materials (12.8%). 2018 saw an uplift in M&A activity in mining (particularly in coal), energy and utilities (10% market share).
- 3 Venture capital and private equity deals shine**

Venture capital fund investment activity continued to grow, with significant investments in start ups, particularly in the ICT sector, emerging industries and the healthcare sector. The number of public to private transactions tripled from 2017.

Asia Pacific M&A in 2019

Predictions for the broader Asia Pacific M&A market for 2019 include:

- 1 Dry powder and borrower friendly conditions**

The surge of private equity and venture capital activity is expected to continue following the entrance of larger funds into the market, record levels of dry powder, borrower friendly conditions along with a continued increase in private equity deals with listed companies.
- 2 Technology, infrastructure and the push towards a green future**

For the past four years we have predicted a continued wave of technology focused deals including fintech, e-commerce and TMT. 2019 will be no exception.

Other sectors to watch will be infrastructure-like sectors and the changing nature of our energy and transportation networks across Asia Pacific, with increasing investor interest in renewables, recycling, green power and the financial sector.
- 3 Government reform encouraging investment**

Amidst political headwinds, 2018 saw Government reform in many jurisdictions intended to attract greater inbound foreign investment. Notable examples of investment-friendly reform include the new Foreign Investment Laws in Mainland China, the unified business licensing system in Indonesia, the relaxation by the Vietnamese government in approving overseas investment, and the new Companies Act in Myanmar. We expect to see more foreign investors taking advantage of these investor-friendly reforms and the increased market liberalisation.

(Source: Hebert Smith Freehills, Asia Pacific M&A Review for 2019)

IPOs and Capital Markets

Ongoing trade tensions between China and the U.S. continued to impact Asia-Pacific IPO activity in the first half of 2019, inhibiting a return to 2018 levels.

In the Asia-Pacific region, 2019 IPOs across the region were down 12% by volume and 27% by proceeds compared with the first half of 2018.

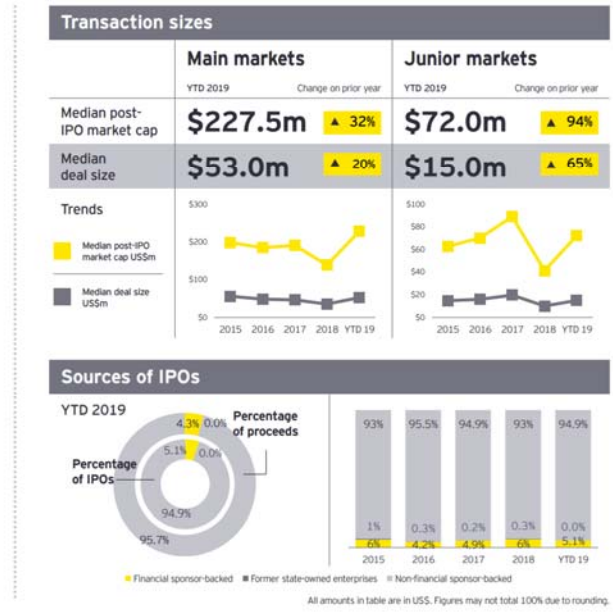
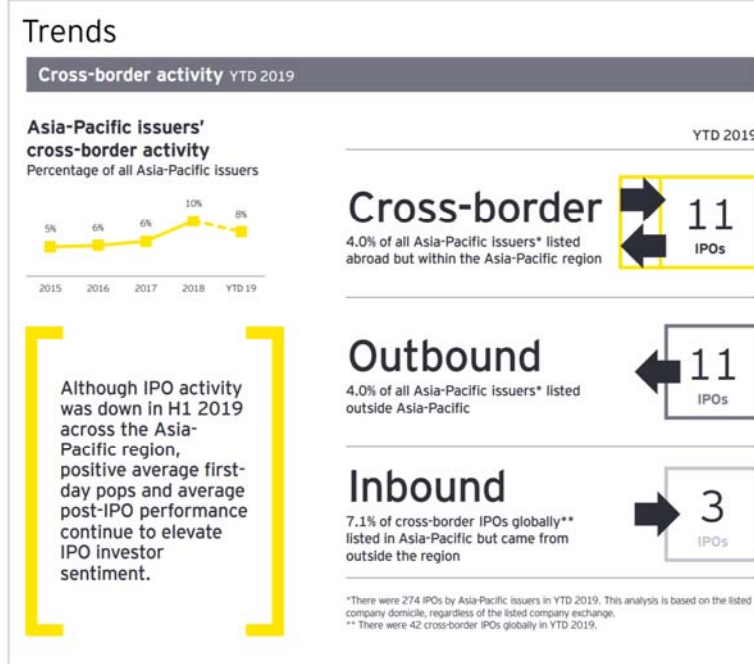
While these numbers are not ideal, IPOs on Asia-Pacific's main markets experienced average first day returns of around 19% and average current returns of approximately 33%.

Asia-Pacific continued to dominate global IPO activity year-to-date in 2019 by volumes, representing six of the top ten stock exchanges. By proceeds, the region accounted for three of the top ten exchanges.

- In Greater China, investors remained cautious, as H1 2019 volumes and proceeds were down 14% and 16%, respectively, relative to H1 2018.
- Greater China saw a modest increase in deal numbers (16% rise) in Q2 2019 over Q2 2018 but saw a small fall in proceeds (-4%), suggesting that Greater China IPO markets remain resilient despite geopolitical tensions.
- Japan's IPO markets remained stable through the end of the first half of 2019, with H1 2019 posting 5% more IPO deals than H1 2018, but proceeds fell due to lower average deal size.
- In H1 2019, Australia saw a decline of 43% by volume and 73% by proceeds compared with H1 2018, with small-cap listings in technology, materials and health care dominating.
- Geopolitical uncertainties, trade tensions and macroeconomic conditions in the Southeast Asia region continued to weaken IPO activity in H1 2019 as deal volumes declined 8%, while funds raised dropped 55% compared with H1 2018.
- Health care, technology and financials posted the highest proceeds on Asia-Pacific exchanges in H1 2019. By deal numbers, technology, industrials and health care top the list.
- Median deal size on Asia-Pacific's main markets rose to US\$53m in H1 2019, up 20% from H1 2018, while median IPO market cap increased 32% to US\$227.5m.

(Sources: E&Y - Global IPO Trends: Q2 2019 Report and Hebert Smith Freehills, Asia Pacific M&A Review for 2019)

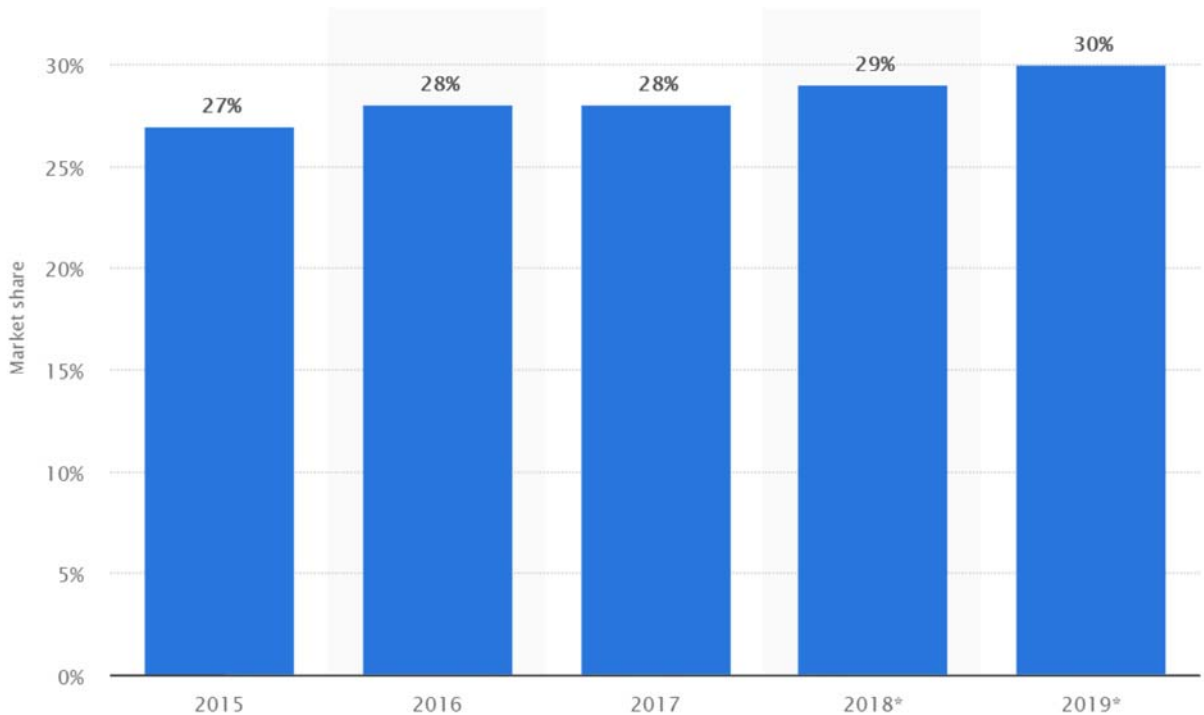
(Below diagram source: E&Y - Global IPO Trends: Q2 2019 Report)



Financial Services Markets

In 2019, it was predicted that financial consulting will account for a 30% share of the entire consulting industry in the Asia Pacific region. In 2019, the consulting industry is forecasted to reach a market size of approximately US\$53.6 billion. (Source: Consultancy.uk)

Market share of financial consulting in the Asia Pacific region from 2015 to 2017 with forecasts until 2019



(Source: Statista and Consultancy.uk, 2019)

The above chart shows the export value of financial services from Singapore to Asia from 2000 to 2017. In 2017, the export value of financial services amounted to approximately 8.259 billion Singapore dollars.

4.4 Objectives and Milestones

Objectives

The Resulting Issuer's short-term objective is to expand Raffles' sustainable financial services business through provision of its Service Offerings.

Raffles plans to continue offering its services to Asian-based Mid-Market firms in all legal jurisdictions within which Raffles operates.

Raffles will continue to use the expertise of the Founders in finance and technology, combined with its Representatives in different countries (i.e., China), to create synergies and a true "end-to-end solution" so that Mid-Market firms of all sizes and their owners can gain the expertise and advice they need in an economical manner.

This is important because as the Asian capital markets and industry matures, firms/owners will want North American style services so that they can effectively balance their own financial portfolios into their financial planning.

Raffles has spent much of the last year (and more than 25 combined years among the Founders prior to forming Raffles) building up the skills, processes and modeling of how to deliver Raffles' Service Offerings. This has resulted in many strategic additions as the processes have been better understood through experience and through planned enhancements. The end result is an innovative new suite of Service Offerings – typically found only in much larger investment banks at much higher professional fees and overall costs.

The Resulting Issuer anticipates that its stated plans and strategic actions will result in various business areas seeing growth.

Milestones and Costs

1. **Complete the Listing on the CSE and C\$20 million Financing.** The Resulting Issuer plans to complete an equity financing of C\$20 million in conjunction with completion of the Transaction (the "**Financing**"). As at September 30, 2019, Raffles has not raised any capital. The Financing is required in order for the Resulting Issuer to have available capital for key investments and acquisitions as they arise. This will further build out Raffles' Service Offerings, and also allow the Resulting Issuer to act on projects when, or if, new capital is needed. Target: Q2 2020. Anticipated costs: \$100,000.
2. **Update and Expand Service Offerings and move to becoming an Investment Bank.** The Resulting Issuer's plan is to develop a broader "portfolio" approach with a mixture of projects in different areas – such as its Structuring, Supporting and Securing services. Given this, of the funds raised Raffles broadly seeks to:
 - Invest 26% in a pre-IPO fund
 - Invest 26% in FinTech, family office, trust and wealth management businesses
 - Invest 26% in firms that Raffles is taking public within 18 months

Target: Anticipated Costs: C\$18,000,000.

The Resulting Issuer believes that the acquisition of a FinTech firm would provide Raffles with a business line that offers Trusts and Family Office planning and investment portfolio management. The acquisition would also provide management tools and techniques for enhanced advisory and marketing skills. Raffles management will be responsible for helping its Representatives become more effective.

3. **Expanded Marketing and Sales Efforts – Adding More Representatives.** Raffles plans to establish another 10 to 20 agreements with Representatives throughout various jurisdictions in Asia in the short term. Each Province Representative pays to Raffles a minimum fixed fee between C\$100,000 to \$500,000 per year.

Raffles plans to expand through the Financing and the recruiting of more Representatives in each province in China and Southeast Asia. Instead of Raffles investing capital in opening up its own offices and recruiting staff to grow Raffles' presence, Raffles will continue to recruit local Representatives to pitch Raffles' Service Offerings. With the available investment capital post-Financing, Raffles expects that even more projects and clients will be secured. Target: Q2 2020. Anticipated Costs: C\$2,400,000.

4. Strengthen Existing Operations and Assets

The Resulting Issuer's management is currently updating its tactical plans. Raffles will contribute strategic capital, knowledge and expertise to maximize the return potential of its Service Offerings and leverage new capital. Raffles' management team plans to promote the business more aggressively and increase awareness of Raffles' Service Offerings. The Resulting Issuer wishes to expand the size and scope of projects it is examining.

4.5 Employees

As of the date hereof, Raffles has 5 employees. The Resulting Issuer has no employees as all persons doing work directly for the Resulting Issuer are consultants.

4.6 Competitive Conditions and Position

Other firms in the Singapore and Asian capital markets – such as Phillip Securities Pte Ltd. and GEREJE Corporate Finance – offer services and business models that do compete with Raffles.

Raffles has two primary competitors in the Mid-Market space:

- GEREJE Advisory Asia Pte Ltd, a MAS Exempt Corporate Finance Advisor; and
- GEREJE Corporate Finance, a Euro-Asian M&A firm.

Both companies claim to provide strategic and financial advisory services and the ability to structure and execute tailor-made mandates, drawing upon international experience.

The Resulting Issuer plans to maintain the following competitive advantages:

- The methods and techniques that Raffles has developed is kept internal by being a trade secret. There are no patents and/or copyrights and it is unlikely that such Intellectual Property could be patented or copyrighted.
- Raffles' Singapore office is set up to operate the business and other locations are established as packaged spaces to provide presence, but keep operating costs down. Raffles' Singapore facility is located near material infrastructure and is reachable by the global marketplace.
- The ability of the Resulting Issuer to have both a centralized Singapore office and facility and also Representatives in different locations throughout Asia-Pacific provides it extended market reach at reduced operating costs.
- The Financing will provide the Resulting Issuer new access to short-term capital that allows it to make selective investments in often time-critical situations that provide Raffles greater flexibility and hence, it should be able to attract a broader array of clients.
- The various Representative agreements in different geographies provide Raffles a reliable team of advisors that give it expanded credibility. The Resulting Issuer believes that Raffles offers more nimble services than these firms and is able to package projects quickly and at lower costs than such directly competitive type firms. As the Asian financial and regulatory environment continues to positively evolve – and more complex and diverse financial instruments become available, the Resulting Issuer's management believes it is well suited to continue to grow.

At the core of the Resulting Issuer's competitive advantage is its related project, financial and technical management skills, as well as functional expertise in the key areas of structuring, public listing and access to capital.

4.7 Lending and Investment Policies and Restrictions

Not applicable.

4.8 Bankruptcy or Receivership Proceedings

Not applicable.

4.9 Material Restructuring Transactions

The Resulting Issuer has not completed any restructuring transactions within the past three most recently completed financial years or the current financial year, with the exception of the Transaction.

4.10 Social or Environmental Policies

Not applicable.

4.11 Available Funds and Principal Purposes

As of September 30, 2019 the (pro forma) estimated working capital of the Resulting Issuer was \$22,892,138, which includes available proceeds from the Financing. The Resulting Issuer intends to use its available funds over the next 12 months as described in the table below. However, there may be circumstances where, for sound business reasons, a reallocation of the available funds may be necessary. The actual amount spent in connection with each of the intended uses of proceeds may vary significantly from the amounts specified below, and will depend on a number of factors, including those referred to under "Risk Factors". However, it is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer's objectives over the next 12 months.

Milestone	Timing of completion	C\$
Cost of completing the Listing on the CSE and C\$20 million Financing	By March 2020	100,000
Securing more Province Representatives	By June 2020	2,400,000
Investing in a pre-IPO fund	By June 2020	6,000,000
Investing in firms that Raffles is taking public within 18 months	By June 2020	6,000,000
Investing in FinTech, family office, trust and wealth management businesses	By Dec 2020	6,000,000
Unallocated working capital	Mar 2020 to Mar 2021	2,492,138
TOTAL		22,892,138

4.2 Companies with Asset-backed Securities Outstanding

Not applicable.

4.3 Mineral Projects

Not applicable.

4.4 Issuers with Oil and Gas Operations

Not applicable.

5. SELECTED CONSOLIDATED FINANCIAL INFORMATION

5.1 Financial Information – Annual Information

Explorex Resources Inc.

The following table is a summary of selected financial information of Explorex for the years ended March 31, 2019 and 2018:

	Year ended March 31, 2019 (audited)	Year ended March 31, 2018 (audited)
Revenue	Nil	Nil
Net Income (Loss)	(\$1,371,976)	(\$1,112,193)
Basic and diluted earnings from continued operations (loss) per share	(\$0.07)	(\$0.08)
Total Assets	\$795,764	\$698,677
Total Liabilities	\$169,744	\$106,731

A copy of Explorex's Annual Financial Statements previously filed with applicable securities commissions are available on the Issuer's SEDAR profile at www.sedar.com.

Raffles Financial Private Limited

The following table is a summary of selected financial information of Raffles for the period from the date of incorporation (July 5, 2018) to June 30, 2019 and for the interim period ended September 30, 2019:

	Date of incorporation to June 30, 2019 (audited) \$ Singapore	Three month period ended September 30, 2019 (unaudited) \$ Singapore
Revenue	\$11,533,334	\$4,300,003
Total Comprehensive Income	\$9,560,301	\$3,973,684
Total Assets	\$10,036,068	\$6,873,849

Total Liabilities \$9,375,767 \$2,239,864

A copy of the Raffles Annual Financial Statements and Raffles Interim Financial Statements are attached to the Information Circular as Appendix “I”.

The Resulting Issuer

A copy of the pro forma consolidated statement of financial position of the Resulting Issuer as at September 30, 2019, giving effect to the closing of the Transaction, is attached to the Information Circular as Appendix “H”.

5.2 Quarterly Information

Explorex Resources Inc.

The following information is in respect of Explorex for the eight quarters preceding the date hereof:

Summary of quarterly results	Q2 September 30, 2019 \$	Q1 June 30, 2019 \$	Q4 March 31, 2019 \$	Q3 December 31, 2018 \$	Q2 September 30, 2018 \$	Q1 June 30, 2018 \$	Q4 March 31, 2018 \$	Q3 December 31, 2017 \$
Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Loss before other items	(119,643)	(398,838)	(245,262)	(247,489)	(326,394)	(348,981)	(349,259)	(502,320))
Loss per share	(0.02)	(0.02)	(0.01)	(0.01)	(0.02)	(0.02)	(0.01)	(0.03)

Copies of the respective unaudited interim financial statements for the interim periods listed above for Explorex are available on the Issuer’s SEDAR profile at www.sedar.com.

Raffles does not have quarterly financial information, except as is presented above.

5.3 Dividends

Explorex has not paid dividends in the past.

Raffles has paid dividends. For the financial year ended June 30, 2019, Raffles paid a dividend of Singapore \$90 per Raffles Ordinary Share. The total dividend paid to the shareholders of the Raffles was S\$9,000,000.

Future dividends, if any, will be determined by the Board of Directors of the Resulting Issuer on the basis of earnings, financial requirements and other conditions existing at the time.

5.4 Foreign GAAP

N/A

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

Annual MD&A

Explorex Resources Inc.

A copy of the Explorex Annual MD&A and Interim MD&A, and related to its financial statements, previously filed with applicable securities commissions are available under the Issuer's SEDAR profile at www.sedar.com.

Raffles Financial Private Limited

A copy of Raffles' MD&A for period from the date of incorporation to June 30, 2019 and for the period ended September 30, 2019 (the "**Raffles MD&As**") are attached to the Information Circular along with the Raffles Financial Statements.

The Raffles MD&A should be read in conjunction with the Raffles Financial Statements. The Raffles Annual Financial Statements and Raffles Interim Financial Statements included in this Information Circular have been prepared in accordance with IFRS as issued by the International Accounting Standards Board.

7. MARKET FOR SECURITIES

Explorex Resources Inc.

Explorex is a reporting issuer in Alberta, British Columbia, Ontario and Yukon. The Explorex Common Shares are currently listed on the CSE under the trading symbol "EX".

Raffles Financial Private Limited

Raffles is not a reporting issuer in any jurisdiction and the Raffles Ordinary Shares are not listed or posted for trading on any stock exchange. No public market exists for the Raffles Ordinary Shares.

The Resulting Issuer

Explorex and Raffles have applied to the CSE for the Resulting Issuer Shares to be listed on the CSE. The Resulting Issuer Shares will be listed and posted for trading on the CSE, subject to compliance with the CSE's listing requirements. The Resulting Issuer will seek for the Resulting Issuer Shares to be listed under the trading symbol "RICH", if such symbol is available.

8. CONSOLIDATED CAPITALIZATION

As part of the Transaction, Explorex intends to consolidate its issued and outstanding Common Shares on the basis of 25.95 pre-consolidation for each one post-Consolidation share, such that 1,050,000 Explorex Common Shares will be outstanding. As described in the Information Circular, Explorex is seeking shareholder approval to complete the Continuation.

The following table summarizes the Resulting Issuer's pro forma common shares, on a consolidated basis, assuming the Continuation and after giving effect to the Transaction as described in the pro forma financial statements of the Resulting Issuer, a copy of which is attached to the Information Circular as Appendix "H".

Designation of Security	Amount Authorized	Anticipated Shares Outstanding (as of the effective date of the Transaction)
Ordinary Shares	5,000,000,000	50,080,000

Fully Diluted Share Capital

	Anticipated Shares Outstanding (as of the effective date of the Transaction)⁽¹⁾⁽²⁾
Explorex Common Shares issued and outstanding	1,050,000
Resulting Issuer Shares issued to Raffles Shareholders pursuant to the Transaction	45,000,000
Resulting Issuer Shares to be issued to subscribers of the Financing	4,000,000
Resulting Issuer Shares to be issued to the Finder	30,000
Total Resulting Issuer Shares	50,080,000
Reserved for issuance pursuant to warrants ⁽³⁾	72,086
Reserved for issuance pursuant to options	Nil
Total Resulting Issuer Shares Reserved for Issuance	72,086
Total Number of Fully Diluted Securities	50,152,086

Note:

(1) Calculated on a post-Consolidation basis.

(2) Subject to rounding.

(3) These warrants will be exercisable at \$10.12 per common share. 43,387 warrants expire July 3, 2020; 20,626 warrants expire November 27, 2020; and 8,074 warrants expire on December 19, 2020.

9. OPTIONS TO PURCHASE SECURITIES

Explorex has adopted an incentive stock option plan (the “**Plan**”) which provides that the Board may from time to time, in its discretion, and in accordance with applicable stock exchange requirements, grant to directors, officers, employees and technical consultants to Explorex, non-transferable Explorex Options, provided that the number of Explorex Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Explorex Common Shares. Such Explorex Options will be exercisable for a period of up to 10 years from the date of grant. The Plan was last approved by the Explorex Shareholders on September 20, 2018, and is being presented to Explorex Shareholders for approval at the Explorex Meeting.

The purpose of the Plan is to allow Explorex to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of Explorex. The granting of such options is intended to align the interests of such persons with that of the shareholders. The Plan reserves for issuance a maximum of 10% of the Explorex Shares at the time of a grant of options under the Plan. The Plan will be administered by the Board and provide for grants of non-transferable options under the Plan at the discretion of the management company employees of, or consultants to, Explorex and its subsidiaries, or their permitted assigns (each an “**Eligible Person**”).

The exercise price of Explorex Options granted under the Plan will be determined by the Board. The exercise price must not be lower than the greater of the last closing market price for the Explorex Shares as quoted on the CSE on (a) the market trading day immediately prior to the date of grant of the option, and (b) the date of grant of the option.

Explorex Options to acquire more than 5% of the issued and outstanding Explorex Shares may not be granted to any one person in any 12-month period.

The term of any Explorex Options granted under the Plan will be fixed by the Board and may not exceed ten years. Should an Eligible Person cease to qualify as an Eligible Person under the Plan prior to expiry of the term of their respective Explorex Options, those Explorex Options will terminate at the earlier of (i) the end of the period of time permitted for exercise of the Explorex Option or, (ii) one year after the option holder ceases to be an Eligible Person for any reason other than death, disability or just cause. If such cessation as an Eligible Person is on account of disability or death, the Explorex Options terminate on the first anniversary of such cessation, and if it is on account of termination of employment for just cause, the Explorex Options terminate immediately.

The Plan also provides for adjustments to outstanding options in the event of alteration in the capital structure of Explorex, merger or amalgamation involving Explorex or Explorex's entering into a plan of arrangement. Moreover, upon a change of control, all Explorex Options outstanding under the Plan shall become immediately exercisable.

The directors of Explorex may, at their discretion at the time of any grant, impose a schedule over which period of time Explorex Options will vest and become exercisable by the optionee. If an Explorex Option is cancelled before its expiry date, Explorex may not grant new Explorex Options to the same holder until 30 days have elapsed from the date of cancellation.

Subject to any required approval of the CSE, the Board may terminate, suspend or amend the terms of the Plan, provided that for certain amendments, the Board must obtain shareholder approval.

The Board has not proceeded with a formal evaluation of the implications of the risks associated with Explorex's compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation program, and the Board does not believe that the Issuer's compensation program results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on Explorex.

10. DESCRIPTION OF THE SECURITIES

10.1 Description of the Securities

The Resulting Issuer, assuming completion of the Continuation, will have an authorized share capital of \$5,000,000 divided into 5,000,000,000 shares of par value \$0.001 per share. As long as the Resulting Issuer has sufficient unissued share capital within its authorized share capital, under the *Companies Law (2018 Revision) of the Cayman Islands* and the Memorandum and Articles of Association of the Resulting Issuer, the Board may authorize and issue additional shares of different classes and designate the rights and privileges (including voting rights, distribution rights, rights to return of capital and other rights) attaching to those classes of shares.

Dividend Rights

Subject to any rights and restrictions of any other class or series of shares outstanding (of which there are currently none), the Board may, from time to time, declare dividends on the issued shares and authorize payment of the dividends out of the Resulting Issuer's lawfully available funds (and otherwise subject to the provisions of the Companies Law including with respect to

solvency). The Board may declare that any dividend be paid wholly or partly by the distribution of shares and/or specific assets of the Resulting Issuer.

Rights upon Liquidation

In the event of the liquidation of the Resulting Issuer, after the full amounts that holders of any issued shares ranking senior to the Cayman Shares (there are currently no such shares authorized for issuance) plus creditors as to distribution on liquidation or winding up are entitled to receive have been paid or set aside for payment, the holders of Cayman Shares would be entitled to receive, pro rata, any remaining assets of the Resulting Issuer available for distribution to the holders of Cayman Shares.

No Liability for Further Calls or Assessments

All Cayman Shares will be issued as fully paid and non-assessable. As such, members of the Resulting Issuer shall have no liability in respect of unpaid shares, either in whole or in part. The Memorandum and Articles of Association will provide that no share can be issued prior to the Resulting Issuer receiving payment in full for such shares.

No Pre-emptive Rights

Holders of Cayman Shares would have no pre-emptive or preferential right to purchase any securities of the Resulting Issuer.

Redemption and Conversion

The Cayman Shares would not be convertible into shares of any other class or series or be subject to redemption either by the Resulting Issuer or the holder of the Cayman Shares.

Repurchases of Outstanding Shares

Under the Memorandum and Articles of Association but subject to the provisions of the Companies Law, the Resulting Issuer may, if authorized by the Board, purchase any issued Cayman Shares in circumstances and on terms determined by the directors and agreed by the holder(s) of such shares.

However, the Resulting Issuer may not purchase issued Cayman Shares at any time when, immediately following such purchase, it would be unable to pay its debts as they fall due in the ordinary course of business.

Subject to Cayman Law and applicable securities laws, the Resulting Issuer may, from time to time, with the agreement of a holder, purchase all or part of the holder's Cayman Shares whether or not the Resulting Issuer has made a similar offer to all or any other of the holders of Cayman Shares. Unless designated by the Board to be held as "Treasury Shares", any repurchased Cayman Shares will be treated as cancelled and such Cayman Shares will be available for re-issue as determined by the Board.

10.2 Debt Securities

Not applicable.

10.3 Other Securities

Not applicable.

10.4 Modification of Terms

Not applicable.

10.5 Other Attributes

Not applicable.

10.6 Prior Sales

Explorex Common Shares

The following table summarizes the issuances of securities of Explorex within 16 months prior to the date hereof:

Date of Issue	Description	Number of Common Shares	Price per Share	Total Issue Price
December 19, 2018	Private Placement ⁽¹⁾	84,000	\$0.25	\$21,000
December 19, 2018	Private Placement ⁽²⁾	335,000	\$0.32	\$107,200
January 28, 2019	Stock Option Exercise	50,000	\$0.13	Nil
February, 2019	Warrant Exercise	278,122	\$0.1669	Nil
March 2019	Warrant Exercise	201,877	Various	Nil
April 2019	Option Agreement Termination ⁽³⁾	34,500	\$0.26 ⁽⁴⁾	\$8,970
May 2019	Debt Settlement	400,000	\$0.25 ⁽⁴⁾	\$100,000
June 2019	Option Agreement	220,205 ⁽⁵⁾	\$0.18 ⁽⁴⁾	\$39,637
July 2019	Option Agreement ⁽⁶⁾	197,904	\$0.25 ⁽⁴⁾	\$49,476
September 2019	Private Placement	1,636,825	\$0.20	\$327,365
September 2019 ⁽⁷⁾	Stock Option Exercise	175,000	Various	Nil
September 2019 ⁽⁷⁾	Warrant Exercise	186,667	Various	Nil
November 2019	Private Placement	361,000	\$0.20	\$72,200

Contemplated Issuances

Immediately prior to Closing	Private Placement	4,000,000	\$5.00	\$20,000,000
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Notes:

- (1) Offering of units, with each unit consisting of one common share and one half of a share purchase warrant.
- (2) Offering of non-flow through units, with each unit consisting of one common share and one half of a share purchase warrant.
- (3) Granted pursuant to a mutual release agreement associated with the termination of Explorex's Cobalt-Paragon property option agreement.
- (4) Deemed.
- (5) Of the 220,205 common shares issued, 200,000 common shares with a fair value of \$36,000 were granted pursuant to the option agreement for Explorex's Buena Vista Project, and 20,205 common shares with a fair value of \$3,637 were granted pursuant to an underlying commitment relating to the Buena Vista Project.
- (6) Granted pursuant to the option agreement for Explorex's Kagoot Brook Cobalt Project.
- (7) Exercised during the period ended September 30, 2019.

The following table summarizes the issuances of securities of Raffles within 12 months prior to the date hereof:

Date of Issue	Description	Number of Securities	Price per Security	Total Issue Price
April 18, 2019	Allotment	100,000	SGD1.00	SGD100,000

10.7 Stock Exchange Price

Explorex Common Shares

The Explorex Common Shares are listed on the CSE as of the date hereof under the symbol “EX”. The following table sets out the high and low trading price and volume of trading of Explorex Common Shares on the CSE during the last 12 months. The Explorex Common Shares were halted from trading on December 23, 2019 pending completion of the Transaction.

Period	High (\$)	Low (\$)	Volume
December 2019	0.20	0.15	84,989
November 2019	0.21	0.165	221,582
October 2019	0.23	0.18	227,936
September 2019	0.215	0.185	377,282
August 2019	0.25	0.165	608,985
July 2019	0.25	0.15	157,522
June 2019	0.285	0.20	1,019,798
May 2019	0.285	0.23	817,619
April 2019	0.29	0.21	547,202
March 2019	0.32	0.26	442,974
February 2019	0.40	0.25	752,302
January 2019	0.35	0.205	1,054,661
December 2018	0.45	0.245	945,966

Raffles is not a reporting issuer in any jurisdiction and its common shares are not listed or posted for trading on any stock exchanges. No public market exists for the Raffles Ordinary Shares.

Explorex has applied to the CSE for the listing of the Resulting Issuer Shares. Listing will be subject to the Resulting Issuer fulfilling all the listing requirements of the CSE. If accepted for listing, it is expected that the Resulting Issuer’s common shares would be listed under the trading symbol “RICH”.

11. ESCROWED SECURITIES

As required under the policies of the CSE, Principals of the Resulting Issuer will enter into an escrow agreement as if the company was subject to the requirements of National Policy 46-201 – *Escrow for Initial Public Offerings* (“NP 46-201”). Escrow releases will be scheduled at periods

specified in NP 46-201 for emerging issuers. The form of the escrow agreement must be as provided in NP 46-201.

The table below includes the details of escrowed securities that will be held by Principals of the Resulting Issuer upon the completion of the Transaction:

Name of Securityholder	Designation of Class Held in Escrow	Number of Securities Held in Escrow	Percentage of Class⁽¹⁾
Charlie In	Common Shares	16,200,000	40.0%
Victor Liu	Common Shares	16,200,000	40.0%
Abigail Zhang	Common Shares	8,100,000	20.0%
	Total	40,500,000	100.0%

Note:

- (1) The total issued and outstanding Resulting Issuer Shares is expected to be 50,080,000 on an undiluted basis.

The escrowed securities shall be released according to the following schedule:

The date Common Shares are listed on the CSE (the " Listing Date ")	1/10 of the Escrow Securities
6 months after the Listing Date	1/6 of the remaining Escrow Securities
12 months after the Listing Date	1/5 of the remaining Escrow Securities
18 months after the Listing Date	1/4 of your remaining Escrow Securities
24 months after the Listing Date	1/3 of the remaining Escrow Securities
30 months after the Listing Date	1/2 of the remaining Escrow Securities
36 months after the Listing Date	remaining Escrow Securities

12. PRINCIPAL SHAREHOLDERS

Assuming completion of the Transaction, there are estimated to be 50,080,000 issued and outstanding common shares in the capital of the Resulting Issuer as of the date hereof. To the best knowledge of the Resulting Issuer, no persons hold directly or indirectly or exercise control or direction over, common shares carrying 10% or more of the voting rights attached to all issued and outstanding common shares except as set out in the table below. The common shares of the Resulting Issuer owned by insiders have identical voting rights as those owned by other shareholders.

Name	Amount and Nature of Beneficial Ownership of Common Shares	Percentage of Issued Common Shares	Percentage of Issued Common Shares Fully Diluted
Charlie In	16,200,000	31.9%	31.9%
Victor Liu	16,200,000	31.9%	31.9%

Abigail Zhang	8,100,000	16.2%	16.2%
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13. DIRECTORS AND OFFICERS

13.1 Directors and Executive Officers of the Resulting Issuer

Upon completion of the Fundamental Change, the board of directors of the Resulting Issuer is expected to be composed of seven members, as set out below. Other than Mike Zhou, each of the current directors of Explorex will resign upon closing of the Transaction, creating vacancies for five new directors. The Resulting Issuer Board will then appoint an additional director.

Name, place of residence and position with Resulting Issuer	Principal occupation during the last five years	Date of appointment as director or officer	Resulting Issuer Shares Beneficially Owned, Directly or Indirectly, or Controlled or Directed upon completion of the Transaction ⁽¹⁾⁽⁴⁾
Charlie (Nany Sing) In <i>Singapore</i> Chairman, Director	See detailed description below under "Management Details".	Proposed	16,200,000 (31.9%)
Victor (Chang Sheng) Liu <i>Singapore</i> Chief Executive Officer and Director	See detailed description below under "Management Details".	Proposed	16,200,000 (31.9%)
Abigail (Li Ying) Zhang <i>Singapore</i> Chief Investment Officer and Director	See detailed description below under "Management Details".	Proposed	8,100,000 (15.9%)
Dong Shim <i>British Columbia, Canada</i> Chief Financial Officer	See detailed description below under "Management Details".	Proposed	Nil (0.0%)
Kit Chan <i>Hong Kong</i> Director	See detailed description below under "Management Details".	Proposed	Nil (0.0%)
Mike Zhou ^{(2) (3)} <i>British Columbia, Canada</i> Director	See detailed description below under "Management Details".	August 15, 2019	Nil (0.0%)
Harley Sinclair ^{(2) (3)} <i>British Columbia, Canada</i> Director	See detailed description below under "Management Details".	Proposed	Nil (0.0%)

Notes:

- (1) The information as to principal occupation, business or employment and shares beneficially owned or controlled is not within the knowledge of management of the Resulting Issuer and has been furnished by the respective individuals.
- (2) Member of the audit committee.
- (3) Independent director.
- (4) Based on issued and outstanding Resulting Shares of 50,080,000.

13.2 Period of Service of Directors

The proposed directors will be appointed as directors of the Resulting Issuer upon the completion of the Transaction (except for Mike Zhou who is presently a director of Explorex) and each director will hold office until the conclusion of the next annual general meeting of the Resulting Issuer, in accordance with its constating documents.

13.3 Directors and Executive Officers Common Share Ownership

The proposed directors and executive officers of the Resulting Issuer as a group, directly or indirectly, will beneficially own or exercise control or direction over 40,500,000 Resulting Issuer Shares, representing approximately 80.9% of the issued and outstanding common shares of the Resulting Issuer.

13.4 Committees

The Resulting Issuer will have an audit committee consisting of Mike Zhou, Harley Sinclair and a third independent director, each of whom will be a director of the Resulting Issuer and financially literate in accordance with National Instrument 52-110 *Audit Committees* (“**NI 52-110**”). Mike Zhou, Harley Sinclair and the third director will be independent, as defined under NI 52-110.

The board of directors of the Resulting Issuer may from time to time establish additional committees.

13.5 Principal Occupation of Directors and Executive Officers

Information on directors and executive officers’ principal occupation is set out in section 13.11 – *Management Details*.

13.6 Corporate Cease Trade Orders or Bankruptcies

No proposed director or officer of the Resulting Issuer or a shareholder holding a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, is, or within 10 years before the date hereof has been, a director or officer of any other issuer that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under securities law, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

13.7 Penalties or Sanctions

No proposed director or executive officer of the Resulting Issuer, or a shareholder holding a sufficient number of the Resulting Issuer's securities to affect materially the control of the Resulting Issuer, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

13.8 Settlement Agreements

Not applicable.

13.9 Personal Bankruptcies

No director or officer of the Resulting Issuer, or a shareholder holding sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of any such persons has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

13.10 Conflicts of Interest

The proposed directors of the Resulting Issuer are required by law to act honestly and in good faith with a view to the best interests of the Resulting Issuer and to disclose any interests, which they may have in any project or opportunity of the Resulting Issuer. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his or her interest and abstain from voting on such matter.

To the best of Raffle's and the Issuer's knowledge, there are no known existing or potential conflicts of interest among the Resulting Issuer, proposed directors, proposed officers or other proposed members of management of the Resulting Issuer as a result of their outside business interests except that certain proposed directors and officers may serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Resulting Issuer and their duties as a director or officer of such other companies. See "*Risk Factors*".

13.11 Management Details

The following sets out details of the proposed directors and management of the Resulting Issuer:

Charlie In, Chairman of the Board, Director, Age 63

Charlie In's experience covers sales, marketing, operations, finance, restructuring, M&A, capital sourcing, investments, divestment, IPOs and reverse takeovers.

Mr. In was instrumental in investing and arranging the public listing of several People's Republic of China ("PRC") companies outside China. He was the Chairman of Direct Marketing Association of Singapore from 1987 to 1995, advisor to Asia Pacific Management Institute, Sapphire Corporation, Sky China Petroleum and Ying Li Property.

Mr. In was formerly the Chairman of the Board of Sino-Environment Technology Ltd. in 2011, Asia Fashion Holdings Ltd. in 2014 and Cedar Strategic Holdings Ltd, from April 2010 to June 2015, all of which are listed on the Singapore Stock Exchange.

He was also formerly the Chairman of Raffles Capital Ltd. from December 2014 to March 2019 and Sino-Excel Energy Ltd. from April 2012 to September 2014, which are listed on the Australian Stock Exchange.

Mr. In was also an adjunct faculty member of the Singapore Institute of Management for 20 years and for 17 years at the University of South Australia. In addition, he was the advisor to Talent Advisory Panel of the People's Association in Singapore for 10 years.

Mr. In is the first Singaporean to be honored as the Most Respected Financial Writer of the Year Award at the 2010 Golden Mulberry Award (Business/Finance) and of The Big Ben Award, organized by the British Chinese Youth Federation.

His book entitled "Family Financial Freedom" was published in Chinese by Tsinghua University Press in 2010. His latest Chinese book, "The A to Z of Achieving Abundance for Financial Freedom" hit China's top chart within months of release in September 2017. Charlie holds a marketing diploma from the UK Chartered Institute of Marketing, MBA from University of East Asia, Macau and post-graduate qualification from ADMA/Macquarie University of Australia.

Mr. In will spend 100% of his available time on the affairs of the Resulting Issuer.

Victor Liu, Chief Executive Officer and Director, Age 44

Dr. Victor Liu Chang Sheng was awarded a doctoral degree in hedge fund management by Beijing Normal University in 2001. He obtained his master's degree in international economics and finance from China Central University of Finance and Economics in 1999. Dr. Liu graduated from Henan University of Science and Technology with a bachelor's degree in International Trade in 1997.

Dr. Liu was also awarded an EMBA by Peking University specializing in public listing and fund raising in 2011.

From 2001 to 2003, Dr. Liu was the GM for Agilent North China and was responsible for its entire telecommunications business operations there. Between 2003 and 2006, Dr. Liu ran his telecommunications business representing major global players in China and Europe. In 2006,

he was invited to join Wuhan Iron and Steel Group Finance as a specialist to grow and expand their financial business.

By 2009, he started Hualing Investment Holding Group, providing investment risk management and control; fund management; banking operating systems, standards and support. From 2011 to 2015, he was Deputy Head at China Construction Bank Henan Branch, and responsible for its entire personal and corporate banking business. In 2015, he co-founded eCapital (China) Finance Leasing, addressing the high-end automobile car buyers' financing needs, and also founded GuoRong China Finance Bank (Beijing) Asset Management, which funded promising companies for their public listing and/or M&A initiatives.

Dr. Liu has both an academic foundation and hands-on experience in all facets of banking and finance. He has in-depth experience and exposure to international trade & finance. He is familiar with economic policies, financial theory and modern commercial bank risk management know-how.

Dr. Liu has legal, credit, and financial expertise and practice and has comprehensive analytical skills. He obtained his international qualification certification of FAM - Financial Risk Manager from GARP - Global Risk Management Association, and also qualified for fund management.

Dr. Liu will spend 100% of his available time on the affairs of the Resulting Issuer.

Abigail Zhang, Chief Investment Officer, Director, Age 36

Abigail Zhang has served as the director of Marvel Earn Ltd. since August 2008. The firm provides investments and advisory services to Chinese companies seeking overseas listing and fund raising. She has worked with companies in the bio-tech, energy, mining, property and service industries and her experience covers working closely with investment banks, auditors, lawyers, valuers and other professionals to prepare companies for IPO, RTO and M&A matters.

Ms. Zhang is dynamic and understands the complexities of capital markets and the type of solutions that Mid-Market companies need. She has expertise in strategic planning and corporate finance.

After graduating with a marketing diploma in 2003, Ms. Zhang started work for a Beijing bio-tech company as sales supervisor responsible for training and development. From 2005 to 2006, she was marketing manager for a Beijing pharmaceutical firm responsible for franchise development and investment. From 2007 to 2009, she worked for a Singapore-based investment firm to help analyze, audit, arrange and coordinate the firm's investment activities in China.

In 2010, Ms. Zhang led an investment into an energy mining business in Yunnan and Qinhuangdao and listed the firm on the Australian Stock Exchange in April 2012. She served as their executive director until September 2014.

Since March 2015, she has served as executive director (responsible for acquisitions & investments) of Raffles Capital Ltd., a diversified financial services company.

In 2018, she secured the collaboration and white-labeling of Exante.eu, a platform with 88,000 investment instruments that provides a one-stop 24/7 investment portal offering of shares, debts, indices, futures, funds, unit-trusts, forex including crypto funds of leading exchanges to investors.

Ms. Zhang is also director of Wealth Institute, which provides wealth management advisory, arrangement and A-investor services to PRC entrepreneurs.

Ms. Zhang also holds an HRM bachelor's degree and has completed research on child development.

Ms. Zhang will spend 100% of her available time on the affairs of the Resulting Issuer.

Dong Shim, Chief Financial Officer, Age 36

Mr. Dong H. Shim is a member of the Chartered Professional Accountants of British Columbia and a Certified Public Accountant registered in the State of Illinois, United States.

Mr. Shim has served as an audit partner on numerous audit engagements with a mid-size firm located in Vancouver, British Columbia, where he audited various publicly traded companies, primarily focusing on junior mining, oil and gas, pharmaceutical, and high-tech industries. As an audit partner, Mr. Shim also assisted various start-up companies in achieving public listings on the TSX Venture Exchange, Canadian Securities Exchange and the OTC Market.

Mr. Shim is a partner and founder of Shim & Associates LLP (June 2013 to present) and Golden Tree Capital Corp. (November 2015 to present) providing accounting and other business advisory services to numerous companies in various industries. Mr. Shim is a director of National Securities Administrators Ltd. (May 2017 to present), Chief Financial Officer and a director of Body and Mind Inc. (December 2016 to present), Chief Financial Officer for E-Play Digital Inc. (November 2016 to present), Chief Financial Officer for Arizona Silver Exploration Inc. (August 2017 to present), Chief Financial Officer for Canamex Resources Corp. (August 2017 to present), Chief Financial Officer for Mission Ready Solutions Inc. (June 2017 to present), Chief Financial Officer for Organimax Nutrient Corp. (April 2018 to present), Chief Financial Officer for Vanc Pharmaceuticals Inc. (February 2018 to September 2018), Chief Financial Officer of Predictive Health Analytics Inc. (March 2018 to present) and interim Chief Financial Officer of Reliq Health Technologies Inc. (November 2018 to present).

Mr. Shim will spend not less than 20% of his available time on the affairs of the Resulting Issuer.

Kit Chan, Director, Age 37

Mr. Kit Chan was formerly the CFO and Company Secretary at China Flexible Packaging Holdings Limited ("**China Flexible**"). China Flexible is a leading manufacturer of packaging film in PRC and is listed on the main board of the Singapore Stock Exchange (symbol: CFLX). Since joining China Flexible in 2011, Kit has been in charge of the overall control of its finance department and is responsible for overseeing the group's financial management functions, corporate finance activities, corporate governance and practices.

During his tenure, Mr. Chan has led several share restructuring exercises, fund-raising activities (including obtaining bank loans and a rights cum warrants issue) as well as directed a general offer for the purpose of privatisation. China Flexible was successfully delisted at the end of 2017. Kit is also currently the independent non-executive director of Universe Printshop Holdings Limited, a Hong Kong printing service operator (HK GEM Board, symbol: 8448).

Over the last two years, Mr. Chan has been establishing a framework of reporting requirements in respect of financial accounting, internal control and corporate governance for the purpose of public listing on the HK GEM Board. From June 2017 to June 2018, he served as the independent non-executive director of Hua Han Health Industry Holdings Limited, a PRC manufacturer of bio- pharmaceutical products (HK Main Board symbol: 587).

Prior to his role with China Flexible, Mr. Chan had several years of audit experience at an international audit firm, BDO (formerly known as Grant Thornton). Mr. Chan held a supervisory

auditing position, performing financial audits for a broad range of engagements with private and listed companies.

Mr. Chan is a Certified Public Accountant and a member of the Hong Kong Institute of Certified Public Accountants (HKICPA). He is also a Chartered Company Secretary and member of the Hong Kong Institute of Chartered Secretaries (HKICS) and the Institute of Chartered Secretaries and Administrators (ICSA).

Mr. Chan graduated from the Hong Kong Polytechnic University with a Master's degree in Corporate Governance and a Bachelors Degree in Accountancy.

Mr. Chan will spend not less than 20% of his available time on the affairs of the Resulting Issuer.

Mike Zhou, Director, Age 28

Mr. Mike Zhou joined the Board of Directors of Explorex in August 2019.

Over the past decade, Mr. Zhou has amassed a unique resume, covering capital markets, international business strategy and the technology sector. In recent years, he has held management positions and director roles throughout the FinTech, digital marketing, consulting, and financial sectors.

From 2013 to 2015, Mr. Zhou was the Manager of Corporate Development with BiYond (China) Corp. Under his management, the firm successfully launched a multi-million dollar FinTech Joint Venture and structured the Merger & Acquisition of a Digital Marketing Corporation.

In late 2015, Mr. Zhou also Co-Founded a private investment and consulting firm, which has delivered 3 consecutive years of above average risk-adjusted returns.

Mr. Zhou was recently with PI Financial Corp., a privately-owned Canadian brokerage firm, where he worked directly with the Vice President and Managing Director as an Analyst and Associate. Mike holds a Bachelor of Science Degree in Statistics and Economics with Minor in Commerce (Saunders School of Business) from the University of British Columbia. He also holds the Project Management Professional designation from the Project Management Institute (PMI).

Mr. Zhou will spend 25% of his available time on the affairs of the Resulting Issuer.

Harley Sinclair, Proposed Director, Age 65

Mr. Sinclair is currently principal of Decipher Capital, which provides consulting and management services to early stage companies. Prior to his role with Decipher Capital, Mr. Sinclair was a corporate and securities lawyer with more than 30 years of legal experience assisting early stage companies to go public, raise public and private financing, complete mergers and acquisitions, and comply with the ever changing regulatory and corporate governance landscape in the Canadian junior capital markets. He also advised the corporate finance departments of several Vancouver brokerage firms in respect of public and private financings and related due diligence.

Mr. Sinclair was a director of Kraken Sonar (Formerly Anergy Capital) from 2008-2016, and of Encap Investments from 2008-2012, both of which were listed on the TSX Venture Exchange.

Mr. Sinclair received a Bachelor of Science in Life Sciences from Queen’s University in 1976. He obtained his LLB from the University of Saskatchewan in 1979, and became a member of the Law Societies of Manitoba and British Columbia in 1980 and 1982, respectively.

Mr. Sinclair will spend 20% of his available time on the affairs of the Resulting Issuer.

14. CAPITALIZATION

The Resulting Issuer will provide the item 14 information in its Listing Statement to be filed with the CSE, prior to listing. This will give effect to all relevant financings and transactions.

15. EXECUTIVE COMPENSATION

Explorex Resources Inc.

Details related to the executive compensation paid by Explorex, prepared in accordance with Form 51-102F6V of National Instrument 51-102 – *Continuous Disclosure Obligations* is included elsewhere in this Information Circular.

Raffles Financial Private Limited

The following tables (prepared in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) set forth all annual and long term compensation for services in all capacities to Raffles from incorporation in respect of each of the individuals comprised of the CEO and the CFO who acted in such capacity for all or any portion of the most recently completed financial year, and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, (other than the CEO and the CFO), as at June 30, 2019 whose total compensation was, individually, more than \$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive officer of Raffles, nor acting in a similar capacity, for the most recently completed financial year ending June 30, 2019 (collectively the “**Named Executive Officers**” or “**NEOs**”).

Table of compensation excluding compensation securities

Name and position	Year ended June 30	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Charlie In	2019	\$106,699	-	-	-	-	\$106,699
Abigail Zhang	2019	\$106,699	-	-	-	-	\$106,699
Victor Liu	2019	\$106,699	-	-	-	-	\$106,699
Kit Chan	2019	\$85,359	-	-	-	-	\$85,359

Compensation Securities

There are no outstanding compensation securities outstanding and held by any director or NEO by Raffles since incorporation.

Fees to Directors and Officers

The table below sets out the fees that the Resulting Issuer expects to pay to directors and officers. The Resulting Issuer does not expect to pay any other fees to insiders.

Type of Fee	Amount (per annum) (\$)	Services provided	Name of the insider	Relationship between the insider and the company
Directors' fee	\$60,000	Executive Directorship	Charlie In	Director
Directors' fee	\$60,000	Executive Directorship	Abigail Zhang	Director
Directors' fee	\$60,000	Executive Directorship	Victor Liu	Director
Directors' fee	\$30,000	Non-Executive Directorship	Kit Chan	Director
Directors' fee	\$30,000	Independent Directorship	Mike Zhou	Director
Directors' fee	\$30,000	Independent Directorship	Harley Sinclair	Director
Service fee	\$36,000	Financial accounting services	Dong Shim	CFO

16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than as described below, no individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Resulting Issuer, a proposed nominee for election as a director of the Resulting Issuer, and each associate of any such director, executive officer or proposed nominee: (a) is, or at any time since the beginning of the most recently completed financial year of the Resulting Issuer has been indebted to the Resulting Issuer or any of its subsidiaries or (b) has indebtedness to another entity that is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Resulting Issuer or any of its subsidiaries.

On June 28, 2019, the Board of directors of Raffles resolved that Raffles make a fund advance of 1.5 million Singapore Dollars to Charlie In. The advance was interest free and repayable on demand. Mr. In repaid the advance by offsetting against his dividend receivable declared on June 30, 2019.

As at June 30, 2019, the amount of S\$3,560,000 was due to Victor Liu and S\$1,780,000 was due to Abigail Zhang. These amounts arose from a one-off dividend declared payable on June 30, 2019 to these individuals as shareholders in relation to Raffles' net profits after-tax for the financial year ended June 30, 2019. The total dividend declared to the shareholders of Raffles was S\$9,000,000.

17. RISK FACTORS

This section describes some of the potential material risks associated with the Resulting Issuer's business and the industry in which it operates, and risks associated with an investment in Raffles. The Resulting Issuer is subject to a number of risks, both specific to its business activities and of a general nature. These risks may either individually or in combination

materially adversely impact the future operating and financial performance of the Resulting Issuer.

There can be no guarantee that the Resulting Issuer will achieve its objectives or that any forward-looking statements or forecasts will eventuate. This section describes those areas which the Resulting Issuer believes are the major risks associated with an investment in the Resulting Issuer.

The occurrence or consequences of some of the risks described herein are partially or completely outside of the control of the Resulting Issuer, its Directors and management team. Investors should note that this section does not purport to list every risk that may be associated with the Resulting Issuer's business or the industry in which it operates, or an investment in the Resulting Issuer Shares, now or in the future. The selection of risks is based on the Resulting Issuer's assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. This assessment is based on the knowledge of the Directors, but there is no guarantee or assurance that the risks will not change or that other risks will not emerge. There can be no guarantee that the Resulting Issuer will achieve its stated objectives, or that any forward-looking statement contained in this document will be achieved or realized.

Readers should satisfy themselves that they have a sufficient understanding of the risks involved in making an investment in the Resulting Issuer and whether it is a suitable investment for them, having regard to their investment objectives, financial circumstances and taxation position. Investors should seek advice from their solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest in the Resulting Issuer.

In addition, potential investors should be aware that the value of the Resulting Issuer's Shares on the CSE might rise and fall depending on a range of factors that affect the market price of shares generally. These include local, regional and global economic conditions and sentiment towards equity markets in general. The Shares carry no guarantee with respect to the profitability, the payment of dividends, return of capital or the price at which the Shares may trade on the CSE.

Failure to comply with laws, regulations and standards

Any changes to the existing regulatory framework or the imposition of new legislation or regulations applicable to the Singapore and/or Asian capital markets in which Raffles operates may adversely affect the financial and operating performance of Raffles. This risk factor applies to government policy and legislative changes in the Asia-Pacific region, as well as the other countries in which the Resulting Issuer currently operates and intends to operate in the future.

The various global financial services industries are highly regulated and the Resulting Issuer anticipates that regulations governing the industries will be subject to change as governments monitor service providers and new financial products. Changes to government regulations, including those relating to taxes and other government levies, could significantly affect the financial condition of market participants, including the Resulting Issuer.

Regulatory reform could significantly delay, hamper or otherwise adversely impact the development of the legal Asia-Pacific financial services and advisory industries, as well as have a material adverse effect on the Resulting Issuer's business, results of operations, and financial condition.

Although the financial services industry has been legalized for many years in global markets, certain financial services and offerings remain illegal in China and other countries.

In addition, various governments may require that financial service providers obtain specific licenses in order to operate. Obtaining a licence would significantly impact the Resulting Issuer's revenue forecasts and costs associated with compliance.

Service Liability Risk

Raffles aims to use its expertise to deliver its services. Many financial services are subject to stringent standards and are otherwise highly regulated. If services do not meet certain standards or are found to be faulty, untrue and/or unsafe, Raffles may face liability claims from clients, regulators or members of the public, which may affect Raffles' brand reputation, revenue-earning potential and operating results. Raffles may not be able to successfully secure or renew liability insurance, or defend itself against liability claims. Any liability claims may disrupt Raffles' business operations and financial performance.

Asset Location and Legal Proceedings

Substantially all of the Resulting Issuer's assets will be located outside of Canada and many of its officers and directors will be resident outside of Canada and their assets are outside of Canada. Serving process on the directors and officers may prove to be difficult or excessively time consuming. Additionally, it may be difficult to enforce a judgment obtained in Canada against the Resulting Issuer, its subsidiaries and any directors and officers residing outside of Canada.

Competition

Competitors may be working on developing new service offerings and technologies that are superior to those of the Resulting Issuer. The development of a new and superior service by a competitor could affect the Resulting Issuer's ability to successfully exploit its own services. The Resulting Issuer may be unable to develop further services or keep pace with developments in its market space, and may lose market share to competitors. If the Resulting Issuer's competitors develop a more efficient service or undertake a more aggressive marketing campaign, it would likely adversely affect the Resulting Issuer's financial performance and marketing strategies. There is no guarantee that clients, partners and Representatives will purchase Raffles' Service Offerings and the Resulting Issuer may be unable to compete successfully with more established investment banking companies on price or quality, or may be unsuited to the established preferences of potential clients. The Resulting Issuer is unable to influence or control the conduct of its competitors and such conduct may detrimentally affect the Resulting Issuer's financial and operating performance.

Intellectual Property Rights

The Resulting Issuer holds no patent (and has no patent applications) in respect of its intellectual property. There is a risk that third parties may find ways to reproduce Raffles' Service Offerings in whole or in part. Any event that would jeopardize the Resulting Issuer's proprietary rights or any claims of infringement by third parties could have an adverse effect on the Resulting Issuer's ability to profitably market Raffles' Service Offerings. There is no guarantee that the Resulting Issuer can secure any trademarks, copyrights or patents, or that third parties will not infringe or misappropriate the Resulting Issuer's services. In addition, there can be no assurance that Raffles will not have to pursue litigation against other parties to assert

its rights. "Raffles Financial" trademark was registered with the Registrar of Trade Marks Singapore on August 22, 2019.

Reliance on Key Members

Raffles' Service Offerings and its operational success will substantially depend on the continued employment of the Founders. The loss of any of the Founders in the short-term may have a detrimental impact on the Resulting Issuer.

Commercialization Risk

There can be no assurance that Raffles will successfully continue to commercialize and expand its business model. There can be no assurance that the Resulting Issuer's existing services will continue to appeal to the marketplace and that they will not become obsolete.

Customer Preferences

The Resulting Issuer's business is dependent upon consumer awareness and market acceptance of its Service Offerings. New financial services or licensing requirements may adversely affect demand for the Resulting Issuer's services. Failure to respond to changes in preferences or anticipate market trends may adversely affect the Resulting Issuer's future revenues and performance. Although the Resulting Issuer has strived to establish market recognition for its products in the industry, it is too early in the life cycle of the Resulting Issuer's brand to determine whether the Resulting Issuer's services will maintain satisfactory levels of acceptance and sustained take-up by others.

There can be no assurance that future research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to the market or any particular product of the Resulting Issuer, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Resulting Issuer's services, and, correspondingly, on the Resulting Issuer's business, results of operations, financial condition and cash flows. The effect of consumer perceptions on the legal financial services market means that adverse research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on the demand for the Resulting Issuer's services, and, correspondingly, on the Resulting Issuer's business, results of operations, financial condition and cash flows.

Limited Operating History

While Raffles' Founders have operated other successful enterprises, Raffles is recently formed and has a limited operating history. Raffles faces the general risks associated with any new business operating in a competitive industry, including the ability to fund operations from unpredictable cash flow and capital-raising transactions. There can be no assurance that the Resulting Issuer will achieve its anticipated investment objectives or operate profitably. Raffles' business must be considered in light of the risks, expenses, and problems frequently encountered by companies in their early stages of development. There can be no assurance that Raffles will be successful in addressing these risks. To the extent it is unsuccessful in addressing these risks, Raffles and the Resulting Issuer may be materially and adversely affected. There can be no assurance that Raffles or the Resulting Issuer will ever achieve or sustain profitability.

In addition to being subject to general business risks and to risks inherent in the nature of an early stage business, the Resulting Issuer is exposed to risks inherent to participating in a changing industry. The Resulting Issuer will need to build consumer awareness of its brand in the financial industries and markets through significant investments in its strategy, quality assurance, and compliance with regulations. These activities may not promote the Resulting Issuer's brand, products and services as effectively as intended, or at all. The Resulting Issuer must rely largely on its own market research to forecast sales and demand for its services, as detailed forecasts are not generated.

Costs of Operating as a Public Company

As a public company whose securities will be listed in Canada, the Resulting Issuer shall incur significant legal, accounting and other expenses that it did not incur as a private company. The Resulting Issuer will be subject to the reporting requirements of the Canadian securities laws the rules and regulations thereunder, the rules and regulations of the CSE, and the provisions of securities laws that apply to public companies such as the Resulting Issuer. The expenses that will be required in order to adequately prepare for being a public company will be material, and compliance with the various reporting and other requirements applicable to public companies will require considerable expense, time and the attention of management.

Use of Proceeds

Although the Resulting Issuer currently intends to use the net proceeds from the Financing as stated herein, the Resulting Issuer's management will have broad discretion in the application of the balance of the net proceeds from the Financing and could spend the proceeds in ways that do not improve the Resulting Issuer's results of operations or enhance the value of its shares. The failure by the Resulting Issuer's management to apply these funds effectively could result in financial losses that could have a material adverse effect on the Resulting Issuer's business.

Future Projections

The future information about the Resulting Issuer are based on management's best estimates as to future results and the assumptions are drawn from its experience and market demographics. There can be no guarantee that the future projections herein will be achieved by Raffles and/or by any future related parties.

Emerging Market Complexities and Board of Directors

The existing Board members understand that traditional firms face a steeper learning curve to understand the Chinese market, business and operating environments. Also, the complexities of the different time zones, languages, location of key books and records and cultural differences can make communication especially complicated in these situations. Nevertheless, the Board members realize that regardless of where they are located and where the business operations are located, they are required to adhere to Canadian regulatory requirements and Chinese financial regulations and rules. The Resulting Issuer's Board and management believe they have a thorough understanding of the political, cultural, legal and business environments within Asia. The Board is comprised of Asian citizens and believes it has sufficient legal and political understanding of China and Asia from their experience doing business in this market.

The Resulting Issuer's Board believes it has the means to monitor legal and regulatory developments in this Asian foreign jurisdiction relative to any corporate structures.

The Resulting Issuer's corporate structure does not limit or inhibit the ability of the Board to oversee and monitor management of the foreign operations. Risk does remain however, that some complexities and issues may not be fully understood by the Resulting Issuer's existing and/or planned Board.

Foreign Government Risk

The Chinese Government currently allows the provision of financial services throughout the PRC. Some local governments have slightly different regulations in respect of the provision of financial services. Exactly how the foreign government and regulatory authorities operate in China is partially unclear.

While no material restrictions or conditions have been imposed on international financial services companies in China to date, it is uncertain whether such restrictions or conditions will be imposed in the future.

There are restrictions on currencies and removal of capital from China. While no foreign government and regulatory authority approval is needed to operate the Resulting Issuer's business in China and Asia, whether this will change is uncertain.

Dr. In is responsible for managing the relationship with the Chinese and Asian national and local government and regulatory authorities and government organizations. Risk does remain as to possible changes in China and Asia regarding private financial companies and the related marketplaces.

China and Asia Special Purpose Entities

Although complex corporate structures may take various forms, two types of structures are commonly used by companies operating in emerging markets: (i) those that have multiple layers of entities and numerous subsidiaries which are incorporated in various jurisdictions; and (ii) those that encompass "special purpose entities".

In this particular case the Resulting Issuer is not using any such entities and/or subsidiaries.

Concern always exists that where a company operates in China or Asia there is a risk that a company could be deemed by the Asian and/or local government of the relevant foreign jurisdiction not to be in compliance with the foreign investment restrictions of that jurisdiction, and the foreign government may consequently force the Resulting Issuer and/or its structure to be unwound. In addition, there are legal risks that need to be assessed related to enforceability of the contracts used by the Resulting Issuer.

The Resulting Issuer's Board believes that it has effective "continuing control" over the foreign operating nature of the business.

Holding Company Status

The Resulting Issuer is, at least initially upon completion of the Transaction, a holding company and essentially all of its operating assets are the capital stock of its subsidiary. As a result, investors in the Resulting Issuer are subject to the risks attributable to its subsidiary, Raffles. As a holding company, the Resulting Issuer conducts substantially all of its business through its subsidiary, which generate substantially all of its revenues. Consequently, the Resulting Issuer's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of its subsidiary and the distribution of those earnings to the Resulting Issuer. The ability of the subsidiary to pay dividends and other distributions will

depend on its operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained and contractual restrictions contained in the instruments governing its debt or other contracts, in each case, which could limit the ability to pay such dividends or distributions, if at all. In the event of a bankruptcy, liquidation or reorganization of Raffles, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of Raffles before any assets are made available for distribution to the Resulting Issuer.

Auditor and Financial Risks

The Resulting Issuer's audit committee takes into consideration factors relating to the auditor's competence, experience and qualifications in the foreign market and plans to retain a particular external auditor with local expertise.

The Resulting Issuer will make sure that the auditor has a presence or affiliation in the jurisdiction in which the Resulting Issuer's Asian operations are located. The Resulting Issuer will also ensure that in addition to meeting financial literacy requirements, members of the audit team will have the necessary language, skills relevant to, and cultural knowledge of China and Asia.

Limited Market for Securities

There can be no assurance that an active and liquid market for the Resulting Issuer Shares will be maintained and an investor may find it difficult to resell any Resulting Issuer Shares or other securities of the Resulting Issuer.

Dependence on Technology

Raffles relies on information technology systems. All of these systems are dependent upon computer and telecommunications equipment, software systems and Internet access. The temporary or permanent loss of any component of these systems through hardware failures, software errors, the vulnerability of the Internet, operating malfunctions or otherwise could interrupt Raffles' business operations and materially adversely affect Raffles.

18. PROMOTERS

Not applicable.

19. LEGAL PROCEEDINGS

There are no legal proceedings material to the Resulting Issuer or any subsidiary of the Resulting Issuer to which it, or a subsidiary of the Resulting Issuer, is a party or of which any of their respective property is the subject matter, and no such proceedings are known by the Resulting Issuer to be contemplated.

20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Explorex Resources Inc.

Except as described herein, to the knowledge of the Issuer's management, no director or officer, insider, nor any of their respective associates, affiliates or member of their group has any interest in any material transaction of Explorex since its most recently completed financial year.

Raffles Financial Private Limited

Except as described herein, to the knowledge of Raffles' management, no director or officer, insider, nor any of their respective associates, affiliates or member of their group has any interest in any material transaction of Raffles since its incorporation.

21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

21.1 Auditors

The auditors of Explorex are Davidson & Company LLP, Chartered Professional Accountants, located at 1200 – 609 Granville Street, Vancouver, British Columbia.

The auditors of Raffles are Nexia TS Public Accounting Corporation, located at 80 Robinson Road, #25-00, Singapore, 068898.

The auditors of the Resulting Issuer are expected to be MNP LLP, Chartered Professional Accountants of Vancouver, British Columbia.

21.2 Registrar and Transfer Agent

The registrar and transfer agent of Explorex and the Resulting Issuer is AST Trust Company (Canada), located at 1600 – 1066 West Hastings Street, Vancouver, British Columbia.

22. MATERIAL CONTRACTS

Except for contracts entered into by Explorex in the ordinary course of business, the only material contracts entered into by Explorex in the previous two years are the following:

- (a) The Arrangement Agreement; and
- (b) The Share Exchange Agreement.

Except for contracts entered into by Raffles in the ordinary course of business, the only material contracts entered into by Raffles in the previous two years is the Share Exchange Agreement;

23. INTEREST OF EXPERTS

No person, company or auditor named in this document as having prepared or certified a part of the document or a report described in this document and no responsible solicitor or any partner of a responsible solicitor's firm, holds any material beneficial interest, direct or indirect, in any securities or property of the Resulting Issuer or of an associate or affiliate of the Resulting Issuer.

24. OTHER MATERIAL FACTS

Neither Explorex nor Raffles are aware of any other material facts relating to Explorex, Raffles or the Resulting Issuer or to the Transaction that are not disclosed under the preceding items and are necessary in order for this document to contain full, true and plain disclosure of all material facts relating to Explorex, Raffles and the Resulting Issuer, assuming completion of the Transaction, other than those set forth herein.

25. FINANCIAL STATEMENTS

25.1 Financial Statements

A copy of the Raffles Annual Financial Statements and Raffles Interim Financial Statements are attached to the Information Circular as Appendix "I". The Raffles MD&A for the corresponding periods follow in the same Appendix. Raffles will arrange for updated and auditor-reviewed interim financial statements to be made available and posted to SEDAR before the Explorex Meeting.

25.2 Re-Qualifying Issuer

A copy of the pro forma consolidated statement of financial position of the Resulting Issuer as at September 30, 2019 is attached to the Information Circular as Appendix "H".

Appendix "F"

Explorex Resources Inc. Carve-Out

CARVE-OUT FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE YEAR ENDED MARCH 31, 2019

**488 - 625 Howe Street
Vancouver, B.C. V6C 2T6**

TELEPHONE: 604-681-0221

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Explorex Resources Inc. Carve-Out

Opinion

We have audited the accompanying carve-out financial statements of Explorex Resources Inc. Carve-Out (the "Company"), which comprise the carve-out statements of financial position as at March 31, 2019 and 2018, and the carve-out statements of loss and comprehensive loss, cash flows and changes in equity for the years then ended, and notes to the carve-out financial statements, including a summary of significant accounting policies.

In our opinion, these carve-out financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Carve-Out Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the carve-out financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Carve-Out Financial Statements

Management is responsible for the preparation and fair presentation of the carve-out financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of carve-out financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the carve-out financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Carve-Out Financial Statements

Our objectives are to obtain reasonable assurance about whether the carve-out financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these carve-out financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the carve-out financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the carve-out financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the carve-out financial statements, including the disclosures, and whether the carve-out financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Grant P. Block.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

February 7, 2020

Explorex Resources Inc. Carve-Out

Carve-Out Statements of Financial Position

As at March 31,

(Expressed in Canadian Dollars)

	<u>2019</u>	<u>2018</u>
ASSETS		
Current		
Cash	\$ 68,596	\$ 129,804
GST receivable	11,494	33,062
Prepaid expenses	<u>75,128</u>	<u>117,352</u>
	155,218	280,218
Non-current assets		
Exploration and evaluation assets (Note 5 and 8)	<u>640,546</u>	<u>418,459</u>
	<u>\$ 795,764</u>	<u>\$ 698,677</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 115,883	\$ 78,886
Flow-through share premium liability (Note 10)	22,861	27,845
Flow-through obligation (Note 10)	<u>31,000</u>	<u>-</u>
	169,744	106,731
Equity		
Reserves (Note 6)	4,764,699	3,358,649
(Deficit) Capital contribution	<u>(4,138,679)</u>	<u>(2,766,703)</u>
	<u>626,020</u>	<u>591,946</u>
	<u>\$ 795,764</u>	<u>\$ 698,677</u>

Nature and continuance of operations (Note 2)

Commitments (Note 8)

Subsequent events (Note 12)

Approved and authorized by the Board of Directors of Explorex Resources Inc. on February 7, 2020

Approved on behalf of the Board:

“William E.A. Wishart”

William E.A. Wishart, Director

“Gary Schellenberg”

Gary Schellenberg, Director

The accompanying notes are an integral part of these carve-out financial statements.

Explorex Resources Inc. Carve-Out

Carve-Out Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

	Year Ended	
	<u>March 31, 2019</u>	<u>March 31, 2018</u>
EXPENSES		
Consulting (Note 8)	\$ 81,064	\$ 294,314
General office (Note 10)	95,309	50,759
Investor relations	442,392	45,576
Management fees (Note 8)	255,875	182,950
Professional fees (Note 8)	160,127	78,303
Property investigation	92,689	153,872
Rent (Note 8)	17,550	23,400
Share-based payment (Note 8)	-	255,808
Transfer agent and filing fees	18,328	18,654
Travel	4,792	28,788
Loss before other items	\$ (1,168,126)	\$ (1,132,424)
Gain on forgiveness of debt	-	5,126
Reduction of flow-through premium liability	28,434	15,105
Write off of exploration and evaluation assets (Note 5)	(232,284)	-
Loss and comprehensive loss for the year	\$ (1,371,976)	\$ (1,112,193)

The accompanying notes are an integral part of these carve-out financial statements.

Explorex Resources Inc. Carve-Out

Carve-Out Statements of Cash Flows

(Expressed in Canadian Dollars)

	Year Ended	
	March 31, 2019	March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (1,371,976)	\$ (1,112,193)
Non-cash items		
Flow through obligation	31,000	-
Gain on forgiveness of debt	-	5,126
Reduction of flow through premium liability	(28,434)	(15,105)
Share-based payment	-	255,808
Write off of exploration and evaluation assets	232,284	-
Change in non-cash working capital accounts		
GST receivable	21,568	(26,600)
Prepaid expenses	42,224	(117,352)
Accounts payable and accrued liabilities	187,400	(30,236)
Cash used in operating activities	(885,934)	(990,332)
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing provided by Explorex	1,001,750	1,246,700
Cash provided by financing activities	1,001,750	1,246,700
CASH FLOWS FROM INVESTING ACTIVITIES		
BCMETC recovery	27,584	-
Recovery of exploration and evaluation expenditures	55,000	-
Exploration and evaluation assets	(259,608)	(148,593)
Cash used in investing activities	(177,024)	(148,593)
Change in cash for the year	(61,208)	107,775
Cash, beginning of the year	129,804	22,029
Cash, end of the year	\$ 68,596	\$ 129,804

Supplemental cash flow information:

Exploration expenditures in accounts payable and accrued liabilities	\$ 20,848	\$ 20,001
Flow-through premium liability assumed on issuance of Explorex flow-through shares	\$ 23,450	\$ 42,950
Fair value reversal of stock options exercised	\$ 6,100	\$ 25,350
Explorex shares issued for exploration and evaluation assets	\$ 276,500	\$ 141,000
Explorex shares issued for debt settlement	\$ 151,250	\$ -

The accompanying notes are an integral part of these carve-out financial statements.

Explorex Resources Inc. Carve-Out

Carve-Out Statements of Changes in Equity

(Expressed in Canadian Dollars)

	Funded by Explorex Resources Inc.	Equity settled share- based payments	Total reserves	(Deficit) Capital contribution	Total
Balance, March 31, 2017	\$ 1,661,727	\$ 96,364	\$ 1,758,091	\$ (1,654,510)	\$ 103,581
Funding provided by and expenses paid by Explorex	1,203,750	-	1,203,750	-	1,203,750
Exercise of options	25,350	(25,350)	-	-	-
Share-based payment	-	255,808	255,808	-	255,808
Fair value of Explorex shares issued for exploration and evaluation assets	141,000	-	141,000	-	141,000
Loss for the year	-	-	-	(1,112,193)	(1,112,193)
Balance, March 31, 2018	\$ 3,031,827	\$ 326,822	\$ 3,358,649	\$ (2,766,703)	\$ 591,946
Funding provided by and expenses paid by Explorex	1,001,750	-	1,001,750	-	1,001,750
Exercise of options	6,100	(6,100)	-	-	-
Flow-through premium liability assumed on issuance of Explorex shares	(23,450)	-	(23,450)	-	(23,450)
Fair value of Explorex shares issued to settle debt	151,250	-	151,250	-	151,250
Fair value of Explorex shares issued for exploration and evaluation assets	276,500	-	276,500	-	276,500
Loss for the year	-	-	-	(1,371,976)	(1,371,976)
Balance, March 31, 2019	\$ 4,443,977	\$ 320,722	\$ 4,764,699	\$ (4,138,679)	\$ 626,020

The accompanying notes are an integral part of these carve-out financial statements.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

1. TRANSFER OF ASSETS

Explorex Resources Inc. (“Explorex”) entered into a definitive share exchange agreement dated December 20, 2019 (the “Share Exchange Agreement”) to acquire all of the outstanding shares of Raffles Financial Private Limited (“Raffles Financial”), a company incorporated under the laws of Singapore and operating in Singapore, with regional branch offices in Sydney, Australia, Beijing and Hong Kong (“Transaction”). Raffles Financial is arm’s-length to Explorex and is a diversified financial services company that provides corporate finance advisory services related to IPO investments and arrangements, advice related to investment management, wealth and family office strategy counsel, and investment governance and oversight of funds. The proposed Transaction will constitute a “fundamental change” of business for Explorex.

Explorex will consolidate its outstanding Common Shares (“consolidation”) such that the consolidation will result in 1,050,000 outstanding immediately before closing. The shareholders of Raffles Financial (“Raffles Shareholders”) will then be issued an aggregate of 45,000,000 post-Consolidation Explorex Common Shares. The Financing described below is expected to result in the issuance of 4,000,000 post-Consolidation Common Shares, such that giving effect to the Financing, a total of 50,050,000 post-Consolidation Explorex Common Shares will be outstanding, with the Raffles Shareholders holding approximately 89.9% of the outstanding Common Shares. The Transaction will result in a reverse takeover of Explorex by the Raffles Shareholders.

Concurrently, Explorex will complete a plan of arrangement (“POA”) under the Business Corporations Act (British Columbia) with its newly incorporated wholly-owned subsidiary, Origen Resources Inc., whereby Explorex’s current mineral exploration assets, liabilities and estimated \$500,000 of cash will be spun out to Origen Resources Inc. in accordance with the POA, and Origen Resources Inc. will apply to be listed on the CSE.

Upon completion of the Transaction and certain related transactions described herein, Explorex expects that it, as the resulting issuer (the “Resulting Issuer”), will effect a name change to Raffles Financial Group Limited and complete a share consolidation. Explorex also proposes to continue its corporate jurisdiction from British Columbia to the Cayman Islands (the “Continuation”).

The completion of the Transaction is subject to the satisfaction of various conditions including but not limited to (i) the completion of a concurrent financing for up to \$20,000,000 (the “Financing”); (ii) the approval by the shareholders of Explorex in respect of the Transaction as a “fundamental change” of business, the Continuation and the POA; and (iii) receipt of all requisite regulatory, CSE, court or governmental authorizations and third party approvals or consents.

Finder’s fees will be paid to an arms’ length party in connection with the Transaction.

These carve-out financial statements reflect the assets, liabilities, expenses and cash flows of the operations included in the exploration business to be spun out by Explorex (the “Entity”).

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

2. NATURE AND CONTINUANCE OF OPERATIONS

The Entity is engaged in the acquisition, exploration and evaluation of mineral properties in British Columbia, New Brunswick and Ontario, Canada.

The head office of the Entity is located at 488 – 625 Howe Street, Vancouver, British Columbia, V6C 2T6. The registered office of the Entity is located at Suite 400-725 Granville Street, Vancouver, British Columbia, V7Y 1G5.

These carve-out financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Entity will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Entity's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Entity decides to terminate its commitments, and to cover its operating costs. The Entity may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These carve-out financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying carve-out financial statements. The Entity considers that it has adequate resources to main its core operations for the next twelve months.

3. BASIS OF PRESENTATION

Basis of presentation

These carve-out financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC").

These carve-out financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

These carve-out financial statements are presented in Canadian dollars, which is also the Entity's functional currency.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

3. BASIS OF PRESENTATION (cont'd...)

Basis of presentation (cont'd...)

The purpose of these carve-out financial statements is to provide general purpose historical financial information of the Entity in connection with the Transaction detailed in Note 1. Therefore, these carve-out financial statements present the historical financial information of Explorex that make up the Entity, either fully, or partially, where only specifically identifiable assets and liabilities are included, and allocations of shared income and expenses of Explorex that are attributable to the Entity.

The basis of preparation for the carve-out statements of financial position, loss and comprehensive loss, cash flows and changes in equity of the Entity have been applied. The carve-out financial statements have been extracted from historical accounting records of Explorex with estimates used, when necessary, for certain allocations.

- The carve-out statements of financial position reflect the assets and liabilities recorded by Explorex which have been assigned to the Entity on the basis that they are specifically identifiable and attributable to the Entity;
- The carve-out statement of loss and comprehensive loss included a pro-rata allocation of Explorex's income and expenses incurred in each of the periods presented based on the percentage of exploration and evaluation activity on the carve-out exploration and evaluation assets, compared to the expenditures incurred on all of Explorex's exploration and evaluation assets, and based on specifically identifiable activities attributable to the Entity. The allocation of income and expense for each period presented is as follows: 2019 and 2018 - 100%. The percentages are considered reasonable under the circumstances;
- Income taxes have been calculated as if the Entity had been a separate legal entity and had filed separate tax returns for the period presented.

Management cautions readers of these carve-out financial statements that the Entity's results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Entity been a separate entity. Further, the allocation of income and expense in these carve-out statements of loss and comprehensive loss does not necessarily reflect the nature and level of the Entity's future income and operating expenses. Explorex's investment in the Entity, presented as equity in these carve-out financial statements, includes the accumulated total loss and comprehensive loss of the Entity.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently throughout by the Entity for purposes of these carve-out financial statements.

a) Use of judgment and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of expenses during the period. Significant areas requiring the use of management's judgment and estimates relate to the determination of environmental obligations and impairment of exploration and evaluation assets and inputs used in accounting for share-based compensation. Actual results may differ from these estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

b) Share-based compensation

The Entity benefits from Explorex's stock option plan which allows directors, officers, employees and consultants to acquire shares of Explorex. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

c) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect to the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Entity intends to settle its current tax assets and liabilities on a net basis.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

d) Exploration and evaluation assets

Exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. No exploration costs are capitalized until the legal right to explore the property has been obtained. When it is determined that such costs will be recouped through successful development and exploitation, the capitalized expenditures are depreciated over the expected productive life of the asset. Costs for a producing asset are amortized on a unit-of-production method based on the estimated life of the ore reserves, while costs for the prospects abandoned are written off.

Impairment review for exploration and evaluation assets is carried out on a project by project basis, with each project representing a single cash generating unit. At the end of each reporting period, the Entity's assets are reviewed to determine whether there is any indication that these assets are impaired. An impairment review is undertaken when indicators of impairment arise but typically when one or more of the following circumstances apply:

- Unexpected geological occurrences are identified that render the resource uneconomic;
- Title to the asset is compromised;
- Fluctuations in the metal prices render the project uneconomic;
- Variation in the currency of operations; and
- Threat to political stability in the country of operation.

From time to time, the Entity may acquire or dispose of exploration and evaluation assets pursuant to the terms of option agreements. Due to the fact that these options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

The recoverability of the amounts capitalized for the undeveloped exploration and evaluation assets is dependent upon the determination of economically recoverable ore reserves, confirmation of the Entity's interest in the underlying mineral claims, the ability to farm out its exploration and evaluation assets, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from their disposition thereof.

When entitled, the Entity records refundable mineral exploration tax credits or incentive grants on an accrual basis and as a reduction of the carrying value of the mineral property interest. When the Entity is entitled to non-refundable exploration tax credits, and it is probable that they can be used to reduce future taxable income, a deferred income tax benefit is recognized.

e) Impairment of tangible and intangible assets

Tangible and intangible assets with finite useful lives are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the assets' cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

e) Impairment of tangible and intangible assets (cont'd...)

An impairment loss is charged to profit or loss except to the extent it reverses gains previously recognized in other comprehensive loss/income. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognized in profit or loss.

f) Provision for environmental rehabilitation

The Entity recognizes liabilities for legal or constructive obligations associated with the retirement of mineral properties and equipment. The net present value of future rehabilitation costs is capitalized to the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Entity's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision. The Entity does not have any significant rehabilitation obligations.

g) Financial instruments

On April 1, 2018, the Entity adopted IFRS 9, Financial Instruments. This new standard replaces International Accounting Standards ("IAS") 39, Financial Instruments: Recognition and Measurement.

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9 and, therefore, the accounting policy with respect to financial liabilities is unchanged.

The following is the Entity's new accounting policy for financial assets and liabilities under IFRS 9:

Financial assets

The Entity will now classify its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (FVTOCI), or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Entity can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the statement of loss and comprehensive loss in the period. The Entity has classified its cash as fair value through profit or loss.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

h) Financial instruments (cont'd)

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Entity recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

Financial liabilities

The Entity classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Entity's accounting policy for each category is as follows:

Fair value through profit or loss: This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of loss and comprehensive loss.

Financial liabilities at amortized cost: This category includes accounts payable which are recognized at amortized cost using the effective interest method.

Transaction costs in respect of financial instruments at fair value through profit or loss are recognized in the statement of loss and comprehensive loss immediately, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

The Entity adopted the standard retrospectively. The adoption had no impact on comparative balances.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

i) Accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations applicable to the Entity are not yet effective for the year ended March 31, 2019 and have not been applied in preparing these financial statements. The new and revised standards are as follows:

- IFRS 16 – Leases: On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short term leases (i.e. leases of 12 months or less) and leases of low-value assets. Management has estimated that the standard has no significant impact on the Entity's financial statements.
- IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS

	Silver Dollar Property	Arlington Property	Beatrice Property	Chrysler Property	Cobalt-Paragon Property	Handlebar Property	Kagoot Brook Property	Total
Acquisition Costs								
Opening, March 31, 2017	\$ 20,000	\$ 10,935	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,935
Additions during the year	48,000	-	12,000	64,500	61,000	7,003	-	192,503
Option payment received	-	(20,000)	-	-	-	-	-	(20,000)
Closing, March 31, 2018	68,000	(9,065)	12,000	64,500	61,000	7,003	-	203,438
Exploration Costs								
Opening, March 31, 2017	80,301	17,479	-	-	-	-	-	97,780
Additions during the year:								
Assay	7,281	-	-	1,652	2,584	-	-	11,517
Equipment, field supplies, and other	6,247	81	-	-	-	-	-	6,328
Field personnel	7,108	-	-	-	-	-	-	7,108
Geological	31,984	-	3,500	19,010	23,033	-	-	77,527
Travel	2,909	-	-	4,622	7,230	-	-	14,761
Closing, March 31, 2018	135,830	17,560	3,500	25,284	32,847	-	-	215,021
Balance, March 31, 2018	\$ 203,830	\$ 8,495	\$ 15,500	\$ 89,784	\$ 93,847	\$ 7,003	\$ -	\$ 418,459
Acquisition Costs								
Opening, March 31, 2018	\$ 68,000	\$ (9,065)	\$ 12,000	\$ 64,500	\$ 61,000	\$ 7,003	\$ -	\$ 203,438
Additions during the year	240,000	-	-	-	39,000	-	66,594	345,594
Option payment received/Grants	(25,000)	-	-	-	-	-	(30,000)	(55,000)
Closing, March 31, 2019	283,000	(9,065)	12,000	64,500	100,000	7,003	36,594	494,032
Exploration Costs								
Opening, March 31, 2018	135,830	17,560	3,500	25,284	32,847	-	-	215,021
Assay	-	-	-	-	-	-	3,350	3,350
Drilling	-	-	-	-	-	-	55,874	55,874
Equipment, field supplies, and other	-	-	-	-	-	-	42,007	42,007
Geological	84	-	-	-	2,650	-	85,464	88,198
Geophysical	-	-	-	-	-	-	1,932	1,932
Recovery – BCMETC	(27,584)	-	-	-	-	-	-	(27,584)
Closing, March 31, 2019	108,330	17,560	3,500	25,284	35,497	-	188,627	378,798
Write offs	-	-	-	(89,784)	(135,497)	(7,003)	-	(232,284)
Balance, March 31, 2019	\$ 391,330	\$ 8,495	\$ 15,500	\$ -	\$ -	\$ -	\$ 225,221	\$ 640,546

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Arlington Property, British Columbia

On January 19, 2015, the Entity acquired a 100% interest in the Arlington property by staking.

On April 27, 2017, the Entity entered into an option agreement with Clarmin Exploration Inc. ("Clarmin"), under which Clarmin may acquire a 100% interest in the Entity's Arlington Property, located in south-central British Columbia. Under the agreement, Clarmin could earn a 100% interest by making certain staged payments over a three-year period equal to a total of \$105,000 in cash, issuing 500,000 common shares and incurring \$500,000 in exploration expenditures on the property. The staged payments would be made as follows:

Cash and Share Payments:

- \$10,000 on April 27, 2017 (received);
- \$10,000 on the date of listing of Clarmin on a recognized stock exchange (received);
- \$35,000 and issuing 200,000 common shares on or before April 27, 2019; and
- \$50,000 and issuing 300,000 common shares on or before April 27, 2020.

Exploration Expenditures:

- \$200,000 on or before April 27, 2019; and
- \$300,000 on or before the third anniversary date of April 27, 2020.

The Entity would retain a 1.5% net smelter return royalty ("NSR") on the property which Clarmin may buyback by paying \$1,000,000 to the Entity.

On April 27, 2019, Clarmin has elected to terminate the option agreement.

Silver Dollar Property, British Columbia

On May 11, 2016, the Entity entered into an option agreement with Happy Creek Minerals Ltd. ("Happy Creek") to purchase a 100% interest in Happy Creek's Silver Dollar property. Through a series of amended agreements dates November 23, 2016 and April 11, 2017 to earn a 100% interest, the Entity is required to make the following payments:

- \$20,000 cash on the earlier of the date that is 5 days following Canadian Securities Exchange approval for closing of the Explorex's proposed private placement of \$400,000 and June 30, 2016 (paid);
- incur a minimum \$100,000 work commitment by July 31, 2017 (incurred);
- 300,000 common shares (pre-consolidation) of Explorex on or before May 11, 2017 (paid, valued at \$48,000);
- 300,000 common shares (pre-consolidation) of Explorex by July 31, 2018 (paid, valued at \$90,000); and
- 500,000 common shares (pre-consolidation) of Explorex by January 31, 2019 (paid, valued at \$150,000).

As at March 31, 2019, the Entity owns 100% of the Silver Dollar property as all payment have been made.

The agreement is subject to a 1% NSR payable to Happy Creek.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Silver Dollar Property, British Columbia (cont'd...)

The Entity entered into an option agreement with Mariner Resources Corp. (“Mariner”), the Entity and Mariner are related by virtue of a director of Mariner and officer of the Entity being related, whereby Mariner has the right to acquire a 75% interest in the Silver Dollar property. Pursuant to the option agreement, Mariner is required to make cash payments, issue shares, and meet exploration expenditure requirements as follows:

- Cash payments: Mariner is required to pay \$25,000 upon execution of the agreement (received), an additional \$50,000 in cash or common shares of Mariner, at Mariner's discretion, on or before May 30, 2021, \$100,000 in cash on or before May 30, 2022; and an additional \$250,000 in cash on or before May 30, 2023 for an aggregate total consideration of \$425,000;
- Share issuances: Mariner is required to issue 100,000 common shares on May 30, 2021, an additional 300,000 shares on or before May 30, 2022 and an additional 500,000 shares on or before May 30, 2023 for an aggregate total of 900,000 shares;
- Work commitments: Mariner is required to incur \$75,000 in exploration expenditures on or before May 30, 2020; an additional \$150,000 on or before May 30, 2021, an additional \$350,000 on or before May 30, 2022 and an additional \$425,000 on or before May 30, 2023 for an aggregate \$1,000,000 in exploration expenditures.
- Upon Mariner earning its 75% interest in Silver Dollar, the parties will enter into a joint venture.

Beatrice Mineral Property, British Columbia

On August 27, 2017, the Entity entered into a purchase and sale agreement with arm's length vendors to acquire 100% of 2 crown grants from private owners. The crown grants are wholly contained within the Silver Dollar Project. Pursuant to the agreement, the vendors agreed to sell and the Entity agreed to purchase two mineral tenure claims located in the southern portion of the Silver Dollar Project for a cash payment of \$12,000 (paid).

Chrysler Property, Ontario

On June 6, 2017, the Entity entered into a purchase and sale agreement with Jean Marc Gaudreau and Don Thomas Fudge to purchase a 100% interest in the Mining claims (the “Chrysler Property”), located in the Larder Lake Mining Division in Ogilvie, Leonard and North William Township, in the Province of Ontario.

To earn a 100% interest, the Entity was required to make the following payments:

- \$22,500 cash (paid); and
- 200,000 common shares (pre-consolidation) of Explorex (paid, valued at \$42,000).

The agreement was subject to a 2% NSR payable to the vendors and a buyback of 1% for \$1,000,000 at any time.

During the year ended March 31, 2019, the Entity abandoned the Chrysler Property and wrote off \$89,784 in exploration and evaluation assets.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Cobalt-Paragon Property, Ontario

On October 31, 2017, the Entity entered into an option agreement with Canadian Gold Miner Corp. to acquire a 100% interest in certain mining claims ("Cobalt-Paragon"), located in the Larder Lake Mining Division in Tudhope Township, in the Province of Ontario. Pursuant to the option agreement, the Entity was required to make cash payments, pay Explorex shares, and meet exploration expenditure requirements as follows:

Cash Payments

• 10 business days on execution of the agreement (October 30, 2017) (paid)	\$ 10,000
• On or before April 30, 2018 (paid)	25,000
• On or before October 30, 2018	20,000
• On or before October 30, 2019	30,000
• On or before October 30, 2020	40,000
	<u>40,000</u>
	<u>\$ 125,000</u>

Explorex Share Payments (pre-consolidation)

• Upon approval of the Exchange (paid, valued at \$51,000)	200,000
• On or before November 1, 2018	300,000
• On or before November 1, 2019	300,000
• On or before November 1, 2020	900,000
	<u>900,000</u>
	<u>1,700,000</u>

Exploration Expenditures

• On or before October 30, 2018	\$ 225,000
• On or before October 30, 2019	450,000
• On or before October 30, 2020	600,000
	<u>600,000</u>
	<u>\$ 1,275,000</u>

The Entity would pay an additional 1,500,000 common shares (pre-consolidation) of Explorex upon filing a Preliminary Economic Assessment or similar or more detailed document. Previous underlying agreements entered into resulted in various NSR's on certain mining claims ranging from 2% to 3%. The Entity may purchase 0.5% to 1% of certain NSR's ranging from \$250,000 to \$750,000. Upon earning a 100% interest, the Entity would grant a 1% NSR and retain first right of refusal to buyback the NSR.

The Entity was committed to meeting all obligations of the underlying commitments. During the year ended March 31, 2019, the Entity paid 50,000 common shares (pre-consolidation) of Explorex valued at \$14,000 relating to the obligations of underlying commitments which was included in acquisition costs but would be credited to the exploration expenditures requirements listed above.

On March 11, 2019, a Mutual Release Agreement was entered into by the Entity and Canadian Gold Miner Corp. to terminate its option agreement by issuing 34,500 common shares (pre-consolidation) of Explorex subsequent to year end. As a result, the Entity wrote off \$135,497 of exploration and evaluation assets as at March 31, 2019.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Handlebar Property, British Columbia

The Entity staked the 100% owned Handlebar property consisting of two claims. During the year ended March 31, 2019, the Entity abandoned the claims and wrote off \$7,003 in exploration and evaluation assets.

Kagoot Brook Cobalt Project, New Brunswick

The Entity entered into an option agreement to acquire a 75% interest in the Kagoot Brook Cobalt Project ("Kagoot Brook"), owned by Great Atlantic Resources Corp. ("Great Atlantic"). The agreement to acquire a 75% interest in the Project is subject to the following terms:

- Payment of \$25,000 (paid) and 75,000 common shares (pre-consolidation) of Explorex (paid, valued at \$22,500);
- Payment of \$50,000 in Explorex shares on May 10, 2019 (paid subsequent to year end); and
- The Entity will incur total expenditures of \$750,000 (including all underlying payments) over a period of 4 years, of which \$100,000 (incurred) would be a firm commitment on or before May 10, 2019.

Upon earning 75% of the project, the parties will enter into a joint venture. The terms will provide for a pro-rata dilution such that should Great Atlantic's interest drop below 5%, it will revert to a 3% NSR. The Entity will retain the right to buyback 2% at \$1,000,000 for each 1%, or portion thereof. Should Great Atlantic seek to sell any portion of the remaining NSR, the Entity will retain a first right of refusal.

During the year ended March 31, 2019, the Entity received a New Brunswick Junior Mining Assistance Program (NMJMAP) grant of \$30,000. The Entity is eligible to the lesser of 50% of eligible costs incurred up to \$30,000 in respect to the Kagoot Brook Project.

Hautalampi Project, Finland

The Entity entered into a Letter of Intent ("LOI") dated March 16, 2018, giving the Entity the option to either (i) acquire a 91% interest in the Finnish company that owns the Hautalampi project; or (ii) enter into an earn in arrangement with the shareholders of the Finnish company over a maximum of 3 years to acquire a 91% interest. In either possible scenario, the vendors have the option to retain a 9% carried interest or convert the 9% carried interest to a 1.5% net metals royalty with the Entity acquiring the full 100% interest in the Finnish company. During the year ended March 31, 2018, the Entity paid an aggregate of USD\$50,000 (non-refundable) to the sellers on signing of the LOI.

The Entity amended the LOI on November 4, 2018. The Amended Letter of Intent ("Amended LOI") provides the Entity with a staged option to earn a 100% interest over a 4-year period subject to completion of definitive transaction agreements. Pursuant to the 100% acquisition of Hautalampi, The Entity will pay USD\$1,980,003 in cash, USD\$3,050,001 in shares of Explorex and perform USD \$3,000,000 in exploration expenditures.

In addition, the Entity will grant a 1.5% net metal royalty and upon declaring commercial production, and will pay additional shares of Explorex having a value of USD\$1,500,000.

The Entity was informed by Ganfeng Lithium Co. Ltd. ("Ganfeng") that a large investment in support of the Hautalampi acquisition will not be forthcoming at this time due to their internal considerations. Therefore, the Entity has informed the Finnish company that owns the Hautalampi project that in the immediate term it does not foresee sourcing adequate funds to move forward in a corporately prudent manner. The Entity acknowledges that the Finish company is open to proceed with the advancement of the Hautalampi project on a non-exclusive basis.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Ganfeng Lithium Co. Ltd.

On October 4, 2017, the Entity entered into a LOI with Ganfeng for a \$1,000,000 strategic investment in the Entity. Ganfeng made an initial investment of \$500,000. Ganfeng subscribed to the July 3, 2018, non-brokered private placement of Explorex, which represents the same interest in the Entity for a total of 500,000 units for gross proceeds of \$125,000. After the investments, Ganfeng has a commitment to invest an additional \$375,000 in subsequent financings, within two years from the execution of the initial investment, in accordance with market conditions.

The LOI provides Ganfeng with (i) the right to an Off-Take Agreement on all potential production of cobalt, limestone and lithium; (ii) a Right of First Offer on the joint venture or sale of all cobalt, limestone, and lithium properties that the Entity has or acquires in the future; and (iii) the right to nominate one member to the Entity's Board of Directors ("Purchasers Rights"). These Purchaser Rights will be maintained as long as Ganfeng maintains a minimum 15% equity interest in the issued and outstanding shares of the Entity.

6. RESERVES

Explorex's investment in the operations of the Entity is presented as Reserves and Deficit/Capital in the carve-out financial statements. Deficit/Capital contributions represent the accumulated net losses of the carve-out operation. Reserves represent the accumulated net contributions from Explorex and that portion of the stock-based compensation allocated to the Entity. The portion of the stock-based compensation was determined based on the exploration costs incurred on carve-out properties over the years ended March 31, 2019 and 2018.

Net financing transaction with Explorex as presented in the carve-out statements of cash flows represents the net contributions relating to the funding of operations between the Entity and Explorex.

7. FINANCIAL INSTRUMENTS AND RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of cash is based on Level 1 inputs of the fair value hierarchy.

The fair value of the Entity's GST receivable and accounts payable and accrued liabilities approximates their carrying values due to their short-term nature.

The Entity's risk exposures and the impact on the Entity's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Entity believes it has no significant credit risk.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

7. FINANCIAL INSTRUMENTS AND RISK (cont'd...)

Liquidity risk

The Entity's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2019, the Entity had a cash balance of \$68,596 to settle current liabilities of \$169,744.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Entity has cash balances and no interest-bearing debt. The interest rate risk on cash is not considered significant.

(b) Foreign currency risk

The Entity does not have assets or liabilities in a foreign currency.

(c) Price risk

The Entity is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Entity closely monitors commodity prices and the stock market to determine the appropriate course of action to be taken by the Entity.

8. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Entity and include both executive and non-executive directors, and entities controlled by such persons. The Entity considers all directors and officers of the Entity to be key management personnel.

During the year ended March 31, 2019, the Entity entered into the following transactions with related parties:

- Paid or accrued exploration costs of \$102,494 (2018 - \$116,956) that were capitalized as exploration and evaluation assets to a company controlled by a director and Chief Executive Officer of the Entity.
- Paid or accrued consulting fees of \$nil (2018 - \$7,500) and management fees of \$90,000 (2018 - \$41,250) to a company controlled by a director and Chief Executive Officer of the Entity.
- Paid or accrued management fees of \$59,375 (2018 - \$36,700) to an officer and director of the Entity.
- Paid or accrued consulting fees of \$31,550 (2018 - \$88,000) to a director of the Entity.
- Paid or accrued rent of \$17,550 (2018 - \$23,400) and management fees of \$76,500 (2018 - \$90,000) to a company controlled by a director and Chairman of the Board of the Entity.
- Paid or accrued professional fees of \$30,000 (2018 - \$7,500) to the Chief Financial Officer of the Entity.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

8. RELATED PARTY TRANSACTIONS (cont'd...)

- Paid or accrued professional fees of \$nil (2018 - \$7,500) to the former Chief Financial Officer of the Entity.
- Paid or accrued director's fees of \$30,000 (2018 - \$15,000) to a company controlled by a director of the Entity.
- During the year ended March 31, 2019, the Entity issued Nil (2018 - 650,000) stock options (pre-consolidation) to the officers and directors of the Entity. Upon the issuance, \$Nil (2018 - \$134,972) in share-based compensation expense was recorded.

As at March 31, 2019, \$84,037 (March 31, 2018 - \$24,696) was included in accounts payable and accrued liabilities owing to officers and directors of the Entity in relation to services provided and reimbursement of expenses.

Commitments – Consulting Agreements

On September 1, 2016, the Entity renewed the terms of a consulting agreement with a director of the Entity for the provision of consulting services at an annual cost of \$90,000. The agreement is for a term of five years. If the Entity terminates the agreement without cause during the term, the Entity is required to pay the balance of the monthly fee payments due for the remainder of the term. Furthermore, should the Entity be subject to a change in control and the consultant terminated without cause, the Entity must pay an amount equal to thirty-six months of fees and an additional two months of fees for each additional full year of management completed after the first year of engagement, up to a combined maximum of forty-eight months of management fees.

The Entity entered into a settlement agreement and mutual release agreement dated October 1, 2018 relating to the consulting agreement, whereby the Entity will receive consulting service at an annual cost of \$63,000 expiring on August 31, 2021. The settlement agreement and mutual release is not considered a termination of the consultant or change of control of the Entity.

9. CAPITAL MANAGEMENT

As a separate resource exploration activity, the Entity does not have share capital and its equity is a carve-out amount from Explorex's equity. Explorex has no debt and does not expect to enter into debt financing. The Entity manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of underlying assets. The Entity is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Entity has no traditional revenue sources. Going forward, it must generate funds through the sale or option of its exploration and evaluation assets. The Entity's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business, rather than through a process of forced liquidation, is primarily dependent upon its continued ability to find and develop mineral property interests, and there being a favorable market in which to sell or option the mineral properties interest; and/or its ability to borrow or raise additional funds from equity markets.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

10. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2019	2018
Loss for the year	\$ (1,371,976)	\$ (1,112,193)
Expected income tax (recovery)	(370,000)	(289,000)
Change in statutory rates, impact of flow through and other	32,000	(5,000)
Permanent difference	(8,000)	63,000
Share issue costs	(2,000)	(2,000)
Change in unrecognized deductible temporary differences	348,000	233,000
Total income tax expense (recovery)	\$ -	\$ -

The significant components of the Entity's deferred tax assets are as follows:

	2019	2018
Deferred tax assets		
Exploration and evaluation assets	\$ 91,000	\$ 63,000
Property and equipment	2,000	2,000
Share issue costs	4,000	5,000
Non-capital losses	933,000	612,000
	1,030,000	682,000
Unrecognized deferred tax assets	(1,030,000)	(682,000)
Net deferred tax assets	\$ -	\$ -

The significant components of the Entity's deductible temporary differences and unused tax losses that have not been recognized in the statements of financial position are as follows:

	2019	Expiry Date Range	2018	Expiry Date Range
Temporary Differences				
Exploration and evaluation assets	\$ 282,000	No expiry date	\$ 179,000	No expiry date
Investment tax credit	20,000	2032 to 2033	20,000	2032 to 2033
Property and equipment	6,000	No expiry date	6,000	No expiry date
Share issue costs	16,000	2035 to 2039	18,000	2035 to 2038
Non-capital losses available for future periods	3,455,000	2032 to 2039	2,267,000	2032 to 2038

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

10. INCOME TAXES (cont'd...)

As at December 31, 2018, Explorex had not completely fulfilled its commitment to incur exploration expenditures by December 31, 2018 in relation to flow-through share financings in October 2017. Explorex may be required to indemnify flow-through individual investors for the amount of increased taxes payable by the flow-through investor as a consequence of the failure of Explorex to incur qualifying exploration expenditures previously renounced to the flow-through investors. As at December 31, 2018, Explorex estimated that the maximum potential liabilities on unspent amounts was approximately \$31,000. The Entity has assumed the liability and has recorded a provision in the amount of \$31,000 for these potential liabilities in general office expense.

In December 2018, Explorex completed, the second and final tranche, a non-brokered private placement of 335,000 flow-through units ("FT") at a price of \$0.32 per unit (pre-consolidation) for gross proceeds of \$107,200 and 84,000 non-flow through units ("NFT") at a price of \$0.25 per unit (pre-consolidation) for gross proceeds of \$21,000. Each unit consists of one common share and one half of a share purchase warrant, translating into a total of 209,500 warrants (pre-consolidation) granted as part of the private placement. Each full warrant is exercisable for one additional common share at a price of \$0.50 per share (pre-consolidation) until December 19, 2020. The Entity assumed the obligations of Explorex pursuant to the private placement and recognized a flow-through premium liability of \$23,450, which was accreted to \$22,861 based on exploration expenditures incurred by Explorex as at March 31, 2019. Pursuant to the flow-through obligation, as at December 31, 2018, Explorex is required to incur \$107,200 in eligible exploration expenditures by December 31, 2019. Subsequent to year end, the Entity incurred all the required expenditures resulting in the derecognition of flow-through obligation as at December 31, 2019.

11. SEGMENTED INFORMATION

As at March 31, 2019, the Entity currently operates in one segment, being the acquisition and exploration and evaluation of resource assets located in Canada as described in Note 5.

12. SUBSEQUENT EVENTS

Subsequent to March 31, 2019, the Entity:

- a) Received 950,000 stock options (pre-consolidation) of Explorex for its officers, directors and consultants. The stock options are exercisable at a price of \$0.27 per common share and will expire five years from the date of grant.
- b) Paid a third party vendor 400,000 shares (pre-consolidation) of Explorex valued at \$100,000 for services.
- c) Executed the Assignment and Assumption Agreement ("Assignment Agreement") with New Tech Minerals Corp. ("NTM") and has assumed the right to acquire a 100% interest in the Buena Vista Hills Cobalt – Iron Oxide Copper Gold ("IOCG") project ("Buena Vista") in Pershing County, Nevada.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Financial Statements

For the year ended March 31, 2019

(Expressed in Canadian Dollars)

12. SUBSEQUENT EVENTS (cont'd...)

Under the Assignment Agreement, the Entity will pay NTM \$10,000 USD (paid) and 200,000 shares (pre-consolidation) of Explorex (paid) upon signing, pay an additional 200,000 shares (pre-consolidation) of Explorex upon NTM satisfying certain obligations and assume NTM's underlying commitments pursuant to the Mining Lease and Option to Purchase Agreement made between NTM and Zephyr Minerals Inc., a Nevada corporation ("Zephyr"), dated May 15, 2018 and as amended on October 20, 2018, February 12, 2019 and April 4, 2019. The underlying commitments are to pay \$66,000 USD (paid \$33,000 USD), pay Explorex shares with the equivalent value of 500,000 NTM shares (paid 20,205 Explorex shares which are equivalent to 250,000 NTM shares), incur exploration expenditures totaling \$300,000 by May 15, 2020 and incur exploration expenditures totaling \$400,000 USD by May 15, 2021. Zephyr is also entitled to a 1% to 4% NSR. The Entity has the option to purchase 0.5% to 2% of the NSR for \$500,000 USD.

Upon completion of a feasibility study, NTM maintains the right to purchase (i.e. buy back) a 20% interest in Buena Vista by paying to the Entity an amount equal to 40% of the expenditures incurred by the Entity on Buena Vista.

Subsequent to year end, the Entity provided notice of termination of the Assignment and Assumption Agreement entered into with NTM on Buena Vista.

- d) The Entity acquired a 100% interest in the 803 hectare high-grade gold and copper Bonanza Mountain project ("Bonanza Mountain"), through a combination of staking and a sale and purchase agreement, in the historic Knight's Mining Camp, Grand Forks area, BC.

The Entity entered into a sale and purchase agreement to purchase a 100% right, title and interest in and to the 485 hectares mineral claim that constitutes the core of the Bonanza Mountain.

To earn a 100% interest, the Entity is required to pay \$4,000 (paid) and 300,000 common shares of Origen Resources Inc.

The agreement is subject to a 1.5% NSR and a buyback of 1% of NSR for \$1,000,000.

- e) Explorex completed a non-brokered private placement of 361,000 shares at a price of \$0.20 (pre-consolidation) per share for gross proceeds of \$72,200. The proceeds were transferred to the Entity and were accounted for as contributions to the Entity.

Explorex Resources Inc. Carve-Out

CARVE-OUT CONDENSED INTERIM FINANCIAL STATEMENTS

(Expressed in Canadian Dollars)

FOR THE SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2019

**488 - 625 Howe Street
Vancouver, B.C. V6C 2T6**

TELEPHONE: 604-681-0221

Explorex Resources Inc. Carve-Out

Carve-Out Condensed Interim Statements of Financial Position

As at

(Expressed in Canadian Dollars)

(Unaudited)

	<u>September 30, 2019</u>	<u>March 31, 2019</u>
ASSETS		
Current		
Cash	\$ 173,580	\$ 68,596
GST receivable	5,789	11,494
Prepaid expenses	<u>116,914</u>	<u>75,128</u>
	296,283	155,218
Non-current assets		
Exploration and evaluation assets (Note 5 and 8)	<u>692,692</u>	<u>640,546</u>
	\$ 988,975	\$ 795,764
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	\$ 123,594	\$ 115,883
Flow-through share premium liability (Note 11)	22,861	22,861
Flow-through obligation (Note 11)	<u>31,000</u>	<u>31,000</u>
	177,455	169,744
Equity		
Reserves (Note 6)	5,579,297	4,764,699
(Deficit)/Capital contribution	<u>(4,767,777)</u>	<u>(4,138,679)</u>
	811,520	626,020
	\$ 988,975	\$ 795,764

Nature and continuance of operations (Note 2)

Commitments (Note 8)

Subsequent events (Note 12)

Approved and authorized by the Board on February 7, 2020

Approved on behalf of the Board:

“William E.A. Wishart”

William E.A. Wishart, Director

“Gary Schellenberg”

Gary Schellenberg, Director

The accompanying notes are an integral part of these carve-out condensed interim financial statements.

Explorex Resources Inc. Carve-Out

Carve-Out Condensed Interim Statements of Loss and Comprehensive Loss

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended		Six Months Ended	
	September 30,		September 30,	
	2019	2018	2019	2018
EXPENSES				
Consulting (Note 8)	\$ 13,500	\$ 94,703	\$ 36,925	\$ 212,227
General office	2,219	18,091	20,414	31,322
Investor relations	5,517	17,370	58,621	51,515
Management fees (Note 8)	57,400	61,900	117,075	133,275
Professional fees (Note 8)	35,986	34,877	50,817	116,597
Property investigation	-	84,348	2,744	106,121
Rent (Note 8)	-	5,850	-	11,700
Share-based payments (Notes 8)	-	-	225,853	-
Transfer agent and filing fees	5,021	9,255	6,001	11,720
Travel	-	-	-	898
Loss before other items	(119,643)	(326,394)	(518,450)	(675,375)
Write off of exploration and evaluation assets (Note 5)	(101,678)	-	(110,648)	-
Loss and comprehensive loss for the period	\$ (221,321)	\$ (326,394)	\$ (629,098)	\$ (675,375)

The accompanying notes are an integral part of these carve-out condensed interim financial statements.

Explorex Resources Inc. Carve-Out

Carve-Out Condensed Interim Statements of Cash Flows

(Expressed in Canadian Dollars)
(Unaudited)

	Six Months Ended	
	September 30, 2019	September 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (629,098)	\$ (675,375)
Non-cash items		
Share-based payment	225,853	-
Write off of exploration and evaluation assets	110,648	-
Change in non-cash working capital accounts		
GST receivable	5,705	23,023
Prepaid expenses	58,214	31,152
Accounts payable and accrued liabilities	7,711	104,899
Cash used in operating activities	<u>(220,967)</u>	<u>(516,301)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Financing provided by Explorex	<u>390,662</u>	<u>630,750</u>
Cash provided by financing activities	<u>390,662</u>	<u>630,750</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	<u>(64,711)</u>	<u>(63,223)</u>
Cash used in investing activities	<u>(64,711)</u>	<u>(63,223)</u>
Change in cash for the period	104,984	51,226
Cash, beginning of the period	<u>68,596</u>	<u>129,804</u>
Cash, end of the period	\$ 173,580	\$ 181,030

Supplemental cash flow information:

Exploration expenditures in accounts payable and accrued liabilities	\$ 20,848	\$ -
Fair value reversal of stock options exercised	\$ 21,674	\$ -
Explorex shares issued for exploration and evaluation assets	\$ 98,083	\$ 276,500
Explorex shares issued for services	\$ 100,000	\$ -

The accompanying notes are an integral part of these carve-out condensed interim financial statements.

Explorex Resources Inc. Carve-Out

Carve-out Condensed Interim Statements of Changes in Equity

(Expressed in Canadian Dollars)

(Unaudited)

	Funded by Explorex Resources Inc.	Equity settled share -based payments	Total reserves	Deficit	Total
Balance, March 31, 2018	\$ 3,031,827	\$ 326,822	\$ 3,358,649	\$ (2,766,703)	\$ 591,946
Funding provided by and expense paid by Explorex	630,750	-	630,750	-	630,750
Fair value of Explorex shares issued for exploration and evaluation assets	276,500	-	276,500	-	276,500
Loss for the period	-	-	-	(675,375)	(675,375)
Balance, September 30, 2018	\$ 3,939,077	\$ 326,822	\$ 4,265,899	\$ (3,442,078)	\$ 823,821
Balance, March 31, 2019	\$ 4,443,977	\$ 320,722	\$ 4,764,699	\$ (4,138,679)	\$ 626,020
Funding provided by and expense paid by Explorex	390,662	-	390,662	-	390,662
Exercise of options	21,674	(21,674)	-	-	-
Fair value of Explorex shares issued for services	100,000	-	100,000	-	100,000
Share-based payment	-	225,853	225,853	-	225,853
Fair value of Explorex shares issued for exploration and evaluation assets	98,083	-	98,083	-	98,083
Loss for the period	-	-	-	(629,098)	(629,098)
Balance, September 30, 2019	\$ 5,054,396	\$ 524,901	\$ 5,579,297	\$ (4,767,777)	\$ 811,520

The accompanying notes are an integral part of these carve-out condensed interim financial statements.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Condensed Interim Financial Statements

For the period ended September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

1. TRANSFER OF ASSETS

Explorex Resources Inc. (“Explorex”) entered into a definitive share exchange agreement dated December 20, 2019 (the “Share Exchange Agreement”) to acquire all of the outstanding shares of Raffles Financial Private Limited (“Raffles Financial”), a company incorporated under the laws of Singapore and operating in Singapore, with regional branch offices in Sydney, Australia, Beijing and Hong Kong (“Transaction”). Raffles Financial is arm’s-length to Explorex and is a diversified financial services company that provides corporate finance advisory services related to IPO investments and arrangements, advice related to investment management, wealth and family office strategy counsel, and investment governance and oversight of funds. The proposed Transaction will constitute a “fundamental change” of business for Explorex.

Explorex will consolidate its outstanding Common Shares (“consolidation”) such that the consolidation will result in 1,050,000 outstanding immediately before closing. The shareholders of Raffles Financial (“Raffles Shareholders”) will then be issued an aggregate of 45,000,000 post-Consolidation Explorex Common Shares. The Financing described below is expected to result in the issuance of 4,000,000 post-Consolidation Common Shares, such that giving effect to the Financing, a total of 50,050,000 post-Consolidation Explorex Common Shares will be outstanding, with the Raffles Shareholders holding approximately 89.9% of the outstanding Common Shares. The Transaction will result in a reverse takeover of Explorex by the Raffles Shareholders.

Concurrently, Explorex will complete a plan of arrangement (“POA”) under the Business Corporations Act (British Columbia) with its newly incorporated wholly-owned subsidiary, Origen Resources Inc., whereby Explorex’s current mineral exploration assets, liabilities and estimated \$500,000 of cash will be spun out to Origen Resources Inc. in accordance with the POA, and Origen Resources Inc. will apply to be listed on the CSE.

Upon completion of the Transaction and certain related transactions described herein, Explorex expects that it, as the resulting issuer (the “Resulting Issuer”), will effect a name change to Raffles Financial Group Limited and complete a share consolidation. Explorex also proposes to continue its corporate jurisdiction from British Columbia to the Cayman Islands (the “Continuation”).

The completion of the Transaction is subject to the satisfaction of various conditions including but not limited to (i) the completion of a concurrent financing for up to \$20,000,000 (the “Financing”); (ii) the approval by the shareholders of Explorex in respect of the Transaction as a “fundamental change” of business, the Continuation and the POA; and (iii) receipt of all requisite regulatory, CSE, court or governmental authorizations and third party approvals or consents.

Finder’s fees will be paid to an arms’ length party in connection with the Transaction.

These carve-out financial statements reflect the assets, liabilities, expenses and cash flows of the operations included in the exploration business to be spun out by Explorex (the “Entity”).

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Condensed Interim Financial Statements

For the period ended September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

2. NATURE AND CONTINUANCE OF OPERATIONS

The Entity is engaged in the acquisition, exploration and evaluation of mineral properties in British Columbia, New Brunswick and Ontario, Canada.

The head office of the Entity is located at 488 – 625 Howe Street, Vancouver, British Columbia, V6C 2T6. The registered office of the Entity is located at Suite 400-725 Granville Street, Vancouver, British Columbia, V7Y 1G5.

These carve-out financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Entity will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The Entity's ability to continue its operations and to realize assets at their carrying values is dependent upon its ability to fund its existing acquisition and exploration commitments on its exploration and evaluation assets when they come due, which would cease to exist if the Entity decides to terminate its commitments, and to cover its operating costs. The Entity may be able to generate working capital to fund its operations by the sale of its exploration and evaluation assets or raising additional capital through equity markets. However, there is no assurance it will be able to raise funds in the future. These carve-out financial statements do not give effect to any adjustments required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in the accompanying carve-out financial statements. The Entity considers that it has adequate resources to main its core operations for the next twelve months.

3. BASIS OF PRESENTATION

Basis of presentation

The carve-out condensed interim financial statements have been prepared in accordance to IAS 34 Interim Financial Reporting using accounting policies consistent with the International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The carve-out condensed interim financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. In addition, the carve-out condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure. These carve-out condensed interim financial statements do not include all the information required for full annual carve-out financial statements. The carve-out condensed interim financial statements should be read in conjunction with the Entity's annual carve-out financial statements for the year ended March 31, 2019.

These carve-out condensed interim financial statements are presented in Canadian dollars, which is also the Entity's functional currency.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Condensed Interim Financial Statements

For the period ended September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

3. BASIS OF PRESENTATION (cont'd...)

Basis of presentation (cont'd...)

The purpose of these carve-out financial statements is to provide general purpose historical financial information of the Entity in connection with the Transaction detailed in Note 1. Therefore, these carve-out financial statements present the historical financial information of Explorex that make up the Entity, either fully, or partially, where only specifically identifiable assets and liabilities are included, and allocations of shared income and expenses of Explorex that are attributable to the Entity.

The basis of preparation for the carve-out statements of financial position, loss and comprehensive loss, cash flows and changes in equity of the Entity have been applied. The carve-out financial statements have been extracted from historical accounting records of Explorex with estimates used, when necessary, for certain allocations.

- The carve-out statements of financial position reflect the assets and liabilities recorded by Explorex which have been assigned to the Entity on the basis that they are specifically identifiable and attributable to the Entity;
- The carve-out statement of loss and comprehensive loss included a pro-rata allocation of Explorex's income and expenses incurred in each of the periods presented based on the percentage of exploration and evaluation activity on the carve-out exploration and evaluation assets, compared to the expenditures incurred on all of Explorex's exploration and evaluation assets, and based on specifically identifiable activities attributable to the Entity. The allocation of income and expense for each period presented is as follows: 2019 and 2018 - 100%. The percentages are considered reasonable under the circumstances;
- Income taxes have been calculated as if the Entity had been a separate legal entity and had filed separate tax returns for the period presented.

Management cautions readers of these carve-out financial statements that the Entity's results do not necessarily reflect what the results of operations, financial position, or cash flows would have been had the Entity been a separate entity. Further, the allocation of income and expense in these carve-out statements of loss and comprehensive loss does not necessarily reflect the nature and level of the Entity's future income and operating expenses. Explorex's investment in the Entity, presented as equity in these carve-out financial statements, includes the accumulated total loss and comprehensive loss of the Entity.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Condensed Interim Financial Statements

For the period ended September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in preparation of these carve-out condensed interim financial statements are consistent with those applied and disclosed in the Entity's carve-out audited financial statements for the year ended March 31, 2019, except for the following:

In June 2016 the IASB issued IFRS 16 which introduces new or amended requirements with respect to lease accounting. IFRS 16 introduced significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of right-of-use assets and lease liabilities at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. IFRS 16 was issued in January 2016 and applies to annual financial reporting periods beginning on or after January 1, 2019.

IFRS 16 has changed how the Entity accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet. Applying IFRS 16 for all except for short term leases and leases of low-value assets, the Company will (i) recognize 'right-of-use' assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments discounted at the incremental borrowing rate; (ii) recognize depreciation of right-of-use assets and interest on lease liabilities in the statement of loss; and (iii) separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows. At April 1, 2019, the Entity adopted this standard and there was no material impact on the Entity's unaudited condensed interim financial statements.

In June 2017, the IASB issued IFRIC Interpretation 23 Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. At April 1, 2019, the Entity adopted this standard and there was no material impact on the Entity's unaudited condensed interim financial statements.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Condensed Interim Financial Statements

For the period ended September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

5. EXPLORATION AND EVALUATION ASSETS

	Silver Dollar Property	Arlington Property	Beatrice Property	Kagoot Brook Property	Buena Vista Hills Cobalt- Iron Oxide Copper Gold Project	Chrysler Property	Cobalt- Paragon Property	Handlebar Property	Total
Acquisition Costs									
Opening, March 31, 2018	\$ 68,000	\$ (9,065)	\$ 12,000	\$ -	\$ -	\$ 64,500	\$ 61,000	\$ 7,003	\$ 203,438
Additions during the year	240,000	-	-	66,594	-	-	39,000	-	345,594
Option payment received/Grants	(25,000)	-	-	(30,000)	-	-	-	-	(55,000)
Closing, March 31, 2019	283,000	(9,065)	12,000	36,594	-	64,500	100,000	7,003	494,032
Exploration Costs									
Opening, March 31, 2018	135,830	17,560	3,500	-	-	25,284	32,847	-	215,021
Assay	-	-	-	3,350	-	-	-	-	3,350
Drilling	-	-	-	55,874	-	-	-	-	55,874
Equipment, field supplies, and other	-	-	-	42,007	-	-	-	-	42,007
Geological	84	-	-	85,464	-	-	2,650	-	88,198
Geophysical	-	-	-	1,932	-	-	-	-	1,932
Recovery – BCMETC	(27,584)	-	-	-	-	-	-	-	(27,584)
Closing, March 31, 2019	108,330	17,560	3,500	188,627	-	25,284	35,497	-	378,798
Write offs	-	-	-	-	-	(89,784)	(135,497)	(7,003)	(232,284)
Balance, March 31, 2019	\$ 391,330	\$ 8,495	\$ 15,500	\$ 225,221	\$ -	\$ -	\$ -	\$ -	\$ 640,546
Acquisition Costs									
Opening, March 31, 2019	\$ 283,000	\$ (9,065)	\$ 12,000	\$ 36,594	\$ -	\$ -	\$ -	\$ -	\$ 322,529
Additions during the period	-	-	-	51,719	97,240	-	8,970	-	157,929
Closing, September 30, 2019	283,000	(9,065)	12,000	88,313	97,240	-	8,970	-	480,458
Exploration Costs									
Opening, March 31, 2019	108,330	17,560	3,500	188,627	-	-	-	-	318,017
Assay	-	-	-	-	300	-	-	-	300
Equipment, field supplies, and other	-	-	-	-	4,138	-	-	-	4,138
Geological	52	-	-	-	-	-	-	-	52
Geophysical	-	-	-	375	-	-	-	-	375
Closing, September 30, 2019	108,382	17,560	3,500	189,002	4,438	-	-	-	322,882
Write offs	-	-	-	-	(101,678)	-	(8,970)	-	(110,648)
Balance, September 30, 2019	\$ 391,382	\$ 8,495	\$ 15,500	\$ 277,315	\$ -	\$ -	\$ -	\$ -	\$ 692,692

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Condensed Interim Financial Statements

For the period ended September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Arlington Property, British Columbia

On January 19, 2015, the Entity acquired a 100% interest in the Arlington property by staking.

On April 27, 2017, the Entity entered into an option agreement with Clarmin Exploration Inc. ("Clarmin"), under which Clarmin may acquire a 100% interest in the Entity's Arlington property, located in south-central British Columbia. Under the agreement, Clarmin would earn a 100% interest by making certain staged payments over a three-year period equal to a total of \$105,000 in cash (received \$20,000), issuing 500,000 common shares and incurring \$500,000 in exploration expenditures on the property.

On April 27, 2019, Clarmin elected to terminate the option agreement and the Arlington property reverted to the Entity in good standing.

Silver Dollar Property, British Columbia

On May 11, 2016, the Entity entered into an option agreement with Happy Creek Minerals Ltd. ("Happy Creek") to earn a 100% interest in Happy Creek's Silver Dollar property. Through a series of amended agreements dated November 23, 2016 and April 11, 2017, the Entity earned a 100% interest during the year ended March 31, 2019 by making various cash payments totaling \$20,000, incurring \$100,000 in expenditures and paying 1,100,000 Explorex shares (pre-consolidation) valued at \$288,000. The agreement is subject to a 1% net smelter royalty ("NSR") payable to Happy Creek.

The Entity entered into an option agreement with Mariner Resources Corp. ("Mariner") on August 14, 2018, the Entity and Mariner are related by virtue of a director of Mariner and officers of the Entity being related, whereby Mariner has the right to acquire a 75% interest in the Silver Dollar property. Pursuant to the option agreement, Mariner is required to make cash payments, issue shares, and meet exploration expenditure requirements as follows:

- Cash payments: Mariner is required to pay \$25,000 upon execution of the agreement (received), an additional \$50,000 in cash or common shares of Mariner, at Mariner's discretion, on or before May 30, 2021, \$100,000 in cash on or before May 30, 2022; and an additional \$250,000 in cash on or before May 30, 2023 for an aggregate total consideration of \$425,000;
- Share issuances: Mariner is required to issue 100,000 common shares on May 30, 2021, an additional 300,000 shares on or before May 30, 2022 and an additional 500,000 shares on or before May 30, 2023 for an aggregate total of 900,000 shares;
- Work commitments: Mariner is required to incur \$75,000 in exploration expenditures on or before May 30, 2020; an additional \$150,000 on or before May 30, 2021, an additional \$350,000 on or before May 30, 2022 and an additional \$425,000 on or before May 30, 2023 for an aggregate \$1,000,000 in exploration expenditures; and
- Upon Mariner earning its 75% interest in Silver Dollar, the parties will enter into a joint venture.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Condensed Interim Financial Statements

For the period ended September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Beatrice Mineral Property, British Columbia

On August 27, 2017, the Entity entered into a purchase and sale agreement with arm's length vendors to acquire 100% of 2 crown grants from private owners. The crown grants are wholly contained within the Silver Dollar Project. Pursuant to the agreement, the vendors agreed to sell, and the Entity agreed to purchase two mineral tenure claims located in the southern portion of the Silver Dollar Project for a cash payment of \$12,000 (paid).

Kagoot Brook Cobalt Project, New Brunswick

The Entity entered into an option agreement to acquire a 75% interest in the Kagoot Brook Cobalt Project ("Kagoot Brook"), owned by Great Atlantic Resources Corp. ("Great Atlantic"). The agreement to acquire a 75% interest in the Project is subject to the following terms:

- Payment of \$25,000 (paid) and 75,000 common shares (pre-consolidation) of Explorex (paid, valued at \$22,500);
- Payment of \$50,000 in Explorex shares on May 10, 2019 (paid by 197,904 Explorex common shares (pre-consolidation) with a value of \$49,476); and
- The Entity will incur total expenditures of \$750,000 (including all underlying payments) over a period of 4 years, of which \$100,000 (incurred) would be a firm commitment on or before May 10, 2019.

Upon earning 75% of the project, the parties will enter into a joint venture. The terms will provide for a pro-rata dilution such that should Great Atlantic's interest drop below 5%, it will revert to a 3% NSR. The Entity will retain the right to buyback 2% at \$1,000,000 for each 1%, or portion thereof. Should Great Atlantic seek to sell any portion of the remaining NSR, the Entity will retain a first right of refusal.

During the year ended March 31, 2019, the Entity received a New Brunswick Junior Mining Assistance Program (NMJMAP) grant of \$30,000.

Buena Vista Hills Cobalt – IOCG Project, Nevada USA

The Entity executed the Assignment and Assumption Agreement ("Assignment Agreement") with New Tech Minerals Corp. ("NTM") and has assumed the right to acquire a 100% interest in the Buena Vista Hills Cobalt – Iron Oxide Copper Gold ("IOCG") project ("Buena Vista") in Pershing County, Nevada.

Under the Assignment Agreement, the Entity would pay NTM \$10,000 USD (paid) and 200,000 shares (pre-consolidation) of Explorex (paid, valued at \$36,000) upon signing, an additional 200,000 shares (pre-consolidation) of Explorex to be paid upon NTM satisfying certain obligations and assume NTM's underlying commitments pursuant to the Mining Lease and Option to Purchase Agreement made between NTM and Zephyr Minerals Inc. ("Zephyr") dated May 15, 2018 and as amended on October 20, 2018, February 12, 2019 and April 4, 2019. The underlying commitments were to pay \$66,000 USD (paid \$33,000 USD), issue the equivalent value of 500,000 NTM shares (paid 20,205 shares (pre-consolidation) of Explorex, valued at \$3,637 which are equivalent to 250,000 NTM shares) and incur exploration expenditures totaling \$300,000 by May 15, 2020 and an additional \$400,000 USD by May 15, 2021. Zephyr was also entitled to a 1% to 4% NSR. The Entity had the option to purchase 0.5% to 2% of the NSR for \$500,000 USD.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Condensed Interim Financial Statements

For the period ended September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Buena Vista Hills Cobalt – IOCG Project, Nevada USA (cont'd...)

Upon completion of a feasibility study, NTM would maintain the right to purchase (i.e. buy back) a 20% interest in the Project by paying to the Entity an amount equal to 40% of the expenditures incurred by the Explorex on the Project.

Management has decided to abandon the property and the Entity wrote off \$101,678 in capitalized expenditures relating to the property as at September 30, 2019. Subsequent to the period ended September 30, 2019, the Entity provided notice of termination of the Assignment Agreement.

Chrysler Property, Ontario

On June 6, 2017, the Entity entered into a purchase and sale agreement with Jean Marc Gaudreau and Don Thomas Fudge to purchase a 100% interest in the Mining claims (the “Chrysler Property”), located in the Larder Lake Mining Division in Ogilvie, Leonard and North William Township, in the Province of Ontario.

To earn a 100% interest, the Entity was required to make the following payments:

- \$22,500 cash (paid); and
- 200,000 common shares (pre-consolidation) of the Explorex (paid, valued at \$42,000).

The agreement was subject to a 2% NSR payable to the vendors and a buyback of 1% for \$1,000,000 at any time.

During the year ended March 31, 2019, the Entity abandoned the Chrysler Property and wrote off \$89,784 in exploration and evaluation assets.

Cobalt-Paragon Property, Ontario

On October 31, 2017, the Entity entered into an option agreement with Canadian Gold Miner Corp. to acquire a 100% interest in certain mining claims (“Cobalt-Paragon”), located in the Larder Lake Mining Division in Tudhope Township, in the Province of Ontario. Pursuant to the option agreement, the Entity was required to make cash payments totaling \$125,000 (\$35,000 paid), pay Explorex shares totaling 1,700,000 (paid 200,000 Explorex shares (pre-consolidation) valued at \$51,000) and meet exploration expenditure requirements.

During the year ended March 31, 2019, the Entity paid 50,000 shares (pre-consolidation) of Explorex valued at \$14,000 relating to the obligations of underlying commitments, which was included in acquisition costs but would be credited to the exploration expenditures requirements listed above.

On March 11, 2019, a Mutual Release Agreement was entered into by the Entity and Canadian Gold Miner Corp. in association with the termination of the option agreement. On April 5, 2019, the Entity paid 34,500 shares (pre-consolidation) of Explorex valued at \$8,970 in relation to the Mutual Release Agreement. As a result, the Entity wrote off \$8,970 (March 31, 2019 - \$135,497) of exploration and evaluation assets as at September 30, 2019.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Condensed Interim Financial Statements

For the period ended September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

5. EXPLORATION AND EVALUATION ASSETS (cont'd...)

Handlebar Property, British Columbia

The Entity staked the 100% owned Handlebar property consisting of two claims. During the year ended March 31, 2019, the Entity abandoned the claims and wrote off \$7,003 in exploration and evaluation assets.

Hautalampi Project, Finland

The Entity entered into a Letter of Intent (“LOI”) dated March 16, 2018, giving the Entity the option to either (i) acquire a 91% interest in the Finnish company that owns the Hautalampi project; or (ii) enter into an earn in arrangement with the shareholders of the Finnish company over a maximum of 3 years to acquire a 91% interest. In either possible scenario, the vendors have the option to retain a 9% carried interest or convert the 9% carried interest to a 1.5% net metals royalty with the Entity acquiring the full 100% interest in the Finnish company. During the year ended March 31, 2018, the Entity paid an aggregate of USD\$50,000 (non-refundable) to the sellers on signing of the LOI.

The Entity amended the LOI on November 4, 2018. The Amended Letter of Intent (“Amended LOI”) provides the Entity with a staged option to earn a 100% interest over a 4-year period subject to completion of definitive transaction agreements. Pursuant to the 100% acquisition of Hautalampi, the Entity will pay USD\$1,980,003 in cash, USD\$3,050,001 in shares of Explorex and perform USD \$3,000,000 in exploration expenditures.

In addition, the Entity will grant a 1.5% net metal royalty and upon declaring commercial production, will pay additional shares of Explorex having a value of USD\$1,500,000.

The Entity was informed by Ganfeng Lithium Co. Ltd. (“Ganfeng”) that a large investment in support of the Hautalampi acquisition will not be forthcoming at this time due to their internal considerations. Therefore, the Entity has informed the Finnish company that owns the Hautalampi project that in the immediate term it does not foresee sourcing adequate funds to move forward in a corporately prudent manner. The Entity acknowledges that the Finish company is open to proceed with the advancement of the Hautalampi project on a non-exclusive basis.

Ganfeng Lithium Co. Ltd.

On October 4, 2017, the Entity entered into a LOI with Ganfeng for a \$1,000,000 strategic investment in the Entity. Ganfeng made an initial investment of \$500,000. Ganfeng subscribed to the July 3, 2018, non-brokered private placement of Explorex, which represented the same interest in the Entity, for a total of 500,000 units for gross proceeds of \$125,000. After the investments, Ganfeng had a commitment to invest an additional \$375,000 in subsequent financings, within two years from the execution of the initial investment, in accordance with market conditions.

The LOI provided Ganfeng with (i) the right to an Off-Take Agreement on all potential production of cobalt, limestone and lithium; (ii) a Right of First Offer on the joint venture or sale of all cobalt, limestone, and lithium properties that the Company has or acquires in the future; and (iii) the right to nominate one member to the Entity’s Board of Directors (“Purchasers Rights”). These Purchaser Rights would be maintained as long as Ganfeng maintains a minimum 15% equity interest in the issued and outstanding shares of the Entity.

Subsequent to period end September 30, 2019, the LOI expired.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Condensed Interim Financial Statements

For the period ended September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

6. RESERVES

Explorex's investment in the operations of the Entity is presented as Reserves and Deficit/Capital in the carve-out financial statements. Deficit/Capital contributions represent the accumulated net losses of the carve-out operation. Reserves represent the accumulated net contributions from Explorex and that portion of the stock-based compensation allocated to the Entity. The portion of the stock-based compensation was determined based on the exploration costs incurred on carve-out properties over the years ended March 31, 2019 and 2018 and periods ended September 30, 2019 and 2018.

Net financing transaction with Explorex as presented in the carve-out statements of cash flows represents the net contributions relating to the funding of operations between the Entity and Explorex.

7. FINANCIAL INSTRUMENTS AND RISK

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3 – Inputs that are not based on observable market data.

The fair value of cash is based on Level 1 inputs of the fair value hierarchy.

The fair value of the Entity's GST receivable and accounts payable and accrued liabilities approximates their carrying values due to their short-term nature.

The Entity's risk exposures and the impact on the Entity's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Entity believes it has no significant credit risk.

Liquidity risk

The Entity's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2019, the Entity had a cash balance of \$173,580 to settle current liabilities of \$177,455.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

(a) Interest rate risk

The Entity has cash balances and no interest-bearing debt. The interest rate risk on cash is not considered significant.

(b) Foreign currency risk

The Entity does not have assets or liabilities in a foreign currency.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Condensed Interim Financial Statements

For the period ended September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

7. FINANCIAL INSTRUMENTS AND RISK (cont'd...)

(c) Price risk

The Entity is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Entity closely monitors commodity prices and the stock market to determine the appropriate course of action to be taken by the Entity.

8. RELATED PARTY TRANSACTIONS

Key management personnel are the persons responsible for the planning, directing and controlling the activities of the Entity and include both executive and non-executive directors, and entities controlled by such persons. The Entity considers all directors and officers of the Company to be key management personnel.

During the period ended September 30, 2019, the Entity entered into the following transactions with related parties:

- Paid or accrued exploration costs of \$Nil (2018 - \$6,800) that were capitalized as exploration and evaluation assets to a company controlled by a director and Chief Executive Officer of the Entity.
- Paid or accrued management fees of \$45,000 (2018 - \$45,000) to a company controlled by a director and Chief Executive Officer of the Entity.
- Paid or accrued management fees of \$25,575 (2018 - \$28,275) to an officer and director of the Entity.
- Paid or accrued consulting fees of \$12,500 (2018 - \$16,500) to a director of the Entity.
- Paid or accrued rent of \$Nil (2018 - \$11,700) and management fees of \$31,500 (2018 - \$45,000) to a company controlled by a director and Chairman of the Board of the Entity.
- Paid or accrued professional fees of \$15,000 (2018 - \$15,000) to the Chief Financial Officer of the Entity.
- Paid or accrued professional fees of \$6,000 (2018 - \$Nil) to a company controlled by a director and Chief Executive Officer of the Entity.
- Paid or accrued director's fees of \$15,000 (2018 - \$15,000) to a company controlled by a director of the Entity.
- During the period ended September 30, 2019, Explorex issued 600,000 (2019 - Nil) stock options (pre-consolidation) to the officers and directors of the Entity. Upon the issuance, \$142,644 (2018 - \$Nil) in share-based compensation expense was recorded.

As at September 30, 2019, \$67,965 (March 31, 2019 - \$84,037) was included in accounts payable and accrued liabilities owing to officers and directors of the Entity in relation to services provided and reimbursement of expenses.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Condensed Interim Financial Statements

For the period ended September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

8. RELATED PARTY TRANSACTIONS (cont'd)

Commitments – Consulting Agreements

On September 1, 2016, the Entity renewed the terms of a consulting agreement with a director of the Entity for the provision of consulting services at an annual cost of \$90,000. The agreement is for a term of five years. If the Entity terminates the agreement without cause during the term, the Entity is required to pay the balance of the monthly fee payments due for the remainder of the term. Furthermore, should the Entity be subject to a change in control and the consultant terminated without cause, the Entity must pay an amount equal to thirty-six months of fees and an additional two months of fees for each additional full year of management completed after the first year of engagement, up to a combined maximum of forty-eight months of management fees.

The Entity entered into a settlement agreement and mutual release agreement dated October 1, 2018 relating to the consulting agreement, whereby the Entity will receive consulting service at an annual cost of \$63,000 expiring on August 31, 2021. The settlement agreement and mutual release is not considered a termination of the consultant or change of control of the Entity.

9. SEGMENTED INFORMATION

As at September 30, 2019, the Entity currently operates in one segment, being the acquisition and exploration and evaluation of resource assets located in Canada as described in Note 5.

10. CAPITAL MANAGEMENT

As a separate resource exploration activity, the Entity does not have share capital and its equity is a carve-out amount from Explorex's equity. Explorex has no debt and does not expect to enter into debt financing. The Entity manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of underlying assets. The Entity is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. The Entity has no traditional revenue sources. Going forward, it must generate funds through the sale or option of its exploration and evaluation assets. The Entity's ability to continue as a going concern on a long-term basis and realize its assets and discharge its liabilities in the normal course of business, rather than through a process of forced liquidation, is primarily dependent upon its continued ability to find and develop mineral property interests, and there being a favorable market in which to sell or option the mineral properties interest; and/or its ability to borrow or raise additional funds from equity markets.

Explorex Resources Inc. Carve-Out

Notes to the Carve-Out Condensed Interim Financial Statements

For the period ended September 30, 2019

(Expressed in Canadian Dollars)

(Unaudited)

11. FLOW-THROUGH OBLIGATIONS

As at December 31, 2018, Explorex had not completely fulfilled its commitment to incur exploration expenditures by December 31, 2018 in relation to flow-through share financings in October 2017. Explorex may be required to indemnify flow-through individual investors for the amount of increased taxes payable by the flow-through investor as a consequence of the failure of Explorex to incur qualifying exploration expenditures previously renounced to the flow-through investors. As at December 31, 2018, Explorex estimated that the maximum potential liabilities on unspent amounts was approximately \$31,000. The Entity has assumed the liability and has recorded a provision in the amount of \$31,000 for these potential liabilities in general office expense.

In December 2018, Explorex completed, the second and final tranche, a non-brokered private placement of 335,000 flow-through units ("FT") at a price of \$0.32 per unit (pre-consolidation) for gross proceeds of \$107,200 and 84,000 non-flow through units ("NFT") at a price of \$0.25 per unit (pre-consolidation) for gross proceeds of \$21,000. Each unit consists of one common share and one half of a share purchase warrant, translating into a total of 209,500 warrants (pre-consolidation) granted as part of the private placement. Each full warrant is exercisable for one additional common share at a price of \$0.50 per share (pre-consolidation) until December 19, 2020. The Entity assumed the obligations of Explorex pursuant to the private placement and recognized a flow-through premium liability of \$23,450, which was accreted to \$22,861 based on exploration expenditures incurred by Explorex as at March 31, 2019. Pursuant to the flow-through obligation, as at December 31, 2018, Explorex is required to incur \$107,200 in eligible exploration expenditures by December 31, 2019. Subsequent to period end, the Entity incurred all required expenditures resulting in the derecognition of flow-through obligation as at December 31, 2019.

12. SUBSEQUENT EVENTS

Subsequent to September 30, 2019:

- a) The Entity acquired a 100% interest in the 803 hectare high-grade gold and copper Bonanza Mountain project ("Bonanza Mountain"), through a combination of staking and a sale and purchase agreement, in the historic Knight's Mining Camp, Grand Forks area, BC.

The Entity entered into a sale and purchase agreement to purchase a 100% right, title and interest in and to the 485 hectares mineral claim that constitutes the core of the Bonanza Mountain.

To earn a 100% interest, the Entity is required to pay \$4,000 (paid) and 300,000 common shares of Origen Resources Inc.

The agreement is subject to a 1.5% NSR and a buyback of 1% for \$1,000,000.

- b) Explorex completed a non-brokered private placement of 361,000 shares at a price of \$0.20 per share (pre-consolidation) for gross proceeds of \$72,200. The proceeds were transferred to the Entity and were accounted for as contributions to the Entity.

Appendix "G"

Origen Resources Inc.
(formerly 1223104 B.C. Ltd.)

Financial Statements
(Expressed in Canadian Dollars)

As at and for the period from incorporation on
September 12, 2019 to December 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Origen Resources Inc. (formerly 1223104 B.C. Ltd.)

Opinion

We have audited the accompanying financial statements of Origen Resources Inc. (formerly 1223104 B.C. Ltd.) (the "Company"), which comprise the statement of financial position as at December 31, 2019, and the statements of changes in shareholder's equity and cash flows for the period from incorporation on September 12, 2019 to December 31, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the period from incorporation on September 12, 2019 to December 31, 2019 in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

February 7, 2020

Origen Resources Inc. (formerly 1223104 B.C. Ltd.)

Statement of Financial Position

As at

(Expressed in Canadian dollars)

December 31, 2019

		December 31, 2019	
Assets			
Current Assets:			
Cash	\$		1
Total Assets	\$		1
Shareholders' Equity			
Share capital (Note 4)	\$		1
Total Shareholder's Equity	\$		1

Nature and continuance of operations (Note 1)

Subsequent events (Note 5)

Approved on Behalf of the Board on February 7, 2020:

"Mike Sieb"

Mike Sieb, Director

"Gary Schellenberg"

Gary Schellenberg, Director

The accompanying notes are an integral part of these Financial Statements.

Origen Resources Inc. (formerly 1223104 B.C. Ltd.)

Statement of Changes in Shareholder's Equity

For the Period from Incorporation on September 12, 2019 to December 31, 2019

(Expressed in Canadian dollars)

	Number of Common Shares	Share Capital	Total Shareholders' Equity
Balance, September 12, 2019	-	\$ -	\$ -
Shares issued for cash on incorporation	1	1	1
Balance, December 31, 2019	1	\$ 1	\$ 1

The accompanying notes are an integral part of these Financial Statements.

Origen Resources Inc. (formerly 1223104 B.C. Ltd.)

Statement of Cash Flows

For the Period from Incorporation on September 12, 2019 to December 31, 2019

(Expressed in Canadian dollars)

	2019
Financing Activity:	
Share issued for cash	\$ 1
	1
Net change in cash for the period	1
Cash, beginning of the period	-
Cash, end of the period	\$ 1

The accompanying notes are an integral part of these Financial Statements.

Origen Resources Inc. (formerly 1223104 B.C. Ltd.)

Notes to the Financial Statements

For the Period from Incorporation on September 12, 2019 to December 31, 2019

(Expressed in Canadian dollars)

1 NATURE AND CONTINUANCE OF OPERATIONS

Origen Resources Inc. (formerly 1223104 B.C. LTD.) (the “Company”) was incorporated under the Business Corporations Act (British Columbia) (“BCBCA”) on September 12, 2019. The Company was incorporated as the target company for certain assets and liabilities that are to be spun out from Explorex Resources Inc. (“Explorex”). The Company is a wholly owned subsidiary of Explorex. The address of its head office is located at Suite 488-625 Howe Street, Vancouver, British Columbia, Canada V6C 2T6. The Company’s registered and records office is 400 – 725 Granville Street, Vancouver, British Columbia, Canada, V7Y 1G5.

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”) with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company’s continuing operations, as intended, are dependent upon its ability to identify, evaluate and negotiate an acquisition of or participation in an interest in properties, assets or businesses.

2 BASIS OF PRESENTATION

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretation Committee (“IFRIC”).

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow disclosure.

These financial statements are presented in Canadian dollars, which is also the Company’s functional currency.

Origen Resources Inc. (formerly 1223104 B.C. Ltd.)

Notes to the Financial Statements

For the Period from Incorporation on September 12, 2019 to December 31, 2019

(Expressed in Canadian dollars)

3 SIGNIFICANT ACCOUNTING POLICIES

a) Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's common shares are classified as equity instruments.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

b) Income taxes

Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable relating to previous years.

Deferred tax is recognized in respect to the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences do not result in deferred tax assets or liabilities: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting or taxable loss; nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

c) Financial instruments

The following is the Company's accounting policy for financial assets and liabilities under IFRS 9:

Financial assets:

The Company classifies its financial assets in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (FVTOCI"), or at amortized cost.

Origen Resources Inc. (formerly 1223104 B.C. Ltd.)

Notes to the Financial Statements

For the Period from Incorporation on September 12, 2019 to December 31, 2019

(Expressed in Canadian dollars)

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

c) Financial instruments

Financial assets:

Financial assets at FVTPL: Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of loss and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the statement of loss and comprehensive loss in the period. The Company has classified its cash as fair value through profit or loss.

Financial assets at FVTOCI: Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income in they arise.

Financial assets at amortized cost: A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

Impairment of financial assets at amortized cost: The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

Fair value through profit or loss: This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

Other financial liabilities: This category includes accounts payable which are recognized at amortized cost using the effective interest method.

Origen Resources Inc. (formerly 1223104 B.C. Ltd.)

Notes to the Financial Statements

For the Period from Incorporation on September 12, 2019 to December 31, 2019

(Expressed in Canadian dollars)

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Transaction costs in respect of financial instruments at fair value through profit or loss are recognized in the statement of loss and comprehensive loss immediately, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

d) Leases

Except for short term leases and leases of low-value assets, the Company (i) recognizes 'right-of-use' assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments discounted at the incremental borrowing rate; (ii) recognizes depreciation of right-of-use assets and interest on lease liabilities in the statement of loss; and (iii) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

4 SHARE CAPITAL

a) Authorized

Unlimited number of common shares without par value.

b) Issued and outstanding

On September 12, 2019, the date of incorporation, the Company issued one common share at a price of \$1.

5 SUBSEQUENT EVENTS

Subsequent to the period end:

- a) Explorex Resources Inc. ("Explorex") entered into a definitive share exchange agreement dated December 20, 2019 (the "Share Exchange Agreement") to acquire all of the outstanding shares of Raffles Financial Private Limited ("Raffles Financial"), a company incorporated under the laws of Singapore and operating in Singapore, with regional branch offices in Sydney, Australia, Beijing and Hong Kong ("Transaction"). Raffles Financial is arm's-length to Explorex and is a diversified financial services company that provides corporate finance advisory services related to IPO investments and arrangements, advice related to investment management, wealth and family office strategy counsel, and investment governance and oversight of funds. The proposed Transaction will constitute a "fundamental change" of business for Explorex.

Explorex will consolidate its outstanding Common Shares ("consolidation") such that the consolidation will result in 1,050,000 outstanding immediately before closing. The shareholders of Raffles Financial ("Raffles Shareholders") will then be issued an aggregate of 45,000,000 post-Consolidation Explorex Common Shares. The Financing described below is expected to result in the

Origen Resources Inc. (formerly 1223104 B.C. Ltd.)

Notes to the Financial Statements

For the Period from Incorporation on September 12, 2019 to December 31, 2019

(Expressed in Canadian dollars)

5 SUBSEQUENT EVENTS (cont'd...)

issuance of 4,000,000 post-Consolidation Common Shares, such that giving effect to the Financing, a total of 50,050,000 post-Consolidation Explorex Common Shares will be outstanding, with the Raffles Shareholders holding approximately 89.9% of the outstanding Common Shares. The Transaction will result in a reverse takeover of Explorex by the Raffles Shareholders.

Concurrently, Explorex will complete a plan of arrangement ("POA") under the Business Corporations Act (British Columbia) with the Company, whereby Explorex's current mineral exploration assets, liabilities and estimated \$500,000 of cash will be spun out to the Company in accordance with the POA, and the Company will apply to be listed on the CSE.

Upon completion of the Transaction and certain related transactions described herein, Explorex expects that it, as the resulting issuer (the "Resulting Issuer"), will effect a name change to Raffles Financial Group Limited and complete a share consolidation. Explorex also proposes to continue its corporate jurisdiction from British Columbia to the Cayman Islands (the "Continuation").

The completion of the Transaction is subject to the satisfaction of various conditions including but not limited to (i) the completion of a concurrent financing for up to \$20,000,000 (the "Financing"); (ii) the approval by the shareholders of Explorex in respect of the Transaction as a "fundamental change" of business, the Continuation and the POA; and (iii) receipt of all requisite regulatory, CSE, court or governmental authorizations and third party approvals or consents.

Finder's fees will be paid to an arms' length party in connection with the Transaction.

- b) Explorex acquired a 100% interest in the 803 hectare high-grade gold and copper Bonanza Mountain project ("Bonanza Mountain"), through a combination of staking and a sale and purchase agreement, in the historic Knight's Mining Camp, Grand Forks area, BC.

Explorex entered into a sale and purchase agreement to purchase a 100% right, title and interest in and to the 485 hectares mineral claim that constitutes the core of the Bonanza Mountain.

To earn a 100% interest, Explorex is required to pay \$4,000 and issue 300,000 common shares of the Company.

The agreement is subject to a 1.5% NSR and a buyback of 1% for \$1,000,000.

Upon completion of the Transaction, the Bonanza Mountain project will be spun out to the Company.

Appendix "H"

Raffles Financial Group Limited
(formerly known as Explorex Resources Inc.)

Pro-Forma Consolidated Financial Statements

(Unaudited – Prepared by Management)

(Expressed in Canadian Dollars, except where specified
otherwise)

September 30, 2019

Raffles Financial Group Limited (formerly known as Explorex Resources Inc.)

Pro-Forma Consolidated Statement of Financial Position (Unaudited – Prepared by Management) (Expressed in Canadian Dollars)

	Raffles Financial Group Limited (FKA Explorex Resources Inc.) As at September 30, 2019	Raffles Financial Private Ltd. As at September 30, 2019	Note	Pro-forma Adjustment	Pro-forma Consolidated
ASSETS	\$	\$		\$	\$
Current					
Cash	173,580	516,298	3 (a) 3(b) 3 (d) 3 (e)	537,200 (710,780) 18,600,000 (150,000)	18,966,298
GST receivable	5,789	-	3(b)	(5,789)	-
Prepaid expenses	116,914	-	3(b)	(116,914)	-
Trade and other receivables	-	6,072,974		-	6,072,974
	296,283	6,589,272		18,153,717	25,039,272
Exploration and evaluation assets	794,369	-	3(b)	(794,369)	-
	1,090,652	6,589,272		17,359,348	25,039,272
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable and accrued liabilities	123,593	-	3(b)	(123,593)	-
Other payables	-	267,639		-	267,639
Tax payable	-	1,879,495		-	1,879,495
Flow-through share premium liability	22,861	-	3(b)	(22,861)	-
Flow-through obligation	31,000	-	3(b)	(31,000)	-
	177,454	2,147,134		(177,454)	2,147,134
Shareholders' equity					
Share capital	5,042,670	95,860	3(a) 3(a) 3(c) 3(c) 3(d) 3(d) 3 (e)	572,200 (35,000) (5,579,870) 5,250,000 20,000,000 (1,400,000) 150,000	24,095,860
Share-based payment reserve	536,627	-	3 (c)	(536,627)	-
Cumulative translation allowance	-	(51,640)		-	(51,640)
Deficit	(4,666,099)	4,397,918	3(b) 3 (c) 3 (c) 3 (e)	(1,450,398) 6,116,497 (5,250,000) (300,000)	(1,152,082)
	913,198	4,442,138		17,536,802	22,892,138
	1,090,652	6,589,272		17,359,348	25,039,272

The accompanying notes are an integral part of these unaudited pro-forma consolidated financial statements.

Raffles Financial Group Limited (formerly known as Explorex Resources Inc.)

Pro-Forma Consolidated Statement of Income (Loss) and Comprehensive Income (Loss) (Unaudited – Prepared by Management) (Expressed in Canadian Dollars)

	Raffles Financial Group Limited (FKA Explorex Resources Inc.)	Raffles Financial Private Ltd.	Note	Pro-forma Adjustment	Pro-forma Consolidated
	Twelve Months Ended	Twelve Months Ended			Twelve Months Ended
	September 30, 2019	September 30, 2019			September 30, 2019
	\$	\$		\$	\$
Revenue	-	15,450,566	3(b)	-	15,450,566
Other income	-	752,523	3(b)	-	752,523
Expenses					
Consulting	(94,238)	-	3(b)	94,238	-
Contract for services	-	693,899	3(b)	-	693,899
Finder fee	-	-	3(d)	300,000	300,000
General office	84,401	1,287	3(b)	(84,401)	1,287
Investor relations	449,498	-	3(b)	(449,498)	-
Management fees	239,675	-	3(b)	(239,675)	-
Other expenses	-	93,203	3(b)	-	93,203
Professional fees	94,347	30,140	3(b)	(94,347)	30,140
Property investigation	(10,688)	-	3(b)	10,688	-
Rent	5,850	72,486	3(b)	(5,850)	72,486
Share-based payments	225,853	-	3(b)	(225,853)	-
Transfer agent and filing fees	12,609	-	3(b)	(12,609)	-
Travel	3,894	61,530	3(b)	(3,894)	61,530
Total expenses	(1,011,201)	(952,545)		711,201	(1,252,545)
Listing fee	-	-	3(c)	(5,250,000)	(5,250,000)
Reduction of flow-through premium liability	28,434	-	3(b)	(28,434)	-
Write off of exploration and evaluation assets	(241,254)	-	3(b)	241,254	-
Income (loss) and comprehensive income (loss) for the period	(1,224,021)	15,250,543		(4,325,979)	9,700,543

The accompanying notes are an integral part of these unaudited pro-forma consolidated financial statements.

Raffles Financial Group Limited (formerly known as Explorex Resources Inc.)

Notes to the Pro-Forma Consolidated Financial Statements

Unaudited – Prepared by Management) (Expressed in Canadian Dollars)

1 PROPOSED ARRANGEMENT

The accompanying unaudited pro-forma consolidated financial statements of Explorex Resources Inc. ("Explorex" or the "Company") have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") from information derived from the financial statements of Explorex and the financial statements of Raffles Financial Private Ltd. ("Raffles") using the same accounting policies as described in Raffles' annual financial statements together with other information available to the Company. The unaudited pro-forma consolidated financial statements have been prepared for inclusion in the information circular in conjunction with the Reverse Takeover of Raffles (as defined below) and spinout of Explorex's assets and liabilities to Origen Resources Inc., a wholly-owned subsidiary of Explorex ("Spinco").

(a) Share Exchange Agreement

Explorex has entered into a definitive share exchange agreement dated December 20, 2019 (the "Share Exchange Agreement") with Raffles and the shareholders of Raffles (the "Raffles Shareholders") to acquire all of the outstanding shares of Raffles, a company incorporated under the laws of Singapore and operating in Singapore, with regional branch offices in Sydney, Australia, Beijing and Hong Kong ("Transaction"). Raffles is arm's-length to Explorex and is a diversified financial services company that provides corporate finance advisory services related to IPO investments and arrangements, advice related to investment management, wealth and family office strategy counsel, and investment governance and oversight of funds. The proposed Transaction will constitute a "fundamental change" for Explorex under CSE Policy 8.

The Share Exchange Agreement among Explorex, Raffles and the Raffles Shareholders will result in a reverse takeover of Explorex by the Raffles Shareholders (the "Reverse Takeover").

(b) Continuation

Upon completion of the Transaction and certain related transactions described herein, Explorex expects that it, as the resulting issuer (the "Resulting Issuer") will effect a name change to Raffles Financial Group Limited ("RFGL") and complete a share consolidation (see below). RFGL also proposes to continue its corporate jurisdiction from British Columbia to the Cayman Islands (the "Continuation"). Concurrently before closing the Transaction, RFGL will complete a plan of arrangement ("POA") under the Business Corporations Act (British Columbia) with its wholly-owned subsidiary, Origen Resources Inc. ("Origen"), whereby RFGL's current mineral exploration assets and liabilities and an estimated amount of \$500,000 of cash will be spun out to Origen in accordance with the POA, and Origen will apply to be listed on the CSE.

Raffles Financial Group Limited (formerly known as Explorex Resources Inc.)

Notes to the Pro-Forma Consolidated Financial Statements

Unaudited – Prepared by Management) (Expressed in Canadian Dollars)

1 PROPOSED ARRANGEMENT (continued)

(c) Share Consolidation

Prior to the closing of the Transaction, RFGL will consolidate its outstanding Common Shares on the basis of approximately 25.95 pre-consolidation RFGL Shares for each one RFGL post-consolidation share (the "Post-Consolidation Share") (the "Consolidation") or such other number of pre-consolidation RFGL Common Shares such that the Consolidation results in 1,050,000 post-Consolidation RFGL Shares outstanding immediately before closing. The Raffles Shareholders will then be issued an aggregate of 45,000,000 post-Consolidation RFGL Common Shares. The Concurrent Financing described below is expected to result in the issuance of 4,000,000 post-Consolidation Common Shares, such that giving effect to the Concurrent Financing, a total of 50,050,000 post-Consolidation RFGL Common Shares will be outstanding, with the former Raffles Shareholders holding approximately 89.9% of the outstanding Common Shares.

(d) Concurrent Financing

Concurrent with or prior to closing of the Transaction, Raffles will complete a private placement of Raffles Post-Consolidation Shares or securities convertible into Raffles Post-Consolidation Shares at a price of \$5.00 per Raffles Post-Consolidation Share for estimated gross proceeds of \$20,000,000 (the "Concurrent Financing"). Share issuance costs are estimated to be 7% or \$1,400,000. Each Raffles Post-Consolidation Share issued pursuant to the Concurrent Financing will be exchanged for one Resulting Issuer Share upon completion of the Transaction.

Conditions to Closing the Transaction and Required Approvals

The completion of the Transaction is subject to the satisfaction of various conditions including but not limited to (i) the completion of a concurrent financing for up to \$20,000,000 (the "Financing"); (ii) the approval by the shareholders of Explorex in respect of the Transaction as a "fundamental change", the Continuation and the POA; and (iii) receipt of all requisite regulatory, CSE, court or governmental authorizations and third party approvals or consents.

Raffles Financial Group Limited (formerly known as Explorex Resources Inc.)

Notes to the Pro-Forma Consolidated Financial Statements

Unaudited – Prepared by Management) (Expressed in Canadian Dollars)

1 PROPOSED ARRANGEMENT (continued)

The common share ownership of RFGL as the Resulting Issuer subsequent to the Reverse Takeover, and the additional transactions noted above (based on the existing terms as contemplated herein) will be as follows:

- a. 89.9% owned by the shareholders of Raffles;
- b. 8% owned by the subscriber of a private placement; and
- c. 2.1% owned by the previous shareholders of RFGL.

2 BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated financial statements have been prepared by management to give effect to (i) the Share Exchange Agreement, (ii) the Continuation, (iii) the Concurrent Financing, and (iv) the Consolidation. In the opinion of management, the unaudited pro-forma consolidated financial statements include all adjustments necessary for the fair presentation of the transactions described in Note 1 in accordance with International Financial Reporting Standards (see Note 3 “Pro Forma Assumptions and Adjustments”).

The unaudited pro forma consolidated financial statements have been prepared for illustrative purposes only and may not be indicative of the financial position and results of operations that would have occurred if the transactions had taken place on the dates indicated or of the financial position or operating results which may be obtained in the future. The unaudited pro-forma consolidated financial statements are not a forecast or projection of future results. The actual financial statements and results of Explorex for any period following September 30, 2019 will likely vary from the amounts set forth in the unaudited pro forma consolidated financial statements and such variation may be material.

The unaudited pro-forma consolidated financial statements should be read in conjunction with:

- (a) RFGL’s condensed interim consolidated financial statements as at September 30, 2019.
- (b) Raffles’ audited financial statements as at June 30, 2019, and interim financial statement for the three-month period ended September 30, 2019.
- (c) RFGL’s carve-out condensed interim consolidated financial statements as at September 30, 2019.
- (d) The additional information set out in Note 3.

The unaudited pro-forma consolidated statement of financial position has been prepared as if the acquisitions described in Note 1 had occurred on September 30, 2019. The unaudited pro-forma consolidated statement of income (loss) and comprehensive income (loss) for the 12 months ended September 30, 2019 has been prepared as if the proposed arrangement described in Note 1 had occurred on October 1, 2018.

Raffles Financial Group Limited (formerly known as Explorex Resources Inc.)

Notes to the Pro-Forma Consolidated Financial Statements

Unaudited – Prepared by Management) (Expressed in Canadian Dollars)

2 BASIS OF PRESENTATION (continued)

RFGL's statement of income (loss) and comprehensive (income) loss for the twelve months ended September 30, 2019 is based on the results reported in RFGL's statement of loss and comprehensive loss for the year end March 31, 2019, less the results for the six months ended September 30, 2018 plus the results for the six months ended September 30, 2019. The Raffles' statement of income and comprehensive income for the twelve months ended September 30, 2019 is based on the sum of the results reported in the Raffles' statement of comprehensive income for the three month period ended December 31, 2018, three month period ended March 31, 2019, three month period ended June 30, 2019, and three month period ended September 30, 2019 (see note 5).

3 PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro-forma consolidated financial statements incorporate the following pro-forma assumptions and adjustments to give effect to the transactions described in Note 1 and other transactions described below as if they had occurred on September 30, 2019 in the case of the unaudited pro-forma consolidated statement of financial position and consolidated statement of income (loss) and comprehensive income (loss):

a. RFGL's financing

RFGL will issue 2,272,727 shares at a price of \$0.22 for funds of \$500,000 in relation to a private placement before the spinout, which will be used to fund Origen for the Continuation of RFGL's current mineral exploration business.

Share issuance cost is estimated to be 7% of the gross proceeds payable in cash, i.e. \$35,000.

RFGL completed a non-brokered private placement of 361,000 shares at a price of \$0.20 per share for gross proceeds of \$72,200 subsequent to September 30, 2019.

b. Spin-out of RFGL's assets and liabilities to Origen

Pursuant to the Arrangement Agreement and the Asset Purchase Agreement, Origen will also be transferred all business, corporate, legal and accounting books, records and documents used in the conduct of and related to the undertakings of the mineral explorations assets, all equipment, hardware, software, office supplies, fixtures, and other tangible property owned, leased or held by or on behalf of RFGL and \$500,000 in cash. Origen will also assume the liabilities of RFGL.

c. Reverse takeover accounting

Prior to the closing of the Transaction, RFGL will consolidate its outstanding Common Shares on the basis of approximately 25.95 pre-consolidation RFGL Shares for each one RFGL post-consolidation share such that the Consolidation results in 1,050,000 post-Consolidation RFGL Shares outstanding immediately before closing at \$5.00 per share, which is the per share price of the Raffles Concurrent Financing described in Note 3 (d) as the fair value of the share.

Raffles Financial Group Limited (formerly known as Explorex Resources Inc.)

Notes to the Pro-Forma Consolidated Financial Statements

Unaudited – Prepared by Management) (Expressed in Canadian Dollars)

3 PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS (continued)

c. Reverse takeover accounting (continued)

The Company will complete such reverse takeover transaction pursuant to the Share Exchange Agreement in which the Company acquired Raffles. For accounting purposes, Raffles is deemed to be the accounting acquirer in such reverse takeover transaction. The net assets of Explorex are included at fair value, assumed to be equal to their carrying value at September 30, 2019.

Replacement warrants of RFGL have no incremental value. RFGL's stock options holders have voluntarily surrendered their stock options.

The allocation of estimated consideration transferred is summarize as follows:

Purchase Price	
Fair value of the common shares of the resulting issuer held by Explorex (1,050,000 common shares at \$5.00)	\$ 5,250,000
Purchase price	<u>5,250,000</u>
Allocation of purchase price:	
Charge to RTO listing fee	\$ 5,250,000

d. Concurrent Raffles Financing

In connection with the \$20,000,000 of Concurrent Financing described in Note 1 (d), Raffles is assumed to have received cash net proceeds of \$18,600,000 prior to September 30, 2019.

Share issuance cost is estimated to be 7% of the gross proceeds payable in cash, i.e. \$1,400,000.

e. Transaction costs

An estimated finder's fees of \$300,000 (\$150,000 in cash and 30,000 resulting issuer shares valued at \$5.00 for a value of \$150,000) are expected to be paid by the Resulting Issuer in respect of the consummation of the Transaction and have been recorded as transaction costs.

Raffles Financial Group Limited (formerly known as Explores Resources Inc.)

Notes to the Pro-Forma Consolidated Financial Statements

Unaudited – Prepared by Management) (Expressed in Canadian Dollars)

4 CAPITAL STOCK AND RESERVES**Equity**

Authorized:

Unlimited common shares without par value

Issued:

	<u>Capital Stock</u>		
	<u>Number of shares</u>	<u>Amount in \$</u>	<u>Reserve</u>
Capital stock of Raffles as at September 30, 2019	100,000	95,860	-
Acquisition of shares of Raffles by RFGL pursuant to the reverse take-over (Note 3 (c))	(100,000)	-	-
Share capital of RFGL as at September 30, 2019	948,498	5,042,670	536,627
RFGL Financing (Note 3(a))	101,502	465,000	-
Elimination of equity of RFGL pursuant to the reverse take-over (Note 3(c))	-	(5,507,670)	(536,627)
Shares issued in relation to reverse take-over (Note 1(c) and 3(c))	45,000,000	5,250,000	-
Concurrent Financing, net (Note 3(d))	4,000,000	18,600,000	-
Financing fees (Note 3(e))	30,000	150,000	-
Balance, September 30, 2019	50,080,000	24,095,860	-

Share Purchase Warrants

As at September 30, 2019, the following share purchase warrants were outstanding:

Number of Warrants	Weighted Average Exercise Price	Expiry Date
43,387*	\$ 10.12	July 3, 2020
20,626*	\$ 10.12	November 27, 2020
8,074*	\$ 10.12	December 19, 2020
72,097		

*RFGL replacement warrants will be adjusted to an exercise price of \$10.12.

Raffles Financial Group Limited (formerly known as Explorex Resources Inc.)

Notes to the Pro-Forma Consolidated Financial Statements

Unaudited – Prepared by Management) (Expressed in Canadian Dollars)

5 TRANSLATION OF RAFFLES

The financial statements of Raffles are reported in Singapore dollars. Below is a schedule that translates the statements of Raffles as at September 30, 2019 into Canadian dollars. The financial statements were translated from Singapore to Canadian dollars at the September 30, 2019 exchange rate of 0.9586.

(b) Raffles Statement of Financial Position:

	Unaudited As at September 30, 2019 (SGD)	Unaudited As at September 30, 2019 (CAD)
ASSETS		
Current assets		
Bank balances	538,596	516,298
Trade and other receivables	6,335,253	6,072,974
	<u>6,873,849</u>	<u>6,589,272</u>
Total assets	<u>6,873,849</u>	<u>6,589,272</u>
LIABILITIES		
Current liabilities		
Other payables	279,197	267,639
Current income tax liabilities	1,960,667	1,879,495
	<u>2,239,864</u>	<u>2,147,134</u>
Non-current liabilities		
Deferred income tax liabilities	-	-
Total liabilities	<u>2,239,864</u>	<u>2,147,134</u>
NET ASSETS	<u>4,633,985</u>	<u>4,442,138</u>
EQUITY		
Share capital	100,000	95,860
Cumulative translation allowance	-	(51,640)
Retained earnings	4,533,985	4,397,918
TOTAL EQUITY	<u>4,633,985</u>	<u>4,442,138</u>

Raffles Financial Group Limited (formerly known as Explores Resources Inc.)

Notes to the Pro-Forma Consolidated Financial Statements

Unaudited – Prepared by Management) (Expressed in Canadian Dollars)

5 TRANSLATION OF RAFFLES (continued)

(c) Annualized Raffles statement of income and comprehensive income for the 12 months ended September 30, 2019:

	3 months ended	3 months ended	3 months ended	3 months ended	12 months ended	Translated to CAD
	(A)	(B)	(C)	(D)	(A)+(B)+(C)+(D)	
	September 30, 2019 SGD	June 30, 2019 SGD	March 31, 2019 SGD	December 31, 2018 SGD	September 30, 2019 SGD	September 30, 2019 CAD
Revenue	4,300,003	3,933,334	7,600,000	-	15,833,337	15,450,566
Other income	849	770,316	-	-	771,165	752,523
Cost of services	-	-	-	-	-	-
Travelling and accommodation	10,004	35,509	8,881	8,659	63,054	61,530
Other expenses	90,924	151	3,478	959	95,512	93,203
Rental on operating lease	25,144	16,810	16,810	15,517	74,282	72,486
Office expenses	619	363	-	337	1,319	1,287
Contract for services	184,590	175,500	175,500	175,500	711,090	693,899
Professional fee	15,887	15,000	-	-	30,887	30,140
Administrative expenses	327,168	243,334	204,669	200,972	976,144	952,545
Profit before income tax	3,973,684	4,460,316	7,395,331	(200,972)	15,628,359	15,250,544
Income tax expenses	-	1,960,667	-	-	1,960,667	1,913,268
Total income and comprehensive income for the period	3,973,684	2,499,650	7,395,331	(200,972)	13,667,693	13,337,276

Raffles Financial Private Limited
(Incorporated in the Republic of Singapore)
(Company Registration No. 201822935E)

**Financial Statements for the Financial Period
from 5 July 2018 (date of incorporation) to 30 June 2019**

The directors present their statement to the shareholders together with the audited financial statements of Raffles Financial Private Limited (the "Company") for the financial period from 5 July 2018 to 30 June 2019.

In the opinion of the directors,

- (a) the financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2019 and the financial performance, changes in equity and cash flows of the Company for the financial period from 5 July 2018 to 30 June 2019; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office as at the date of this statement are as follows:

In Nany Sing Charlie (appointed on date of incorporation)
Zhang LiYing (appointed on 18 April 2019)
Liu ChangSheng (appointed on 18 April 2019)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

The Company (No. of ordinary shares)	Holdings registered in name of directors	
	At 30.06.2019	At date of incorporation
In Nany Sing Charlie	40,000	100
Zhang LiYing	20,000	-
Liu ChangSheng	40,000	-

Share options

There were no options granted during the financial period to subscribe for unissued shares of the Company.

No shares have been issued during the financial period by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial period.

Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

"In Nany Sing Charlie"

In Nany Sing Charlie
Director

"Liu ChangSheng"

Liu ChangSheng
Director

17 DEC 2019

**Independent Auditor's Report to the Shareholders of
Raffles Financial Private Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Raffles Financial Private Limited (the "Company"), which comprise the statement of financial position as at 30 June 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the financial position of the Company as at 30 June 2019 and of the financial performance, changes in equity and cash flows of the Company for the financial period ended on that date.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the IFRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Independent Auditor's Report to the Shareholders of Raffles Financial Private Limited

(continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent Auditor's Report to the Shareholder of Raffles Financial Private Limited

(continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Restriction on Distribution and Use

This report is intended solely for reporting to the potential acquirer. It should not be distributed to or used by any other parties.

Nexia TS

**Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants**

	Note	For the financial period from 5 July 2018 (date of incorporation) to 30 June 2019 S\$
Revenue	3	11,533,334
Other income	4	770,316
Expenses		
- Administrative	5	<u>(782,682)</u>
Profit before income tax		11,520,968
Income tax expense	6	(1,960,667)
Total comprehensive income, representing net profit for the financial period		<u>9,560,301</u>

The accompanying notes form an integral part of these financial statements.

	Note	2019 S\$
ASSETS		
Current assets		
Bank balances		2,102,734
Trade and other receivables	7	7,933,334
		<u>10,036,068</u>
Total assets		<u>10,036,068</u>
LIABILITIES		
Current liabilities		
Other payables	8	7,415,100
Current income tax liabilities		612,000
		<u>8,027,100</u>
Non-current liabilities		
Deferred income tax liabilities	9	1,348,667
Total liabilities		<u>9,375,767</u>
NET ASSETS		<u>660,301</u>
EQUITY		
Share capital	11	100,000
Retained profits		560,301
TOTAL EQUITY		<u>660,301</u>

The accompanying notes form an integral part of these financial statements.

	Note	Share capital S\$	Retained profits S\$	Total equity S\$
2019				
At date of incorporation	11	100	-	100
Issue of shares	11	99,900	-	99,900
Total comprehensive income for the financial period		-	9,560,301	9,560,301
Dividends paid	13	-	(9,000,000)	(9,000,000)
End of financial period		<u>100,000</u>	<u>560,301</u>	<u>660,301</u>

The accompanying notes form an integral part of these financial statements.

	Note	For the financial period from 5 July 2018 (date of incorporation) to 30 June 2019 S\$
Cash flows from operating activities		
Net profit		9,560,301
Adjustment for:		
- Income tax expense	6	1,960,667
Operating cash flow before working capital changes		11,520,968
Changes in working capital:		
- Trade and other receivables		(7,933,334)
- Other payables		7,415,100
Net cash generated from operating activities		11,002,734
Cash flows from financing activities		
Dividends paid	13	(9,000,000)
Proceeds from issuance of shares		100,000
Net cash used in financing activities		(8,900,000)
Net increase in bank balances		2,102,734
Bank balances		
At date of incorporation		-
End of financial period		2,102,734

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Raffles Financial Private Limited (the "Company") is incorporated and domiciled in Singapore. The address of its registered office is at 3 Shenton Way #11-01 Singapore 068805.

The principal activity of the Company is the provision of corporate finance advisory services.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

2.2 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised good and services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation when each of the Company's activities are met:

(a) *Rendering of services*

The provision of financial advisory services are recognised at a point in time upon satisfaction of a performance obligation, which is when services are rendered and accepted by the customer.

(b) *Licensing fee*

The licensing fee is earned from the right to use the Company's proprietary brands for a fixed fee under a non-cancellable contract, where a contract is granted to the licensee which permits the licensee to exploit the brands over the licensing period in any designated territory. Revenue is recognised over time by reference to the contract period.

2. Significant accounting policies (continued)

2.3 Financial assets

(i) *Classification and measurement*

The Company classifies its financial assets at amortised costs.

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition, the Company measures financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement, debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(ii) *Impairment*

The Company assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(iii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2.4 Other payables

Other payables represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.6 Operating lease

When the Company is the lessee:

The Company leases office space under operating lease from a related party.

Lease where the Company assumes substantially all risks and rewards incidental to ownership are retained by the lessor is classified as operating lease. Payments made under operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.7 Income taxes

Current income tax for current period is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

A deferred income tax liability is recognised on temporary differences except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

2. Significant accounting policies (continued)

2.8 Provisions

Provisions for other liabilities are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.9 Currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which it operates ("functional currency"). The financial statements are presented in Singapore Dollar ("S\$"), which is the functional currency of the Company.

(ii) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

2.10 Bank balances

For the purpose of presentation in the statement of cash flows, bank balances include cash deposits with financial institutions which are subject to an insignificant risk of change in value.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital amount.

2.12 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payment.

3 Revenue

The Company derives revenue from the rendering of services over time and at a point in the following type of services:

	At a point in time S\$	Over time S\$	Total S\$
For the financial period from 5 July 2018 (date of incorporation) to 30 June 2019			
Advisory fee	11,200,000	-	11,200,000
Licensing fee	-	333,334	333,334
	<u>11,200,000</u>	<u>333,334</u>	<u>11,533,334</u>

4. Other income

	For the financial period from 5 July 2018 (date of incorporation) to 30 June 2019 S\$
Waiver of amount due to directors	<u>770,316</u>

5. Expenses by nature

	For the financial period from 5 July 2018 (date of incorporation) to 30 June 2019 S\$
Contract for services	643,500
Rental on operating lease	54,310
Office expenses	2,348
Professional fee	15,000
Travelling and accommodation	57,450
Other expenses	10,074
Total administrative expenses	<u>782,682</u>

6. Income tax expense

For the financial period
from 5 July 2018
(date of incorporation)
to 30 June 2019
S\$

Tax expense attributable to profit is made up of:

- Current income tax	612,000
- Deferred income tax (Note 9)	1,348,667
	<u>1,960,667</u>

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follows:

For the financial period
from 5 July 2018
(date of incorporation)
to 30 June 2019
S\$

Profit before tax	<u>11,520,968</u>
Tax calculated at a tax rate of 17%	1,958,565
Effects of:	
- Others	2,102
	<u>1,960,667</u>

7. Trade and other receivables

2019
S\$

Trade receivables - non related parties	7,600,000
Other receivable - related party	333,334
	<u>7,933,334</u>

Other receivable from a related party is unsecured, interest-free and repayable on demand.

8. Other payables

	2019 S\$
Amount due to directors	7,400,100
Accruals for operating expenses	15,000
	<u>7,415,100</u>

Amounts due to directors are unsecured, interest-free and repayable on demand.

9. Deferred income tax liabilities

The movements in deferred income tax liabilities are as follows:

	2019 S\$
<i>Unremitted foreign income</i>	
Beginning of financial period	-
Charged to profit or loss (Note 6)	1,348,667
End of financial period	<u>1,348,667</u>

10. Commitments

Operating lease commitment – where the Company is a lessee

The Company leases office space under operating lease from a related party.

The future minimum lease payable under operating lease contracted for at the reporting date but not recognised as liabilities, is as follows:

	2019 S\$
Not later than one year	<u>33,618</u>

11. Share capital

	2019 No. of ordinary shares	S\$
At 5 July 2018 (date of incorporation)	100	100
Shares issued	<u>99,900</u>	<u>99,900</u>
End of financial period	<u>100,000</u>	<u>100,000</u>

At the date of incorporation, the Company issued 100 ordinary shares with no par value for a total consideration of S\$100 for cash as subscriber's shares to incorporate the Company.

On 18 April 2019, the Company issued and allotted 99,900 ordinary shares for a total consideration of S\$99,900.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

The newly issued shares rank pari passu in all respects with the previously issued shares.

12. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related party at terms agreed between the parties.

	For the financial period from 5 July 2018 (date of incorporation) to 30 June 2019 S\$
Rental expenses paid to a related party	<u>54,310</u>

Related party refers to the company which is controlled by the Company's directors and their close family members.

Key management personnel compensation

	For the financial period from 5 July 2018 (date of incorporation) to 30 June 2019 S\$
Contract for services	<u>330,000</u>

The services fee is paid to directors of the Company for the service performed for the financial period.

13. Dividends

	2019 S\$
<i>Ordinary dividends paid</i>	
Final dividend paid in respect of current financial period of S\$90 per share	<u>9,000,000</u>

14. Financial risk management

Financial risks factors

The Company's activities expose it to credit risk, liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

The Board of Directors are responsible for setting the objectives and underlying principles of financial risk management for the Company. This includes establishing detailed policies such as risk identification, measurement and exposure limits.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are bank deposits and trade and other receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

Bank balances are placed with banks and financial institutions with high credit-ratings assigned by international credit rating agencies. Trade receivables are substantially companies with a good collection track record.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments present on the statement of financial position.

The Company has applied the simplified approach to measure the lifetime expected credit losses for trade receivables.

In measuring the expected credit losses, receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company has considered the customers' available credit history and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery, such as counterparty failing to engage in a repayment plan with the Company. Where receivables have been written off, the Company continues to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

14. Financial risk management (continued)

Financial risks factors (continued)

(a) Credit risk (continued)

Bank balances and other receivables are subject to immaterial credit loss.

Based on management assessment, the receivables as at 30 June 2019 are not subject to any material credit losses.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk by maintaining sufficient bank balances to enable it to meet its operating commitments. As at the reporting date, all the non-derivative financial liabilities of the Company are due within 12 months. Balance due within 12 months equal their carrying amounts as the impact of discounting is not significant.

(c) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares.

The Company is not subject to any externally imposed capital requirements.

(d) Fair value measurements

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

(e) Financial instruments by category

The carrying amounts of the different categories of financial instruments are as disclosed on the face of the statement of financial position except for the following:

	2019 S\$
Financial assets at amortised cost	10,036,068
Financial liabilities at amortised cost	<u>7,415,100</u>

15. Comparative figures

There are no comparative figures as this is the first set of financial statements since the date of incorporation.

16. New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards that have been published and are mandatory for accounting periods beginning on or after 1 July 2019 or later periods and which the Company has not early adopted. The management anticipates that the adoption of the new standards, amendments and interpretations in the future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

Raffles Financial Private Limited
(Incorporated in the Republic of Singapore)
(Company Registration No.201822935E)

Condensed Interim Financial Statements
for the Three-month Period ended September 30, 2019

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed interim financial statements of Raffles Financial Private Limited have been prepared by management and approved by the Board of Directors of the Company and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Institute of Singapore Chartered Accountants for a review of condensed interim financial statements by an entity's auditor.

Raffles Financial Private Limited
Condensed Interim Financial Statements

Condensed statement of Comprehensive Income
For the Three-month period ended
September 30, 2019

	Note	(Unaudited) Three-month ended September 30, 2019 S\$	(Unaudited) For the financial period from July 5, 2018 (date of incorporation) to September 30, 2018 S\$
Revenue	3	4,300,003	-
Other income	4	849	-
Expenses			
Administrative	5	(327,168)	(133,706)
Profit/(loss) before income tax		3,973,684	(133,706)
Income tax expense		-	-
Total comprehensive income/(loss), representing net profit/(loss) for the financial period		3,973,684	(133,706)

The accompanying notes form an integral part of these condensed financial statements.

	Note	(Unaudited) As at September 30, 2019 S\$	(Audited) As at June 30, 2019 S\$
ASSETS			
Current assets			
Bank balances		538,596	2,102,734
Trade and other receivables	6	6,335,253	7,933,334
		<u>6,873,849</u>	<u>10,036,068</u>
Total assets		<u>6,873,849</u>	<u>10,036,068</u>
LIABILITIES			
Current liabilities			
Other payables	7	279,197	7,415,100
Current income tax liabilities		1,960,667	612,000
		<u>2,239,864</u>	<u>8,027,100</u>
Non-current liabilities			
Deferred income tax liabilities		-	1,348,667
Total liabilities		<u>2,239,864</u>	<u>9,375,767</u>
NET ASSETS		<u>4,633,985</u>	<u>660,301</u>
EQUITY			
Share capital	8	100,000	100,000
Retained profits		4,533,985	560,301
TOTAL EQUITY		<u>4,633,985</u>	<u>660,301</u>

The accompanying notes form an integral part of these condensed financial statements.

	Note	Share capital S\$	Retained profits S\$	Total equity S\$
2019				
As at July 1, 2019	8	100,000	560,301	660,301
Total comprehensive income for the financial period		-	3,973,684	3,973,684
As at September 30, 2019		100,000	4,533,985	4,633,985

	Note	Share capital S\$	Retained profits/ (Accumulated losses) S\$	Total Equity /(deficit) S\$
2018				
As at July 5, 2018 (the date of incorporation)	8	100	-	100
Total comprehensive loss for the financial period		-	(133,706)	(133,706)
As at September 30, 2018		100	(133,706)	(133,606)

The accompanying notes form an integral part of these condensed financial statements.

	(Unaudited) Three-month ended September 30, 2019 S\$	(Unaudited) For the financial period from July 5, 2018 (date of incorporation) to September 30, 2018 S\$
Cash flows from operating activities		
Net profit/(loss) and operating cash flow before working capital changes	3,973,684	(133,706)
Changes in working capital:		
- Trade and other receivables	1,598,081	-
- Other payables	(7,135,903)	136,606
Net cash (used in)/generated from operating activities	<u>(1,564,138)</u>	<u>2,900</u>
Cash flows from financing activities		
Proceeds from issuance of shares	-	100
Net cash generated from financing activities	<u>-</u>	<u>100</u>
Net (decrease)/increase in bank balances	(1,564,138)	3,000
Bank balances		
Opening balance	2,102,734	-
End of financial period	<u>538,596</u>	<u>3,000</u>

The accompanying notes form an integral part of these condensed financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying condensed interim financial statements.

1. General information

Raffles Financial Private Limited (the "Company") is incorporated and domiciled in Singapore. The address of its registered office is at 3 Shenton Way #11-01 Singapore 068805.

The principal activity of the Company is the provision of corporate finance advisory services.

2. Significant accounting policies

2.1 Basis of preparation

The condensed Interim Financial Statements have been prepared in accordance to IAS 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS"). The condensed Interim Financial Statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these condensed Interim Financial Statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

2.2 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised good and services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation when each of the Company's activities are met:

(a) Rendering of services

The provision of financial advisory services are recognised at a point in time upon satisfaction of a performance obligation, which is when services are rendered and accepted by the customer.

(b) Licensing fee

The licensing fee is earned from the right to use the Company's proprietary brands for a fixed fee under a non-cancellable contract, where a contract is granted to the licensee which permits the licensee to exploit the brands over the licensing period in any designated territory. Revenue is recognised over time by reference to the contract period.

2. Significant accounting policies(continued)

2.3 Financial assets

(i) *Classification and measurement*

The Company classifies its financial assets at amortised costs.

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition, the Company measures financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement, debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(ii) *Impairment*

The Company assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(iii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2.4 Other payables

Other payables represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2. Significant accounting policies (continued)

2.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.6 Operating lease

When the Company is the lessee:

The Company leases office space under operating lease from a related party.

Lease where the Company assumes substantially all risks and rewards incidental to ownership are retained by the lessor is classified as operating lease. Payments made under operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.7 Income taxes

Current income tax for current period is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised for all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

A deferred income tax liability is recognised on temporary differences except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss.

2. Significant accounting policies (continued)

2.8 Provisions

Provisions for other liabilities are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.9 Currency translation

(i) *Functional and presentation currency*

Items included in the condensed Interim Financial Statements of the Company are measured using the currency of the primary economic environment in which it operates ("functional currency"). The condensed Interim Statements are presented in Singapore Dollar ("S\$"), which is the functional currency of the Company.

(ii) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

2.10 Bank balances

For the purpose of presentation in the statement of cash flows, bank balances include cash deposits with financial institutions which are subject to an insignificant risk of change in value.

2.11 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital amount.

2.12 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payment.

3. Revenue

The Company derives revenue from the rendering of services over time and at a point in the following type of services:

	At a point in time S\$	Over time S\$	Total S\$
Three-month ended September 30, 2019			
Advisory fee	2,800,000	-	2,800,000
Licensing fee	-	1,500,003	1,500,003
	<u>2,800,000</u>	<u>1,500,003</u>	<u>4,300,003</u>
For the financial period from July 5, 2018 (date of incorporation) to September 30, 2018			
Advisory fee	-	-	-
Licensing fee	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

4. Other income

	Three-month ended September 30, 2019 S\$	For the financial period from July 5, 2018 (date of incorporation) to September 30, 2018 S\$
Waiver of amount due to directors	<u>849</u>	<u>-</u>

5. Expenses by nature

	Three-month ended September 30, 2019 S\$	For the financial period from July 5, 2018 (date of incorporation) to September 30, 2018 S\$
Contract for services	184,590	117,000
Rental on operating lease	25,144	5,172
Office expenses	619	1,648
Professional fee	15,887	-
Travelling and accommodation	10,004	4,400
Other expenses	90,924	5,486
Total administrative expenses	<u>327,168</u>	<u>133,706</u>

6. Trade and other receivables

	As at September 30, 2019	As at June 30, 2019
	S\$	S\$
Trade receivables - non related parties	2,813,750	7,600,000
Other receivable- related party	3,521,503	333,334
	<u>6,335,253</u>	<u>7,933,334</u>

Other receivable from a related party is unsecured, interest-free and repayable on demand.

7. Other payables

	As at September 30, 2019	As at June 30, 2019
	S\$	S\$
Amount due to directors	15,000	7,400,100
Accruals for operating expenses	264,197	15,000
	<u>279,197</u>	<u>7,415,100</u>

Amounts due to directors are unsecured, interest-free and repayable on demand.

8. Share capital

	No. of ordinary shares	S\$
At July 1, 2019	100,000	100,000
Shares issued	-	-
As at September 30, 2019	<u>100,000</u>	<u>100,000</u>

	No. of ordinary shares	S\$
At July 5, 2018 (date of incorporation)	100	100
Shares issued	99,900	99,900
As at June 30, 2019	<u>100,000</u>	<u>100,000</u>

At the date of incorporation, the Company issued 100 ordinary shares with no par value for a total consideration of S\$100 for cash as subscriber's shares to incorporate the Company.

On April 18, 2019, the Company issued and allotted 99,900 ordinary shares for a total consideration of S\$99,900.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

The newly issued shares rank paripassu in all respects with the previously issued shares.

9. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related party at terms agreed between the parties.

	Three-month ended September 30, 2019	For the financial period from July 5, 2018 (date of incorporation) to September 30, 2018
	S\$	S\$
Rental expenses paid to a related party	<u>25,144</u>	<u>5,172</u>

The balances between the Company and related parties as at the reporting dates are as follows:

Rental prepayments and deposits	<u>91,666</u>	<u>-</u>
Amount due from a company controlled by a director, Liu Changsheng	<u>1,833,337</u>	<u>-</u>
Amount due from a company controlled by a director, In Nany Sing Charlie	<u>56,500</u>	<u>-</u>
Amount due from a director, In Nany Sing Charlie	<u>1,415,803</u>	<u>-</u>
Amount due from a director, Liu Changsheng	<u>40,000</u>	<u>-</u>
Amount due to director, Zhang Liying	<u>180,000</u>	<u>-</u>
Amount due to director, In Nany Sing Charlie	<u>-</u>	<u>136,606</u>

Related party refers to the company which is controlled by the Company's directors and their close family members.

9. Related party transactions (continued)

Key management personnel compensation

	Three-month ended September 30, 2019	For the financial period From July 5, 2018 (date of incorporation) to September 30, 2018
	S\$	S\$
Contract for services, a director	<u>30,000</u>	<u>20,000</u>
Contract for services, a director	<u>30,000</u>	<u>20,000</u>
Contract for services, a director	<u>30,000</u>	<u>20,000</u>
Contract for services, Chief Financial Officer	<u>30,000</u>	<u>16,000</u>
Contract for services, Chief Investment Officer	<u>24,000</u>	<u>16,000</u>
Contract for services, Chief Management Officer	<u>19,500</u>	<u>13,000</u>
Contract for services, Chief Legal Officer	<u>18,000</u>	<u>12,000</u>

The services fees paid to directors of the Company for the service performed for the financial period.

10. Financial risk management

The Company's activities expose it to credit risk, liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

The Board of Directors are responsible for setting the objectives and underlying principles of financial risk management for the Company. This includes establishing detailed policies such as risk identification, measurement and exposure limits.

Financial risk factors

(a) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are bank deposits and trade and other receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties.

Bank balances are placed with banks and financial institutions with high credit-ratings assigned by international credit rating agencies. Trade receivables are substantially companies with a good collection track record.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments present on the statement of financial position.

The Company has applied the simplified approach to measure the lifetime expected credit losses for trade receivables.

10. Financial risk management (continued)

Financial risk factors (continued)

(a) *Credit risk* (continued)

In measuring the expected credit losses, receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company has considered the customers' available credit history and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery, such as counterparty failing to engage in a repayment plan with the Company. Where receivables have been written off, the Company continues to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Bank balances and other receivables are subject to immaterial credit loss.

Based on management assessment, the receivables as at June 30, 2019 are not subject to any material credit losses.

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk by maintaining sufficient bank balances to enable it to meet its operating commitments. As at the reporting date, all the non-derivative financial liabilities of the Company are due within 12 months. Balance due within 12 months equal their carrying amounts as the impact of discounting is not significant.

(c) *Capital risk*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares.

The Company is not subject to any externally imposed capital requirements.

(d) *Fair value measurements*

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

10. Financial risk management (continued)

Financial risk factors (continued)

(e) *Financial instruments by category*

The carrying amounts of the different categories of financial instruments are as disclosed on the face of the condensed statement of financial position except for the following:

	As at September 30, 2019 S\$	As at June 30, 2019 S\$
Financial assets at amortised cost	6,873,849	10,036,068
Financial liabilities at amortised cost	<u>279,197</u>	<u>7,415,100</u>

11. Comparative figures

There are no comparative figures as this is the first set of condensed Interim Financial Statements since the date of incorporation.

12. New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards that have been published and are mandatory for accounting periods beginning on or after October 1, 2019 or later periods and which the Company has not early adopted. The management anticipates that the adoption of the new standards, amendments and interpretations in the future periods will not have a material impact on the condensed Interim Financial Statements of the Company in the period of their initial adoption.



**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS
FOR THE FINANCIAL YEAR ENDED JUNE 30, 2019 AND
FIRST QUARTER PERIOD ENDED SEPTEMBER 30, 2019**

February 10, 2020

The following Management's Discussion and Analysis ("MD&A") of the financial condition of Raffles Financial Private Limited ("Raffles" or "the Company") and results of operations of the Company, should be read in conjunction with the audited financial statements for the financial period from July 5, 2018 (date of incorporation) to June 30, 2019 ("Audited Financial Statement"), and the unaudited interim financial statements for the first quarter period ended September 30, 2019 ("Interim Financial Statement"). The Audited Financial Statements and Interim Financial Statement together with this MD&A for the financial period ended June 30, 2019 and first quarter period ended September 30, 2019 are intended to provide investors with a reasonable basis for assessing the financial performance of the Company.

The Audited Financial Statements and Interim Financial Statements are presented in accordance with International Financial Reporting Standards ("IFRS"). The Company's accounting policies are described in Note 2 of the Audited Financial Statements and the Interim Financial Statements.

All monetary amounts are in Singapore dollars ("S\$") unless otherwise specified..

Description of Business

Raffles was incorporated on July 5, 2018, under the name "3R Strategic Holdings Private Limited" pursuant to The Companies Act (Chapter 50) of Singapore. Raffles changed its name to "Raffles Financial Private Limited" on March 21, 2019.

Raffles management and team work closely with public and private companies, governments and financial sponsors to originate, structure and execute equity and equity-linked financings such as initial public offerings, follow-on offerings, convertibles and derivatives. Raffles also provides guidance on capital structure across debt, hybrid, derivative and equity-linked products for organizations.

The current board and management are as follows as at the date of this MD&A:

- In Nany Sing Charlie, Executive Director and Chairman of the Board;
- Liu Changsheng Victor, Executive Director/Chief Executive Officer;
- Zhang Liying Abigail, Executive Director/Chief Investment Officer; and
- Kit Chan, Chief Financial Officer.

Overall Performance

The level of the Company's future operations will be determined by the availability of capital resources, which will be derived from the future financings.

The Company has made profit since its incorporation and had a net profit of S\$9,560,301 for the financial period ended June 30, 2019. For the first quarter period ended September 30, 2019 and its last corresponding period ended September 30, 2018, the Company had a net profit of S\$4,533,985 and a net loss of S\$133,706 respectively which has been funded primarily by the operating cash flows.

Results of Operations

The following is the Statement of Comprehensive Income of the Company for the financial period from 5 July 2018 to June 30, 2019 ("FY2019") and first quarter period from July 1, 2019 to September 30, 2019 ("1Q2020") which is compared with the last corresponding period from July 5, 2018 to September 30, 2018 ("Last Corresponding Period").

For the financial period ended	Unaudited from July 1, 2019 to September 30, 2019 S\$	Unaudited from July 5, 2018 (date of incorporation) to September 30, 2018 S\$	Audited from July 5, 2018 (date of incorporation) to June 30, 2019 S\$
Revenue	4,300,003	-	11,533,334
Other income	849	-	770,316
Administrative expenses:			
- Contract for services	(184,590)	(117,000)	(643,500)
- Rental on operating lease	(25,144)	(5,172)	(54,310)
- Office expenses	(619)	(1,648)	(2,348)
- Professional fee	(15,887)	-	(15,000)
- Travelling & accommodation	(10,004)	(4,400)	(57,450)
- Other expenses	(90,924)	(5,486)	(10,074)
Profit/(loss) before income tax	3,973,684	(133,706)	11,520,968
Income tax expense	-	-	(1,960,667)
Total comprehensive income/(loss), representing net profit for the financial period	3,973,684	(133,706)	9,560,301

Service fee income

The following is a breakdown of the service fee income of the Company for FY2019 and 1Q2020.

For the period/financial year ended	Unaudited from July 1, 2019 to September 30, 2019 S\$	Unaudited from July 5, 2018 (date of incorporation) to September 30, 2018 S\$	Audited from July 5, 2018 (date of incorporation) to June 30, 2019 S\$
<i>Advisory fee - recognized at a point in time:</i>			
Re-structuring & Corporate Finance Advisory (“RCF”)	1,400,000	-	5,100,000
IPO & Global Fund Raising Advisory (“IRS”)	1,400,000	-	4,100,000
Fund, Family Office, Trust Advisory (“FOT”)	-	-	2,000,000
<i>Licensing fee - recognized over time:</i>			
FinTech Licensing As A Service (“FIT”)	1,500,003	-	333,334
Total service fee income	4,300,003	-	11,533,334

During the financial period ended June 30, 2019:

In FY2019, the Company recorded a service fee income of S\$11,533,334. The income was derived from the rendering of services over time and at a point in time in the following type of services as discussed below:

- RCF represents the service of helping companies to re-structure / reorganize their assets so as to internationalize such assets in favorable jurisdictions. Such advisory fee income amounting to S\$5,100,000 was derived from four service agreements entered into with different clients in agriculture, hospitality, food & beverage and pharmaceutical industries in Mainland China. The provision of RCF service are recognised at a point in time upon satisfaction of a performance obligation, which is when services are rendered and accepted by the customer.
- IRS represents the service of providing advisory and support services related to public listings (such as initial public offerings) in various Asian countries and in other global markets (“IRS”). Such advisory fee income amounting to S\$4,100,000 was derived from five service agreements entered into with different clients in agriculture, hospitality, food & beverage and pharmaceutical industries in Mainland China. The provision of IRS services is recognised at a point in time upon satisfaction of a performance obligation, which is when services are rendered and accepted by the customer.
- FOT represents the service of providing direct advisory expertise and structuring advice to funds, family offices and trusts regarding initial and ongoing investments and portfolios, plus performance assessment. Such advisory fee income amounting to S\$2,000,000 was derived from four service agreements entered into with different clients in agriculture, hospitality, food & beverage and pharmaceutical industries in Mainland China. The provision of RCF services is recognised at a point in time upon satisfaction of a performance obligation, which is when services are rendered and accepted by the customer.
- FIT represents the service of providing Raffles’ representatives with various FinTech tools and advice on how to use certain FinTech tools and techniques to better service their clients. Such licensing fee income amounting to S\$333,334 recognised in FY2019 was derived from two licensing agreements of total contract sum of S\$4,000,000 entered into with two clients in different provinces of Mainland China. The licensing fee from FIT is earned from the right to use the aforesaid Company’s proprietary brands for a fixed fee under a non-cancellable contract, where a contract is granted to the licensee which permits the licensee to exploit the brands over the licensing period in any designated territory. Therefore, revenue is recognised over time by reference to the contract period.

During the first quarter period ended September 30, 2019:

In 1Q2020, the Company recorded a service fee income of S\$4,300,003. The Company did not have any revenue recorded in the Last Corresponding Period of 2018 as the business was just commenced. The income was derived from the rendering of services over time and at a point in time in the following type of services as discussed below:

- RCF service fee income of S\$1,400,000 was derived from one service agreement entered into with a clients in waste and material recycling industry in Mainland China.
- IRS service fee income of S\$1,400,000 was derived from one service agreement entered into with a clients in waste and material recycling industry in Mainland China.
- FIT licensing fee income amounting to S\$1,500,003 was derived from three licensing agreements, in which one was an addition during the current period whilst two were recurring agreements from the last financial period ended June 30, 2019. The total contract sum on hand was S\$6,000,000 comprising of three clients in different provinces of Mainland China.

Net Profit, Other Income and Administrative Expenses

During the financial period ended June 30, 2019:

In FY2019, the Company reported a net profit of S\$9,560,301. The other income and operating expenses incurred during the financial year are discussed below:

- Other income of \$770,316 comprised mainly of a waiver of settlement of amounts due to directors.
- Contract for service cost of S\$643,500 was paid to the directors and officers of the Company, in consideration of their services provided including rendering the advisory and licensing services, and day to day management and administration for the Company.
- Rental on operating lease of S\$54,310 were paid for the lease of Raffles' Hong Kong offices in one year's term.
- Office expenses of S\$2,348 were incurred in relation to the expenses necessary to maintain the office operation.
- Professional fee of S\$15,000 were provided for the audit fee for FY2019.
- Travelling and accommodation expenses of S\$57,450 were incurred in performing the advisory services by the directors and officers in local and overseas.
- Other expenses of \$10,074 comprised mainly of a business development expenses of S\$9,923 which were incurred in relation to client sourcing and marketing activities.
- Income tax expenses of S\$1,960,667 was provided for the FY2019 using the Singapore standard rate of income tax.

During the first quarter period ended September 30, 2019:

In 1Q2020, the Company reported a net profit of S\$3,973,684 compared to a net loss of S\$133,706 in the

Last Corresponding Period. The other income and operating expenses incurred during the financial periods are discussed below:

- Other income of S\$849 arised from an exchange gain from foreign currency translation in 1Q2020.
- Contract for service cost of S\$184,590 in 1Q2020 was paid to the directors and officers of the Company, in consideration of their services provided including rendering the advisory and licensing services, and day to day management and administration for the Company. The significant increase compared to the Last Corresponding Period of S\$117,000 was due to additional staff count and staff cost adjustment.
- Rental on operating lease of S\$25,144 in 1Q2020 were paid for the leases of Raffles' offices in various operating locations. The significant increase compared to the Last Corresponding Period of S\$5,172 was mainly due to one addition lease entered in the current period. Office expenses of S\$619 in 1Q2020 were incurred in relation to the expenses necessary to maintain the office operation.
- Professional fees of S\$15,887 were provided for 1Q2020 in relation to an acquisition exercise.
- Travelling and accommodation expenses of S\$10,004 in 1Q2020 were incurred in performing the advisory services by the directors and officers in local and overseas. The significant increase compared to the Last Corresponding Period of S\$4,400 was because at that time the business of Raffles was just commenced and in an early development stage, and hence lesser expenses related to business were incurred.
- Other expenses of \$90,924 comprised mainly of business development expenses of S\$90,710 in 1Q2020 which were incurred in relation to client sourcing and marketing activities. The significant increase compared to the Last Corresponding Period of S\$5,486 was because at that time the business of Raffles was just commenced and in an early development stage, and hence lesser expenses related to business were incurred.

Related Party Transactions

During the financial period ended June 30, 2019:

The Company considers all directors and officers of the Company to be key management personnel, and related parties. During FY2019, the Company entered into the following transactions with the key management personnel as related party transactions:

- Paid or accrued contract for service cost of S\$110,000 to In Nany Sing Charlie, a director of the Company under contract for services.
- Paid or accrued contract for service cost of S\$110,000 to Zhang Liying, a director of the Company under contract for services.
- Paid or accrued contract for service cost of S\$110,000 to Liu Changsheng, a director of the Company under contract for services.
- Paid or accrued contract for service cost of S\$88,000 to the Chief Financial Officer of the Company under contract for services.
- Paid or accrued contract for service cost of S\$88,000 to the Chief Investment Officer of the Company under contract for services.

- Paid or accrued contract for service cost of S\$71,500 to the Chief Management Officer of the Company under contract for services.
- Paid or accrued contract for service cost of S\$66,000 to the Chief Legal Officer of the Company under contract for services.
- Paid or accrued rental expenses of S\$54,310 to a company controlled by the executive director and Chairman of the Board of the Company.
- An amount of S\$333,334 due from a company controlled by Liu Changsheng, a director of the Company. The amount was interest-free, non-secured and repayable on demand.
- An amount of S\$2,060,100 due to In Nany Sing Charlie, a director of the Company. The amount was interest-free, non-secured and repayable on demand.
- An amount of S\$3,560,000 due to Liu Changsheng, a director of the Company. The amount was interest-free, non-secured and repayable on demand.
- An amount of S\$1,780,000 due to Zhang Liying, a director of the Company. The amount was interest-free, non-secured and repayable on demand.

During the first quarter period ended September 30, 2019:

During 1Q2020, the Company entered into the following transactions with the key management personnel as related party transactions:

- Paid or accrued contract for service cost of S\$30,000 to In Nany Sing Charlie, a director of the Company under contract for services.
- Paid or accrued contract for service cost of S\$30,000 to Zhang Liying, a director of the Company under contract for services.
- Paid or accrued contract for service cost of S\$30,000 to Liu Changsheng, a director of the Company under contract for services.
- Paid or accrued contract for service cost of S\$30,000 to the Chief Financial Officer of the Company under contract for services.
- Paid or accrued contract for service cost of S\$24,000 to the Chief Investment Officer of the Company under contract for services.
- Paid or accrued contract for service cost of S\$19,500 to the Chief Management Officer of the Company under contract for services.
- Paid or accrued contract for service cost of S\$18,000 to the Chief Legal Officer of the Company under contract for services.
- Paid or accrued rental expenses of S\$25,144 to a company controlled by the executive director and Chairman of the Board of the Company.
- Paid a rental prepayment and deposit of S\$91,666 to a company controlled by In Nany Sing Charlie,

a director of the Company.

- An amount of S\$1,833,337 due from a company controlled by Liu Changsheng, a director of the Company. The amount was interest-free, non-secured and repayable on demand.
- An amount of S\$56,500 due from a company controlled by In Nany Sing Charlie, a director of the Company. The amount was interest-free, non-secured and repayable on demand.
- A net amount of S\$1,415,803 due from In Nany Sing Charlie, a director of the Company. The amount was interest-free, non-secured and repayable on demand.
- An amount of S\$40,000 due from Liu Changsheng, a director of the Company. The amount was interest-free, non-secured and repayable on demand.
- An amount of S\$180,000 due to Zhang Liying, a director of the Company. The amount was interest-free, non-secured and repayable on demand.

During the first quarter period ended September 30, 2018:

During the Last Corresponding Period, the Company entered into the following transactions with the key management personnel as related party transactions:

- Paid or accrued contract for service cost of S\$20,000 to In Nany Sing Charlie, a director of the Company under contract for services.
- Paid or accrued contract for service cost of S\$20,000 to Zhang Liying, a director of the Company under contract for services.
- Paid or accrued contract for service cost of S\$20,000 to Liu Changsheng, a director of the Company under contract for services.
- Paid or accrued contract for service cost of S\$16,000 to the Chief Financial Officer of the Company under contract for services.
- Paid or accrued contract for service cost of S\$16,000 to the Chief Investment Officer of the Company under contract for services.
- Paid or accrued contract for service cost of S\$13,000 to the Chief Management Officer of the Company under contract for services.
- Paid or accrued contract for service cost of S\$12,000 to the Chief Legal Officer of the Company under contract for services.
- Paid or accrued rental expenses of S\$5,172 to a company controlled by the executive director and Chairman of the Board of the Company.
- An amount of S\$136,606 due to In Nany Sing Charlie, a director of the Company. The amount was interest-free, non-secured and repayable on demand.

Commitments – Operating lease commitment

As at the financial period ended June 30, 2019:

The Company leases office space under operating lease from a related party whose is controlled by the executive director and Chairman of the Board of the Company. The future minimum lease payable under operating lease contracted for as at June 30, 2019 but not recognised as liabilities was S\$33,618.

As at the first quarter period ended September 30, 2019:

The future minimum lease payable under operating lease contracted for as at September 30, 2019 but not recognised as liabilities was S\$16,809.

As at the first quarter period ended September 30, 2018:

The future minimum lease payable under operating lease contracted for as at September 30, 2018 but not recognised as liabilities was S\$15,516.

Liquidity and Capital Resources

As At	Unaudited September 30, 2018 S\$	Unaudited September 30, 2019 S\$	Audited June 30, 2019 S\$
Bank balance	3,000	538,596	2,102,734
Current assets	3,000	6,873,849	10,036,068
Current liabilities	136,606	2,239,864	8,027,100
Non-current liabilities	-	-	1,348,667
Shareholders' (deficit)/equity	(133,606)	4,633,985	660,301

The following is a breakdown of current assets of the Company as at financial period ended June 30, 2019 and first quarter period ended September 30, 2019.

As At	Unaudited September 30, 2018 S\$	Unaudited September 30, 2019 S\$	Audited June 30, 2019 S\$
<i>ASSETS – Current assets</i>			
Bank balance	3,000	538,596	2,102,734
Trade receivables	-	2,813,750	7,600,000
Deposit and prepayment	-	91,666	-
Amount due from a director	-	1,540,000	-
Amounts due from related parties	-	1,889,837	333,334
Total Assets	3,000	6,873,849	10,036,068

As at the financial period ended June 30, 2019:

The current assets of the Company as at June 30, 2019 comprised of trade receivables of S\$7,600,000, other receivable of S\$333,334 and a cash balance deposited in a bank in Singapore of S\$2,102,734.

The trade receivables mainly represented receivables from its services provided under the advisory services

agreements, where the Company generally grants a credit period of 30 days to its clients. No trade receivables were past due over 60 days. As at September 30, 2019, approximately S\$11.4 million, representing approximately 99% of the trade receivables as at June 30, 2019, were subsequently settled. The other receivable mainly represented the receivable from its services provided under the licensing services agreements, and was collected by a related party in Mainland China on behalf. Other receivable from a related party was unsecured, interest-free and repayable on demand.

As at the first quarter period ended September 30, 2019:

The current assets of the Company as at September 30, 2019 comprised of trade receivables of S\$2,813,750, rental deposit and prepayment of S\$91,666, an amount due from a director of S\$1,540,000, an other receivable of S\$1,889,837 and a cash balance deposited in a bank in Singapore of S\$538,596.

The Company recorded a decrease in the current assets from S\$10,036,068 as at June 30, 2019 to S\$6,873,849 as at September 30, 2019, attributable to the decrease in trade receivables whereas partly offset by the increase in an amount due from a director and other receivables. The decrease in the trade receivables from S\$7,600,000 as at June 30, 2019 to S\$2,813,750 as at September 30, 2019 was largely contributable to the subsequent settlement of the advisory service fees from clients. The increase in the amount due from a director of S\$1,540,000 was due to an advance made to the director in the course of ordinary business, which was unsecured, interest-free and repayable on demand. The increase in other receivables from S\$333,334 as at June 30, 2019 to S\$1,889,837 as at September 30, 2019 was mainly due to the recurring and new licensing fee amounting to S\$1,500,003 collected by a related party from clients in Mainland China during the current period.

As at the first quarter period ended September 30, 2018:

The current assets of the Company as at September 30, 2018 comprised only of a cash balance of S\$3,000.

The following is a breakdown of liabilities of the Company as at financial period ended June 30, 2019 and first quarter period ended September 30, 2019;

As At	Unaudited September 30, 2018 S\$	Unaudited September 30, 2019 S\$	Audited June 30, 2019 S\$
<i>LIABILITIES – Current liabilities</i>			
Accruals	-	15,000	15,000
Amounts due to directors	136,606	264,197	7,400,100
Current income tax liabilities	-	1,960,667	612,000
	136,606	2,239,864	8,027,100
<i>LIABILITIES – Non-current liabilities</i>			
Deferred income tax liabilities	-	-	1,348,667
Total Liabilities	136,606	2,239,864	9,375,767

As at the financial period ended June 30, 2019:

The current liabilities of the Company as at June 30, 2019 comprised of an accrued audit fee of S\$15,000, amounts due to directors of S\$7,400,100 and a tax payable of S\$612,000. The amounts due to directors ascribed largely to dividend payables, which were unsecured, interest-free and repayable on demand.

The non-current liabilities of the Company as at June 30, 2019 was a provision of deferred income tax liabilities of S\$1,348,667 in connection to unremitted foreign income.

As at the first quarter period ended September 30, 2019:

The current liabilities of the Company as at September 30, 2019 comprised of an accrued audit fee of S\$15,000, amounts due to directors of S\$264,197 and a tax payable of S\$1,960,667.

The Company recorded a decrease in the total liabilities from S\$9,375,767 as at June 30, 2019 to S\$2,239,864 as at September 30, 2019, attributable to the decrease in other payables. The decrease in other payables from S\$7,400,100 as at June 30, 2019 to S\$264,197 as at September 30, 2019 was due to dividend settlement against the accounts of amounts due to directors during the current period. The deferred income tax liabilities of S\$1,348,667 which was classified as non-current liabilities as at June 30, 2019 had been reclassified to an income tax payable as current liabilities due to the foreign income having remitted into Singapore and subject to Singapore Income tax.

As at the first quarter period ended September 30, 2018:

The current liabilities of the Company as at September 30, 2018 comprised of an amount due to a director of S\$136,606.

The Company does not have any commitments for material capital expenditures, and none are presently contemplated other than normal operating requirements and as disclosed above.

The Company generally financed its working capital requirements through a combination of cash generated from its operating activities and advance from directors to fund its staff cost, operating expenses and administrative costs. Moving forward, the Company expect to fund its working capital requirements with a combination of various sources, including but not limited to cash generated from its operations and the net proceeds from share offer exercise, as well as other possible equity financings as and when appropriate.

	Unaudited September 30, 2018	Unaudited September 30, 2019	Audited June 30, 2019
For the financial period ended	S\$	S\$	S\$
Net cash generated from/(used in) operating activities	2,900	(1,564,138)	11,002,734
Net cash generated from/(used in) financing activities	100	-	(8,900,000)
Net increase/(decrease) in cash and bank balance	3,000	(1,564,138)	2,102,734

During the financial period ended June 30, 2019:

- The Company generated operating cash inflow before working capital changes of S\$11,520,968 from operating activities. The changes in working capital comprise of an increase in trade and other receivables of S\$7,933,334 and other payables of S\$7,415,100.
- The Company used S\$8,900,000 in financing activities. The amount included a dividend of S\$9,000,000 paid to the shareholders of the Company and proceeds of S\$100,000 received from issuance of shares.

During the first quarter period ended September 30, 2019:

- The Company generated operating cash inflow before working capital changes of S\$3,973,684 from operating activities. The changes in working capital comprise of a decrease in trade receivables of S\$4,786,250, increase in other receivables of S\$3,188,169, and decrease in other payables of S\$7,135,903.

During the first quarter period ended September 30, 2018:

- The Company generated operating cash outflow before working capital changes of S\$133,706 from operating activities. The changes in working capital comprise of an increase in an amount due to a director of S\$136,606.

Off Balance Sheet Agreements

The Company has not engaged in any off-balance sheet arrangements during the financial period ended June 30, 2019 and September 30, 2019.

Critical Accounting Policies and Estimates

The details of the Company's significant accounting policies are presented in Note 2 of the Audited Financial Statements for the Financial Period from July 5, 2018 (date of incorporation) to June 30, 2019.

Capital Management

Capital is comprised of the Company's shareholders' equity. The Company's shareholders' equity as at June 30, 2019 and as at September 30, 2019 were S\$660,301 and S\$4,633,985 respectively. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its on-going liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

Management Financial Risks

Financial risks factors

The Company's activities expose it to credit risk, liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Company's financial performance.

The Board of Directors are responsible for setting the objectives and underlying principles of financial risk management for the Company. This includes establishing detailed policies such as risk identification, measurement and exposure limits.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are bank deposits and trade and other receivables. For trade receivables, the Company adopts the policy of dealing only with customers of appropriate credit history to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality counterparties. The Group also has a credit risk management process to measure, monitor and control such credit risk with customer. Its credit policy defines the credit extension and measurement criteria, credit review, approval and monitoring and following-up processes. Credit risk exposures are measured and monitored against credit limits and other control limits approved by directors. Segregation of duties in key credit functions is in place to ensure separate credit control and monitoring among different

directors. Management and recovery of problem credits are handled by a separate working team. Long outstanding receivables are closely monitored and duly followed up with procedures as set up in credit risk policy.

The ageing analysis of the accounts receivable as of September 30, 2019, is as follows. Based on management assessment, the receivables as at September 30, 2019 are not subject to any material credit losses.

Client	Unaudited Balances as at September 30, 2019	No. of days past due
	S\$	
Client A	\$13,750	105 days
Client B	\$2,800,000	62 days
TOTAL	\$2,813,750	

Bank balances are placed with banks and financial institutions with high credit-ratings assigned by international credit rating agencies. Trade receivables are substantially companies with a good collection track record.

As the Company does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments present on the statement of financial position.

The Company has applied the simplified approach to measure the lifetime expected credit losses for trade receivables.

In measuring the expected credit losses, receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Company has considered the customers' available credit history and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery, such as counterparty failing to engage in a repayment plan with the Company. Where receivables have been written off, the Company continues to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Bank balances and other receivables are subject to immaterial credit loss.

Based on management assessment, the receivables as at June 30, 2019 are not subject to any material credit losses.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages liquidity risk by maintaining sufficient bank balances to enable it to meet its operating commitments. As at the reporting date, all the non-derivative financial liabilities of the Company are due within 12 months. Balance due within 12 months equal their carrying amounts as the impact of discounting is not significant.

(c) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares.

The Company is not subject to any externally imposed capital requirements.

(d) Fair value measurements

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

(e) Financial instruments by category

The carrying amounts of the different categories of financial instruments are as disclosed on the face of the statement of financial position except for the following:

As at period ended	Unaudited September 30, 2019 S\$	Audited June 30, 2019 S\$
Financial assets at amortised cost	6,873,849	10,036,068
Financial liabilities at amortised cost	279,197	7,415,100

Subsequent Event

A proposed transaction

Subsequent to September 30, 2019, the Company has entered into a definitive share exchange agreement dated December 20, 2019 with Explorex Resources Inc. (the "Exlorex") (CSE:EX, Frankfurt:1XE, US:EXPXF), a company listed on Canadian Stock Exchange (the "Share Exchange Agreement"), in which Explorex shall acquire all of the outstanding shares of the Company (the "Proposed Transaction"). The proposed Transaction will constitute a "fundamental change" for Explorex under CSE Policy 8.

Upon completion of the Transaction and certain related transactions described herein, Explorex expects that it, as the resulting issuer (the "Resulting Issuer") will effect a name change to Raffles Financial Group Limited and complete a share Consolidation (as defined below). Explorex also proposes to continue its corporate jurisdiction from British Columbia to the Cayman Islands (the "Continuation"). Concurrently, Explorex will complete a plan of arrangement ("POA") under the Business Corporations Act (British Columbia) with its wholly-owned subsidiary, to be re-named EXCO Resource Inc. ("EXCO") or such other name as may be selected and as acceptable to applicable regulatory authorities, whereby Explorex's current mineral exploration assets and a specified amount of cash will be spun out to EXCO in accordance with the POA.

Summary of the Raffles Transaction

The Share Exchange Agreement among Explorex, the Company and the shareholders of the Company (as defined below) will result in a reverse takeover of Explorex by the shareholders of the Company.

Prior to closing of the Proposed Transaction, Explorex will complete the POA (as discussed further below).

Additionally, Explorex will consolidate its outstanding Common Shares on the basis of approximately 23.78 pre-consolidation Explorex Shares for each one Explorex post-consolidation share (the "Consolidation") or such other number of pre-Consolidation Explorex Common Shares such that the Consolidation results in 1,050,000 post-Consolidation Explorex Shares outstanding immediately before closing. The shareholders of the Company will then be issued an aggregate of 45,000,000 post-Consolidation Explorex Common Shares. The Financing described below is expected to result in the issuance of 4,000,000 post-Consolidation Common Shares, such that giving effect to the Financing, a total of 50,050,000 post-Consolidation Explorex Common Shares will be outstanding, with the shareholders of the Company holding approximately 89.9% of the outstanding Common Shares.

The completion of the Transaction is subject to the satisfaction of various conditions including but not limited to (i) the completion of a concurrent financing for up to \$20,000,000 (the "Financing"); (ii) the approval by the shareholders of Explorex in respect of the Transaction as a "fundamental change", the Continuation and the POA; and (iii) receipt of all requisite regulatory, CSE, court or governmental authorizations and third party approvals or consents.

Finder's fees will be paid to an arms' length party in connection with the Transaction.

Subject to satisfaction or waiver of the conditions referred to herein and in the Share Exchange Agreement, Explorex and the Company anticipate the Proposed Transaction will be completed on or before March 16, 2020.

Explorex expects to hold an annual general and special meeting of shareholders in late February 2020 to approve the required matters. The information circular for the shareholder meeting of Explorex will contain comprehensive information about the Transaction, the Continuation and the POA, and it will include financial statements for the Company, EXCO and proforma financial statements.

Summary of the proposed POA

Before closing the Proposed Transaction described above, Explorex will complete a plan of arrangement ("POA") under the Business Corporations Act (British Columbia) with EXCO whereby Explorex's current mineral exploration assets and a specified amount of cash will be spun out to EXCO. Further details of the spinout will be included as part of the information circular for the Explorex shareholder meeting. Explorex intends to conduct a small financing before the shareholder meeting, for working capital purposes and to provide a portion of the cash to EXCO under the POA.

Forward-Looking Information

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intends", "continue", "budget", "estimate", "may", "will", "schedule" and similar expressions identify forward looking statements. Forward looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies.

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Singapore dollar, fluctuations in the prices of commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Singapore, the Peoples' Republic of China, Hong Kong, or other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company's actual results and could

cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the Company's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

Quarterly Financial Information

(a) Statement of Financial Position of the Company

	As at September 30, 2019	As at June 30, 2019	As at March 31, 2019	As at December 31, 2018	As at September 30, 2018
<u>ASSETS AND LIABILITIES</u>	S\$	S\$	S\$	S\$	S\$
Current assets					
Accounts receivable	2,813,750	7,600,000	7,600,000	-	-
Deposit, Prepayment & OR	91,666	-	-	-	-
Amount due from directors	1,540,000	-	-	-	-
Amount due from related parties	1,889,837	333,334	-	-	-
Bank - OCBC	538,596	2,102,734	2,789	2,789	3,000
	6,873,849	10,036,068	7,602,789	2,789	3,000
Current liabilities					
Accounts Payable	-	-	-	-	-
Accruals & OP	15,000	15,000	468,000	292,500	117,000
Amount due to directors	264,197	7,400,100	74,037	44,869	19,606
Tax Payable	1,960,667	612,000	-	-	-
	2,239,864	8,027,100	542,037	337,369	136,606
Non-current liabilities					
Deferred income tax liabilities	-	1,348,667	-	-	-
	-	1,348,667	-	-	-
Net assets/(liabilities)	4,633,985	660,301	7,060,752	(334,580)	(133,606)
<u>EQUITY</u>					
Share capital	100,000	100,000	100	100	100
Share premium	-	-	-	-	-
Net Profit/(loss) for the year	3,973,684	2,499,650	7,395,331	(200,973)	(133,706)
Retained Earnings/(Accumulated loss)	560,301	7,060,651	(334,679)	(133,707)	-
Dividend distribution for all shareholders	-	(9,000,000)	-	-	-
Total Equity/(deficit)	4,633,985	660,301	7,060,752	(334,580)	(133,606)

(b) Statement of Comprehensive Income of the Company

	July 1, 2019	April 1, 2019	January 1, 2019	October 1, 2018	July 5, 2018 (date of incorporation)
	to September 30, 2019	to June 30, 2019	to March 31, 2019	to December 31, 2018	to September 30, 2018
	S\$	S\$	S\$	S\$	S\$
Re-structuring & Corporate Finance Advisory [RCF]	1,400,000	1,000,000	4,100,000	-	-
IPO & Global Fund Raising Advisory [IRS]	1,400,000	1,600,000	2,500,000	-	-
Fund, Family Office, Trust Advisory [FOT]	-	1,000,000	1,000,000	-	-
FinLass fee	1,500,003	333,334	-	-	-
Revenue	4,300,003	3,933,334	7,600,000	-	-
Other income	849	770,316	-	-	-
Travelling and accommodation	10,004	35,510	8,881	8,659	4,400
Other expenses	90,924	151	3,478	959	5,486
Rental on operating lease	25,144	16,810	16,810	15,518	5,172
Office expenses	619	363	-	337	1,648
Contract for services	184,590	175,500	175,500	175,500	117,000
Professional fee	15,887	15,000	-	-	-
Administrative expenses	327,168	243,334	204,669	200,973	133,706
Profit/(loss) before income tax	3,973,684	4,460,316	7,395,331	(200,973)	(133,706)
Income tax expense	-	1,960,667	-	-	-
Total comprehensive Income/(loss) for the period	3,973,684	2,499,649	7,395,331	(200,973)	(133,706)



Fairness Opinion Summary

RwE Growth Partners, Inc. (“RwE” or the “authors of the Report”), 1066 West Hasting Street, Vancouver, was requested by the Board of Directors (the “Board”) of Explorex Resources Inc. (“ERI”) to prepare a formal Fairness Opinion and Related Valuation Report (the “Report”) regarding whether the proposed transaction between Origen Resources Inc. (“ORI” or “Spinco”) - formerly 1223104 B.C. Ltd. - and ERI is fair, from a financial point of view, to the existing shareholders of record of ERI as at January 28, 2020.

RwE was advised by the ERI Board that ERI will complete a Plan of Arrangement (“POA”) under the Business Corporations Act (British Columbia) with its wholly owned subsidiary, renamed ORI, whereby Explorex's current mineral exploration assets, and all equipment, hardware, software, office supplies, fixtures, and other tangible property owned, leased or held by or on behalf of Explorex; and C\$500,000 of cash will be spun out to Origen in accordance with the POA, and Origen will apply to be listed on the CSE.

RwE has been advised by the Board that the closing of the transaction between ERI and ORI (the “Proposed Transaction”) involves a series of facts and elements:

- 1) ERI is a long-time, resource exploration and evaluation firm with holdings of five (5) active projects and properties (including the Arlington, Kagoot Brook, Bonanza, Beatrice and Silver Dollar), none of which have any identified reserves, and must all be classified as at the early stage of exploration.
- 2) ERI’s stated book value is C\$811,520 as at September 30, 2019.
- 3) Spinco is a newly formed company created by the Board of ERI for the purposes of completing the Proposed Transaction and has no assets and/or liabilities.
- 4) Spinco will receive all of ERI’s exploration/evaluation assets and all ERI assets as well as assume all of ERI’s liabilities (the “ERI Assets/Liabilities”) as noted on ERI’s September 30, 2019 balance sheet.
- 5) ERI will conduct a C\$500,000 financing (the “Funding”) through the issuing of 2,272,727 common shares. The cash from the Funding will be transferred to ORI.
- 6) The shareholders of ERI will receive a pro rata amount of shares in Spinco based on their existing shareholding in ERI as at January 28, 2020, plus shares from the Funding. ERI will have, hence, 27,243,746 shares issued and outstanding as at the closing of the Proposed Transaction.

- 7) ORI has started a process to seek a listing on the Canadian Securities Exchange and to further develop/service the ERI Assets/Liabilities.
- 8) ERI has entered into a definitive share exchange agreement, dated December 20, 2019, to acquire all of the outstanding shares of Raffles Financial Private Ltd. (“Raffles”), a private company incorporated under the laws of Singapore. The Raffles and ERI transaction are concurrent with the ERI and ORI transaction. The resulting entity will be Raffles Financial Group Limited. Raffles is an established professional management and financial services in Australia, China, and South-East Asia. Raffles had net income of about C\$9.1 million for the 12 month period ending as at June 30, 2019.
- 9) The Proposed Transaction between ERI and Raffles will result in the public company focusing on expanding the business of Raffles (the “Resulting Issuer”).
- 10) The share structure of the Resulting Issuer will be such that the existing ERI shareholders will receive 1,050,000 shares (i.e., a 25.95 pre-consolidation ratio); Raffles shareholders will receive 45,000,000 shares; and there will be 4,000,000 shares issued to secure gross proceeds of C\$20,000,000. There will be 50,080,000 shares issued and outstanding in the Resulting Issuer as at the closing of the Proposed Transaction.

RwE considered all of the above facts.

RwE used a variety of cost, market and income valuation methods to assess the fair market value of ERI and Raffles on a pre Proposed Transaction as well as the value of the Resulting Issuer on a post Proposed Transaction basis. RwE also considered the terms and conditions of the POA and the January 28, 2020 Arrangement Agreement. Finally, RwE considered the closing of the Proposed Transaction.

Based on all of the above, and the assumptions made in the Report, including all of the terms and conditions of the closing of the Proposed Transaction, ***RwE concluded that the Proposed Transaction (based on the POA and Arrangement Agreement) is fair, from a financial point of view, to the existing shareholders of ERI.***

Yours very truly,

RwE GROWTH PARTNERS, INC.

"Richard W Evans"

Richard W Evans, MBA, CBV, ASA
Principal

Chartered Business Valuator, Canadian Institute of Chartered Business
Valuators Accredited Senior Appraiser, American Society of Appraisers

Appendix "K"

MEMORANDUM OF ASSOCIATION

OF

RAFFLES FINANCIAL GROUP LIMITED

(the "Company")

(adopted with effect from _____ 2020)

1. The name of the Company is RAFFLES FINANCIAL GROUP LIMITED.
2. The registered office of the Company shall be at the offices of CO Services Cayman Limited, P.O. Box 10008, Willow House, Cricket Square, Grand Cayman, KY1-1001, Cayman Islands, or at such other place as the directors may from time to time decide.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to exercise all the functions of a natural person of full capacity.
4. The liability of each shareholder is limited to the amount from time to time unpaid on such shareholder's shares.
5. The authorised share capital of the Company is Can. \$5,000,000 divided into 5,000,000,000 shares of par value of Can. \$0.001 each.
6. The Company has the power to register by way of continuation outside of the Cayman Islands in accordance with the Companies Law and to de-register as an exempted company in the Cayman Islands.
7. Terms that are not defined in this Memorandum of Association have the same meaning as those given in the Articles of Association of the Company.

ARTICLES OF ASSOCIATION
OF
RAFFLES FINANCIAL GROUP LIMITED
(the “Company”)
(adopted with effect from _____ 2020)

1. PRELIMINARY

1.1 Table A not to apply

The regulations contained or incorporated in Table A in the First Schedule to the Companies Law shall not apply to the Company and these Articles shall apply in place thereof.

1.2 Definitions

In these Articles, unless the context otherwise requires:

- (1) "Advance Notice Provisions" means the provisions set forth in Article 14.12.
- (2) "appropriate person" has the meaning assigned in the Securities Transfer Act.
- (3) "Articles" means these articles of association of the Company, as amended from time to time.
- (4) "Auditor" means the person (if any) for the time being performing the duties of auditor of the Company.
- (5) "business day" means a day, other than a Saturday or a Sunday, on which the banks are open for general business in Singapore.
- (6) "central securities register" means the register of members of the Company maintained in accordance with the Companies Law and includes (except where otherwise stated) any duplicate or branch register or any Listed Share Register.
- (7) "Companies Law" means the Companies Law (as revised) of the Cayman Islands, as amended or revised from time to time.
- (8) "Company" means the above-named company.
- (9) "directors" means the directors for the time being of the Company.

- (10) "Dividend" shall mean an interim dividend unless such dividend is expressly stated to be a final dividend by the directors at any time before the date of payment of such dividend.
- (11) "Electronic Record" has the same meaning as in the Electronic Transactions Law.
- (12) "Electronic Transactions Law" means the Electronic Transactions Law (as revised) of the Cayman Islands.
- (13) "legal personal representative" means the personal or other legal representative of a shareholder, and includes a trustee in bankruptcy of the shareholder;
- (14) "Listed Share Register" means a register which records or registers the holdings of shares that are listed on a stock exchange.
- (15) "Memorandum" means the memorandum of association of the Company, as amended from time to time.
- (16) "Ordinary Resolution" means a resolution passed by a simple majority of the shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting, and includes a unanimous written resolution (and where a poll is taken, regard shall be had in computing such majority to the number of votes to which each shareholder is entitled to cast).
- (17) "public company" means a company that:
 - (a) is a reporting issuer (as defined in the Securities Act);
 - (b) is a corporation that, under the laws of any Canadian jurisdiction other than British Columbia, is a reporting issuer or an equivalent of a reporting issuer;
 - (c) has registered its securities under the Securities Exchange Act of 1934 of the United States of America;
 - (d) has any of its securities, within the meaning of the Securities Act, traded on or through the facilities of a securities exchange; or
 - (e) has any of its securities, within the meaning of the Securities Act, reported through the facilities of a quotation and trade reporting system.
- (18) "registered address" of a shareholder means that shareholder's address as recorded in the central securities register; and
- (19) "Registered Office" means the registered office for the time being of the Company in the Cayman Islands.
- (20) "Relevant System" means any computer-based system and procedures permitted by the rules of any stock exchange on which any class of the Company's shares are listed, which enable title to a security (or interests in a

security) to be evidenced and transferred without a written instrument, and which facilitate supplementary and incidental matters.

- (21) "seal" means the seal of the Company, if any.
- (22) "securities legislation" means statutes concerning the regulation of securities markets and trading in securities and the regulations, rules, forms and schedules under those statutes, all as amended from time to time, and the blanket rulings and orders, as amended from time to time, issued by the securities commissions or similar regulatory authorities appointed under or pursuant to those statutes; "Canadian securities legislation" means the securities legislation in any province or territory of Canada and includes the Securities Act (British Columbia); and "U.S. securities legislation" means the securities legislation in the federal jurisdiction of the United States and in any state of the United States and includes the Securities Act of 1933 and the Securities Exchange Act of 1934.
- (23) "Securities Act" means the *Securities Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act.
- (24) "Securities Transfer Act" means the *Securities Transfer Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act.
- (25) "share" means a share in the capital of the Company and includes a fraction of a share.
- (26) "shareholder" means any person from time to time entered in the central securities register as a holder of one or more shares.
- (27) "Special Resolution" means a special resolution passed in accordance with the Companies Law, being a resolution:
 - (a) passed by a majority of at least two-thirds of such shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given (and where a poll is taken, regard shall be had in computing such majority to the number of votes to which each shareholder is entitled to cast); or
 - (b) approved in writing by all of the shareholders entitled to vote at a general meeting of the Company.

1.3 Interpretation

Unless the contrary intention appears, in these Articles:

- (1) singular words include the plural and vice versa;
- (2) a word of any gender includes the corresponding words of any other gender;

- (3) references to "persons" include natural persons, companies, partnerships, firms, joint ventures, associations or other bodies of persons (whether or not incorporated);
- (4) a reference to a person includes that person's successors and legal personal representatives;
- (5) "writing" and "written" includes any method of representing or reproducing words in a visible form, including in the form of an Electronic Record;
- (6) a reference to "shall" shall be construed as imperative and a reference to "may" shall be construed as permissive;
- (7) in relation to determinations to be made by the directors and all powers, authorities and discretions exercisable by the directors under these Articles, the Directors may make those determinations and exercise those powers, authorities and discretions in their sole and absolute discretion, either generally or in a particular case, subject to any qualifications or limitations expressed in these Articles or imposed by law;
- (8) any reference to the powers of the directors shall include, when the context admits, the service providers or any other person to whom the directors may, from time to time, delegate their powers;
- (9) the term "and/or" is used in these Articles to mean both "and" as well as "or". The use of "and/or" in certain contexts in no respects qualifies or modifies the use of the terms "and" or "or" in others. "Or" shall not be interpreted to be exclusive, and "and" shall not be interpreted to require the conjunctive, in each case unless the context requires otherwise;
- (10) any phrase introduced by the terms "including", "includes", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- (11) headings are inserted for reference only and shall not affect construction;
- (12) a reference to a law includes regulations and instruments made under that law;
- (13) a reference to a law or a provision of law includes amendments, re-enactments, consolidations or replacements of that law or the provision;
- (14) a reference to "C\$" or to "dollars" is a reference to the lawful currency of Canada;
- (15) "fully paid" means, with respect to the issue of any share, paid up as to the par value of such share (and includes credited as fully paid);
- (16) where an Ordinary Resolution is expressed to be required for any purpose, a Special Resolution is also effective for that purpose; and
- (17) sections 8 and 19(3) of the Electronic Transactions Law are hereby excluded.

2. SHARE CERTIFICATES

2.1 Shareholder Entitled to Share Certificate or Acknowledgement

Unless the shares of which the shareholder is the registered owner are held by means of a Relevant System which does not permit the issue of share certificates, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgement of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgement, and delivery of a share certificate or acknowledgement, for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

2.2 Delivery by Mail

Any share certificate or non-transferable written acknowledgement of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

2.3 Replacement of Worn Out or Defaced Share Certificate or Acknowledgement

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

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

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

If a person entitled to a share certificate claims that the share certificate has been lost, destroyed or wrongfully taken, the Company must issue a new share certificate, if that person:

- (1) so requests before the Company has notice that the share(s) to which such certificate relates have been acquired by a protected purchaser;
- (2) provides the Company with an indemnity bond sufficient in the Company's judgment to protect the Company from any loss that the Company may suffer by issuing a new certificate; and
- (3) satisfies any other reasonable requirements imposed by the directors.

A person entitled to a share certificate may not assert against the Company a claim for a new share certificate where a share certificate has been lost, apparently destroyed or wrongfully taken if that person fails to notify the Company of that fact within a reasonable time after that

person has notice of it and the Company registers a transfer of the shares evidenced by the certificate before receiving a notice of the loss, apparent destruction or wrongful taking of the share certificate.

2.5 Recovery of New Share Certificate

If, after the issue of a new share certificate, a protected purchaser of the shares evidenced by the original share certificate presents the original share certificate for the registration of transfer, then in addition to any rights under the indemnity bond, the Company may recover the new share certificate from a person to whom it was issued or any person taking under that person other than a protected purchaser.

2.6 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.7 Share Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.3, 2.4 or 2.6, the amount, if any, determined by the directors.

2.8 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except for the registered shareholder's absolute legal ownership of the share.

3. ISSUE OF SHARES

3.1 Directors Authorized

Subject to the applicable provisions, if any, in the Companies Law, these Articles, the Memorandum, any resolution that may be passed by the Company in general meeting and subject to any rights attached to any existing issued shares of the Company, the Company may issue, allot, sell, grant options over or otherwise deal with or dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions (with or without preferred, deferred, or other rights or restrictions, whether as regards to Dividend, voting, return of capital or otherwise) and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

3.2 Commissions and Discounts

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

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

No share may be issued until it is fully paid. A share is fully paid when:

- (1) consideration is provided to the Company for the issue of the share by one or more of the following:
 - (a) past services performed for the Company;
 - (b) property;
 - (c) money; and
- (2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

The Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

4. SECURITIES REGISTERS

4.1 Central Securities Register

As required by and subject to the Companies Law, the Company must maintain a central securities register. The directors may appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place. Upon request, the directors shall confirm to any shareholder the entry of the name of such shareholder in the central securities register and the number of shares held by such shareholder. No shareholder (not being a director) shall have any right to inspect the central securities register except as conferred by the Companies Law or as authorised by the directors.

4.2 Listed Share Register

If the recording complies with the Companies Law, the rules and requirements of any stock exchange on which any class of shares of the Company is listed and any other applicable law, a Listed Share Register may be kept by recording the particulars required under the Companies Law in a form otherwise than in a physically written form. However, to the extent any Listed Share Register is kept in a form otherwise than in a physically written form, it must be capable of being reproduced in a legible form.

4.3 Closing Register

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

5. SHARE TRANSFERS

5.1 Registering Transfers

The Company must register a transfer of a share of the Company if either:

- (1) the Company or the transfer agent or registrar for the class or series of share to be transferred has received:
 - (a) in the case where the Company has issued a share certificate in respect of the share to be transferred, that share certificate and a written instrument of transfer (which may be on a separate document or endorsed on the share certificate) made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person;
 - (b) in the case of a share that is not evidenced by a share certificate (including an Uncertificated Share and including the case where the Company has issued a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate in respect of the share to be transferred), a written instrument of transfer made by the shareholder or other appropriate person or by an agent who has actual authority to act on behalf of that person; and
 - (c) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, that the written instrument of transfer is genuine and authorized and that the transfer is rightful or to a protected purchaser; or
- (2) all the preconditions for a transfer of a share under the Securities Transfer Act have been met and the Company is required under the Securities Transfer Act to register the transfer.

The transfer of shares listed on a stock exchange may also be effected in accordance with the system applied by such exchange, and the directors shall have power to implement such arrangements (including the disapplication of such provisions of this Article with respect to the

transfers of shares) as they may, in their absolute discretion, think fit in order for any shares to be held and transferred by means of a Relevant System applied or permitted by such exchange.

5.2 A Waivers of Requirements for Transfer

The Company may waive any of the requirements set out in Article 5.1(1) and any of the preconditions referred to in Article 5.1(2).

5.3 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the company or the transfer agent for the class or series of shares to be transferred.

5.4 Transferor Remains Shareholder

A transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in the central securities register of the Company in respect of the transfer.

5.5 Signing of Instrument of Transfer

If a shareholder or other appropriate person or an agent who has actual authority to act on behalf of that person signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified but share certificates are deposited with the instrument of transfer, all the shares evidenced by such share certificates:

- (1) in the name of the person named as transferee in that instrument of transfer; or
- (2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.6 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate evidencing such shares or of any written acknowledgement of a right to obtain a share certificate for such shares.

5.7 Transfer Fee

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

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In the case of the death of a shareholder, the legal personal representative of the shareholder, or in the case of shares registered in the shareholder's name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the directors may require the original grant of probate or letters of administration or a court certified copy of them or the original or a court certified or authenticated copy of the grant of representation, will, order or other instrument or other evidence of the death under which title to the shares or securities is claimed to vest.

6.2 Rights of Legal Personal Representative

The legal personal representative of a shareholder has the rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, if the appropriate evidence of appointment or incumbency within the meaning of s. 87 of the Securities Transfer Act has been deposited with the Company. This Article 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the shareholder's name and the name of another person in joint tenancy.

7. SURRENDER, PURCHASE AND REDEMPTION OF SHARES

7.1 Surrender of Shares

Shares may be surrendered in accordance with the relevant provisions of the Companies Law.

7.2 Company Authorized to Purchase or Redeem Shares

Subject to Article 7.3, the special rights and restrictions attached to the shares of any class or series and the Companies Law, the Company may, if authorized by the directors by resolution, purchase, redeem or otherwise acquire any of its shares at the price and upon the terms determined by the directors. The Company may make a payment in respect of the purchase or redemption of its own shares in any manner permitted by the Companies Law, including out of capital. Purchase proceeds may be paid in cash and/or in-kind.

7.3 Purchase or Redemption When Insolvent

The Company must not make a payment or provide any other consideration to purchase, redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that:

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

7.4 Sale and Voting of Purchased Shares

The Company may, if so authorised by the directors, hold any repurchased, redeemed or surrendered Shares in treasury in accordance with the relevant provisions of the Companies

Law. If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share upon such terms as may be determined by the directors, but, while such share is held by the Company, it:

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

8. BORROWING POWERS

The Company, if authorized by the directors, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that the directors consider appropriate;
- (2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as the directors consider appropriate;
- (3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

9. ALTERATIONS

9.1 Alteration of Authorized Share Capital

- (1) The Company may by Ordinary Resolution:
 - (a) increase its share capital by the creation of new shares of such amount as the resolution prescribes;
 - (b) consolidate, or consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
 - (c) subdivide its shares, or any of them, into shares of a smaller amount than is fixed by the Memorandum; and
 - (d) cancel any Shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.
- (2) All new shares created in accordance with the provisions of this Article shall be subject to the same provisions of these Articles with reference to transfer, transmission and otherwise as the shares in the original share capital.

9.2 Special Resolutions

Subject to the provisions of the Companies Law and the provisions of these Articles as regards the matters to be dealt with by Ordinary Resolution, the Company may by Special Resolution:

- (1) change its name;
- (2) alter or add to these Articles;
- (3) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein;
- (4) reduce its share capital and any capital redemption reserve;
- (5) commence a voluntary winding up; and
- (6) merge or consolidate with any one or more constituent companies (as defined in the Companies Law).

9.3 Class Rights

- (1) Subject to the Companies Law, whether or not shares are divided into more than one class, all or any of the rights attached to a class of shares may be varied in such manner as those rights may provide or, if no such provision is made, either:
 - (a) with the consent in writing of holders of two-thirds of the issued shares of that class; or
 - (b) with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class by a two-thirds majority of the holders of the shares of that class present and voting at such meeting (whether in person or by proxy).
- (2) The directors may for the purposes of this Article 9.3, treat two or more, or all, of the classes of shares as forming one class of shares if the directors consider that such classes of shares would be affected by the proposed variation in the same way.
- (3) Except where expressly provided by the terms of the issue of the shares of that class, the rights attached to any class of shares are not taken to be varied by:
 - (a) the creation or issue of further shares ranking (in any respect) equally with them, or superior or subordinate to them; or
 - (b) the repurchase, redemption or surrender of any shares.

10. MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless the directors of the Company otherwise determine, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or

otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months from the date of the previous annual general meeting at such time and place as may be determined by the directors.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous written resolution to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous written resolution.

10.3 Calling of Meetings of Shareholders

- (1) The directors may, whenever they think fit, call a meeting of shareholders to be held at such time and place as may be determined by the directors. The directors must call a meeting of shareholders if required to do so in accordance with a valid requisition by shareholders in accordance with paragraph (3) below.
- (2) Shareholders' meetings may, if authorized by the directors, be held outside of Singapore.
- (3) A meeting of shareholders may be requisitioned by shareholders holding, as at the date of deposit of the requisition at the Company's Registered Office, not less than 10% of the issued shares which as at that date carry the right to vote at general meetings of the Company. To be valid, the requisition must state the objects of the meeting of shareholders being requisitioned and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.
- (4) If the directors do not within one month from the date of the deposit of a valid requisition (the "**Convening Deadline**") duly proceed to convene a meeting of shareholders to be held within a further two months, the requisitionists, or any of them representing a majority of the total voting rights of all of them, may themselves convene a meeting of shareholders of the Company, but any meeting so convened shall not be held after the expiration of three months after the Convening Deadline.
- (5) A meeting of shareholders convened in accordance with paragraph (4) by requisitionists shall be convened (insofar as is possible) in the same manner as that in which meetings of shareholders are to be convened by directors and the directors shall, upon demand, provide the names and addresses of each shareholder to the requisitionists for the purpose of convening such meeting.

10.4 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as a Special Resolution and any notice to consider approving a merger or amalgamation into a foreign jurisdiction, an arrangement or the adoption of a merger or amalgamation agreement, and any notice of a general meeting, class meeting or series meeting), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by Ordinary Resolution

(whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

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

10.5 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

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

If no record date is set, the record date is 5:00 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.6 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders, by more than four months. If no record date is set, the record date is 5:00 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting of shareholders to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive that entitlement or agree to reduce the period of that notice. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.8 Class Meetings and Series Meetings of Shareholders

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

10.9 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

- (1) state the general nature of the special business; and
- (2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
 - (a) at the Company's records office, or at such other reasonably accessible location in Singapore as is specified in the notice; and
 - (b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

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

- (1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of, or voting at, the meeting;
- (2) at an annual general meeting, all business is special business except for the following:
 - (a) business relating to the conduct of, or voting at, the meeting;
 - (b) consideration of any financial statements of the Company presented to the meeting;
 - (c) consideration of any reports of the directors or auditor;
 - (d) the setting or changing of the number of directors;
 - (e) the election or appointment of directors;
 - (f) the appointment of an auditor;
 - (g) the setting of the remuneration of an auditor;
 - (h) business arising out of a report of the directors not requiring the passing of a Special Resolution;
 - (i) any other business which, under these Articles, the Companies Law or applicable common law, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Quorum

Subject to the special rights or restrictions attached to the shares of any class or series of shares and to Article 11.3, the quorum for the transaction of business at a meeting of shareholders is two persons who are shareholders, or two persons who each represent at least one shareholder by proxy, or one shareholder present and being and one shareholder represented by proxy, with each shareholder holding not less than one of the issued shares entitled to be voted at the meeting.

11.3 One Shareholder May Constitute Quorum

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

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

11.4 Persons Entitled to Attend Meeting

In addition to those persons who are entitled to vote at a meeting of shareholders, the only other persons entitled to be present at the meeting are the directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company, any persons invited to be present at the meeting by the directors or by the chair of the meeting and any persons entitled or required under the Companies Law or these Articles to be present at the meeting; but if any of those persons does attend the meeting, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.5 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.6 Lack of Quorum

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

- (1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved; and
- (2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.7 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.6(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or

persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.8 Chair

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

- (1) the chair of the board, if any;
- (2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

11.9 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.10 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.11 Notice of Adjourned Meeting

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

11.12 Decisions by Show of Hands or Poll

Every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

11.13 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the

chair or demanded under Article 11.12, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.14 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.15 No Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.16 Manner of Taking Poll

Subject to Article 11.17, if a poll is duly demanded at a meeting of shareholders:

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

11.17 Demand for Poll on Adjournment

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

11.18 Chair Must Resolve Dispute

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

11.19 Casting of Votes

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

11.20 Demand for Poll

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

11.21 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.22 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

12. VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

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

- (1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

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

- (1) any one of the joint shareholders may vote at any meeting of the shareholders, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (2) if more than one of the joint shareholders is present at any meeting of the shareholders, personally or by proxy, and more than one of the joint shareholders votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

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

12.5 Representative of a Corporate Shareholder

If a corporation that is not a subsidiary of the Company is a shareholder, that corporation may appoint a person to act as its representative at any meeting of the shareholders of the Company, and:

- (1) for that purpose, the instrument appointing a representative must be received:
 - (a) at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days for the receipt of proxies specified in the notice for the receipt of proxies, or if no number of days is specified, at least two business days before the day set for the holding of the meeting or any adjourned meeting; or
 - (b) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting or by a person designated by the chair of the meeting or adjourned meeting;
- (2) if a representative is appointed under this Article 12.5:
 - (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
 - (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless the person is a shareholder, although a person

- (1) who is not a shareholder may be appointed as a proxy holder if:
- (2) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;

- (3) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting;
- (4) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting; or
- (5) the Company is a public company.

12.7 Proxy Provisions Do Not Apply to All Companies

If and for so long as the Company is a public company, Articles 12.8 to 12.16 apply only insofar as they are not inconsistent with any Canadian securities legislation applicable to the Company, any U.S. securities legislation applicable to the Company or any rules of an exchange on which securities of the Company are listed.

12.8 Appointment of Proxy Holders

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

12.9 Alternate Proxy Holders

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

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

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

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

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (1) at the Registered Office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting or any adjourned meeting at which the proxy is to be used; or
- (2) at the meeting or any adjourned meeting, by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors, the scrutineer or the chair of the meeting:

[name of company]
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the undersigned):_____.

Signed *[month, day, year]*

[Signature of shareholder]

[Name of shareholder- printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is received:

- (1) at the Registered Office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

- (2) at the meeting or any adjourned meeting by the chair of the meeting or adjourned meeting, before any vote in respect of which the proxy has been given has been taken.

12.14 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 or 12.14 must be signed as follows:

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

12.15 Chair May Determine Validity of Proxy

The chair of any meeting of shareholders may determine whether or not a proxy deposited for use at the meeting, which may not strictly comply with the requirements of this Article 12 as to form, execution, accompanying documentation, time of filing or otherwise, shall be valid for use at such meeting and any such determination made in good faith shall be final, conclusive and binding upon such meeting.

12.16 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

13. DIRECTORS

13.1 First Directors; Number of Directors

The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (2) if the Company is a public company, the greater of three and the most recently set of:
 - (a) the number of directors set by Ordinary Resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4;
- (3) if the Company is not a public company, the most recently set of:
 - (a) the number of directors set by Ordinary Resolution (whether or not previous notice of the resolution was given); and

- (b) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

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

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

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director is not required to hold a share in the capital of the Company as qualification for his or her office.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

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

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by Ordinary Resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by Ordinary Resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and

may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

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

- (1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous written resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and
- (2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

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

- (1) that individual consents to be a director; or
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director.

14.3 Failure to Elect or Appoint Directors

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous written resolution contemplated by Article 10.2, on or before the last date by which the annual general meeting is required to be held under these Articles; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous written resolution contemplated by Article 10.2, to elect or appoint any directors;

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

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

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to

these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies,

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

14.6 Remaining Directors Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

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

- (1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

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

14.9 Ceasing to be a Director

A director ceases to be a director when:

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

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by Special Resolution. In that event, the shareholders may elect, or appoint by Ordinary Resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by Ordinary Resolution, a director to fill that vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, is found to be of unsound mind, or if the director ceased to be qualified to act under any applicable law as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

14.12 Advance Notice

- (1) Subject to these Articles, only persons who are nominated in accordance with the Advance Notice Provisions will be eligible to stand for election as directors of the Company. Nominations of persons for election to the board of directors may be made at any annual general meeting of shareholders, or at any special or extraordinary general meeting of shareholders if one of the purposes for which the special or extraordinary general meeting was called was the election of directors:
 - (a) by or at the direction of the board of directors, including pursuant to a notice of meeting;
 - (b) pursuant to a requisition by shareholders made in accordance with these Articles; or
 - (c) by any person (a "**Nominating Shareholder**"): (A) who, at the close of business on the date of the giving of the notice provided for in the Advance Notice Provisions (a "Notice of Nominee") and who at the close of business on the record date for notice of such meeting, is entered in the central securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth in the Advance Notice Provisions.
- (2) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the president or chief executive officer of the Company, and secretary of the Company at the principal executive offices of the Company.
- (3) To be timely, a Notice of Nominee sent by a Nominating Shareholder must be:
 - (a) in the case of an annual meeting of shareholders, given not less than 30 nor more than 65 days prior to the date of the annual meeting of

shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the Notice Date) on which the first public announcement of the date of the annual general meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and

- (b) in the case of a special or extraordinary general meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), given not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special or extraordinary general meeting of shareholders was made. Unless otherwise directed by the board of directors, any adjournment, rescheduling or postponement of a meeting of shareholders or the announcement thereof will not result in the commencement of a new time period for the giving of a Nominating Shareholder's notice as described above.
- (4) To be in proper written form, a Notice of Nominee sent by a Nominating Shareholder must set forth:
- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person for at least the five years preceding the date of the Notice of Nominee; (C) the citizenship of such person; (D) the class or series and number of shares of the Company which the proposed nominee beneficially owns or over which the proposed nominee exercises direction or control as of the later of the date of such Notice of Nominee or the record date for the meeting of shareholders (if such date shall then have been publicly announced and shall have occurred); and (E) any other information relating to the nominee that would be required to be disclosed in a dissident's information circular in connection with a solicitation of proxies for election of directors pursuant to Applicable Securities Laws (as defined below), regardless of whether the nominee or Nominating Shareholder is required to prepare or file an information circular; and
 - (b) as to the Nominating Shareholder, a description of any contract, arrangement or understanding pursuant to which such Nominating Shareholder has agreed to vote any shares of the Company it beneficially owns or exercises control or direction over, and any other information relating to such Nominating Shareholder that would be required to be disclosed in a dissident's information circular in connection with a solicitation of proxies by the Nominating Shareholder for election of directors pursuant to Applicable Securities Laws (as defined below), regardless of whether the nominee or Nominating Shareholder is required to prepare or file an information circular.

- (5) The Company may require the Nominating Shareholder or any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as a director of the Company, that would reasonably be expected to be material to the independence or qualifications of such proposed nominee or that may otherwise be necessary in order for shareholders to be able to form a reasonable judgment on whether to vote for, or withhold their vote with respect of such proposed nominee.
- (6) The chair of any general meeting will have the power and duty to determine whether any nomination made at that meeting was made in accordance the Advance Notice Provisions and, if any proposed nomination is not in compliance with the Advance Notice Provisions, the chair may declare that such nomination was not validly made, may be disregarded and not submitted to a vote at such meeting.
- (7) For purposes of the Advance Notice Provisions:
 - (a) “public announcement” means disclosure in a press release disseminated by the Company through a national news service in Canada, or in a document filed by or on behalf of the Company under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and
 - (b) “Applicable Securities Laws” means the applicable securities laws of each province and territory of Canada governing the calling, holding or conduct of any general meeting of the Company and the rules, regulations, forms, instruments, policies and notices of the securities regulatory authority of each such relevant province or territory of Canada and the bylaws, rules and policies of any stock exchange or trading and quotation service on which the shares of the Company may be listed or traded.
- (8) Notwithstanding any other provision of the Advance Notice Provisions, notice given to the Company pursuant to the Advance Notice Provisions may only be given by personal delivery or facsimile transmission and shall be deemed to have been given at the time of personal delivery to the president or chief executive officer, and secretary of the Company at the address of the principal executive offices of the Company, or if sent by facsimile transmission at the time of confirmed transmission, provided however, that if transmitted after 5:00 p.m. (Vancouver time) then such notice shall be deemed to have been given on the next day that is a business day.
- (9) Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in the Advance Notice Provisions.

15. ALTERNATE DIRECTORS

15.1 Appointment of Alternate Director

Any director (an “appointor”) may by notice in writing received by the Company appoint any person (an “appointee”) to be his or her alternate to act in his or her place at

meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

15.2 Notice of Meetings

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

15.3 Alternate for More Than One Director Attending Meetings

A person may be appointed as an alternate director by more than one director, and an alternate director:

- (1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
- (3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;
- (4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

15.4 Consent Resolutions

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

15.5 Alternate Director Not an Agent

Every alternate director is deemed not to be the agent of his or her appointor.

15.6 Revocation of Appointment of Alternate Director

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

- (1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (2) the alternate director dies;
- (3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (4) the alternate director ceases to be qualified to act as a director; or
- (5) his or her appointor revokes the appointment of the alternate director.

15.8 Remuneration and Expenses of Alternate Director

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

16. POWERS AND DUTIES OF DIRECTORS

16.1 Powers of Management

Subject to the provisions of the Companies Law, the Memorandum and these Articles and to any directions given by the shareholders by way of Special Resolution, the directors shall manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not required to be exercised by the shareholders of the Company (whether by the Companies Law, the Memorandum, these Articles or any directions given by the shareholders by way of Special Resolution). No alteration of the Memorandum or Articles and no such direction by Special Resolution shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given.

16.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

17. DIRECTORS' INTERESTS

Subject to the provisions of the Companies Law and provided that he or she has declared to the directors the nature and extent of any personal interest of his in a matter, transaction or arrangement, a director or alternate director notwithstanding his office may:

- (1) hold any office or place of profit in the Company, except that of Auditor;
- (2) hold any office or place of profit in any other company or entity promoted by the Company or in which it has an interest of any kind;
- (3) enter into any contract, transaction or arrangement with the Company or in which the Company is otherwise interested;
- (4) act in a professional capacity (or be a member of a firm which acts in a professional capacity) for the Company, except as Auditor;
- (5) sign or participate in the execution of any document in connection with matters related to that interest;
- (6) participate in, vote on and be counted in the quorum at any meeting of the Directors that considers matters relating to that interest; and
- (7) do any of the above despite the fiduciary relationship of the director's office: (i) without any liability to account to the Company for any direct or indirect benefit accruing to the director; and (ii) without affecting the validity of any contract, transaction or arrangement.

For the purposes of this Article, a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any matter, transaction or arrangement for which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such matter, transaction or arrangement of the nature and extent so specified.

18. PROCEEDINGS OF DIRECTORS

18.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as the directors think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

18.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the board, if present at the meeting, does not have a second or casting vote.

18.3 Chair of Meetings

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

- (1) the chair of the board, if any;
- (2) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (3) any other director chosen by the directors if:
 - (a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
 - (b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
 - (c) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

18.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors:

- (1) in person;
- (2) by telephone; or
- (3) with the consent of all directors who wish to participate in the meeting, by other communications medium,

if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of these Articles to be present at the meeting and to have agreed to participate in that manner.

18.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

18.6 Notice of Meetings,

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1 or as provided in Article 18.7, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

18.7 When Notice Not Required

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

- (1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (2) the director or alternate director, as the case may be, has waived notice of the meeting.

18.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

18.9 Waiver of Notice of Meetings

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director or, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director. Attendance of a director or alternate director at a meeting of the directors is a waiver of notice of the meeting unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

18.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at two directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

18.11 Validity of Acts Where Appointment Defective

An act of a director or officer is not invalid merely because of an irregularity in the election or appointment of that director or officer.

18.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

- (1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a Disclosable Interest, if each of the other directors who are entitled to vote on the resolution consents to it in writing.

A consent in writing under this Article 18.12 may be by any written instrument, fax, e-mail or any other method of transmitting legibly recorded messages in which the consent of the director is evidenced, whether or not the signature of the director is included in the record. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

19. EXECUTIVE AND OTHER COMMITTEES

19.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and during the intervals between meetings of the board of directors all of the directors' powers are delegated to the executive committee, except:

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

19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
 - (a) the power to fill vacancies in the board of directors;
 - (b) the power to remove a director;
 - (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
 - (d) the power to appoint or remove officers appointed by the directors; and
- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution appointing the committee or any subsequent directors' resolution.

19.3 Obligations of Committees

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

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

19.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (2) terminate the appointment of, or change the membership of, the committee; and
- (3) fill vacancies in the committee.

19.5 Committee Meetings

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) the committee may meet and adjourn as it thinks proper;
- (2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

20. OFFICERS

20.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

20.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

- (1) determine the functions and duties of the officer;
- (2) delegate to the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 Qualifications

One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director must be a director. Any other officer need not be a director.

20.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

21. INDEMNIFICATION

21.1 Indemnity and limitation of liability of directors and officers

- (1) To the maximum extent permitted by law, every current and former director and officer of the Company (excluding an Auditor but including an alternate director and the proxy of a director) (each an "**Indemnified Person**"), shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses (each a "**Liability**"), which such Indemnified Person may incur in that capacity unless such Liability arose as a result of the actual fraud or wilful default of such person.
- (2) No Indemnified Person shall be liable to the Company for any loss or damage resulting (directly or indirectly) from such Indemnified Person carrying out his or her duties unless that liability arises through the actual fraud or wilful default of such Indemnified Person.
- (3) For the purpose of these Articles, no Indemnified Person shall be deemed to have committed "actual fraud" or "wilful default" until a court of competent jurisdiction has made a final, non-appealable finding to that effect.

21.2 Advance of legal fees

The Company shall advance to each Indemnified Person reasonable legal fees and other costs and expenses incurred in connection with the defence of any action, suit, proceeding or investigation involving such Indemnified Person for which indemnity will or could be sought. In connection with any such advance of expenses, the Indemnified Person shall execute an undertaking to repay the advanced amount to the Company if it is determined that the Indemnified Person was not entitled to indemnification under these Articles.

21.3 Indemnification to form part of contract

The indemnification and exculpation provisions of these Articles are deemed to form part of the employment contract or terms of appointment entered into by each Indemnified Person with the Company and accordingly are enforceable by such persons against the Company.

21.4 Insurance

The directors may purchase and maintain insurance for or for the benefit of any Indemnified Person including (without prejudice to the generality of the foregoing) insurance against any Liability incurred by such persons in respect of any act or omission in the actual or purported execution or discharge of their duties or the exercise or purported exercise of their powers or otherwise in relation to or in connection with their duties, powers or offices in relation to the Company.

22. DIVIDENDS

22.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

22.2 Declaration of Dividends

Subject to the Companies Law, the directors may from time to time declare and authorize payment of such dividends as they may consider appropriate.

22.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 22.2.

22.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5:00 p.m. on the date on which the directors pass the resolution declaring the dividend.

22.5 Manner of Paying Dividend

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

22.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 22.6, the directors may settle the difficulty as the directors deem advisable, and, in particular, may:

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

22.7 When Dividend Payable

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

22.8 Dividends to be Paid in Accordance with Number of Shares

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

22.9 Receipt by Joint Shareholders

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

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

22.12 Payment of Dividends and other Distributions

Any dividend or other distribution payable in money in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the registered address of the shareholder, or in the case of joint shareholders, to the registered address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless

such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22.13 Capitalization of Retained Earnings or Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the retained earnings or surplus so capitalized or any part thereof..

22.14 Unclaimed Amounts

Where a payment is unclaimed after 6 months from the date it first became payable (or any cheque in respect thereof remains uncashed or unpresented after 6 months from the date of posting or in the case of a Dividend from the proposed date of payment thereof), it shall, if the Directors so resolve, be forfeited for the benefit of, and shall cease to remain owing by, the Company and shall thereafter belong to the Company absolutely. Subject to the foregoing, all unclaimed amounts (including Dividends) may be invested or otherwise made use of by the Directors, in their absolute discretion, for the benefit of the Company until claimed.

22.15 Overpayment and set-off

The Company shall be entitled to recover any overpayment of monies and may set-off and apply any sums due by the payee (or by any one or more of joint payees) on any account whatsoever (whether or not presently payable) in reducing the amount of such payment by the Company

22.16 Unlawful payments

Notwithstanding any other provision of these Articles, the Company shall not be obliged to make any payment to a shareholder in respect of a Dividend, repurchase, redemption or other distribution if the Directors suspect that such payment may result in the breach or violation of any applicable laws or regulations (including, without limitation, any anti-money laundering laws or regulations) or such refusal is required by the laws and regulations governing the Company and/or its service providers.

23. DOCUMENTS, RECORDS AND REPORTS

23.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the Companies Law.

23.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by Ordinary Resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

23.3 Appointment and Remuneration of Auditor

The directors may appoint an Auditor who shall hold office until removed from office by a resolution of the Directors, and may set the remuneration of the auditor of the Company.

24. NOTICES

24.1 Method of Giving Notice

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

- (1) mail addressed to the person at the applicable address for that person as follows:
 - (a) for a record mailed to a shareholder, the shareholder's registered address;
 - (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the mailing address of the intended recipient;
- (2) delivery at the applicable address for that person as follows, addressed to the person:
 - (a) for a record delivered to a shareholder, the shareholder's registered address;
 - (b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the delivery address of the intended recipient;
- (3) unless the intended recipient is the Auditor of the Company, sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (4) unless the intended recipient is the Auditor of the Company, sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class; or
- (5) physical delivery to the intended recipient.

24.2 Deemed Receipt

A notice, statement, report or other record that is:

- (1) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day (Saturdays, Sundays and holidays excepted) following the date of mailing;
- (2) faxed to a person to the fax number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and
- (3) e-mailed to a person to the email address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was e-mailed on the day it was e-mailed.

24.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent as permitted by Article 24.1 is conclusive evidence of that fact.

24.4 Notice to Joint Shareholders

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

24.5 Notice to Legal Personal Representatives and Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (1) mailing the record, addressed to them:
 - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
 - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

24.6 Undelivered Notices

If on two consecutive occasions, a notice, statement, report or other record is sent to a shareholder pursuant to Article 24.1 and on each of those occasions any such record is returned because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

24.7 Notice in Manner Permitted by Stock Exchange

Notwithstanding the foregoing provisions of this Article, where any shares of the Company are listed on a stock exchange, notice may be given electronically through the Relevant System (if permitted by, and subject to, the facilities and requirements of the Relevant System and subject to compliance with any rules and requirements of any relevant stock exchange) or otherwise in any such manner as is permitted or required by the rules of any such stock exchange (including, where so permitted or required, by way of publication on the Company's website and/or through public filings).

25. SEAL

25.1 Who May Attest Seal

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

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

25.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer or the signature of any other person as may be determined by the directors.

25.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and such persons as are authorized under Article 25.1 to attest the Company's seal may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

26. PROHIBITIONS

26.1 Definitions

In this Article 26:

- (1) “security” has the meaning assigned in the Securities Act;
- (2) “transfer restricted security” means:
 - (a) a share of the Company;
 - (b) a security of the Company convertible into shares of the Company;
 - (c) any other security of the Company which must be subject to restrictions on transfer in order for the Company to satisfy the requirement for restrictions on transfer under the “private issuer” exemption of Canadian securities legislation or under any other exemption from prospectus or registration requirements of Canadian securities legislation similar in scope and purpose to the “private issuer” exemption.

26.2 Application

Article 26.3 does not apply to the Company if and for so long as it is a public company.

26.3 Consent Required for Transfer of Shares or Transfer Restricted Securities

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

27. WINDING UP

27.1 Method of winding up

- (1) If the Company shall be wound up, and the assets available for distribution amongst the shareholders shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the shareholders in proportion the number of such shares held by each of them.
- (2) If in a winding up the assets available for distribution amongst the shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the shareholders in proportion to the number of such shares held by each of them at the commencement of the winding up (subject to a deduction, from those shares in respect of which there are monies due, of all monies payable to the Company).
- (3) This Article is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

27.2 Distribution of assets in a winding up

- (1) Subject to any rights or restrictions for the time being attached to any class of shares, on a winding up of the Company the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Companies Law, distribute among the shareholders the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose:
 - (a) decide how the assets are to be distributed as between the shareholders or different classes of shareholders;
 - (b) value the assets to be distributed in such manner as the liquidator thinks fit; and
 - (c) vest the whole or any part of any assets in such trustees and on such trusts for the benefit of the shareholders entitled to the distribution of those assets as the liquidator sees fit, but so that no shareholder shall be obliged to accept any assets in respect of which there is any liability.

28. REQUIRED DISCLOSURE

If required to do so under the laws of any jurisdiction to which the Company (or any of its service providers) is subject, or in compliance with the rules of any stock exchange upon which any of the Company's securities are listed, or to ensure the compliance by any person with any anti-money laundering legislation in any relevant jurisdiction, any director, officer or service provider (acting on behalf of the Company) shall be entitled to release or disclose any information in its possession regarding the affairs of the Company or a shareholder, including, without limitation, any information contained in the central securities register or any subscription documentation of the Company relating to any shareholder.

29. TRANSFER BY WAY OF CONTINUATION

The Company shall, with the approval of a Special Resolution, have the power to register by way of continuation to a jurisdiction outside of the Cayman Islands in accordance with the Companies Law.

30. WITHHOLDING TAXES ETC.

- (1) Each shareholder shall provide the Company on a timely basis with any documents, tax certifications, financial and other information (collectively "Tax Reporting Information") as the Company may request in connection with the Company's compliance with any legal and tax information reporting and exchange obligations applicable to it under the laws of the Cayman Islands or any other applicable jurisdiction (collectively, "Tax Reporting Obligations"), including, without limitation, any Tax Reporting Obligations under any Cayman Islands laws, regulations or guidance notes that give effect to: (i) the inter-governmental agreement between the Cayman Islands and the United States to implement those provisions of the U.S. Internal Revenue Code of 1986, as amended, known as the Foreign Account Tax Compliance Act; (ii) the inter-governmental agreement between the Cayman Islands and the United Kingdom

to implement the automatic exchange of tax information with respect to persons taxable in the United Kingdom; (iii) the Organisation for Economic Co-operation and Development's Multilateral Convention on Mutual Administrative Assistance in Tax Matters and Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information; and (iv) any additional inter-governmental agreement or treaty entered into by, or otherwise binding upon the Cayman Islands that provides for the exchange of tax information with another jurisdiction.

- (2) The Company shall have the power to release, report or otherwise disclose to the Department for International Tax Cooperation in the Cayman Islands (or any other authority as may be required under the Tax Reporting Obligations) any Tax Reporting Information provided by a shareholder to the Company and any other information held by the Company in respect of the shareholder's investment in the Company, in connection with the Tax Reporting Obligations, including, without limitation, in relation to the identity, address, tax identification number, tax status and interest in the Company of the shareholder (and any of its direct or indirect owners or affiliates).
- (3) If a shareholder fails to provide the Company with any requested Tax Reporting Information on a timely basis and such failure results, or may result, in the Company's inability to comply with its Tax Reporting Obligations or if the Company is otherwise unable to comply with its Tax Reporting Obligations as a result of the direct or indirect action (or inaction) of a shareholder, the Company may:
 - (a) compulsorily repurchase some or all of such shareholder's Shares without notice at a price per share equal to the fair value of such shares (as determined by the Directors) and may deduct or withhold from such redemption proceeds any penalty, debt, withholding or back up tax, costs, expenses, obligations, liabilities or other adverse consequences (collectively, "Tax Reporting Liabilities") imposed on the Company, its shareholders and/or any of their respective directors, officers, employees, agents, managers, shareholders and/or partners as a result of such failure, action or inaction by such shareholder; and/or
 - (b) re-designate, immediately and without consent, such shareholder's shares as belonging to a separate class and create a separate internal account in respect of such shares so that any Tax Reporting Liabilities may be allocated solely to that class and debited from such class.

APPENDIX "L"
DISSENT RIGHTS FOR CONTINUATION

Definitions and application

237 (1) In this Division:

"dissenter" means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

"notice shares" means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

"payout value" means,

(a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

(b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,

(c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or

(d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles
 - (i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or
 - (ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91;
- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
- (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
- (g) in respect of any other resolution, if dissent is authorized by the resolution;
- (h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

- (a) prepare a separate notice of dissent under section 242 for
 - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
 - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
- (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and

(c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

(a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
(b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

(a) provide to the company a separate waiver for
(i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
(b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of

the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or

voted in favour of the resolution, whether or not their shares carry the right to vote,

- (a) a copy of the resolution,
- (b) a statement advising of the right to send a notice of dissent, and
- (c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

- (a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
- (b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
- (c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
 - (i) the date on which the shareholder learns that the resolution was passed, and
 - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

- (a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or
- (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
- (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

- (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;
- (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
 - (i) the names of the registered owners of those other shares,
 - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
 - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
- (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
 - (i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,

(a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

(i) the date on which the company forms the intention to proceed, and

(ii) the date on which the notice of dissent was received, or

(b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

(b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and

(c) advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

(a) a written statement that the dissenter requires the company to purchase all of the notice shares,

(b) the certificates, if any, representing the notice shares, and

(c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1) (c) must

(a) be signed by the beneficial owner on whose behalf dissent is being exercised, and

(b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

(a) the dissenter is deemed to have sold to the company the notice shares, and

(b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

- 245** (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must
- (a) promptly pay that amount to the dissenter, or
 - (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may
- (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,
 - (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and
 - (c) make consequential orders and give directions it considers appropriate.
- (3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must
- (a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or
 - (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),
- (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

(b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

- (a) the company is insolvent, or
- (b) the payment would render the company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;

(h) the notice of dissent is withdrawn with the written consent of the company;

(i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

(a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,

(b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and

(c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.