

## ARRANGEMENT AGREEMENT

**THIS AGREEMENT** made as of the 17<sup>th</sup> day of February, 2017.

**BETWEEN:**

**CANADIAN ZEOLITE CORP.**, a corporation existing under the laws of British Columbia

(“**Canadian Zeolite**”)

**AND:**

**CANADIAN MINING COMPANY INC.**, a corporation existing under the laws of British Columbia

(“**Spinco**”)

**WHEREAS:**

- A. Canadian Zeolite and Spinco have agreed to proceed with a proposed transaction by way of Plan of Arrangement (as hereinafter defined) under section Sections 288 to 299 of the *Business Corporations Act* (British Columbia);
- B. Canadian Zeolite proposes to convene a meeting of its securityholders to consider the Arrangement (as hereinafter defined) on the terms set forth in the Plan of Arrangement annexed as Schedule “A” hereto; and
- C. the Parties (as hereinafter defined) to this Agreement have agreed to participate in and support such Arrangement.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that, in consideration of the premises and the respective covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties hereto, the Parties hereto covenant and agree as follows:

### **PART 1 DEFINITIONS AND INTERPRETATION**

**1.1 Definitions.** In this Agreement and the recitals hereto, unless the context otherwise requires, the following terms shall have the meanings hereinafter set forth:

“**Agreement**” means this Arrangement Agreement, including the recitals and schedules hereto, as the same may be supplemented or amended from time to time;

“**Arrangement**” means an arrangement under the provisions of sections 288 to 289 of the BCBCA on the terms and conditions set forth in this Agreement and the Plan of Arrangement, and any amendment or variation thereto in accordance with the terms hereof;

“**Arrangement Resolution**” means the Special Resolution of Canadian Zeolite Securityholders approving the Arrangement;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), as amended;

“**Business Day**” means any day other than a Saturday, a Sunday or a day on which banks in Vancouver, British Columbia are not open for business;

“**Canadian Zeolite Optionholders**” means registered holders of issued and outstanding options to purchase Canadian Zeolite Shares;

“**Canadian Zeolite Securityholders**” means Canadian Zeolite Shareholders, Canadian Zeolite Optionholders and Canadian Zeolite Warrantholders;

“**Canadian Zeolite Shareholders**” means the holders of Canadian Zeolite Shares;

“**Canadian Zeolite Shares**” means common shares in the capital of Canadian Zeolite as constituted on the date of this Agreement;

“**Canadian Zeolite Warrantholders**” means registered holders of issued and outstanding warrants to purchase Canadian Zeolite Shares on the Share Exchange Record Date;

“**Circular**” means the definitive form, together with any amendments thereto, of the management proxy circular of Canadian Zeolite to be prepared and sent to the Canadian Zeolite Securityholders in connection with the Meeting;

“**Constituting Documents**” means the articles of incorporation, the articles of continuance or the articles of amalgamation pursuant to which a corporation is incorporated, continued or amalgamated, as the case may be, together with any amendments thereto, and the bylaws of such corporation and any shareholders’ agreement which has been executed by such corporation and which governs in whole or in part such corporation’s affairs;

“**Concurrent Financing**” means SpinCo’s non-brokered private placement offering of common shares;

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

“**Effective Date**” means the date on which the Arrangement is made effective;

“**Exchange**” means the TSX Venture Exchange;

“**Final Order**” means the final order of the Court approving the Arrangement and the fairness of the terms and conditions thereof following the application contemplated by Section 4.2 of this Agreement;

“**Governmental Authority**” means any federal, provincial, state, municipal, county or regional governmental or quasi-governmental authority, domestic or foreign, and includes any ministry,

department, commission, bureau, board, administrative or other agency or regulatory body or instrumentality thereof;

“**Interim Order**” means the interim order of the Court pursuant to the application contemplated by Section 4.2 of this Agreement, as the same may be amended, supplemented or varied by the Court;

“**Meeting**” means the special meeting of the Canadian Zeolite Securityholders to be held to consider, among other matters, the Arrangement, and any adjournment or postponement thereof;

“**New Canadian Zeolite Common Shares**” means the New Canadian Zeolite Common Shares created as part of the Plan of Arrangement;

“**Parties**” means, together, Canadian Zeolite and Spinco;

“**Person**” means and includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, a trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof;

“**Plan of Arrangement**” means the plan of arrangement substantially in the form set out as Schedule “A” hereto and any amendment or variation thereto made in accordance with the terms hereof;

“**Registrar**” means the registrar appointed pursuant to section 400 of the BCBCA;

“**Share Exchange Record Date**” means the date established by Canadian Zeolite for the purpose of determining (i) the Canadian Zeolite Shareholders entitled to receive New Canadian Zeolite Common Shares, and Spinco Shares; and the Canadian Zeolite Warranholders who are entitled to receive Canadian Zeolite Amended Warrants and Spinco Warrants under the Arrangement;

“**Special Resolution**” means a resolution passed by a majority of not less than 2/3 of the votes cast by the Canadian Zeolite Securityholders who vote in respect of such resolution at the Meeting; and

“**Spinco Shares**” means common shares in the capital of Spinco; and

“**Spinco Warrants**” means the warrants to purchase Spinco Shares to be issued on exercise of the Canadian Zeolite Warrants.

**1.2 Interpretation.** For the purposes of this Agreement, except as otherwise expressly provided:

- (a) “this Agreement” means this Agreement, including the schedules hereto, and not any particular part, section or other portion hereof, and includes any agreement, document or instrument entered into, made or delivered pursuant to the terms

hereof, as the same may, from time to time, be supplemented or amended and in effect;

- (b) all references in this Agreement to a designated “part”, “section”, “subsection” or other subdivision or to a schedule are references to the designated part, section, subsection or other subdivision of, or schedule to, this Agreement;
- (c) the division of this Agreement into parts, sections and other portions and the insertion of headings are for convenience of reference only and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof;
- (d) unless otherwise provided herein, all references to currency in this Agreement are to lawful money of Canada;
- (e) a reference in this Agreement to a statute includes all regulations made thereunder, all amendments to the statute or regulations in force from time to time, and any statute or regulation that supplements or supersedes such statute or regulations;
- (f) the singular of any term includes the plural, and vice versa, and the use of any term is generally applicable to any gender and, where applicable, a body corporate, firm or other entity, and the word “or” is not exclusive and the word “including” is not limiting whether or not non-limiting language (such as “without limitation” or “but not limited to” or words of similar import) is used with reference thereto;
- (g) a reference to time or date is to the local time or date in Vancouver, British Columbia, unless otherwise specifically indicated otherwise;
- (h) in the event that any date on which any action is required to be taken hereunder by any of the parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day;
- (i) all references to “approval”, “authorization” or “consent” in this Agreement means written approval, authorization or consent; and
- (j) this Agreement, together with the schedules, agreements and other documents herein or therein referred to, constitute the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, among the parties with respect to the subject matter hereof.

## **PART 2 ARRANGEMENT**

**2.1 Arrangement.** The Parties agree to effect the Arrangement pursuant to the provisions of Sections 288 to 299 of the BCBCA on the terms and subject to the conditions contained in this Agreement and the Plan of Arrangement.

**2.2 Effective Date of Arrangement.** The Arrangement shall become effective at 12:01 a.m. on the Effective Date.

**2.3 Commitment of Effective Arrangement.** Subject to satisfaction of the terms and conditions of this Agreement, the Parties shall each use all reasonable efforts and do all things reasonably required to cause the Arrangement to become effective on such date as Canadian Zeolite and Spinco may determine and, in conjunction therewith, to cause the transactions contemplated by the Plan of Arrangement to be completed on or prior to the Effective Date. Without limiting the generality of the foregoing, Canadian Zeolite shall proceed forthwith to apply for the Interim Order and, upon obtainment thereof, shall call the Meeting and mail the Circular to the Canadian Zeolite Securityholders.

**2.4 Circular.** As soon as practicable, Canadian Zeolite will prepare the Circular for mailing to the Canadian Zeolite Securityholders. The Circular will include all such information as is necessary to ensure compliance with the requirements of applicable corporate and securities laws of Canadian Zeolite in connection with the Canadian Zeolite Securityholders approval required for the Arrangement and compliance with the Interim Order.

**2.5 Canadian Zeolite Securityholder Meeting.**

- (a) As soon as practicable Canadian Zeolite will convene the Meeting. Canadian Zeolite will file the Circular with the appropriate regulatory authorities in all jurisdictions where the same is required to be filed and will mail the same to the Canadian Zeolite Securityholders and such other appropriate persons in accordance with applicable law and the Interim Order; and
- (b) Canadian Zeolite shall convene the Meeting in a timely and expeditious manner in accordance with the Interim Order and their Constating Documents on a date mutually convenient to all parties involved in accordance with the Interim Order and will solicit proxies to be voted at those meetings in favour of the Arrangement and other matters incidental thereto.

**2.6 Filing of Final Order.** Subject to the rights of termination contained in Part 6 hereof, upon receiving Canadian Zeolite Securityholder approval for the Arrangement by Special Resolution in accordance with the provisions of the Interim Order and the BCBCA, and Canadian Zeolite obtaining the Final Order and the other conditions contained in Part 5 hereof being complied with or waived, Canadian Zeolite shall send a copy of the Final Order to the Registrar for filing pursuant to subsection 292(b) of the BCBCA, together with such other documents as may be required in order to effect the Arrangement. Upon such filing and issuance

by the Registrar of the certificate or certificates giving effect to the Arrangement, the Parties shall exchange such other documents as may be necessary or desirable in connection with the completion of the transactions contemplated by this Agreement and the Plan of Arrangement.

**2.7 Canadian Zeolite Securities Laws Compliance.** Canadian Zeolite will make all necessary filings and applications under Canadian provincial securities laws, rules and regulations required to be made by it in connection with the transactions contemplated herein and will take all reasonable actions necessary to comply with such laws, rules and regulations.

### **PART 3 REPRESENTATIONS AND WARRANTIES**

**3.1 Representations and Warranties of the Parties.** Each of the Parties represents and warrants to each other as follows:

- (a) it is a corporation duly incorporated or continued and validly subsisting under the laws of its incorporating jurisdiction, and has full capacity and authority to enter into this Agreement and, subject to obtaining the requisite approvals contemplated hereby, to perform its obligations hereunder;
- (b) it has taken all corporate actions necessary to authorize the execution and delivery of this Agreement, and this Agreement has been duly authorized by it;
- (c) neither the execution and delivery of this Agreement nor the performance of any of its covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of:
  - (i) any provision of its constating documents, or any of its by-laws or other governing documents;
  - (ii) any judgment, decree, order, law, statute, rule or regulation applicable to it; or
  - (iii) any agreement or instrument to which it is a party or by which it is bound; and
- (d) no dissolution, winding-up, bankruptcy, liquidation or similar proceedings have been commenced or are pending or proposed in respect of it.

### **PART 4 COVENANTS**

**4.1 Covenants of Canadian Zeolite.** Canadian Zeolite hereby covenants and agrees with Spinco as follows:

- (a) until the Effective Date, Canadian Zeolite shall carry on its business in the ordinary course and shall not enter into any transaction or incur any obligation or

liability out of the ordinary course of its business, except as otherwise contemplated in this Agreement.

- (b) except as otherwise contemplated in this Agreement, until the Effective Date, Canadian Zeolite shall not merge into or with, or amalgamate, consolidate or enter into any other corporate reorganization with, any other corporation or Person or perform any act or enter into any transaction or negotiation which reasonably could be expected to, directly or indirectly, interfere or be inconsistent with the completion of the Arrangement or other transactions contemplated by this Agreement;
- (c) Canadian Zeolite shall, in a timely and expeditious manner, file the Circular in all jurisdictions where the Circular is required to be filed by Canadian Zeolite and mail or cause to be mailed the Circular to the Canadian Zeolite Securityholders, the directors of Canadian Zeolite and the auditors of Canadian Zeolite, all in accordance with the terms of the Interim Order and applicable law;
- (d) Canadian Zeolite shall perform the obligations required to be performed by it, and shall enter into all agreements required to be entered into by it under this Agreement and the Plan of Arrangement and shall do all such other acts and things as may be necessary or desirable in order to carry out and give effect to the Arrangement and related transactions as described in the Circular and, without limiting the generality of the foregoing, Canadian Zeolite shall seek:
  - (i) the approval of the Canadian Zeolite Securityholders required for the implementation of the Arrangement,
  - (ii) the Interim and Final Order as provided for in section 4.3, and
  - (iii) such other consents, orders, rulings, approvals and assurances as counsel may advise are necessary or desirable for the implementation of the Arrangement, including those referred to in section 5.1;
- (e) Canadian Zeolite will convene the Meeting as soon as practicable and will solicit proxies to be voted at the Meeting in favour of the Arrangement and all other resolutions referred to in the Circular; and
- (f) Canadian Zeolite will use all reasonable efforts to cause each of the conditions precedent set out in sections 5.1 and 5.2 to be complied with on or before the Effective Date.

**4.2 Covenants of Spinco** Spinco hereby covenants and agrees with Canadian Zeolite as follows:

- (a) except as otherwise contemplated in this Agreement, until the Effective Date, Spinco shall not merge, or suffer or permit any of its Subsidiaries to, merge into

or with, or amalgamate or consolidate, or enter into any other corporate reorganization with, any other corporation or Person, perform any act or enter into any transaction or negotiation which reasonably could be expected to, directly or indirectly, interfere or be inconsistent with the completion of the Arrangement or other transactions contemplated by this Agreement;

- (b) Spinco shall perform the obligations required to be performed by it, and shall enter into all agreements required to be entered into by it under this Agreement and the Plan of Arrangement and shall do all such other acts and things as may be necessary or desirable in order to carry out and give effect to the Arrangement and related transactions as described in the Circular and, without limiting the generality of the foregoing, Spinco shall cooperate with Canadian Zeolite in seeking:
  - (i) the Interim and Final Order as provided for in section 4.3, and
  - (ii) such other consents, orders, rulings, approvals and assurances as counsel may advise are necessary or desirable for the implementation of the Arrangement, including those referred to in section 5.1; and
- (c) Spinco will use all reasonable efforts to cause each of the conditions precedent set out in sections 5.1 and 5.2 to be complied with on or before the Effective Date.

**4.3 Interim Order and Final Order.** Canadian Zeolite covenants and agrees that it will, as soon as reasonably practicable, apply to the Court for the Interim Order providing for, among other things, the calling and holding of the Meeting for the purpose of, among other matters, considering and, if deemed advisable, approving the Arrangement and that, if the approval of the Canadian Zeolite Securityholders of the Arrangement as set forth in the Interim Order is obtained by Canadian Zeolite, as soon as practicable thereafter Canadian Zeolite will take the necessary steps to submit the Arrangement to the Court and apply for the Final Order in such fashion as the Court may direct. As soon as practicable thereafter, and subject to compliance with any other conditions provided for in Part 5 hereof and further subject to the termination provisions of section 6.2, Canadian Zeolite shall file with the Registrar, a certified copy of the Final Order and Articles of Arrangement to give effect to the Arrangement.

**4.4 Material Changes.** Each party will advise the other parties to this Agreement orally and in writing of any material change with respect to it or any of its Subsidiaries on a consolidated basis promptly after such material change has occurred.

## **PART 5 CONDITIONS PRECEDENT**

**5.1 Mutual Conditions Precedent.** The respective obligations of the Parties to complete the transactions contemplated by this Agreement, and the obligation of Canadian Zeolite to file a copy of the Final Order, Articles of Arrangement and other documents (if any) required to give



effect to the Arrangement with the Registrar, shall be subject to the satisfaction, on or before the Effective Date, of the following conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to Canadian Zeolite;
- (b) the Arrangement, without amendment or with amendments acceptable to the Parties, shall have been approved at the Meeting by the Canadian Zeolite Securityholders in accordance with the Interim Order;
- (c) the Arrangement Resolution, without amendment or with amendments acceptable to the Parties, shall have been approved at the meeting;
- (d) the Final Order shall have been granted in form and substance satisfactory to Canadian Zeolite;
- (e) all approvals and consents, regulatory or otherwise, which are required in connection with the consummation of the transactions contemplated in this Agreement and in the Plan of Arrangement shall have been obtained;
- (f) the time period for the exercise of any right to dissent conferred upon the Canadian Zeolite Shareholders in respect of the Arrangement shall have expired and the Canadian Zeolite Shareholders shall not have exercised (and not abandoned) such right of dissent with respect to greater than 5% of the number of outstanding Canadian Zeolite Shares as of the Share Exchange Record Date;
- (g) no preliminary or permanent injunction, restraining order, cease trading order or order or decree of any domestic or foreign court, tribunal, governmental agency or other regulatory authority or administrative agency, board or commission, and no law, regulation, policy, directive or order shall have been enacted, promulgated, made, issued or applied to cease trade, enjoin, prohibit or impose material limitations on, the Arrangement or the transactions contemplated herein or in the Plan of Arrangement shall have been issued and remain in effect and no such action, proceeding or order shall, to the best of the knowledge of any one of the Parties, be pending or threatened and, without limiting the generality of the foregoing, no Person shall have filed any notice of appeal of the Final Order, and no Person shall have communicated to any one of the Parties (verbally or in writing) any intention to appeal the Final Order which, in the reasonable opinion of any one of the Parties (on the advice of legal counsel), would make it inadvisable to proceed with the implementation of the Arrangement;
- (h) there shall not exist any prohibition at law against the completion of the Arrangement;

- (i) the Spinco Shares shall have been conditionally approved for listing on the Exchange and the Exchange shall otherwise have granted its conditional approval to this Arrangement, as required;
- (j) SpinCo shall have closed the Concurrent Financing raising net proceeds of at least \$650,000; and
- (k) the Arrangement Agreement shall not have been terminated in accordance with Part 6 hereof.

**5.2 Conditions and Obligations of the Parties.** The obligation of the Parties to complete the transactions contemplated by this Agreement is further subject to the condition, which may be waived by any individual party to this Agreement without prejudice to its right to rely on any other condition in favour of such party, that each and every one of the covenants of the other parties hereto to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by those parties and that, except as affected by the transactions contemplated by this Agreement, the representations and warranties of the other parties hereto shall be true and correct in all material respects as at the Effective Date, with the same effect as if such representations and warranties had been made at and as of such time.

## **PART 6 AMENDMENT AND TERMINATION**

**6.1 Amendment.** Subject to any applicable mandatory restrictions under the BCBCA or the Final Order, this Agreement may, at any time and from time to time before or after the holding of the Meeting, but not later than the Effective Date, be amended by written agreement of the Parties hereto without, subject to applicable law, further notice to or authorization on the part of the securityholders of either party.

**6.2 Termination.** This Agreement may, at any time before or after the holding of the Meeting but prior to the Effective Date, be unilaterally terminated by the board of directors of Canadian Zeolite without further notice to, or action on the part of, its shareholders for whatever reasons it may consider appropriate.

**6.3 Effect of Termination.** Upon the termination of this Agreement pursuant to section 6.2 hereof, none of the Parties shall have any liability or further obligation to any of the other parties to this Agreement.

**6.4 Termination for Non-Fulfilment.** This Agreement shall terminate if the conditions precedent set forth in Part 5 are not satisfied or waived, as therein contemplated.

## **PART 7 MERGER**

**7.1 Merger of Conditions.** The conditions set out in sections 5.1 and 5.2 shall be conclusively deemed to have been satisfied, waived or released upon the delivery to the Registrar

pursuant to subsection 292(b) of the BCBCA of a certified copy of the Final Order to give effect to the Arrangement and any amendments to the articles of each of the Parties.

**7.2 Merger of Representations, Warranties and Covenants.** The provisions of sections 4.1 and 4.2 shall be conclusively deemed to have been satisfied in all respects by the filing with the Registrar of a copy of the Final Order and of the Articles of Arrangement required to give effect to the Arrangement, and shall accordingly merge in and not survive the effectuation of the Arrangement by the issuance of the certificates of arrangement giving effect to the Arrangement.

## **PART 8 RIGHT TO DISSENT**

**8.1 Canadian Zeolite Shareholder(s).** Each Canadian Zeolite Shareholder is entitled to dissent and to be paid by Canadian Zeolite the fair value of the Canadian Zeolite Shares held by such holder, except as expressly indicated to the contrary in this section 8.1, in the manner set forth in sections 237 to 247 of the BCBCA in connection with the Arrangement, provided that the written objection to the Arrangement resolution referred to in section 242 of the BCBCA must be received by Canadian Zeolite not later than 5:00 p.m. (Vancouver time) on the Business Day preceding the Meeting, (ii) such holder shall not have voted any of his, her or its Canadian Zeolite Shares in favour of the Arrangement at the Meeting in person or by proxy, and (iii) any such holder who exercises such right to dissent and who:

- (a) is entitled to be paid for the fair value for his, her or its Canadian Zeolite Shares, shall be deemed to have transferred such shares to Canadian Zeolite for cancellation on the Effective Date but shall not be entitled to any other payment or consideration; or
- (b) is not entitled to be paid for the fair value for his, her or its Canadian Zeolite Shares, shall be deemed to have participated in the Arrangement on the same basis and at the same time as any non-dissenting Shareholder, and shall be entitled to New Canadian Zeolite Common Shares and Spinco Shares on the same basis as any non-dissenting Shareholder pursuant to this Plan of Arrangement.

**8.2 Effect of Dissent.** Upon compliance with section 8.1 hereof, Canadian Zeolite shall not be required to recognize Shareholders as shareholders of Canadian Zeolite after the Effective Date, and the names of such holders shall be removed from the applicable register of shareholders as at the Effective Date.

## **PART 9 GENERAL**

**9.1 Notices.** All notices which may or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be deemed to be validly given if served personally or by facsimile, in each case to the attention of the senior officer at the following addresses or at such other addresses as shall be specified by the parties by like notice:

- (a) if to Canadian Zeolite or Spinco:

**[Address and contact information for notice redacted.]**

Any notice that is delivered shall be deemed to be delivered on the date of delivery to such address if delivered on a Business Day prior to 5:00 p.m. (local time at the place of receipt) or on the next Business Day if delivered after 5:00 p.m. or on a non-Business Day. Any notice delivered by facsimile transmission shall be deemed to be delivered on the date of transmission if delivered on a Business Day prior to 5:00 p.m. (local time at the place of receipt) or the next Business Day if delivered after 5:00 p.m. or on a non-Business Day.

**9.2 Assignment.** No party may assign its rights or obligations under this Agreement or the Arrangement without the prior written consent of the other parties hereto.

**9.3 Binding Effect.** This Agreement and the Plan of Arrangement shall be binding upon and shall enure to the benefit of the Parties hereto and their respective successors and permitted assigns.

**9.4 Waiver.** Any waiver or release of any of the provisions of this Agreement, to be effective, must be in writing executed by the party granting the same.

**9.5 Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and shall be treated in all respects as a British Columbia contract.

**9.6 Further Assurances.** Each of the Parties will from time to time promptly execute and deliver all further documents and take all further action necessary or appropriate to give effect to

and perform the provisions and intent of this Agreement and to complete the transactions contemplated hereby.

**9.7 Counterparts and Electronic Signatures.** This Agreement may be executed in one or more counterparts each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Delivery of an executed signature page to this Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Agreement by such party.

**IN WITNESS WHEREOF** the Parties hereto have executed this Agreement as at the date first written above.

**CANADIAN ZEOLITE CORP.**

Per: “Ray Paquette”  
Authorized Signatory

**CANADIAN MINING COMPANY INC.**

Per: “Ray Paquette”  
Authorized Signatory

## **SCHEDULE “A”**

### **Plan of Arrangement**

#### PLAN OF ARRANGEMENT UNDER

SECTIONS 288 TO 299 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

### **ARTICLE 1 - INTERPRETATION**

#### **1.1 Definitions**

In this Plan of Arrangement:

- a) “Arrangement” means an arrangement under Sections 288 to 299 of the Business Corporations Act on the terms and conditions set forth in this Plan of Arrangement and any amendment or variation thereto made in accordance with the terms of the Arrangement Agreement;
- b) “Arrangement Agreement” means the arrangement agreement between Canadian Zeolite and Spinco dated February 16, 2017 to which this Plan of Arrangement is attached as Schedule “A”;
- c) “Business Corporations Act” means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended;
- d) “Business Day” means any day which is not a Saturday, Sunday or a day on which banks are not open for business in the relevant place;
- e) “Canadian Zeolite” means Canadian Zeolite Corp., a company incorporated under the laws of British Columbia;
- f) “Canadian Zeolite Amended Warrants” means the warrants to purchase Canadian Zeolite Shares to be issued on exercise of the Canadian Zeolite Warrants;
- g) “Canadian Zeolite Circular” means the notice of the Canadian Zeolite Meeting and the accompanying management information circular, including all schedules thereto, to be sent to Canadian Zeolite Securityholders and others in connection with the Canadian Zeolite Meeting, together with any amendments or supplements thereto;
- h) “Canadian Zeolite Meeting” means the annual and special meeting of Canadian Zeolite Securityholders and any adjournment thereof to be held to consider and, if deemed advisable, approve, among other things, the Canadian Zeolite Resolution;
- i) “Canadian Zeolite Resolution” means the special resolution of the Canadian Zeolite Shareholders approving the Arrangement;
- j) “Canadian Zeolite Securityholders” means the Canadian Zeolite Shareholders, the Canadian Zeolite Warranholders and the Canadian Zeolite Optionholders;
- k) “Canadian Zeolite Shareholders” means the registered holders of Canadian Zeolite Shares as of the Share Distribution Record Date;

- l) “Canadian Zeolite Shares” means the common shares in the capital of Canadian Zeolite as constituted on the date of the Arrangement Agreement and which will be renamed and redesignated as Class A Shares as described in Article 3.1(a)(i) below;
- m) “Canadian Zeolite Warrantholders” means the registered holders of Canadian Zeolite Warrants as of the Share Exchange Record Date;
- n) “Canadian Zeolite Warrants” means the issued and outstanding warrants to purchase Canadian Zeolite Shares at varying exercise prices and with varying expiry dates;
- o) “Canadian Zeolite Warrant Exercise Price” means the exercise price of the Canadian Zeolite Warrants;
- p) “Consideration Shares” means the Spinco Shares to be distributed to the Canadian Zeolite Shareholders as set out in section 3.1 herein;
- q) “Court” means the Supreme Court of British Columbia;
- r) “Dissenting Canadian Zeolite Shareholder” means a Canadian Zeolite Shareholder who duly exercises its Dissent Rights;
- s) “Dissent Rights” means the rights of dissent in respect to the Arrangement under the Business Corporations Act as described in Article 4;
- t) “Effective Date” means the date that is five Business Days after the last of the conditions precedent to the completion of the Arrangement have been satisfied or waived, or such earlier or later date as is agreed to by the parties;
- u) “Exchange” means the TSX Venture Exchange;
- v) “Final Order” means the final order of the Court made in connection with the approval of the Arrangement and the fairness of the terms and conditions thereof following the application therefor;
- w) “Interim Order” means the interim order of the Court providing for, among other things, the calling and holding of the Canadian Zeolite Meeting following the application therefor, as the same may be amended, supplemented or varied by the Court;
- x) “New Canadian Zeolite Common Shares” has the meaning ascribed to it in Article 3.1(a)(ii);
- y) “Notice of Dissent” means a notice given in respect of the Dissent Rights as contemplated in the Interim Order and as described in Article 4;
- z) “Plan of Arrangement” means this plan of arrangement, proposed under Sections 288 to 299 of the Business Corporations Act, as amended and supplemented from time to time in accordance herewith and any order of the Court;
- aa) “Registrar” means the Registrar of Companies appointed under Section 400 of the Business Corporations Act; and
- bb) “Share Exchange Record Date” means the date established by Canadian Zeolite for the purpose of determining the Canadian Zeolite Securityholders entitled to receive New Canadian Zeolite Common Shares and Spinco Shares under the Arrangement;

- cc) “Spinco Listing Date” means the date the Spinco Shares are listed for trading on the Exchange;
- dd) “Spinco Shares” means the common shares in the capital of Spinco; and
- ee) “Spinco Warrants” means the warrants to purchase Spinco Shares to be issued on exercise of the Canadian Zeolite Warrants;

## 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 - ARRANGEMENT AGREEMENT**

## 2.1 **Arrangement Agreement**

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

# **ARTICLE 3 - THE ARRANGEMENT**

## 3.1 **The Arrangement**

On the Effective Date, subject to the provisions of Article 4, the following shall occur and shall be deemed to occur without any further authorization, act or formality:

- a) Reorganization of Capital: The authorized capital of Canadian Zeolite and its notice of articles will be altered by:
  - (i) Renaming and redesignating all of the issued and unissued Canadian Zeolite Shares as Class A Shares; and
  - (ii) Creating an unlimited number of common shares without par value as the new Canadian Zeolite Common Shares (“**New Canadian Zeolite Common Shares**”)



having the right, on liquidation of Canadian Zeolite, to the return of capital in priority to the Class A Shares, but otherwise with the same rights, privileges and restrictions as the Class A Shares;

- b) Share Exchange: On the capital organization described in paragraph (a) above, each issued and outstanding Class A Share, other than those held by Dissenting Shareholders, will be deemed to be exchanged for one New Canadian Zeolite Common Share and for every five (5) Class A Shares, one (1) Spinco Share rounded down to the nearest whole Spinco Share;
- c) Cancellation of Class A Shares: The Class A Shares, none of which will be allotted and issued once the steps referred to in (b) are completed, will be cancelled and the authorized capital of Canadian Zeolite and its notice of articles shall be amended by deleting the Class A Shares as a class of shares of Canadian Zeolite;
- d) Warrants: Each Canadian Zeolite Warrant, to the extent it has not been exercised as of the Share Exchange Record Date, will be cancelled and exchanged for one (1) Canadian Zeolite Amended Warrant and for every five (5) Canadian Zeolite Warrants held, one (1) Spinco Warrant rounded down to the nearest whole Spinco Warrant; and
- e) Concurrent financing: SpinCo shall have closed the Concurrent Financing raising net proceeds of at least \$650,000.

#### **ARTICLE 4 - RIGHTS OF DISSENT**

##### **4.1 Grant of Rights of Dissent**

Canadian Zeolite Shareholders registered as such on the record date of the Canadian Zeolite Meeting may exercise rights of dissent pursuant to and in the manner set forth in subsection 238(d) of the Business Corporations Act, provided that the Notice of Dissent duly executed by such Canadian Zeolite Shareholder is received by Canadian Zeolite's registered and records office 48 hours in advance of the time of the Canadian Zeolite Meeting. Dissenting Canadian Zeolite Shareholders who are ultimately entitled to be paid fair value for their Canadian Zeolite Shares shall be deemed to have transferred their Canadian Zeolite Shares to Canadian Zeolite for cancellation immediately prior to the Effective Date and in no case shall Canadian Zeolite be required to recognize such Persons as holding Canadian Zeolite Shares at and after the Effective Date, and the names of such Canadian Zeolite Shareholders shall be removed from Canadian Zeolite's register of shareholders as of the Effective Date.

##### **4.2 Failure to Properly Exercise Dissent Rights**

Canadian Zeolite Shareholders who do not duly exercise their Dissent Rights are not entitled to be paid fair value for their Canadian Zeolite Shares, shall be deemed to have participated in the Arrangement on the same basis as a Canadian Zeolite Shareholder who is not a Dissenting Canadian Zeolite Shareholder, and shall be entitled to receive New Canadian Zeolite Common Shares and Spinco Shares as provided in Article 3.1 of this Plan of Arrangement.

#### **ARTICLE 5 - SHARE EXCHANGE**

##### **5.1 Right to Receive Spinco Shares**

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

## **5.2 Canadian Zeolite Warrantholder Right to Receive Amended Canadian Zeolite Warrants and Spinco Warrants**

As soon as practicable following the Effective Date, Canadian Zeolite and Spinco will cause to be delivered to the Canadian Zeolite Warrant holders as of the Share Distribution Record Date in accordance with the terms hereof, warrant certificates representing the aggregate Canadian Zeolite Amended Warrants and Spinco Warrants to which such Canadian Zeolite Warrant holders are entitled to following the Arrangement. The Canadian Zeolite Amended Warrant's exercise price will be amended to reflect the spin-out of the Bullard Pass Property. The exercise price of the Canadian Zeolite Amended Warrants will be reduced based on the following formulae: Canadian Zeolite Warrant Exercise Price divided by five point three zero four (5.304) multiplied by four point four two zero (4.420). The exercise price for the Spinco Warrants issued to the Canadian Zeolite Warrant holders will be the lesser of the Canadian Zeolite Warrant Exercise Price, and the issue price per Spinco security issued in connection with the Concurrent Financing.

## **5.3 Illegality of Delivery of New Canadian Zeolite Common Shares and Spinco Shares**

Notwithstanding the foregoing, if it appears to Canadian Zeolite that it would be contrary to applicable law to issue or transfer the New Canadian Zeolite Common Shares and the Spinco Shares pursuant to the Arrangement to a person that is not a resident of Canada, New Canadian Zeolite Common Shares and the Spinco Shares that otherwise would be issued or transferred, as the case may be, to that person will be issued or transferred, as the case may be, and delivered to the registrar and transfer agent for sale of the New Canadian Zeolite Common Shares and the Spinco Shares by the registrar and transfer agent on behalf of that person. The New Canadian Zeolite Common Shares and the Spinco Shares delivered to the registrar and transfer agent will be pooled and sold as soon as practicable after the Effective Date, on such dates and at such prices as the registrar and transfer agent determines in its sole discretion. The registrar and transfer agent shall not be obligated to seek or obtain a minimum price for any of the New Canadian Zeolite Common Shares and the Spinco Shares sold by it. Each such person will receive a pro rata share of the cash proceeds from the sale of the New Canadian Zeolite Common Shares and the Spinco Shares sold by the registrar and transfer agent (less commissions, other reasonable expenses incurred in connection with the sale of the New Canadian Zeolite Common Shares and the Spinco Shares and any amount withheld in respect of Canadian or other taxes) in lieu of the New Canadian Zeolite Common Shares and the Spinco Shares. The net proceeds will be remitted in the same manner as set forth in this Article 5. None of Canadian Zeolite, Spinco or the registrar and transfer agent will be liable for any loss arising out of any such sales.

## **ARTICLE 6 - MISCELLANEOUS PROVISIONS**

### **6.1 Amendment of the Plan of Arrangement**

Spinco and Canadian Zeolite may jointly amend or supplement this Plan of Arrangement at any time and from time to time provided that such amendment or supplement must be contained in a written document which is filed with the Court and, if made following the Canadian Zeolite Meeting, approved by the Court and communicated to the Canadian Zeolite Securityholders in the manner, if any, required by the Court. Any amendment or supplement to this Plan of Arrangement may be proposed by Spinco and Canadian Zeolite, jointly, at any time prior to the Canadian Zeolite Meeting with or without any prior notice or communication and, if so proposed and accepted by the persons voting at the Canadian Zeolite Meeting, shall become part of this Plan of Arrangement for all purposes.

### **6.2 Arrangement Effectiveness**

The Arrangement will become final and conclusively binding on the Canadian Zeolite Securityholders and Canadian Zeolite on the Effective Date.

### **6.3 Supplementary Actions**

Notwithstanding that the transactions and events set out in Article 3.1 will occur and will be deemed to occur in the chronological order therein set out without any act or formality, Canadian Zeolite and Spinco will each make, do, execute and deliver, or cause and procure to be made, done, executed and delivered all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to this Plan of Arrangement, including, without limitation, any resolution of directors authorizing the issue or transfer of shares, any share transfer powers evidencing the transfer of shares and any receipt therefor, any necessary additions to or deletions from share registers.