

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is dated as of the 30th day of September, 2016.

AMONG:

MONTEREY MINERALS INC., a corporation incorporated under the laws of the Province of British Columbia ("**Monterey**")

- and -

1093681 B.C. LTD., a corporation incorporated under the laws of the Province of British Columbia ("**1093681**")

- and -

1093682 B.C. LTD., a corporation incorporated under the laws of the Province of British Columbia ("**1093682**")

- and -

1093683 B.C. LTD., a corporation incorporated under the laws of the Province of British Columbia ("**1093683**")

- and -

1093684 B.C. LTD., a corporation incorporated under the laws of the Province of British Columbia ("**1093684**")

(collectively, "**the Parties**")

WHEREAS Monterey has entered into an arrangement agreement, wherein it is contemplated that Monterey will transfer its Assets (as such term is defined in this Agreement) to its wholly-owned subsidiaries 1093681, 1093682, 1093683, and 1093684;

AND WHEREAS the Parties hereto intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the *Business Corporations Act* (British Columbia);

AND WHEREAS the Parties hereto have entered into this Agreement to provide for the matters referred to in the foregoing recital and for other matters relating to such arrangement;

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto do hereby covenant and agree as follows:

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

- (a) **"Agreement", "herein", "hereof", "hereto", "hereunder"** and similar expressions mean and refer to this arrangement agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;
- (b) **"Applicable Laws"** means all applicable corporate laws, rules of applicable stock exchanges and applicable securities laws, including the rules, regulations, notices, instruments, blanket orders and policies of the securities regulatory authorities in Canada;
- (c) **"Arrangement"** means the arrangement pursuant to Section 288 of the BCBCA set forth in the Plan of Arrangement;
- (d) **"Arrangement Provisions"** means Part 9, Division 5 of the BCBCA;
- (e) **"Arrangement Resolution"** means the special resolution in respect to the Arrangement and other related matters to be considered at the Monterey Meeting;
- (f) **"Articles of Arrangement"** means the articles of arrangement in respect of the Arrangement required under Subsection 294(3) of the BCBCA to be sent to the Registrar after the Final Order has been granted, giving effect to the Arrangement;
- (g) **"Assets"** means the assets of Monterey to be transferred to the Monterey Subsidiaries pursuant to the Arrangement, as more particularly described in Schedule B attached hereto and forming part of this Agreement;
- (h) **"BCBCA"** means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended, including the regulations promulgated thereunder;
- (i) **"Business Day"** means a day other than a Saturday, Sunday or other than a day when banks in the City of Vancouver, British Columbia are not generally open for business;
- (j) **"CSE"** means the Canadian Securities Exchange;
- (k) **"Court"** means the Supreme Court of British Columbia;
- (l) **"Dissenting Shareholder"** means a Monterey Shareholder who validly exercises rights of dissent under the Arrangement and who will be entitled to be paid fair value for his, her or its Monterey Shares in accordance with the Plan of Arrangement;
- (m) **"Dissenting Shares"** means the Monterey Shares in respect of which Dissenting Shareholders have exercised a right of dissent;
- (n) **"Effective Date"** means either (i) the date of the Final Order or (ii) such other date as the directors of Monterey may determine for each separate subsidiary of the Company, which election is made when the Monterey board have done so by resolution;
- (o) **"Final Order"** means the order of the Court approving the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

- (p) **"GAAP"** means generally accepted accounting principles in effect in Canada at the relevant time, including the accounting recommendations in the Handbook of the Canadian Institute of Chartered Accountants, including as applicable, International Financial Reporting Standards;
- (q) **"Monterey Class A Shares"** means the renamed and re-designated Monterey Shares as described in §3.1 of the Plan of Arrangement;
- (r) **"Monterey Class A Preferred Shares"** means the Class "A" preferred shares without par value which Monterey will create and issue pursuant to §3.1 of the Plan of Arrangement;
- (s) **"Monterey Shares"** means the common shares without par value in the authorized share capital of Monterey, as constituted on the date of this Agreement;
- (t) **"Monterey Shareholders"** means the holders from time to time of Monterey Shares;
- (u) **"Monterey Subsidiaries"** means 1093681 B.C. Ltd., 1093682 B.C. Ltd., 1093683 B.C. Ltd., and 1093684 B.C. Ltd.;
- (v) **"1093681"** means 1093681 B.C. Ltd., a private company incorporated under the BCBCA;
- (w) **"1093681 Shareholder"** means a holder of 1093681 Shares;
- (x) **"1093681 Shares"** means the common shares without par value in the authorized share structure of 1093681, as constituted on the date of this Agreement;
- (y) **"1093682"** means 1093682 B.C. Ltd., a private company incorporated under the BCBCA;
- (z) **"1093682 Shareholder"** means a holder of 1093682 Shares;
- (aa) **"1093682 Shares"** means the common shares without par value in the authorized share structure of 1093682, as constituted on the date of this Agreement;
- (bb) **"1093683"** means 1093683 B.C. Ltd., a private company incorporated under the BCBCA;
- (cc) **"1093683 Shareholder"** means a holder of 1093683 Shares;
- (dd) **"1093683 Shares"** means the common shares without par value in the authorized share structure of 1093683, as constituted on the date of this Agreement;
- (ee) **"1093684"** means 1093684 B.C. Ltd., a private company incorporated under the BCBCA;
- (ff) **"1093684 Shareholder"** means a holder of 1093684 Shares;
- (gg) **"1093684 Shares"** means the common shares without par value in the authorized share structure of 1093684, as constituted on the date of this Agreement;
- (hh) **"New Shares"** means the new class of common shares without par value which Monterey will create pursuant to §3.1 of the Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant respect to the Monterey Shares;
- (ii) **"Parties"** means Monterey, 1093681, 1093682, 1093683, and 1093684; and **"Party"** means any one of them;

- (jj) **"Person"** means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;
- (kk) **"Plan of Arrangement"** means the plan of arrangement substantially in the form set out in Schedule A to this Agreement, as amended or supplemented from time to time in accordance with Article 6 thereof and Article 7 hereof;
- (ll) **"Registrar"** means the Registrar of Companies for the Province of British Columbia duly appointed under the BCBCA;
- (mm) **"Registered Shareholder"** means a registered holder of Monterey Shares as recorded in the shareholder register of Monterey maintained by Reliable;
- (nn) **"Reliable"** means Reliable Stock Transfer Inc.;
- (oo) **"Share Distribution Record Date"** means the close of business on the day which is four Business Days after the date of the Monterey Meeting or such other date as agreed to by the Parties, which date establishes the Monterey Shareholders who will be entitled to receive 1093681 Shares, 1093682 Shares, 1093683 Shares and 1093684 Shares pursuant to this Plan of Arrangement; and
- (pp) **"Tax Act"** means the *Income Tax Act* (Canada) and the regulations thereunder, all as amended from time to time.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement (including Schedules A to E hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 Number, etc.

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

1.4 Date for Any Action

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place.

1.5 Entire Agreement

This Agreement, together with the agreements and documents herein and therein referred to, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

1.6 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

1.7 Accounting Matters

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

1.8 References to Legislation

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

1.9 Enforceability

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

1.10 Schedules

The following schedules attached hereto are incorporated into and form an integral part of this Agreement:

- A – Plan of Arrangement
- B – Assets

ARTICLE 2 THE ARRANGEMENT

2.1 Plan of Arrangement

The Parties will forthwith jointly file, proceed with and diligently prosecute an application for a Final Order approving the Arrangement as contemplated herein. Upon issuance of the Final Order and subject to the conditions precedent in Article 5, Monterey shall forthwith proceed to file the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to the Arrangement Provisions, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any act or formality.

2.2 Effective Date

The Arrangement shall become effective in accordance with the terms of the Plan of Arrangement on the Effective Date.

**ARTICLE 3
COVENANTS**

3.1 Covenants Regarding the Arrangement

From the date hereof until the Effective Date, the Parties will use all reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using reasonable efforts:

- (a) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
- (b) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby; and
- (c) to effect all necessary registrations and filings and submissions of information requested by governmental authorities required to be effected by it in connection with the Arrangement.

3.2 Covenants Regarding Execution of Documents

- (a) The Parties will perform all such acts and things, and execute and deliver all such agreements, notices and other documents and instruments as may reasonably be required to facilitate the carrying out of the intent and purpose of this Agreement.

3.3 Giving Effect to the Arrangement

The Arrangement shall be effected in the following manner:

- (a) The 1093681 Shareholder(s), 1093682 Shareholder(s) 1093683 Shareholder(s) and 1093684 Shareholder(s) shall approve the Arrangement by a consent resolution;
- (b) Monterey Shareholders shall approve the Arrangement by a consent resolution and Monterey shall thereafter take the necessary actions to submit the Arrangement to the Court for approval and grant of the Final Order; and
- (c) Upon receipt of the Final Order, Monterey shall, subject to compliance with any of the other conditions provided for in this Article 3.3 hereof and to the rights of termination contained in Article 7 hereof, file the material described in §5.1 with the Registrar in accordance with the terms of the Plan of Arrangement.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties

Each of the Parties hereby represents and warrants to the other that.

- (a) It is a corporation duly incorporated and validly subsisting under the laws of its jurisdiction of existence, and has full capacity and authority to enter into this Agreement and to perform its covenants and 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 executed and delivered 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 or governing corporate 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.

ARTICLE 5
CONDITIONS PRECEDENT

5.1 Mutual Conditions Precedent

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be waived by the mutual written consent of such Parties without prejudice to their right to rely on any other of such conditions:

- (a) the Arrangement Resolution shall have been passed by the Monterey Shareholders in accordance with the Arrangement Provisions, the constating documents of Monterey, and the requirements of any applicable regulatory authorities;
- (b) the Arrangement and this Agreement, with or without amendment, shall have been approved by the 1093681 Shareholder(s), the 1093682 Shareholder(s), the 1093683 Shareholder(s) and the 1093684 Shareholder(s) to the extent required by, and in accordance with, the Arrangement Provisions and the constating documents of each of 1093681, 1093682, 1093683, and 1093684.
- (c) the Final Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably;
- (d) the Articles of Arrangement to be filed with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to the Parties, acting reasonably;
- (e) all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders required or necessary or desirable for the completion of the

transactions provided for in this Agreement and the Plan of Arrangement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, each in form acceptable to the Parties;

- (f) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and the Arrangement; and
- (g) this Agreement shall not have been terminated under Article 7.

Except for the conditions set forth in this §5.1 which, by their nature, may not be waived, any of the other conditions in this §5.1 may be waived, either in whole or in part, by any of the Parties, as the case may be, at its discretion.

5.2 Closing

Unless this Agreement is terminated earlier pursuant to the provisions hereof, the parties shall meet at the offices of Monterey, 5728 East Boulevard, Vancouver, British Columbia, October 31, 2016, at 10:00 a.m. (Vancouver time) on such date as they may mutually agree (the "Closing Date"), and each of them shall deliver to the other of them:

- (a) the documents required to be delivered by it hereunder to complete the transactions contemplated hereby, provided that each such document required to be dated the Effective Date shall be dated as of, or become effective on, the Effective Date and shall be held in escrow to be released upon the occurrence of the Effective Date; and
- (b) written confirmation as to the satisfaction or waiver by it of the conditions in its favour contained in this Agreement.

5.3 Merger of Conditions

The conditions set out in §5.1 hereof shall be conclusively deemed to have been satisfied, waived or released upon the occurrence of the Effective Date.

5.4 Merger of Representations and Warranties

The representations and warranties in §4.1 shall be conclusively deemed to be correct as of the Effective Date and each shall accordingly merge in and not survive the effectiveness of the Arrangement.

ARTICLE 6 AMENDMENT

6.1 Amendment

This Agreement may at any time and from time to time before or after the holding of the Monterey Meeting be amended by written agreement of the Parties hereto without, subject to Applicable Laws, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;

- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be received by an Monterey Shareholder without approval by the Monterey Shareholders, given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

ARTICLE 7 TERMINATION

7.1 Termination

Subject to §7.2, this Agreement may at any time before or after the holding of the Monterey 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 directors of Monterey without further action on the part of the Monterey Shareholders, or by the respective board of directors of 1093681, 1093682, 1093683, and 1093684 without further action on the part of the respective 1093681 Shareholder(s), 1093682 Shareholder(s), 1093683 Shareholder(s) and 1093684 Shareholder(s), and nothing expressed or implied herein or in the Plan of Arrangement shall be construed as fettering the absolute discretion by the board of directors of Monterey, 1093681, 1093682, 1093683, and 1093684, respectively, to elect to terminate this Agreement and discontinue efforts to effect the Arrangement for whatever reasons it may consider appropriate.

7.2 Cessation of Right

The right of any of the Parties or any other party to amend or terminate the Plan of Arrangement pursuant to §6.1 and §7.1 shall be extinguished upon the occurrence of the Effective Date.

ARTICLE 8

NOTICES

8.1 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 electronic transmission, in each case to the attention of the senior officer at the following addresses or at such other address as shall be specified by a Party by like notice:

Monterey Minerals Inc., addressed to:

2922 Mt. Seymour Parkway
 Vancouver, BC V7H 1E9
 Attention: Ron Ozols
 E-mail: ronozols@gmail.com

1093681 B.C. Ltd., addressed to:

406 - 2211 Wall Street
Vancouver , BC V5L 1G4
Attention: Ron Ozols
E-mail: ronozols@gmail.com

1093682 B.C. Ltd., addressed to:

406 - 2211 Wall Street
Vancouver , BC V5L 1G4
Attention: Ron Ozols
E-mail: ronozols@gmail.com

1093683 B.C. Ltd., addressed to:

406 - 2211 Wall Street
Vancouver , BC V5L 1G4
Attention: Ron Ozols
E-mail: ronozols@gmail.com

1093684 B.C. Ltd., addressed to:

406 - 2211 Wall Street
Vancouver , BC V5L 1G4
Attention: Ron Ozols
E-mail: ronozols@gmail.com

or such other address as the Parties may, from time to time, advise to the other Parties hereto by notice in writing. Any notice that is delivered to such address shall be deemed to be delivered on the date of delivery 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 on the next Business Day if delivered after 5:00 p.m. or on a non-Business Day.

ARTICLE 9 GENERAL

9.1 Assignment and Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. This Agreement may not be assigned by any party hereto without the prior consent of the other Parties hereto.

9.2 Disclosure

Each Party shall receive the prior consent, not to be unreasonably withheld, of the other Parties prior to issuing or permitting any director, officer, employee or agent to issue, any press release or other written statement with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, if any Party is required by law or administrative regulation to make any disclosure relating to the transactions contemplated herein, such disclosure may be made, but that Party will consult with the other Parties as to the wording of such disclosure prior to its being made.

9.3 Costs

Except as contemplated in the Arrangement and herein, each Party hereto covenants and agrees to bear its own costs and expenses in connection with the transactions contemplated hereby.

9.4 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

9.5 Further Assurances

Each Party hereto shall, from time to time and at all times hereafter, at the request of any other Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

9.6 Time of Essence

Time shall be of the essence of this Agreement.

9.7 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of British Columbia. Each of the Parties hereto hereby irrevocably and unconditionally consents to and submits to the jurisdiction of the courts of the Province of British Columbia in respect of all actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agrees not to commence any action, suit or proceeding relating thereto except in such courts) and further agrees that service of any process, summons, notice or document by single registered mail to the addresses of the parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against any Party in such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying

of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of British Columbia and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

9.8 Waiver

No waiver by any Party shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

9.9 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

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

MONTEREY MINERALS INC.

By: _____ 


1093681 B.C. LTD.

By: _____ 

1093682 B.C. LTD.

By: _____ 

1093683 B.C. LTD.

By: _____ 

1093684 B.C. LTD.

By: _____ 

SCHEDULE "A" TO THE ARRANGEMENT AGREEMENT
PLAN OF ARRANGEMENT UNDER DIVISION 5 OF PART 9
OF THE
BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)

S.B.C. 2002, c. 57

ARTICLE 1
INTERPRETATION

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

"**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the proposed arrangement involving Monterey Shareholders, the 1093681 Shareholders, the 1093682 Shareholders, the 1093683 Shareholders and the 1093684 Shareholders pursuant to the Arrangement Provisions on the terms and conditions set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;

"**Arrangement Agreement**" means the arrangement agreement dated effective September 30, 2016, between the Parties with respect to the Arrangement, and all amendments thereto;

"**Arrangement Provisions**" means Division 5 of Part 9 of the BCBCA;

"**Assets**" means the assets of Monterey described in Schedule B to the Arrangement Agreement;

"**BCBCA**" means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as may be amended or replaced from time to time;

"**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Vancouver, in the Province of British Columbia, for the transaction of banking business;

"**CSE**" means the Canadian Securities Exchange;

"**Court**" means the Supreme Court of British Columbia;

"**Depository**" means Reliable Trust Company of Canada;

"**Distributed 1093681 Shares**" means the 1093681 Shares that are to be distributed to the Monterey Shareholders pursuant to §3.1;

"**Distributed 1093682 Shares**" means the 1093682 Shares that are to be distributed to the Monterey Shareholders pursuant to §3.1;

"**Distributed 1093683 Shares**" means the 1093683 Shares that are to be distributed to the Monterey Shareholders pursuant to §3.1;

"Distributed 1093684 Shares" means the 0922372 Shares that are to be distributed to the Monterey Shareholders pursuant to §3.1;

"Effective Date" means either (i) the date of the Final Order or (ii) such other date as the directors of Monterey may determine for each separate subsidiary of the Company, which election is made when the Monterey board have done so by resolution;

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

"1093681" means 1093681 B.C. Ltd., a private company incorporated under the BCBCA;

"1093681 Shareholder" means a holder of 1093681 Shares;

"1093681 Shares" means the common shares without par value in the authorized share structure of 1093681, as constituted on the date of this Agreement;

"1093682" means 1093682 B.C. Ltd., a private company incorporated under the BCBCA;

"1093682 Shareholder" means a holder of 1093682 Shares;

"1093682 Shares" means the common shares without par value in the authorized share structure of 1093682, as constituted on the date of this Agreement;

"1093683" means 1093683 B.C. Ltd., a private company incorporated under the BCBCA;

"1093683 Shareholder" means a holder of 1093683 Shares;

"1093683 Shares" means the common shares without par value in the authorized share structure of 1093683, as constituted on the date of this Agreement;

"1093684" means 1093684 B.C. Ltd., a private company incorporated under the BCBCA;

"1093684 Shareholder" means a holder of 1093684 Shares;

"1093684 Shares" means the common shares without par value in the authorized share structure of 1093684, as constituted on the date of this Agreement;

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

"Parties" means, collectively, Monterey, 1093681, 1093682, 1093683, and 1093684, and **"Party"** means any one of them;

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

"Registrar" means the Registrar of Companies duly appointed under the BCBCA;

"Share Distribution Record Date" means the close of business on the day which is four Business Days after the date of the Monterey shareholders meeting or such other date as agreed to by the Parties, which

date establishes the Monterey Shareholders who will be entitled to receive 1093681 Shares, 1093682 Shares, 1093683 Shares and 1093684 Shares pursuant to this Plan of Arrangement;

“**Monterey**” means Monterey Minerals Inc., a company existing under the BCBCA;

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

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

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

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

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

“**Transfer Agent**” means Reliable Trust Company of Canada at its principal office in Vancouver, British Columbia.

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

ARTICLE 2 ARRANGEMENT AGREEMENT

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

**ARTICLE 3
ARRANGEMENT**

- 3.1 On the Effective Date, the following shall occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding anything contained in the provisions attaching to any of the Parties, but subject to the provisions of Article 6:
- (a) Monterey will transfer the Letters of Intent and the \$1,000 (the “Assets”) to each of 1093681, 1093682, 1093683, and 1093684 in consideration for 1,010,549 shares from each of 1093681, 1093682, 1093683, and 1093684 (the “**Distributed 1093681 Shares**”, the “**Distributed 1093682 Shares**”, the “**Distributed 1093683 Shares**” and the “**Distributed 1093684 Shares**”), such Distributed 1093681 Shares, Distributed 1093682 Shares, Distributed 1093683 Shares and Distributed 1093684 Shares so that Monterey shall receive from each of 1093681, 1093682, 1093683, and 1093684, in consideration for the Assets, the number of shares equal to the issued and outstanding Monterey Shares as of the Share Distribution Record Date. Thereafter, Monterey will be added to the central securities register of each of 1093681, 1093682, 1093683, and 1093684 in respect of such 1093681 Shares, 1093682 Shares, 1093683 Shares and 1093684 Shares;
 - (b) The authorized share capital of Monterey will be changed by:
 - (i) Altering the identifying name of the Monterey Shares to class “A” common shares without par value, being the Monterey Class A Shares;
 - (ii) Creating a class consisting of an unlimited number of common shares without par value (the “**New Shares**”); and
 - (iii) Creating a class consisting of an unlimited number of class “A” preferred shares without par value, having the rights and restrictions described in Schedule “A” to the Plan of Arrangement, being the Monterey Class A Preferred Shares;
 - (c) Each issued Monterey Class A Share will be exchanged for one New Share and one Monterey Class A Preferred Share and, subject to the exercise of a right of dissent, the holders of the Monterey Class A Shares will be removed from the central securities register of Monterey and will be added to the central securities register as the holders of the number of New Shares and Monterey Class A Preferred Shares that they have received on the exchange;
 - (d) All of the issued Monterey Class A Shares will be cancelled with the appropriate entries being made in the central securities register of Monterey and the aggregate paid up capital (as that term is used for purposes of the Tax Act) of the Monterey Class A Shares immediately prior to the Effective Date will be allocated between the New Shares and the Monterey Class A Preferred Shares so that the aggregate paid up capital of the Monterey Class A Preferred Shares is equal to the aggregate fair market value of the Distributed 1093681 Shares, Distributed 1093682 Shares, Distributed 1093683 Shares and Distributed 1093684 Shares as of the Effective Date, and each Monterey Class A Preferred Share so issued will be issued by Monterey at an issue price equal to the aggregate fair market value of the Distributed 1093681 Shares, Distributed 1093682 Shares, Distributed 1093683 Shares and Distributed 1093684 Shares as of the Effective Date divided by the number of issued Monterey Class A Preferred Shares, such aggregate fair market value of the Distributed 1093681 Shares, Distributed 1093682 Shares,

Distributed 1093683 Shares and Distributed 1093684 Shares to be determined as at the Effective Date by resolution of the board of directors of Monterey;

- (e) Monterey will redeem the issued Monterey Class A Preferred Shares for consideration consisting solely of the Distributed 1093681 Shares, Distributed 1093682 Shares, Distributed 1093683 Shares and Distributed 1093684 Shares such that each holder of Monterey Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of 1093681 Shares, 1093682 Shares, 1093683 Shares and 1093684 Shares that is equal to the number of Monterey Class A Preferred Shares held by such holder;
- (f) The name of each holder of Monterey Class A Preferred Shares will be removed as such from the central securities register of Monterey, and all of the issued Monterey Class A Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of Monterey;
- (g) The Distributed 1093681 Shares, Distributed 1093682 Shares, Distributed 1093683 Shares and Distributed 1093684 Shares transferred to the holders of the Monterey Class A Preferred Shares pursuant to step §(e) above will be registered in the names of the former holders of Monterey Class A Preferred Shares and appropriate entries will be made in the central securities registers of each of 1093681, 1093682, 1093683, and 1093684;
- (h) The Monterey Class A Shares and the Monterey Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in steps §(c) and §(e) above are completed, will be cancelled and the authorized share structure of Monterey will be changed by eliminating the Monterey Class A Shares and the Monterey Class A Preferred Shares therefrom;
- (i) The Notice of Articles and Articles of Monterey will be amended to reflect the changes to its authorized share structure made pursuant to this Plan of Arrangement;

3.2 Notwithstanding §3.1(e) and §3.1(j), no fractional 1093681 Shares, 1093682 Shares, 1093683 Shares or 1093684 Shares shall be distributed to the Monterey Shareholders, as a result all fractional share amounts arising under such sections shall be rounded down to the nearest whole number. Any Distributed 1093681 Shares, Distributed 1093682 Shares, Distributed 1093683 Shares and Distributed 1093684 Shares and Distributed Monterey Shares not distributed as a result of this rounding down shall be dealt with as determined by the board of directors of Monterey in its absolute discretion.

3.3 The holders of the Monterey Class A Shares and the holders of New Shares and Monterey Class A Preferred Shares referred to in §3.1(c), and the holders of the Monterey Class A Preferred Shares referred to in §3.1(e), §3.1(f) and §3.1(g), shall mean in all cases those persons who are Monterey Shareholders at the close of business on the Share Distribution Record Date, subject to Article 5.

3.4 All New Shares, Monterey Class A Preferred Shares, 1093681 Shares, 1093682 Shares, 1093683 Shares or 1093684 Shares issued pursuant to this Plan of Arrangement shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the BCBCA.

- 3.5 The Arrangement shall become final and conclusively binding on the Monterey Shareholders, the 1093681 Shareholders, the 1093682 Shareholders, the 1093683 Shareholders, the 1093684 Shareholders and the Parties on the Effective Date.
- 3.6 Notwithstanding that the transactions and events set out in §3.1 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of the Parties shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in §3.1, including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefore, and any necessary additions to or deletions from share registers.
- 3.7 Notwithstanding section 3.1(a) of Article 3 of the Plan of Arrangement, Monterey will transfer the Assets to each of 1093681, 1093682, 1093683, and 1093684 on separate dates and times for each of these subsidiaries when the Monterey Board determines the Effective Date for each subsidiary. The exchange of securities contemplated under Article 3 of the Plan of Arrangement shall occur separately for each of 1093681, 1093682, 1093683, and 1093684 as determined on the Effective Date related to each of 1093681, 1093682, 1093683, and 1093684.

ARTICLE 4 CERTIFICATES

- 4.1 Recognizing that the Monterey Shares shall be redeemed and re-designated as Monterey Class A Shares pursuant to §3.1(b)(i) and that the Monterey Class A Shares shall be exchanged partially for New Shares pursuant to §3.1(c), Monterey shall not issue replacement share certificates representing the Monterey Class A Shares.
- 4.2 Recognizing that the Distributed 1093681 Shares, Distributed 1093682 Shares, Distributed 1093683 Shares and Distributed 1093684 Shares shall be transferred to the Monterey Shareholders as consideration for the redemption of the Monterey Class A Preferred Shares pursuant to §3.1(e), each of 1093681, 1093682, 1093683, and 1093684 shall issue one share certificate representing all of the respective Distributed 1093681 Shares, Distributed 1093682 Shares, Distributed 1093683 Shares and Distributed 1093684 Shares registered in the name of Monterey, which share certificate shall be held by the Depository until the Distributed 1093681 Shares, Distributed 1093682 Shares, Distributed 1093683 Shares and Distributed 1093684 Shares are transferred to the Monterey Shareholders and such certificate shall then be cancelled by the Depository. To facilitate the transfer of the Distributed 1093681 Shares, Distributed 1093682 Shares, Distributed 1093683 Shares and Distributed 1093684 Shares to the Monterey Shareholders as of the Share Distribution Record Date, Monterey shall execute and deliver to the Depository and the Transfer Agent an irrevocable power of attorney, authorizing them to distribute and transfer the Distributed 1093681 Shares, Distributed 1093682 Shares, Distributed 1093683 Shares and Distributed 1093684 Shares to such Monterey Shareholders in accordance with the terms of this Plan of Arrangement and each of 1093681, 1093682, 1093683, and 1093684 shall deliver a treasury order or such other direction to effect such issuance to the Transfer Agent as requested by it.
- 4.3 Recognizing that all of the Monterey Class A Preferred Shares issued to the Monterey Shareholders pursuant to §3.1(c) will be redeemed by Monterey as consideration for the

distribution and transfer of the Distributed 1093681 Shares, Distributed 1093682 Shares, Distributed 1093683 Shares and Distributed 1093684 Shares under §3.1(e), Monterey shall issue one share certificate representing all of the Monterey Class A Preferred Shares issued pursuant to §3.1(e) in the name of the Depositary, to be held by the Depositary for the benefit of the Monterey Shareholders until such Monterey Class A Preferred Shares are redeemed, and such certificate shall then be cancelled.

- 4.4 As soon as practicable after the Effective Date, each of 1093681, 1093682, 1093683, and 1093684 shall cause to be issued to the registered holders of Monterey Shares as of the Share Distribution Record Date, share certificates representing the respective 1093681 Shares, 1093682 Shares, 1093683 Shares or 1093684 Shares to which they are entitled pursuant to this Plan of Arrangement and shall cause such share certificates to be mailed to such registered holders.
- 4.5 From and after the Effective Date, share certificates representing Monterey Shares immediately before the Effective Date, except for those deemed to have been cancelled pursuant to Article 5, shall for all purposes be deemed to be share certificates representing New Shares, and no new share certificates shall be issued with respect to the New Shares issued in connection with the Arrangement.
- 4.6 Monterey Shares traded, if any, after the Share Distribution Record Date and prior to the Effective Date shall represent New Shares, and shall not carry any right to receive a portion of the Distributed 1093681 Shares, Distributed 1093682 Shares, Distributed 1093683 Shares and Distributed 1093684 Shares.

ARTICLE 5 DISSENTING SHAREHOLDERS

- 5.1 Notwithstanding §3.1 hereof, holders of Monterey Shares may exercise rights of dissent (the “**Dissent Right**”) in connection with the Arrangement and in the manner set forth in sections 237 – 247 of the BCBCA (collectively, the “**Dissent Procedures**”).
- 5.2 Monterey Shareholders who duly exercise Dissent Rights with respect to their Monterey Shares (“**Dissenting Shares**”) and who:
- (a) are ultimately entitled to be paid fair value for their Dissenting Shares, shall be deemed to have transferred their Dissenting Shares to Monterey for cancellation immediately before the Effective Date; or
 - (b) for any reason are ultimately not entitled to be paid fair value for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Monterey Shareholder and shall receive New Shares, 1093681 Shares, 1093682 Shares, 1093683 Shares or 1093684 Shares on the same basis as every other non-dissenting Monterey Shareholder, and in no case shall Monterey be required to recognize such person as holding Monterey Shares on or after the Effective Date.
- 5.3 If an Monterey Shareholder exercises the Dissent Right Monterey shall on the Effective Date set aside and not distribute that portion of the Distributed 1093681 Shares, Distributed 1093682 Shares, Distributed 1093683 Shares and Distributed 1093684 Shares that is attributable to the Monterey Shares for which the Dissent Right has been exercised. If the dissenting Monterey

Shareholder is ultimately not entitled to be paid for their Dissenting Shares, Monterey shall distribute to such Monterey Shareholder his, her or its pro-rata portion of the respective Distributed 1093681 Shares, Distributed 1093682 Shares, Distributed 1093683 Shares and Distributed 1093684 Shares. If an Monterey Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, then Monterey shall retain the portion of Distributed 1093681 Shares, Distributed 1093682 Shares, Distributed 1093683 Shares and Distributed 1093684 Shares attributable to such Monterey Shareholder (collectively, the “**Non-Distributed Shares**”), and the Non-Distributed Shares shall be dealt with as determined by the board of directors of Monterey in its absolute discretion.

ARTICLE 6 AMENDMENTS

- 6.1 The Parties may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be:
- (i) set out in writing;
 - (ii) filed with the Court and, if made following the Monterey Meeting, approved by the Court; and
 - (iii) communicated to holders of Monterey Shares, 1093681 Shares, 1093682 Shares, 1093683 Shares or 1093684 Shares, as the case may be, if and as required by the Court.
- 6.2 Monterey, with the consent of the other parties, may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Monterey Meeting and prior to the Effective Date with the approval of the Court.
- 6.3 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date but shall only be effective if it is consented to by the Parties, provided that such amendment, modification or supplement concerns a matter which, in the reasonable opinion of the Parties, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any of the Parties or any former holder of Monterey Shares, 1093681 Shares, 1093682 Shares, 1093683 Shares or 1093684 Shares, as the case may be.

ARTICLE 7 REFERENCE DATE

- 7.1 This plan of arrangement is dated for reference the 30th day of September, 2016.

SCHEDULE "A" TO THE PLAN OF ARRANGEMENT

SPECIAL RIGHTS AND RESTRICTIONS FOR CLASS A PREFERRED SHARES

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

Definitions

- (1) In these Special Rights and Restrictions,
 - (a) "**Arrangement**" means the arrangement pursuant to Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) S.B.C 2002, c.57 as contemplated by the Arrangement Agreement,
 - (b) "**Arrangement Agreement**" means the Arrangement Agreement dated as of September 30, 2016 between Monterey Minerals Inc. (the "**Company**"), 1093681 B.C. Ltd., 1093682 B.C. Ltd., 1093683 B.C. Ltd., 1093684 B.C. Ltd.,
 - (c) "**Old Common Shares**" means the common shares in the authorized share structure of the Company that have been re-designated as class A common shares without par value pursuant to the Plan of Arrangement,
 - (d) "**Effective Date**" means the date upon which the Arrangement becomes effective,
 - (e) "**New Shares**" means the common shares without par value created in the authorized share structure of the Company pursuant to the Plan of Arrangement, and
 - (f) "**Plan of Arrangement**" means the Plan of Arrangement attached as Schedule "A" to the Arrangement Agreement.
- (2) The holders of the class A preferred shares are not as such entitled to receive notice of, nor to attend or vote at, any general meeting of the shareholders of the Company.
- (3) Class A preferred shares shall only be issued on the exchange of Old Common Shares for New Shares and class A preferred shares pursuant to and in accordance with the Plan of Arrangement.
- (4) The capital to be allocated to the class A preferred shares shall be the amount determined in accordance with §3.1(d) of the Plan of Arrangement.
- (5) The class A preferred shares shall be redeemable by the Company pursuant to and in accordance with the Plan of Arrangement.
- (6) Any class A preferred share that is or is deemed to be redeemed pursuant to and in accordance with the Plan of Arrangement shall be cancelled and may not be reissued.

SCHEDULE "B"

MONTEREY ASSETS TO BE TRANSFERRED TO 1093681 B.C. LTD.

A Letter of Intent dated as of September 30, 2016 between Monterey Minerals Inc. and Landsdown Holdings Ltd. and \$1,000 cash.

MONTEREY ASSETS TO BE TRANSFERRED TO 1093682 B.C. LTD.

A Letter of Intent dated as of September 30, 2016 between Monterey Minerals Inc. and 2265040 Ontario Inc. (o/a EVI Tech Group) and \$1,000 cash.

MONTEREY ASSETS TO BE TRANSFERRED TO 1093683 B.C. LTD.

A Letter of Intent dated as of September 30, 2016 between Monterey Minerals Inc. and GCK Forestry Ltd. and \$1,000 cash.

MONTEREY ASSETS TO BE TRANSFERRED TO 1093684 B.C. LTD.

A Letter of Intent dated as of September 30, 2016 between Monterey Minerals Inc. and Railhead Resources Ltd. and \$1,000 cash.