

BUSINESS COMBINATION AGREEMENT

between

LIDO MINERALS LTD.

and

CAPPEX MINERAL VENTURES INC.

and

1303554 B.C. LTD.

May 18, 2021

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BUSINESS COMBINATION AGREEMENT

THIS AGREEMENT made as of the 18th day of May, 2021

BETWEEN:

CAPPEX MINERAL VENTURES INC, a corporation existing under laws of the Province of British Columbia;

("Cappex")

- and -

LIDO MINERALS LTD., a corporation existing under laws of the Province of British Columbia;

("Lido")

- and -

1303554 B.C. LTD., a corporation existing under the laws of the Province of British Columbia;

("Subco")

WITNESSES THAT:

WHEREAS Cappex, Lido and Subco propose to effect a business combination transaction on the terms and subject to the conditions set forth herein and in the amalgamation agreement attached hereto as Schedule A;

NOW THEREFORE in consideration of the mutual 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 hereby covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

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

- (a) "Accredited Investor" means a person that is an "accredited investor" as defined in Rule 501 of Regulation D under the U.S. 1933 Act, as amended;
- (b) "Accredited Investor Certificate" means a certificate pursuant to which a Cappex Shareholder who is a U.S. Person certifies whether it is an Accredited Investor;

- (c) "Acquisition Proposal" means, other than the transactions contemplated by this Agreement and in respect of a Party or its Subsidiaries, any *bona fide* proposal or offer regarding (i) any merger, take-over bid, amalgamation, plan of arrangement, share exchange, business combination, consolidation, recapitalization, reorganization or similar transaction, or any liquidation, dissolution or winding-up in respect of a Party or its Subsidiaries; (ii) any sale or acquisition of all or a material portion of the assets of a Party or its Subsidiaries; (iii) any sale or acquisition of all or a material portion of the outstanding equity securities of a Party or its Subsidiaries or other securities of a Party or its Subsidiaries; (iv) any sale of an interest in any material mineral property or material joint venture of a Party or its Subsidiaries; (v) any proposal or offer to, or public announcement of an intention to do, any of the foregoing; or (vi) any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or which would or could reasonably be expected to materially reduce the benefits under this Agreement or the Amalgamation;
- (d) "Agreement" means this business combination agreement, including the schedules attached hereto, as the same may be amended or supplemented from time to time;
- (e) "Alta Victoria Project" means the silver-polymetallic exploration project located in central Peru consisting of the claims set out in Schedule B, which are 100% owned by Cappex Peru or to which Cappex Peru holds an option to earn an indirect 100% interest;
- (f) "Alta Victoria Technical Report" means the technical report to be prepared in accordance with NI 43-101 related to the Alta Victoria Project;
- (g) "Amalco" means the corporation resulting from the Amalgamation;
- (h) "Amalco Shares" means the common shares which Amalco will be authorized to issue upon completion of the Amalgamation;
- (i) "Amalgamation" means the amalgamation of Cappex and Subco pursuant to the provisions of the BCBCA as contemplated by this Agreement and the Amalgamation Agreement;
- (j) "Amalgamation Agreement" means the amalgamation agreement substantially in the form attached hereto as Schedule A, as the same may be amended or supplemented from time to time;
- (k) "Amalgamation Application" means the amalgamation application providing for the Amalgamation to be filed with the Registrar pursuant to section 275 of the BCBCA;
- (l) "Anti-Money Laundering Laws" has the meaning ascribed thereto in subsection 3.1(mm) hereof;
- (m) "Applicable Laws" means any domestic or foreign statute, law, ordinance, rule, regulation, restriction, published and legally binding regulatory policy or guideline, by-law (zoning or otherwise) or order or any consent, exemption, approval or licence of any domestic or foreign Governmental Entity that applies in whole or in part to the

Parties hereto, as the context requires, or to their respective businesses, undertakings, properties or securities including, without limitation, Canadian Securities Laws;

- (n) "BCBCA" means the *Business Corporations Act* (British Columbia);
- (o) "Business Day" means any day, other than a Saturday, a Sunday or a statutory holiday in Vancouver, British Columbia;
- (p) "Canadian Securities Laws" means the Securities Act and the equivalent legislation in the other provinces and in the territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each of the provinces and territories of Canada and the published rules and policies of the Exchange;
- (q) "Cappex" means CAPPEX Mineral Ventures Inc., a corporation existing under the BCBCA;
- (r) "Cappex Dissenting Shareholder" means registered Cappex Shareholders who have exercised their rights of dissent in respect of the Amalgamation in accordance with the BCBCA and whose rights of dissent have not terminated;
- (s) "Cappex Financial Statements" means the audited financial statements of Cappex as at and for the years ended December 31, 2020, 2019 and 2018, including the notes thereto to be finalized, drafts of which have been provided to Lido;
- (t) "Cappex Peru" means Minera CAPPEX S.A.C., a company existing pursuant to the Laws of Peru which is 99.99% owned by Cappex;
- (u) "Cappex Shareholder Approval" means the special resolution of the Cappex Shareholders approving the Amalgamation to be sought by Cappex at a duly called meeting of Cappex Shareholders approving the Amalgamation;
- (v) "Cappex Shareholders" means the holders of Cappex Shares at the applicable time;
- (w) "Cappex Shares" means the common shares which Cappex is authorized to issue as constituted on the date hereof;
- (x) "Cappex Support Agreements" means the voting support agreements to be entered into between Cappex and certain of the Cappex Shareholders, pursuant to which such Persons have agreed to vote their Cappex Shares beneficially owned or controlled in favour of the Amalgamation, as more specifically set out in Schedule C;
- (y) "Cappex Warrants" means the warrants to purchase Cappex Shares issued by Cappex and further described in Schedule E;
- (z) "Certificate" means the certificate of amalgamation issued by the Registrar pursuant to subsection 281(a) of the BCBCA;

- (aa) "Closing" means the completion of the Amalgamation on the terms and subject to the conditions set forth in this Agreement;
- (bb) "Completion Deadline" means the date by which the Amalgamation is to be completed, which shall be November 15, 2021 or such later date as may be mutually agreed by the Parties hereto;
- (cc) "Default Notice" has the meaning ascribed thereto in section 5.4 hereof;
- (dd) "Effective Date" means the effective date of the Amalgamation as set forth in the Certificate;
- (ee) "Effective Time" means the effective time of the Amalgamation on the Effective Date, as set forth in the Certificate of Amalgamation;
- (ff) "Encumbrance" includes any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
- (gg) "Environmental Laws" has the meaning ascribed thereto in subsection 3.1(jj) hereof;
- (hh) "Exchange" means the Canadian Securities Exchange;
- (ii) "Governmental Entity" means (i) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign, (ii) any subdivision, agent, commission, board or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, including, without limitation, the Exchange;
- (jj) "Ineligible U.S. Holder" means a Cappex Shareholder who is a U.S. Person and is not an Accredited Investor or otherwise qualified for an exemption under the U.S. 1933 Act;
- (kk) "Information Circulars" means the information circulars to be prepared for mail out to the Cappex Shareholders and Lido Shareholders in connection with the Cappex Shareholder Approval and the Lido Shareholder Approval, respectively;
- (ll) "Lido" means Lido Minerals Ltd., a corporation existing under the BCBCA;
- (mm) "Lido Board Reconstitution" has the meaning set out in section 2.4(a) of this Agreement;
- (nn) "Lido Financial Statements" means the annual audited financial statements of Lido as at and for the year ended September 30, 2020, including the notes thereto and the auditors' reports thereon, and the consolidated condensed financial statements for the interim period ended December 31, 2020;

- (oo) “Lido Management Reconstitution” has the meaning set out in section 2.4(b) of this Agreement;
- (pp) “Lido Options” means the outstanding options to purchase Lido Shares granted pursuant to the Lido Stock Option Plan;
- (qq) “Lido Public Documents” has the meaning set out in subsection 3.2(i) of this Agreement;
- (rr) “Lido Shareholders” means the holders of Lido Shares at the applicable time;
- (ss) “Lido Shareholder Approval” means the ordinary resolutions of the Lido Shareholders approving the acquisition of Cappex and increasing the board of directors of Lido to include four directors, which approval is to be sought by Lido at a duly called meeting of Lido Shareholders pursuant to the policies of the Exchange;
- (tt) “Lido Shares” means the common shares which Lido is authorized to issue as constituted on the date of this Agreement;
- (uu) “Lido Support Agreements” means the voting support agreements to be entered into between Lido and certain of the Lido Shareholders, pursuant to which such Persons have agreed to vote their Lido Shares beneficially owned or controlled in favour of the Amalgamation, as more specifically set out in Schedule D;
- (vv) “Listing Statement” means the Exchange Form 2A to be prepared for Lido assuming completion of the Amalgamation in accordance with the policies of the Exchange;
- (ww) “Material Adverse Change” means with respect to a Party any event or change that has had or would reasonably be likely to have a materially adverse effect on the Party and for the purposes hereof, “Material Adverse Effect” means an effect that reasonably, individually or collectively with another state of facts or effects is materially adverse or may be expected to be materially adverse on the business, operations, results of operations, assets, liabilities or financial condition of the Party and their respective subsidiaries other than any change, effect, event or occurrence: relating to the global economy or securities markets in general; affecting the mining industry in general; and which does not have a materially disproportionate effect on the Party;
- (xx) “Material Contracts” means any written contract, agreement, license, franchise, lease, arrangement or other enforceable right or binding obligation, to which either Cappex, Lido, or their Subsidiaries (each being the “Company”, as the context requires) is a party or bound or to which any of their respective assets are subject:
 - (i) which, if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect on the Company;
 - (ii) under which the Company or any of its Subsidiaries has directly or indirectly guaranteed any liabilities or obligations of a third party (other than ordinary course of business endorsements for collection) in excess of \$50,000 in the aggregate;

- (iii) relating to indebtedness for borrowed money, whether incurred, assumed, guaranteed or secured by any asset, with an outstanding principal amount in excess of \$50,000;
- (iv) under which the Company or any of its Subsidiaries is obligated to make or expects to receive payments in excess of \$50,000 over the remaining term of the contract;
- (v) that limits or restricts the Company or any of its Subsidiaries from engaging in any line of business or any geographic area in any material respect or that limits or restricts in any material respect the ability of the Company or any of its Subsidiaries to solicit any customers or clients of other parties thereto;
- (vi) which relates to any material partnership, limited liability company agreement, joint venture, alliance agreement or similar agreement or arrangement;
- (vii) entered into in the past 12 months or in respect of which the applicable transaction has not yet been consummated for the acquisition or disposition, directly or indirectly (by amalgamation, merger or otherwise) of assets, capital stock or other equity interests of another Person for aggregate consideration in excess of \$20,000;
- (viii) which is still in force and has been filed by the Company with Securities Authorities as a material contract;
- (ix) with any Governmental Authority;
- (x) for the purchase by the Company or any of its Subsidiaries of materials, supplies, products or services under which such supplier is a sole source supplier;
- (xi) providing for the payment of any commission based on sales, other than to employees of the Company or any of its Subsidiaries in excess of \$50,000 over a three-month period; or
- (xii) between the Company or any of its Subsidiaries, on the one hand, and any shareholder or any of their respective officers or directors;
- (yy) "Material Fact" has the meaning ascribed thereto in the Securities Act;
- (zz) "Misrepresentation" has the meaning ascribed thereto in the Securities Act;
- (aaa) "NI 43-101" means National Instrument 43-101 – *Standards of Disclosure for Mineral Issuers*;
- (bbb) "Nimpkish Property" means the mining property located on the northeastern part of Vancouver Island, British Columbia, to which Pacific West holds an option to earn a 100% interest;
- (ccc) "Non-Offending Persons" has the meaning ascribed thereto in section 6.1 hereof;

- (ddd) “ordinary course of business”, “ordinary course of business consistent with past practice”, or any similar reference, means, with respect to an action taken by a Person, that such action is consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day business and operations of such Person; provided that in any event such action is not unreasonable or unusual;
- (eee) “Pacific West” means Pacific West Exploration Services Inc., a company incorporated under the BCBCA and Lido’s wholly-owned subsidiary;
- (fff) “Pacific West Board Reconstitution” has the meaning set out in section 2.4(c) of this Agreement;
- (ggg) "Parties" means, collectively, Lido, Subco and Cappex, and "Party" means any one of them;
- (hhh) "Person" includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status;
- (iii) “Private Placement” means the \$1,500,000 private placement of subscription receipts of Lido to be completed by Lido, in accordance with the terms of a subscription agreement to be approved by Lido and Cappex, each acting reasonably;
- (jjj) “Registrar” means the registrar of companies appointed under section 400 of the BCBCA;
- (kkk) "Regulatory Approval" means any approval, consent, waiver, permit, order or exemption from any Governmental Entity having jurisdiction or authority over any Party hereto or any Subsidiary of a Party hereto which is required or advisable to be obtained in order to permit the Amalgamation to be effected, including, without limitation, approval of the Exchange, and "Regulatory Approvals" means all such approvals, consents, waivers, permits, orders or exemptions;
- (lll) "Reporting Jurisdictions" has the meaning ascribed thereto in subsection 3.2(h) hereof;
- (mmm) "Securities Act" means the *Securities Act* (British Columbia), as amended;
- (nnn) "Securities Authorities" means the securities commissions in the Reporting Jurisdictions and the Exchange;
- (ooo) "Subco" means 1303554 B.C. Ltd., a corporation existing under the BCBCA wholly owned by Lido;
- (ppp) "Subco Shares" means the common shares which Subco is authorized to issue as constituted on the date hereof;
- (qqq) "Subsidiary" has the meaning ascribed thereto in the BCBCA;
- (rrr) "Tax" and "Taxes" means all taxes, assessments, charges, dues, duties, rates, fees imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by

any Governmental Entity, including all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes and charges, sales taxes, use taxes, ad valorem taxes, value added taxes, subsoil use or extraction taxes and ownership fees, transfer taxes (including, without limitation, taxes relating to the transfer of interests in real property or entities holding interests therein), franchise taxes, licence taxes, withholding taxes, health taxes, payroll taxes, employment taxes, Canada or Quebec Pension Plan premiums, excise, severance, social security, workers' compensation, employment insurance or compensation taxes, mandatory pension and other social fund taxes or premium, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, harmonized sales tax, customs duties or other taxes, fees, imports, assessments or charges or any kind whatsoever, and any instalments in respect thereof, together with any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on such entity, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing;

- (sss) "Tax Act" means the *Income Tax Act* (Canada);
- (ttt) "Tax Return" means any return, election, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof;
- (uuu) "U.S. 1933 Act" means the *United States Securities Act of 1933*, as amended, of the United States of America, and the rules and regulations promulgated from time to time thereunder;
- (vvv) "U.S. 1934 Act" means the *Securities Exchange Act of 1934*, as amended, of the United States of America, and the rules and regulations promulgated from time to time thereunder; and
- (www) "U.S. Person" means a person that is an "U.S. Person" as defined in Rule 902(o) of Regulation S under the U.S. 1933 Act.

In addition, words and phrases used but not defined herein and defined in the BCBCA shall have the same meaning herein as in the BCBCA unless the context otherwise requires.

1.2 Number and Gender

In this Agreement, unless the context otherwise requires, words importing the singular include the plural and *vice versa* and words importing either gender include both genders and neuter.

1.3 Currency

In the absence of another specific designation of any currency, any dollar amount herein shall be deemed to refer to Canadian dollars.

1.4 Interpretation Not Affected by Headings

The division of this Agreement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", "hereto", "hereunder" and similar expressions refer to this Agreement and the schedules attached hereto and not to any particular article, section or other portion hereof and include any agreement, schedule or instrument supplementary or ancillary hereto or thereto. The word "including", when following a general statement or term, is not to be construed as limiting the general statement or term to any specific item or matter set forth or to similar items or matters, but rather as permitting the general statement or term to refer also to all other items or matters that could reasonably fall within its broadest possible scope.

1.5 Date for Any Action

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

1.6 References to Statutes

A reference to a statute includes all regulations made thereunder, all amendments to the statute or regulations in force from time to time, and every statute or regulation that supplements or supersedes such statute or regulations.

1.7 References to Persons

A reference to a Person includes any successor to that Person.

1.8 Knowledge

Any reference herein to "the knowledge" of a Party hereto means, unless otherwise specified, the actual knowledge of the officers and directors of such Party hereto.

1.9 Entire Agreement

This Agreement constitutes the entire agreement among the Parties hereto with respect to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties hereto with respect to the subject matter hereof. The schedules attached to this Agreement form an integral part of this Agreement.

1.10 Schedules

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

<u>Schedule</u>	<u>Matter</u>
A	Amalgamation Agreement
B	Properties and Net Smelter Returns Royalties
C	Cappex Support Agreements
D	Lido Support Agreements
E	Outstanding Cappex Warrants
F	Directors and Officers of Cappex and Administrators of Cappex Peru
G	Directors and Officers of Lido and Pacific West

ARTICLE 2 THE BUSINESS COMBINATION

2.1 Amalgamation

Each Party hereto hereby agrees that, as soon as reasonably commercially practicable after the date hereof or at such other time as is specifically indicated below in this section 2.1, and subject to the terms and conditions of this Agreement and receipt of the Cappex Shareholder Approval, the Lido Shareholder Approval and all Regulatory Approvals, it shall take the following steps indicated for such Party:

- (a) at the Effective Time, Cappex and Subco shall amalgamate pursuant to the BCBCA and continue as one corporation, Amalco, and Lido shall issue the Lido Shares required to be issued in connection with the Amalgamation, upon the terms and subject to the conditions contained in this Agreement and the Amalgamation Agreement;
- (b) Cappex and Subco shall jointly file with the Registrar, the Amalgamation Application and such other documents as may be required to effect the Amalgamation, under which Cappex and Subco will amalgamate and continue as Amalco, and under the Amalgamation, at the Effective Time:
 - (i) each Cappex Share outstanding and held by a Cappex Shareholder (other than a Cappex Dissenting Shareholder) immediately prior to the Effective Time will be cancelled and extinguished and converted automatically into the right to receive one Lido Share for every one Cappex Share held;
 - (ii) notwithstanding subsection 2.1(b)(i), in lieu of issuing Lido Shares in accordance with subsection 2.1(b)(i), Lido shall have the option to pay each Cappex Shareholder who is an Ineligible U.S. Holder the fair market value of the Lido Shares to which an Ineligible U.S. Holder would have been entitled to pursuant to the Amalgamation, and, at the Effective Time, each Cappex Share held by such Ineligible U.S. Holder will be cancelled and extinguished and converted automatically into the right to be paid in accordance with this subsection;

- (iii) each Cappex Share held by a Cappex Dissenting Shareholder shall be deemed to be transferred by the Cappex Dissenting Shareholder, without further act or formality on its part, free and clear of any Encumbrance, to Amalco, and Amalco shall be obligated to pay the amount determined in accordance with subsection 2.3(a) of this Agreement, the name of Cappex Dissenting Shareholder shall be removed from the central securities register of Cappex, and such Cappex Dissenting Shareholder will cease to have any rights as a holder of Cappex Shares, other than the right to be paid in accordance with subsection 2.3(a);
 - (iv) the outstanding Subco Shares will be cancelled and replaced by Amalco Shares on the basis of one Amalco Share for each outstanding Subco Share;
 - (v) as consideration for the issue of the Lido Shares to effect the Amalgamation, Amalco will issue to Lido one Amalco Share for each Lido Share issued to holders of Cappex Shares;
 - (vi) Lido shall add to the stated capital maintained in respect of the Lido Shares an amount equal to the aggregate paid-up capital for purposes of the Tax Act of the Cappex Shares immediately prior to the Effective Time (less the paid-up capital of any Cappex Shares held by Cappex Dissenting Shareholders or Ineligible U.S. Holders who do not exchange their Cappex Shares for Lido Shares on the Amalgamation);
 - (vii) Amalco shall add to the stated capital maintained in respect of the Amalco Shares an amount such that the stated capital of the Amalco Shares shall be equal to the aggregate paid-up capital for purposes of the Tax Act of the Subco Shares and Cappex Shares immediately prior to the Effective Time;
 - (viii) the separate corporate existence of Cappex and Subco will cease, and the resulting company of the Amalgamation, Amalco, will continue as a wholly-owned Subsidiary of Lido;
 - (ix) all of the property, rights, privileges and franchises of each of Cappex and Subco will be the property, rights, privileges and franchises of Amalco, and Amalco will be subject to all of the liabilities, including civil, criminal and quasi-criminal, and all contracts, debts and obligations of each of Cappex and Subco; and
 - (x) Amalco will be a direct wholly-owned Subsidiary of Lido;
- (c) at the Effective Time, Lido will provide its transfer agent an irrevocable direction to issue, subject to section 2.2, the number of Lido Shares issuable to Cappex Shareholders pursuant to the Amalgamation in accordance with this Agreement;
- (d) subject to sections 2.2 and 2.3, as soon as practicable after the Effective Time, Lido will cause its registrar and transfer agent to deliver to each Cappex Shareholder that:
- (i) if such Cappex Shareholder is a U.S. Person, has provided a duly executed Accredited Investor Certificate or such other evidence as required to confirm each U.S. Person qualifies for an exemption from the U.S. 1933 Act, and

(ii) is not a Cappex Dissenting Shareholder,

a direct registration statement or share certificate representing the number of Lido Shares to which they are so entitled pursuant to subsection 2.1(b)(i), and

- (e) following the Effective Time, in accordance with the terms of the Cappex Warrants, each Cappex Warrant outstanding will be exercisable to purchase that number of Lido Shares equal to the number of Cappex Shares subject to the Cappex Warrant immediately before the Effective Time, at an exercise price per Lido Share equal to the exercise price per Cappex Share subject to such Cappex Warrant immediately before the Effective Time; and
- (f) the Parties hereto shall take any other action and do anything, including the execution of any agreements, documents or instruments, that are necessary, desirable or useful to give effect to the Amalgamation, provided that nothing in this Agreement shall prevent or limit the ability of the directors of each of Lido, Cappex and Subco to fulfill their fiduciary or statutory duties.

2.2 Hold Period and Escrow Requirements

The Parties hereto acknowledge that the Lido Shares issued pursuant to the Amalgamation will be subject to any escrow or pooling requirements that may be imposed by the Exchange on some or all such Lido Shares and the Parties agree to take all commercially reasonable action to cause the Cappex Shareholders to comply with all such escrow or pooling requirements imposed by the Exchange.

2.3 Payment of Consideration

- (a) Cappex Dissenting Shareholders who have validly exercised their dissent rights in accordance with section 272 of the BCBCA will be paid the fair value of the Cappex Shares held, as determined pursuant to Division 2 of Part 8 of the BCBCA. However, if a Cappex Dissenting Shareholder fails to perfect or effectively withdraws its claim pursuant to the BCBCA or forfeits its right to make a claim under the BCBCA or if its rights as a shareholder of Cappex are otherwise reinstated, the Cappex Shares held by such holders will thereupon be deemed to have been exchanged pursuant to the Amalgamation in accordance with subsection 2.1(b) of this Agreement. In no case shall Lido, Subco, Cappex or any other Person be required to recognize a Cappex Dissenting Shareholder as a holder of Cappex Shares after the time that is immediately prior to the Effective Time.
- (b) Lido and Amalco will be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any holder or former holder of Cappex Shares pursuant to this Agreement such amounts as Lido or Amalco may be required to deduct or withhold therefrom under any provision of provincial, local or foreign tax law, if any. To the extent such amounts are so deducted or withheld, such amounts will be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid.
- (c) Neither Lido nor Amalco will be liable to any holder or former holder of Cappex Shares for any Lido Shares (or dividends or distributions with respect thereto), or for any cash amounts, delivered to any Governmental Authority pursuant to any applicable abandoned property, escheat or similar law.

- (d) From and after the Effective Time, no Cappex Shares will be deemed to be outstanding, and holders of share certificates that immediately prior to the Effective Time represented Cappex Shares converted into Lido Shares pursuant to section 2.1 of this Agreement will cease to have any rights with respect thereto, except as provided herein or by law.
- (e) Each certificate or direct registration statement representing Lido Shares issued to any person who is resident in the United States will bear the following legend:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR UNDER THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY ACQUIRING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE ISSUER OF THE SECURITIES AND ITS SUCCESSORS (THE “CORPORATION”) THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH LOCAL LAWS AND REGULATIONS, (C) IN COMPLIANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (i) RULE 144 OR (ii) RULE 144A THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE LAWS, AND, IN THE CASE OF PARAGRAPH (C) OR (D), THE HOLDER HAS, PRIOR TO SUCH SALE, FURNISHED TO THE COMPANY AN OPINION OF COUNSEL (WHICH COUNSEL AND OPINION SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY). HEDGING TRANSACTIONS INVOLVING THE SECURITIES MUST NOT BE CONDUCTED UNLESS IN ACCORDANCE WITH THE U.S. SECURITIES ACT.

IF THE CORPORATION IS A “FOREIGN ISSUER” AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT AT THE TIME THESE SECURITIES ARE ISSUED, AND THESE SECURITIES ARE BEING SOLD IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, A NEW CERTIFICATE BEARING NO LEGEND, DELIVERY OF WHICH WILL CONSTITUTE “GOOD DELIVERY,” MAY BE OBTAINED FROM THE CORPORATION’S REGISTRAR AND TRANSFER AGENT FOR THE SECURITIES UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO THE CORPORATION’S REGISTRAR AND TRANSFER AGENT AND THE CORPORATION, TO THE EFFECT THAT THE SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, TOGETHER WITH SUCH DOCUMENTATION AS MAY BE REQUESTED BY THE CORPORATION AND ITS REGISTRAR AND TRANSFER AGENT.”

2.4 **Board Reconstitutions of Lido and Pacific West**

- (a) Subject to the approval of the Exchange and confirmation such Persons are eligible to act as directors pursuant to applicable Laws, as of the Effective Time, Cappex and Lido agree that the directors of Lido will consist of:
- (i) three nominees selected by Cappex, being Fabian Baker, Philip Anderson and Nate Brewer; and
 - (ii) two nominees selected by Lido, being Hannah Jin and Patrick O’Flaherty,
- (the "**Lido Board Reconstitution**").

Lido agrees to take all reasonable commercial steps prior to the Effective Time to effect the Lido Board Reconstitution effective as of the Effective Time.

- (b) Subject to the approval of the Exchange and confirmation such Persons are eligible to act as officers pursuant to applicable Laws, as of the Effective Time, Cappex and Lido agree that the management of Lido will consist of:
- (i) Ronald Stewart, Chief Executive Officer;
 - (ii) Paul Ténrière, President; and
 - (iii) Stephen Brohman, Chief Financial Officer and Corporate Secretary,
- (the "**Lido Management Reconstitution**").

Lido agrees to take all reasonable commercial steps prior to the Effective Time to effect the Lido Management Reconstitution effective as of the Effective Time.

Subject to confirmation such Persons are eligible to act as directors pursuant to applicable Laws, as of the Effective Time, Cappex and Lido agree that the directors of Pacific West will consist of Paul Ténrière,(the "**Pacific West Board Reconstitution**"). Lido agrees to take all reasonable commercial steps prior to the Effective Time to effect the Pacific West Board Reconstitution effective as of the Effective Time.

2.5 **Closing**

Unless this Agreement is terminated pursuant to the provisions hereof, the Closing will take place no later than two Business Days following satisfaction or waiver of the conditions set out in Article 5 hereof (other than such conditions which by their nature are to be satisfied at the Closing), or at such other time as mutually agreed to by Lido and Cappex. The Closing will take place at the office of Morton Law LLP or at such other place upon which Lido and Cappex may agree.

2.6 **Implementation Covenants**

- (a) **Listing Statement and Information Circulars.** Lido and Cappex shall use commercially reasonable efforts to prepare the Listing Statement and Information Circulars, together with any other documents required by Applicable Laws in connection with the Amalgamation. Each Party shall make available to the other Party, as soon as reasonably practicable, the

disclosure required by the Exchange and Applicable Laws, with respect to such Party, and, after review and approval, such approval not to be unreasonably withheld, each Party shall confirm that the Listing Statement and Information Circulars contain full, true and plain disclosure of all material facts relating to such Party. Cappex shall use commercially reasonable efforts to obtain any necessary certificates and consents from Qualified Persons (as defined in NI 43-101) and its auditors and other experts relating to the technical, financial and other expertized information included in the Listing Statement. After receipt of Exchange approval of the Listing Statement, Lido shall cause the Listing Statement to be filed as required by the Exchange. The Listing Statement and Information Circulars, and other documentation required in connection with the Amalgamation shall be filed or mailed, as applicable, only with the prior consent of each Party (such consent not to be unreasonably withheld).

- (b) **Cappex Meeting.** Cappex agrees to conduct the meeting of the Cappex Shareholders to obtain the Cappex Shareholder Approval in accordance with this Agreement, its constating documents and Applicable Laws as soon as reasonably practicable.
- (c) **Lido Meeting.** Lido agrees to conduct the meeting of the Lido Shareholders to obtain the Lido Shareholder Approval in accordance with this Agreement, its constating documents and Applicable Laws as soon as reasonably practicable.
- (d) **Listing.** Subject to compliance by Cappex with its obligations pursuant to this Agreement, Lido shall use its commercially reasonable efforts to have the Lido Shares issuable as a result of the Amalgamation accepted for listing by the Exchange, and Lido shall provide Cappex with all communications sent to or received from the Exchange, or any other Securities Authorities in connection with the Amalgamation.
- (e) **Preparation of Filings.** Lido and Cappex shall cooperate in the preparation of all applications for all Regulatory Approvals and the preparation of any other documents and taking of all actions reasonably deemed by Lido or Cappex, as the case may be, to be necessary to discharge its respective obligations under Applicable Laws in connection with each step of the Amalgamation and all other matters contemplated by this Agreement, and:
 - (i) Lido shall furnish to Cappex all such information concerning it, the Lido Shareholders, Pacific West and Subco as may be required to effect the Amalgamation and the actions described in this Article 2;
 - (ii) Cappex shall furnish to Lido all such information concerning it and the Cappex Shareholders as may be required to effect the Amalgamation and the actions described in this Article 2;
 - (iii) Lido and Cappex shall ensure that the Listing Statement and Information Circulars comply with all Applicable Laws;
 - (iv) Lido shall ensure that the information in the Listing Statement and Information Circulars furnished by it does not contain any Misrepresentation or omit any Material Fact;
 - (v) Cappex shall ensure that the information in the Listing Statement and Information

Circulars furnished by it does not contain any Misrepresentation or omit any Material Fact;

(vi) each of Lido and Cappex shall promptly notify the other if at any time before the Effective Date it becomes aware that the Listing Statement or Information Circulars contain any Misrepresentation, or that the Listing Statement or and Information Circulars otherwise require an amendment or supplement, and in any such event, Lido and Cappex shall cooperate in the preparation of an amendment or supplement to the Listing Statement or Information Circulars, as required and as the case may be, and, if required, shall cause the same to be distributed to the Lido Shareholders and Cappex Shareholders, as required, and filed with the Securities Authorities.

(f) **Amalgamation Agreement.** The Parties agree that the form of the Amalgamation Agreement that Cappex, Lido and Subco are required to enter into pursuant to the BCBCA in order to effect the Amalgamation is attached hereto as Schedule A. Each of Cappex and Subco shall, subject to the terms and conditions of this Agreement and the Amalgamation Agreement and subject to the satisfaction or waiver of the conditions set out in Article 5 hereof, deliver to Lido the executed Amalgamation Application and related documents which will be filed by Lido with the Registrar.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of Cappex

Cappex hereby represents and warrants to Lido and Subco as of the date hereof and acknowledges that Lido and Subco are relying upon these representations and warranties in connection with the Amalgamation and the other transactions contemplated by this Agreement and in entering into this Agreement and the Amalgamation Agreement, that:

(a) **Organization of Cappex.** Cappex has been incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and had full corporate and legal power, authority and capacity to own its property and assets and to conduct its business as currently owned and conducted. Cappex is duly qualified or licensed to do business and is in good standing in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except where the failure to be so qualified, licensed or in good standing has not had or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect in respect of Cappex.

(b) **Subsidiaries.** Cappex Peru is the only Subsidiary of Cappex. 15,880 of the 15,881 outstanding shares of Cappex Peru are owned, directly or indirectly, by Cappex free and clear of any Encumbrance, and 1 outstanding share of Cappex Peru is owned by Philip W. Anderson. Except pursuant to this Agreement and the Amalgamation Agreement, there are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any issued or unissued securities of Cappex Peru from Cappex or Cappex Peru, directly or indirectly. Cappex Peru was incorporated and is validly subsisting under the laws of its jurisdiction of incorporation and has full corporate and legal power and authority to own its property and assets and to conduct its

business as currently owned and conducted. Cappex Peru is duly qualified or licensed to do business and is in good standing in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except where the failure to be so qualified, licensed or in good standing has not had or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect in respect of Cappex Peru.

- (c) **Authority.** Cappex has all necessary power, authority and capacity to enter into this Agreement, the Amalgamation Agreement and all other agreements and instruments to be executed by Cappex as contemplated hereby and thereby, and to perform its obligations hereunder, thereunder and under such other agreements and instruments. The execution and delivery of this Agreement, the Amalgamation Agreement and all other agreements and instruments to be executed by Cappex as contemplated hereby and thereby and the completion by Cappex of the Amalgamation and the other transactions contemplated by this Agreement have been authorized by the directors of Cappex and no other corporate proceedings on the part of Cappex are necessary to authorize this Agreement and the Amalgamation Agreement or to complete the Amalgamation and the other transactions contemplated by this Agreement other than the Cappex Shareholder Approval. This Agreement has been executed and delivered by Cappex and constitutes a legal, valid and binding obligation of Cappex, enforceable against it in accordance with its terms, subject to laws relating to bankruptcy, insolvency, reorganization, fraudulent transfer and moratorium, other Applicable Laws relating to or affecting creditors' rights generally and to general principles of equity.
- (d) **Capitalization.**
- (i) Cappex is authorized to issue an unlimited number of Cappex Shares. As of the date of this Agreement there are 37,160,813 Cappex Shares outstanding. All of the outstanding Cappex Shares have been authorized and are issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights.
- (ii) There are no outstanding bonds, debentures or other evidences of indebtedness of Cappex having the right to vote (or that are convertible for or exercisable into securities having the right to vote) with the holders of the Cappex Shares on any matter. There are no outstanding obligations of Cappex to repurchase, redeem or otherwise acquire any outstanding Cappex Shares or, other than as contemplated by this Agreement, with respect to the voting or disposition of any outstanding securities of Cappex. No holder of securities issued by Cappex has any right to compel Cappex to register or otherwise qualify securities for public sale in Canada, the United States or elsewhere.
- (e) **Capitalization of Subsidiaries.**
- (i) As of the date of this Agreement there are 15,881 common shares of Cappex Peru outstanding. All of the outstanding shares of Cappex Peru have been authorized and are issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights.
- (ii) There are no outstanding bonds, debentures or other evidences of indebtedness of Cappex Peru having the right to vote (or that are convertible for or exercisable into

securities having the right to vote) with the holders of the common shares of Cappex Peru, on any matter. There are no outstanding obligations of Cappex Peru to repurchase, redeem or otherwise acquire any outstanding common shares of Cappex Peru or, other than as contemplated by this Agreement, with respect to the voting or disposition of any outstanding securities of Cappex Peru. No holder of securities issued by Cappex Peru has any right to compel Cappex Peru to register or otherwise qualify securities for public sale in Canada, the United States or elsewhere.

- (f) **Options to Purchase Shares.** There are 9,270,004 Cappex Warrants outstanding as set out in Schedule E. Other than the Cappex Warrants, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Cappex to issue or sell any Cappex Shares or any securities or obligations of any kind convertible into or exchangeable or exercisable for any Cappex Shares. There are no outstanding contractual obligations of Cappex to repurchase, redeem or otherwise acquire any outstanding Cappex Shares or with respect to the voting or disposition of any outstanding Cappex Shares. There are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Cappex Peru to issue or sell any securities or obligations of any kind convertible into or exchangeable or exercisable for any shares of Cappex Peru.
- (g) **Listing.** The outstanding securities of Cappex and its Subsidiary are not listed on any stock exchange.
- (h) **Reporting Status.** Cappex and its Subsidiary are not reporting issuers or their equivalent in any province or territory of Canada and are not subject to section 12 or subsection 15(d) of the U.S. 1934 Act. Cappex and its Subsidiary are not subject to any cease trade order under applicable Canadian Securities Laws and, to the knowledge of Cappex, there are no investigations or other proceedings involving Cappex or its Subsidiary which may operate to prevent or restrict trading of any securities of Cappex or its Subsidiary that are currently in progress or pending before any Securities Authority.
- (i) **Ordinary Course.** Since December 31, 2020, Cappex and its Subsidiary have:
 - (i) conducted business only in, and not taken any action except in, the ordinary course of business and consistent with past practice;
 - (ii) not had one or more changes, events or occurrences which would, individually or in the aggregate, be reasonably likely to result in a Material Adverse Effect in respect of Cappex or its Subsidiary;
 - (iii) not incurred any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) which would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect in respect of Cappex or its Subsidiary;
 - (iv) not had any incurrence, assumption or guarantee by Cappex or its Subsidiary of any debt for borrowed money, any creation or assumption by Cappex or its Subsidiary of any Encumbrance, or any making by Cappex or its Subsidiary of any

loan, advance or capital contribution to or investment in any other person, which would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect in respect of Cappex or its Subsidiary; and

- (v) not effected any change in their accounting methods, principles or practices.
- (j) **Taxes.** Cappex and its Subsidiary have duly filed in the prescribed manner and within the prescribed time, except where failure to file within the prescribed time would not have a Material Adverse Effect on Cappex or its Subsidiary, all Tax Returns required to be filed by it and such Tax Returns are correct and complete and Cappex and its Subsidiary have made complete and accurate disclosure in those Tax Returns and in all materials accompanying those Tax Returns, except in respect of a particular Tax Return to the extent that it may have been modified in a subsequent Tax Return. Cappex and its Subsidiary have paid all Taxes due and payable, including all Taxes shown on those Tax Returns as being due and payable and all Taxes payable under any assessment or reassessment. The Cappex Financial Statements fully reflect accrued liabilities for all Taxes which are not yet due and payable and for which Tax Returns are not yet required to be filed as of the date of such financial statements. To the knowledge of Cappex, no examination of any Tax Return of Cappex or its Subsidiary by a Governmental Entity is currently in progress. There is no legal proceeding, assessment, re-assessment or request for information outstanding or, to the knowledge of Cappex, threatened against Cappex or its Subsidiary with respect to Taxes or any matters under discussion with any Governmental Entity relating to Taxes. There are no agreements, waivers or other arrangements providing for an extension of time with respect to any assessment or reassessment of Tax, the filing of any Tax Return or the payment of any Tax Cappex and its Subsidiary. Cappex and its Subsidiary have withheld from each payment made by it the amount of all Taxes and other deductions required under any Applicable Laws to be withheld therefrom and has remitted all those amounts withheld and paid all instalments of Taxes due and payable before the date hereof to the relevant Governmental Entity within the time prescribed under any Applicable Laws. Cappex and its Subsidiary have complied with all registration, reporting, collection and remittance requirements in respect of all Applicable Laws in respect of sales tax.
- (k) **No Debt Instruments.** Cappex and its Subsidiary have not incurred, authorized, agreed or otherwise become committed to provide guarantees for borrowed money or incurred, authorized, agreed or otherwise become committed for any indebtedness for borrowed money.
- (l) **No Associates.** Cappex has no associates (as such term is defined in the Securities Act) other than Cappex Peru and is not a partner, co-tenant, joint-venturer or otherwise a participant in any partnership, co-tenancy or other similar jointly owned business.
- (m) **No Limitation on Operations.** Except to the extent necessary to comply with Applicable Laws, Cappex and its Subsidiary are not parties to or bound or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of Cappex and its Subsidiary to compete in any line of business, or to transfer or move any of its assets or operations or which would materially impact the business practices, operations or condition of Cappex and its Subsidiary or which would prohibit or restrict Cappex from entering into and completing the transactions contemplated by this Agreement including the Amalgamation.

- (n) **Financial Statements.** The Cappex Financial Statements are being prepared in accordance with International Financial Reporting Standards consistently applied and will fairly present in all material respects the consolidated financial condition of Cappex at the dates indicated therein and the results of operations of Cappex for the period covered therein on a consolidated basis. There are reasonable grounds for believing that no creditor of Cappex or its Subsidiary will be prejudiced by the Amalgamation.
- (o) **Liabilities.** Cappex and its Subsidiary have no material liabilities, contingent or otherwise, except those set out in the Cappex Financial Statements.
- (p) **Books and Records.** The corporate records and minute books of Cappex and its Subsidiary have been maintained in all material respects in accordance with all Applicable Laws and are complete and accurate in all material respects. The financial books and records and accounts of Cappex and its Subsidiary set out and disclose all material financial transactions of Cappex and its Subsidiary and such transactions have been accurately recorded in such books and records. All of the directors and officers of Cappex and the administrators of Cappex Peru as of the date hereof are listed in Schedule F attached hereto.
- (q) **No Conflict or Violation.** Subject to the receipt of the Cappex Shareholder Approval, the execution and delivery of this Agreement and the Amalgamation Agreement, the performance of the provisions hereof and thereof and the completion of the Amalgamation and the other transactions contemplated by this Agreement do not and will not result in a violation, contravention or breach of, require any consent to be obtained under or give rise to any termination rights under any provision of:
- (i) the articles or by-laws (or their equivalents) of Cappex and its Subsidiary;
 - (ii) any resolutions of the directors or shareholders of Cappex and its Subsidiary;
 - (iii) any Applicable Law; or
 - (iv) any contract, agreement, license or permit to which any of Cappex and its Subsidiary is bound or is subject to or of which Cappex or its Subsidiary is the beneficiary;
- that would have a Material Adverse Effect on Cappex on a consolidated basis.
- (r) **No Contracts or Commitments.** There are no agreements, covenants, undertakings or other commitments of or on behalf of Cappex or its Subsidiary under which the completion of the Amalgamation or the other transactions contemplated by this Agreement would:
- (i) give a third party a right to terminate any permit or claim with respect to the Alta Victoria Project, or any right to terminate any Material Contract of Cappex;
 - (ii) result in the imposition of any Encumbrance upon any assets of Cappex or its Subsidiary;
 - (iii) give rise to any right of termination, amendment, acceleration or cancellation of indebtedness of Cappex or its Subsidiary, or cause any such indebtedness to come due before its stated maturity, or cause any available credit of Cappex or its

Subsidiary to cease to be available, or cause any security interest in any assets of Cappex or its Subsidiary to become enforceable or realizable, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect in respect of Cappex or its Subsidiary; or

- (iv) give rise to any rights of first refusal or trigger any change in control provisions or any restriction or limitation under any note, bond, mortgage, indenture, contract, agreement, authorization, government grant, or Material Contract, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect in respect of Cappex or its Subsidiary.
- (s) **No Brokers.** Cappex and its Subsidiary have not agreed and will not agree to pay any brokerage fees, finder's fees, financial advisory fees, agent's commissions or other similar forms of compensation in connection with this Agreement, the Amalgamation Agreement or the Amalgamation or the other transactions contemplated by this Agreement.
- (t) **Compliance with Laws.** Cappex and its Subsidiary have complied in all material respects with all Applicable Laws, orders, judgments and decrees and have not received a notice of non-compliance, nor know of, nor have reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with Applicable Laws.
- (u) **Litigation.** There are no material claims, actions, suits, proceedings or investigations commenced or, to the knowledge of Cappex, threatened or contemplated, against or affecting either Cappex or its Subsidiary or affecting their properties or assets before any Governmental Entity or before or by any Person or before any arbitrator of any kind. On or before the date hereof, neither Cappex, its Subsidiaries nor any of their assets and properties, are subject to any outstanding judgment, order, writ, injunction or decree which would reasonably be expected to have a Material Adverse Effect in respect of Cappex or its Subsidiary or to prevent or materially delay the consummation of the Amalgamation.
- (v) **No Insolvency.** Cappex and its Subsidiary are not insolvent within the meaning of applicable bankruptcy, insolvency or fraudulent conveyance laws. No act or proceeding has been taken by or against Cappex or its Subsidiary in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of Cappex or its Subsidiary or the appointment of a trustee, receiver, manager or other administrator of Cappex or its Subsidiary or their properties or assets.
- (w) **Alta Victoria Property.** Cappex Peru is the legal and beneficial owner of, and has good and marketable title to, the interests in the Alta Victoria Project as set out in Schedule B, and except as set out in Schedule B, such interest is free of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever and no other property rights are necessary for the conduct of the activities of Cappex and its Subsidiary on the Alta Victoria Project as currently conducted, and Cappex and its Subsidiary do not know of any claim or the basis for any claim that might or could materially adversely affect the right thereof to use, transfer or otherwise exploit such property rights and which would have a Material Adverse Effect on Cappex or its Subsidiary.
- (x) **Property Rights.**

- (i) Any and all of the agreements and other documents and instruments pursuant to which Cappex and its Subsidiary hold the Alta Victoria Project (including any interest in, or right to earn an interest therein) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable by Cappex or its Subsidiary in accordance with the terms thereof.
- (ii) Cappex and its Subsidiary are not in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged and the Alta Victoria Project is in good standing under the applicable statutes and regulations of the jurisdiction in which it is situated.
- (iii) All material options, leases, licences and claims pursuant to which Cappex and its Subsidiary derives the interests in such property and assets are in good standing and, to the knowledge of Cappex, there has been no material default under any such lease, licence or claim.
- (iv) None of the options, leases, licences or claims pursuant to which Cappex or its Subsidiary derives its interests in the Alta Victoria Project are subject to any right of first refusal or purchase or acquisition right.
- (v) Cappex and its Subsidiary hold an interest in the Alta Victoria Project sufficient to permit Cappex and its Subsidiary to explore for the minerals relating thereto.
- (vi) To the knowledge of Cappex, except as would not have a Material Adverse Effect on Cappex and its Subsidiary, all concessions, leases or claims and permits relating to the Alta Victoria Project in which Cappex and its Subsidiary has an interest or right have been validly located and recorded in accordance with all applicable laws and are valid and subsisting.
- (vii) Cappex and its Subsidiary have all surface rights, access rights, authorizations and other necessary rights and interests relating to the Alta Victoria Project as are appropriate in view of Cappex's and its Subsidiary's rights and interest therein and necessary for Cappex's and its Subsidiary's current activities thereon, with only such exceptions as do not materially interfere with the use made by Cappex and its Subsidiary of the rights or interest so held, and each of the proprietary interests is currently in good standing in all material respects.
- (viii) Cappex and its Subsidiary do not have any responsibility or obligation to pay any commission, royalty, licence, fee or similar payment to any person with respect to the property rights thereof except as disclosed in Schedule B.
- (y) **Assets.** The assets owned by Cappex and its Subsidiary are disclosed in the Cappex Financial Statements and include all assets, rights, authorizations and property necessary to conduct their business immediately after the Amalgamation in the same manner it is currently conducted. Cappex and its Subsidiary have good and marketable title to all of their assets, free and clear of any Encumbrances.
- (z) **Operations.** To Cappex's knowledge, all operations of Cappex and its Subsidiary on the Alta Victoria Project have been conducted in all material respects in accordance with good mining, exploration and engineering practices and all applicable workers' compensation

and health and safety and workplace laws, regulations and policies have been duly complied with in all material respects.

- (aa) **Material Contracts.** Copies of all of the Material Contracts of Cappex and its Subsidiary have been provided to Lido. All such Material Contracts are valid and subsisting agreements, enforceable in accordance with their terms. Cappex and its Subsidiary have performed all of the obligations required to be performed by it and, to the best of the knowledge of Cappex, Cappex and its Subsidiary are entitled to all benefits under its Material Contracts. Other than as disclosed in writing by Cappex to Lido on the date of this Agreement, neither Cappex, its Subsidiaries nor, to Cappex's knowledge, any other party to any Material Contract is in default of any such Material Contract. To the knowledge of Cappex, no event has occurred which, with the giving of notice, the lapse of time or both, would constitute an event of default by any other party to any such Material Contract, neither Cappex nor its Subsidiaries is alleged to be in default of any of the provisions of such Material Contracts, and Cappex is not aware of any disputes with respect thereto.
- (bb) **Employment matters.**
- (i) Neither Cappex nor its Subsidiary is a party to or bound by any written contracts in respect of any director, officer, employee, independent contractor or consultant.
 - (ii) Neither Cappex nor its subsidiary has any benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, termination, change of control, pension, retirement, stock option, stock purchase, stock appreciation, stock award, health, welfare, medical, dental, disability, life insurance and similar plans, programmes, arrangements or practices, nor has Cappex or its Subsidiary ever had any such plans.
 - (iii) Neither Cappex nor its Subsidiary is party to a collective bargaining agreement or subject to any application for certification or threatened or apparent union-organizing campaign and there are no current, pending or threatened strikes, lockouts or other labour disputes or disruptions at Cappex or its Subsidiary.
 - (iv) Cappex and its Subsidiary have operated and are currently operating in compliance with all Applicable Laws in all material respects relating to employees, including employment standards, human rights, occupational health and safety, all pay equity and employment equity legislation and there have been no employment related complaints against Cappex or its Subsidiary.
 - (v) There are no complaints or threatened complaints against Cappex or its Subsidiary before any employment standards branch or tribunal or human rights commission or tribunal, nor, to the knowledge of Cappex, any occurrence which might lead to a complaint under any human rights legislation, employment standards legislation, health and safety legislation, workers' compensation legislation or pay equity legislation.
 - (vi) There are no outstanding decisions or settlements or pending settlements under employment standards, human rights legislation, health and safety legislation, workers' compensation legislation, payment equity legislation or labour relations legislation which place any obligation Cappex or its Subsidiary to do or refrain

from doing any act or place a material financial obligation on Cappex or its Subsidiary.

- (vii) Neither the execution and delivery of this Agreement nor the performance of the obligations of Cappex thereunder will entitle any current or former employee of Cappex or its Subsidiary to any severance or termination pay, bonus or other similar payment.
- (cc) **Consents.** No Regulatory Approval is required to be obtained by Cappex or its Subsidiary in connection with the execution and delivery of this Agreement, the Amalgamation Agreement or the completion of the Amalgamation and the other transactions contemplated by this Agreement other than:
 - (i) any filings or approvals required under the policies of the Exchange, the BCBCA or under applicable Canadian Securities Laws; and
 - (ii) any other consents, approvals, orders, authorizations, declarations or filings of or with a Governmental Entity which, either individually or in the aggregate, if not obtained, either individually or in the aggregate would not, and could not reasonably be expected to have a Material Adverse Effect on Cappex on a consolidated basis or on the ability of Cappex to complete the Amalgamation and the other transactions contemplated by this Agreement.
- (dd) **Lido Shares.** Cappex and its Subsidiary do not own, directly or indirectly, or exercise control or direction over, any Lido Shares.
- (ee) **Non-Arm's Length Transactions.** Cappex and its Subsidiary do not have any loan or other indebtedness outstanding exceeding \$5,000 which has been made to any of its shareholders, directors, officers or employees, past or present, or any Person not dealing at "arm's length" (as such term is defined in the Tax Act) with Cappex or its Subsidiary. Except as disclosed in the Cappex Financial Statements, Cappex and its Subsidiary have not engaged in any transaction with any non-arm's length Person.
- (ff) **Full Disclosure.** Cappex and its Subsidiary have made available to Lido all material information requested, including financial, operational and other information, in respect of Cappex and its Subsidiary and the business thereof, including without limitation in respect of the Alta Victoria Project, and all such information as made available to Lido is true and correct in all material respects and no Material Fact or Material Facts have been omitted therefrom which would make such information misleading.
- (gg) **No Shareholders' Agreements.** To the best of the knowledge of Cappex, there are no shareholders' agreements, pooling agreements, escrow agreements voting trusts or other similar agreements with respect to the ownership or voting of any of the shares of Cappex and its Subsidiary.
- (hh) **Shareholder Approval Required.** The only votes or approvals of the holders of any securities of Cappex necessary to approve the Amalgamation is the Cappex Shareholder Approval.

- (ii) **Insurance.** Cappex does not maintain any insurance policies. Cappex Peru maintains such insurance policies as disclosed in writing by Cappex to Lido on the date of this Agreement. To the knowledge of Cappex, each material insurance policy currently in effect is valid and binding and in full force and effect and there is no material claim pending under any such policies as to which coverage has been questioned, denied or disputed. There is no material claim pending under any insurance policy of Cappex Peru that has been denied, rejected, questioned or disputed by any insurer or as to which any insurer has made any reservation of rights or refused to cover all or any material portion of such claims. All material proceedings covered by any insurance policy of Cappex Peru has been properly reported to and accepted by the applicable insurer.
- (jj) **Environment.**
- Cappex and its Subsidiary:
- (i) are in material compliance with any and all Applicable Laws relating to the protection of human health and safety, conservation, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("**Environmental Laws**");
 - (ii) have received all material permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their business;
 - (iii) are in material compliance with all terms and conditions of any such permit, license or approval; and
 - (iv) other than as disclosed in writing by Cappex to Lido on the date of this Agreement, have no existing environmental, reclamation or closure obligations, demands, notices, work orders or other liabilities with respect to any portion of any currently or formerly owned, leased, used or otherwise controlled property, interests and rights or relating to the operations and business of Cappex or its Subsidiary and, to the knowledge of Cappex, there is no basis for any such obligations, demands, notices, work orders or liabilities to arise in the future as a result of any activity in respect of such property, interests, rights, operations and business.
- (kk) **Environmental Claims.** There have been no past, and, to knowledge of Cappex, there are no threatened or pending claims, complaints, notices or requests for information received by Cappex or its Subsidiary with respect to any alleged violation of any Environmental Law and no conditions exist at, on or under any property now or previously owned, operated, leased or under contract by Cappex or its Subsidiary which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law.
- (ll) **Third Party Environmental Claims.** To the knowledge of Cappex, there are no claims with respect to any alleged violation of any Environmental Law against any third party for activities conducted on the Alta Victoria Project or any property now or previously owned, operated, leased or under contract by Cappex or its Subsidiary.
- (mm) **Anti-Money Laundering.** The operations of Cappex and its Subsidiary are and have been conducted, at all times, in material compliance with all applicable financial recordkeeping

and reporting requirements of applicable anti-money laundering statutes of the jurisdictions in which Cappex and its Subsidiary conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Anti-Money Laundering Laws**"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving Cappex or its Subsidiary with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of Cappex, threatened.

- (nn) **Anti-Corruption.** To the knowledge of Cappex, Cappex and its Subsidiary have not, directly or indirectly: (A) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction; or (B) made any contribution to any candidate for public office, in either case where either the payment or the purpose of such contribution, payment or gift was, is or would be prohibited under the *Canada Corruption of Foreign Public Officials Act* (Canada) or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) or the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (United States) or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to Cappex, Cappex Peru and their operations.
- (oo) **Indigenous Peoples Claims.** There are no claims with respect to indigenous persons rights currently or, to knowledge of Cappex, threatened or pending with respect to the Alta Victoria Project or any property of Cappex or its Subsidiary.

3.2 **Representations and Warranties of Lido and Subco**

Lido and Subco hereby jointly and severally represent and warrant to Cappex as follows as of the date hereof and acknowledge that Cappex is relying upon such representations and warranties in connection with the Amalgamation and the other transactions contemplated by this Agreement and in entering into this Agreement and the Amalgamation Agreement:

- (a) **Organization.** Each of Lido and its Subsidiaries has been incorporated, is subsisting and has full corporate and legal power and authority to own their property and assets and to conduct their business as currently owned and conducted. Lido and its Subsidiaries are duly qualified or licensed to do business and are in good standing in each jurisdiction where the character of the properties owned, leased or operated by them or the nature of its business makes such qualification or licensing necessary, except where the failure to be so qualified, licensed or in good standing has not had or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect in respect of Lido.
- (b) **Subsidiaries.** Lido has two Subsidiaries, Subco and Pacific West. All of the outstanding Subco Shares and shares of Pacific West are owned directly by Lido. Except pursuant to restrictions on transfer contained in the articles or by-laws of Subco, the outstanding Subco Shares are owned by Lido free and clear of any Encumbrance and all such outstanding Subco Shares are outstanding as fully paid and non-assessable shares. Except pursuant to this Agreement, the Amalgamation Agreement and the Amalgamation and the other transactions contemplated by this Agreement, there are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any issued or unissued securities of, or interest in, Subco from Lido. Except

pursuant to restrictions on transfer contained in the articles or by-laws of Pacific West, the outstanding shares of Pacific West are owned by Lido free and clear of any Encumbrance and all such outstanding shares are outstanding as fully paid and non-assessable shares. There are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any issued or unissued securities of, or interest in, Pacific West from Lido.

- (c) **Authority.** Each of Lido and Subco has all necessary power, authority and capacity to enter into this Agreement, the Amalgamation Agreement and all other agreements and instruments to be executed by Lido and Subco as contemplated hereby and thereby, and to perform its respective obligations hereunder, thereunder and under such other agreements and instruments. The execution and delivery of this Agreement and the Amalgamation Agreement by each of Lido and Subco and the completion by each of Lido and Subco of the Amalgamation and the transactions contemplated by this Agreement have been authorized by the directors of each of Lido and Subco, as applicable, and no other corporate proceedings on the part of each of Lido and Subco are necessary to authorize this Agreement and the Amalgamation Agreement or to complete the Amalgamation and the other transactions contemplated by this Agreement other than the Lido Shareholder Approval and the approval by Lido as the sole shareholder of Subco. This Agreement has been executed and delivered by each of Lido and Subco and constitutes a legal, valid and binding obligation of each of Lido and Subco, enforceable against each in accordance with its terms, subject to laws relating to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other Applicable Laws relating to or affecting creditors' rights generally, and to general principles of equity.
- (d) **Capitalization.**
- (i) Lido is authorized to issue an unlimited number of Lido Shares. As of the date of this Agreement, (i) there are 13,285,054 Lido Shares outstanding, and (ii) there are 1,285,000 Lido Shares reserved for issue pursuant to the outstanding Lido Options. There are 1,210,000 Lido Options outstanding which have an exercise price of \$0.27 per Lido Share and expire on August 10, 2025, 50,000 Lido Options outstanding which have an exercise price of \$0.215 per Lido Share and expire on November 16, 2025 and 25,000 Lido Options outstanding which have an exercise price of \$0.18 per Lido Share and expire on March 10, 2026. All of the outstanding Lido Shares have been authorized and are issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights. The Lido Shares to be issued to Cappex Shareholders pursuant to the Amalgamation will, upon issue, be issued as fully paid and non-assessable shares of Lido.
- (ii) Subco is authorized to issue an unlimited number of Subco Shares. As of the date of this Agreement (i) there are 100 Subco Shares outstanding, and (ii) there are no Subco Shares reserved for issue pursuant to securities exercisable or exchangeable for, convertible into, Subco Shares or any other rights to acquire Subco Shares. All outstanding Subco Shares have been authorized and are issued and outstanding as fully paid and non-assessable shares, free of pre-emptive rights.
- (iii) There are no outstanding bonds, debentures or other evidences of indebtedness of Lido or Subco having the right to vote (or that are convertible for or exercisable into securities having the right to vote) with the holders of the Lido Shares on any

matter. There are no outstanding obligations of Lido or Subco to repurchase, redeem or otherwise acquire any outstanding Lido Shares or with respect to the voting or disposition of any outstanding securities of Lido or Subco. No holder of securities issued by Lido or Subco has any right to compel Lido to register or otherwise qualify securities for public sale in Canada, the United States or elsewhere.

- (e) **No Obligations of Subco.** Subco has not incurred any expenses, obligations or liabilities, whether direct, indirect, absolute, contingent or otherwise since incorporation, and Subco is not party to any agreements, contracts, undertakings or commitments of any kind.
- (f) **Options to Purchase Shares.** Except as contemplated in this Agreement, in connection with the Private Placement, and pursuant to the Lido Options, there are no options, warrants, conversion privileges or other rights, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) obligating Lido to issue or sell any shares of Lido or any securities or obligations of any kind convertible into or exchangeable or exercisable for any shares of Lido. There are no outstanding contractual obligations of Lido to repurchase, redeem or otherwise acquire any outstanding Lido Shares or with respect to the voting or disposition of any outstanding Lido Shares.
- (g) **Listing.** The outstanding Lido Shares are listed on the Exchange under the trading symbol "LIDO".
- (h) **Reporting Status.** Lido (i) is a reporting issuer in the provinces of British Columbia and Alberta (collectively the "**Reporting Jurisdictions**") and is not subject to section 12 or subsection 15(d) of the U.S. 1934 Act, and (ii) Lido is not subject to any cease trade order under applicable Canadian Securities Laws and, to the knowledge of Lido, no investigation or other proceedings involving Lido which may operate to prevent or restrict trading of any securities of Lido are currently in progress or pending before any applicable Securities Authority. Pacific West and Subco are not reporting issuers or their equivalent in any province or territory of Canada and are not subject to section 12 or subsection 15(d) of the U.S. 1934 Act. Pacific West and Subco are not subject to any cease trade order under applicable Canadian Securities Laws and, to the knowledge of Lido and Subco, no investigation or other proceedings involving Pacific West or Subco which may operate to prevent or restrict trading of any securities of Pacific West or Subco are currently in progress or pending before any Securities Authority.
- (i) **Continuous Disclosure.** Lido is current with all material filings required to be made under applicable Canadian Securities Laws (the "**Lido Public Documents**"), there are no filings that have been made on a confidential basis and all of such filings comply in all material respects with the requirements of all applicable Canadian Securities Laws. None of the Lido Public Documents contained a Misrepresentation as at its date of public dissemination.
- (j) **Ordinary Course.** Since December 31, 2020, Lido and its Subsidiaries have:
 - (i) conducted business only in, and not taken any action except in, the ordinary course of business and consistent with past practice;

- (ii) not had one or more changes, events or occurrences which would, individually or in the aggregate, be reasonably likely to result in a Material Adverse Effect in respect of Lido or its Subsidiaries;
 - (iii) not incurred any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) which would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect in respect of Lido or its Subsidiaries;
 - (iv) not had any incurrence, assumption or guarantee by Lido or its Subsidiaries of any debt for borrowed money, any creation or assumption by Lido or its Subsidiaries of any Encumbrance, or any making by Lido or its Subsidiaries of any loan, advance or capital contribution to or investment in any other person, which would, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect in respect of Lido or its Subsidiaries; and
 - (v) not effected any change in their accounting methods, principles or practices.
- (k) **Taxes.** Lido and its Subsidiaries have duly filed in the prescribed manner and within the prescribed time, except where failure to file within the prescribed time would not have a Material Adverse Effect on Lido or its Subsidiaries, all Tax Returns required to be filed by it and such Tax Returns are correct and complete and Lido and its Subsidiaries have made complete and accurate disclosure in those Tax Returns and in all materials accompanying those Tax Returns, except in respect of a particular Tax Return to the extent that it may have been modified in a subsequent Tax Return. Lido and its Subsidiaries have paid all Taxes due and payable, including all Taxes shown on those Tax Returns as being due and payable and all Taxes payable under any assessment or reassessment. The Lido Financial Statements fully reflect accrued liabilities for all Taxes which are not yet due and payable and for which Tax Returns are not yet required to be filed as of the date of such financial statements. To the knowledge of Lido, no examination of any Tax Return of Lido or its Subsidiaries by a Governmental Entity is currently in progress. There is no legal proceeding, assessment, re-assessment or request for information outstanding or, to the knowledge of Lido, threatened against Lido or its Subsidiaries with respect to Taxes or any matters under discussion with any Governmental Entity relating to Taxes. There are no agreements, waivers or other arrangements providing for an extension of time with respect to any assessment or reassessment of Tax, the filing of any Tax Return or the payment of any Tax by Lido or its Subsidiaries. Lido or its Subsidiaries have withheld from each payment made by it the amount of all Taxes and other deductions required under any Applicable Laws to be withheld therefrom and has remitted all those amounts withheld and paid all instalments of Taxes due and payable before the date hereof to the relevant Governmental Entity within the time prescribed under any Applicable Laws. Lido and its Subsidiaries have complied with all registration, reporting, collection and remittance requirements in respect of all Applicable Laws in respect of sales tax, including the *Excise Tax Act* (Canada).
- (l) **No Debt Instruments.** Lido and its Subsidiaries have not incurred, authorized, agreed or otherwise become committed to provide guarantees for borrowed money or incurred, authorized, agreed or otherwise become committed for any indebtedness for borrowed money.

- (m) **No Limitation on Operations.** Except to the extent necessary to comply with Applicable Laws, Lido and its Subsidiaries are not a party to or bound or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of Lido or its Subsidiaries to compete in any line of business, or to transfer or move any of its assets or operations or which would materially impact the business practices, operations or condition of Lido or its Subsidiaries or which would prohibit or restrict Lido or Subco from entering into and completing the transactions contemplated by this Agreement including the Amalgamation.
- (n) **Financial Statements.** The Lido Financial Statements have been prepared in accordance with IFRS consistently applied and fairly present in all material respects the financial condition of Lido and its Subsidiaries at the dates indicated therein and the results of operations of Lido for the periods covered therein. There are reasonable grounds for believing that (i) Lido is, and Amalco will be, able to pay its liabilities as they become due, (ii) the realizable value of the assets of Amalco will not be less than the aggregate of the liabilities thereof and the stated capital of all classes of shares thereof, and (iii) no creditor of Lido or its Subsidiaries will be prejudiced by the Amalgamation.
- (o) **Liabilities.** Lido and its Subsidiaries have no material liabilities, contingent or otherwise, except those set out in the Lido Financial Statements and Lido Public Documents.
- (p) **Books and Records.** The corporate records and minute books of each of Lido and its Subsidiaries have been maintained in all material respects in accordance with all Applicable Laws and are complete and accurate in all material respects. The financial books and records and accounts of Lido and its Subsidiaries set out and disclose all material financial transactions of Lido and its Subsidiaries and such transactions have been accurately recorded in such books and records. All of the directors and officers of Lido and of Pacific West as of the date hereof are listed in Schedule G attached hereto.
- (q) **No Conflict or Violation.** Subject to the receipt of the Lido Shareholder Approval, the execution and delivery of this Agreement and the Amalgamation Agreement, the performance of the provisions hereof and thereof and the completion of the Amalgamation and the other transactions contemplated by this Agreement do not and will not result in a violation, contravention or breach of, require any consent to be obtained under or give rise to any termination rights under any provision of:
- (i) the articles or by-laws (or their equivalents) of Lido or its Subsidiaries;
 - (ii) any resolutions of the directors or shareholders of Lido or its Subsidiaries;
 - (iii) any Applicable Law; or
 - (iv) any contract, agreement, license or permit to which Lido or its Subsidiaries is bound or is subject to or of which Lido or its Subsidiaries is the beneficiary;
- that would have a Material Adverse Effect on Lido on a consolidated basis.
- (r) **No Contracts or Commitments.** There are no agreements, covenants, undertakings or other commitments of or on behalf of Lido or its Subsidiaries under which the completion of the Amalgamation or the other transactions contemplated by this Agreement would:

- (i) give a third party a right to terminate any permit or claim with respect to a property of Lido or its Subsidiaries, or any right to terminate any Material Contract of Lido;
 - (ii) result in the imposition of any Encumbrance upon any assets of Lido or its Subsidiaries;
 - (iii) give rise to any right of termination, amendment, acceleration or cancellation of indebtedness of Lido or its Subsidiaries, or cause any such indebtedness to come due before its stated maturity, or cause any available credit of Lido or its Subsidiaries to cease to be available, or cause any security interest in any assets of Lido or its Subsidiaries to become enforceable or realizable, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect in respect of Lido or its Subsidiaries; or
 - (iv) give rise to any rights of first refusal or trigger any change in control provisions or any restriction or limitation under any such note, bond, mortgage, indenture, contract, agreement, authorization or government grant, except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect in respect of Lido or its Subsidiaries.
- (s) **No Brokers.** Lido has not agreed to pay any brokerage fees, finder's fees, financial advisory fees, agent's commissions or other similar forms of compensation in connection with this Agreement or the Amalgamation Agreement, or the other transactions contemplated by this Agreement.
- (t) **Compliance with Laws.** Lido and its Subsidiaries have complied in all material respects with all Applicable Laws, orders, judgments and decrees and have not received a notice of non-compliance, nor know of, nor have reasonable grounds to know of, any facts that could give rise to a notice of non-compliance with Applicable Laws. Without limiting the generality of the foregoing, all outstanding securities of Lido and its Subsidiaries have been issued in compliance, in all material respects, with all applicable Canadian Securities Laws.
- (u) **Litigation.** There are no material claims, actions, suits, proceedings or investigations commenced or, to the knowledge of Lido, threatened or contemplated, against or affecting Lido or its Subsidiaries, or affecting their properties or assets before any Governmental Entity or before or by any Person or before any arbitrator of any kind. On or before the date hereof, none of Lido, its Subsidiaries or any of their assets and properties, are subject to any outstanding judgment, order, writ, injunction or decree which would reasonably be expected to have a Material Adverse Effect in respect of Lido or its Subsidiaries or to prevent or materially delay the consummation of the Amalgamation.
- (v) **No Insolvency.** Lido and its Subsidiaries are not insolvent within the meaning of applicable bankruptcy, insolvency or fraudulent conveyance laws. No act or proceeding has been taken by or against Lido or its Subsidiaries in connection with the dissolution, liquidation, winding up, bankruptcy or reorganization of Lido or its Subsidiaries or the appointment of a trustee, receiver, manager or other administrator of Lido or its Subsidiaries or any of their properties or assets.
- (w) **Property.** Lido and Pacific West are the sole legal and beneficial holders of the option to acquire the Nimpkish Property, and such interest is free of all Encumbrances, claims or

demands whatsoever and no other property rights are necessary for the conduct of the activities of Lido or Pacific West on the Nimpkish Property as currently conducted, and Lido does not know of any claim or the basis for any claim that might or could materially adversely affect the right thereof to use, transfer or otherwise exploit such property rights and which would have a Material Adverse Effect on Lido or Pacific West.

(x) **Property Rights.**

- (i) Any and all of the agreements and other documents and instruments pursuant to which Lido or Pacific West holds the Nimpkish Property (including any interest in, or right to earn an interest therein) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable by Lido or Pacific West in accordance with the terms thereof.
- (ii) Lido and Pacific West are not in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged and the Nimpkish Property is in good standing under the applicable statutes and regulations of the jurisdiction in which it is situated.
- (iii) All material options, leases, licences and claims pursuant to which Lido or Pacific West derives the interests in such property and assets are in good standing and, to the knowledge of Lido, there has been no material default under any such lease, licence or claim.
- (iv) None of the options, leases, licences or claims pursuant to which Lido or Pacific West derives its interests in the Nimpkish Property are subject to any right of first refusal or purchase or acquisition right which is not disclosed in the Lido Public Documents.
- (v) Lido or Pacific West holds an interest in the Nimpkish Property sufficient to permit Lido or Pacific West to explore for the minerals relating thereto.
- (vi) To the knowledge of Lido, except as would not have a Material Adverse Effect on Lido or Pacific West, all concessions, leases or claims and permits relating to the Nimpkish Property in which Lido or Pacific West has an interest or right have been validly located and recorded in accordance with all applicable laws and are valid and subsisting.
- (vii) Lido or Pacific West has all surface rights, access rights, authorizations and other necessary rights and interests relating to the Nimpkish Property as are appropriate in view of Lido's and Pacific West's rights and interest therein and necessary for Lido's and Pacific West's current activities thereon, with only such exceptions as do not materially interfere with the use made by Lido or Pacific West of the rights or interest so held, and each of the proprietary interests is currently in good standing in all material respects.
- (viii) Lido and Pacific West do not have any responsibility or obligation to pay any commission, royalty, licence, fee or similar payment to any person with respect to the property rights thereof except as disclosed in the Lido Public Documents.

- (y) **Assets.** The assets owned by Lido and Pacific West include all assets, rights, authorizations and property necessary to conduct their business immediately after the Amalgamation in the same manner it is currently conducted. Lido and Pacific West have good and marketable title to all of their assets, free and clear of any Encumbrances.
- (z) **Operations.** To Lido's knowledge, all operations of Lido and Pacific West on the Nimpkish Property have been conducted in all material respects in accordance with good mining, exploration and engineering practices and all applicable workers' compensation and health and safety and workplace laws, regulations and policies have been duly complied with in all material respects.
- (aa) **Material Contracts.** All Material Contracts of Lido are disclosed in the Lido Public Documents. All such Material Contracts are valid and subsisting agreements, enforceable in accordance with their terms. Lido or its Subsidiaries have performed all of the obligations required to be performed by them and, to the best of the knowledge of Lido, Lido or its Subsidiaries are entitled to all benefits under its Material Contracts. None of Lido, its Subsidiaries or, to Lido's knowledge, any other party to any Material Contract is in default of any such Material Contract. To the knowledge of Lido, no event has occurred which, with the giving of notice, the lapse of time or both, would constitute an event of default by any other party to any such Material Contract, and Lido and its Subsidiaries are not alleged to be in default of any of the provisions of such Material Contracts, and Lido is not aware of any disputes with respect thereto.
- (bb) **Employment matters.**
 - (i) Except as disclosed in writing by Lido to Cappex on the date of this Agreement, Lido and its Subsidiaries are not a party to or bound by any written contracts in respect of any director, officer, employee, independent contractor or consultant.
 - (ii) Except as disclosed in the Lido Public Documents, Lido and its Subsidiaries do not have any benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, termination, change of control, pension, retirement, stock option, stock purchase, stock appreciation, stock award, health, welfare, medical, dental, disability, life insurance and similar plans, programmes, arrangements or practices, nor have Lido or its Subsidiaries ever had any such plans.
 - (iii) Lido or its Subsidiaries are not party to a collective bargaining agreement or subject to any application for certification or threatened or apparent union-organizing campaign and there are no current, pending or threatened strikes, lockouts or other labour disputes or disruptions at Lido or its Subsidiaries.
 - (iv) Lido and its Subsidiaries have operated and are currently operating in compliance with all Applicable Laws in all material respects relating to employees, including employment standards, human rights, occupational health and safety, all pay equity and employment equity legislation and there have been no employment related complaints against Lido or its Subsidiaries.
 - (v) There are no complaints or threatened complaints against Lido or its Subsidiaries before any employment standards branch or tribunal or human rights commission or tribunal, nor, to the knowledge of Lido, any occurrence which might lead to a

complaint under any human rights legislation, employment standards legislation, health and safety legislation, workers' compensation legislation or pay equity legislation.

- (vi) There are no outstanding decisions or settlements or pending settlements under employment standards, human rights legislation, health and safety legislation, workers' compensation legislation, payment equity legislation or labour relations legislation which place any obligation on Lido or its Subsidiaries to do or refrain from doing any act or place a material financial obligation on Lido or its Subsidiaries.
 - (vii) Neither the execution and delivery of this Agreement nor the performance of the obligations of Lido thereunder will entitle any current or former employee of Lido or its Subsidiaries to any severance or termination pay, bonus or other similar payment.
- (cc) **Consents.** No Regulatory Approval is required to be obtained or made by Lido or its Subsidiaries in connection with the execution and delivery of this Agreement, the Amalgamation Agreement or the completion of the Amalgamation and the other transactions contemplated by this Agreement other than:
- (i) the approval of the Exchange of the Amalgamation, and to list the Lido Shares issuable to Cappex Shareholders pursuant to the Amalgamation and any other filings or approvals required under the policies of the Exchange, BCBCA or under applicable Canadian Securities Laws; and
 - (ii) any other consents, approvals, orders, authorizations, declarations or filings of or with a Governmental Entity which, either individually or in the aggregate, if not obtained, would not, and could not reasonably be expected to, have a Material Adverse Effect on Lido or its Subsidiaries or on the ability of Lido to complete the Amalgamation and the other transactions contemplated by this Agreement.
- (dd) **Cappex Shares.** Lido and its Subsidiaries do not own, directly or indirectly, or exercise control or direction over, any Cappex Shares.
- (ee) **Non-Arm's Length Transactions.** Lido and its Subsidiaries do not have any loan or other indebtedness outstanding exceeding \$5,000 which has been made to any of its shareholders, directors, officers or employees, past or present, or any Person not dealing at "arm's length" (as such term is defined in the Tax Act) with Lido or its Subsidiaries. Except as will be disclosed in the Lido Financial Statements or the Lido Public Documents, Lido and its Subsidiaries have not engaged in any transaction with any non-arm's length Person.
- (ff) **Full Disclosure.** Lido has made available to Cappex all material information requested, including financial, operational and other information, in respect of Lido and its Subsidiaries and the business thereof and all such information as made available to Cappex is true and correct in all material respects and no Material Fact or Material Facts have been omitted therefrom which would make such information misleading.

- (gg) **No Shareholders' Agreements.** To the best of the knowledge of Lido, there are no shareholders' agreements, pooling agreements, voting trusts or other similar agreements with respect to the ownership or voting of any of the shares of Lido or its Subsidiaries.
- (hh) **Shareholder Approval Required.** The only votes or approvals of the holders of any securities of Lido necessary to approve the acquisition of Cappex is the Lido Shareholder Approval.
- (ii) **Insurance.** Lido and its Subsidiaries do not currently maintain any insurance policies. To the knowledge of Lido, Lido and its Subsidiaries have never made a material claim pursuant to an insurance policy, and have never had a material claim pursuant to an insurance policy that has been denied, rejected, questioned or disputed by any insurer or as to which any insurer has made any reservation of rights or refused to cover all or any material portion of such claim. To the knowledge of Lido, any material proceedings covered by any insurance policy of Lido or its Subsidiaries was properly reported to and accepted by the applicable insurer.
- (jj) **Environment.**
- Lido and its Subsidiaries:
- (i) are in material compliance with any and all Environmental Laws;
 - (ii) have received all material permits, licenses or other approvals required of it under applicable Environmental Laws to conduct their business;
 - (iii) are in material compliance with all terms and conditions of any such permit, license or approval; and
 - (iv) have no existing environmental, reclamation or closure obligations, demands, notices, work orders or other liabilities with respect to any portion of any currently or formerly owned, leased, used or otherwise controlled property, interests and rights or relating to the operations and business of Lido or its Subsidiaries and, to the knowledge of Lido, there is no basis for any such obligations, demands, notices, work orders or liabilities to arise in the future as a result of any activity in respect of such property, interests, rights, operations and business.
- (kk) **Environmental Claims.** There have been no, and, to knowledge of Lido, there are no threatened or pending claims, complaints, notices or requests for information received by Lido or its Subsidiaries with respect to any alleged violation of any Environmental Law and no conditions exist at, on or under any property now or previously owned, operated, leased or under contract by Lido or its Subsidiaries which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law.
- (ll) **Third Party Environmental Claims.** To the knowledge of Lido, there are no claims with respect to any alleged violation of any Environmental Law against any third party for activities conducted on any property now or previously owned, operated, leased or under contract by Lido or its Subsidiaries.

- (mm) **Auditors.** There has never been a reportable disagreement (within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations*) with the current auditors of Lido.

3.3 **Survival of Representations and Warranties**

The representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement and shall expire and be terminated and extinguished on the earlier of the Effective Date and the date on which this Agreement is terminated in accordance with its terms. Any investigation by Cappex, Lido or Subco and their respective advisors shall not mitigate, diminish or affect the representations and warranties contained in this Agreement.

ARTICLE 4 COVENANTS

4.1 **Covenants of Cappex**

Except as required by Applicable Law or with the prior written consent of Lido, Cappex hereby covenants and agrees with Lido and Subco that, prior to the Effective Date, other than as expressly contemplated or permitted by this Agreement or the Amalgamation Agreement:

- (a) **Cappex Shareholder Approval.** In a timely and expeditious manner, Cappex shall:
 - (i) use commercially reasonable efforts to obtain the Cappex Shareholder Approval;
 - (ii) use commercially reasonable efforts to enter into the Cappex Support Agreements and to ensure that the parties to the Cappex Support Agreements vote for the Amalgamation in the accordance with the terms of the Cappex Support Agreements, not terminate the Cappex Support Agreements, and not knowingly take any action, refrain from taking any action, or permit any action to be taken or not taken, which is inconsistent with the Cappex Support Agreements;
 - (iii) on request, advise Lido of the aggregate tally of the proxies received in respect of the resolutions approving the Amalgamation;
 - (iv) provide Lido with a copy of any purported exercise of dissent rights by a Cappex Shareholder and written communications with any Cappex Shareholder purportedly exercising such dissent rights, and shall not settle or compromise any action brought by any present, former or purported holder of any securities of Cappex in connection with the transactions contemplated by this Agreement, including the Amalgamation, without the prior consent of Lido; and
 - (v) take all such actions as may be required under the BCBCA in connection with the Amalgamation and the other transactions contemplated by this Agreement.
- (b) **Usual Business.** Other than in contemplation of or as required to give effect to the transactions contemplated by this Agreement and the Amalgamation Agreement, Cappex shall, and shall cause Cappex Peru to, conduct business only in, and not take any action except in, the ordinary course of business and consistent with past practice. Cappex shall use, and shall cause Cappex Peru to use, commercially reasonable efforts to preserve intact their respective present business organization and goodwill, to keep available the services

of its respective officers and employees as a group and to maintain satisfactory relationships with suppliers, distributors, employees and others having business relationships with them.

- (c) **Certain Actions Prohibited.** Other than in contemplation of or as required to give effect to the transactions contemplated by this Agreement, Cappex shall not, and shall cause Cappex Peru not to, directly or indirectly, without Lido's prior written consent, do or permit to occur any of the following:
- (i) other than in connection with the exercise of any Cappex Warrants, issue, sell, pledge, lease, dispose of, encumber or create any Encumbrance on or agree to issue, sell, pledge, lease, dispose of or encumber or create any Encumbrance on any Cappex Shares or securities of Cappex Peru, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any Cappex Shares or securities of Cappex Peru;
 - (ii) sell, lease or otherwise dispose of or encumber or create any Encumbrance on any material property or material assets or enter into any agreement or commitment in respect of any of the foregoing;
 - (iii) amend or propose to amend the notice of articles or articles of Cappex or the constating documents of Cappex Peru;
 - (iv) split, combine or reclassify the Cappex Shares or the securities of Cappex Peru;
 - (v) redeem, purchase or offer to purchase any Cappex Shares;
 - (vi) reorganize, amalgamate or merge Cappex or Cappex Peru with any other Person;
 - (vii) declare, set aside or pay any dividend or other distribution to the Cappex Shareholders;
 - (viii) relinquish any contractual rights which are, individually or in the aggregate, material, or enter into, amend or terminate any Material Contracts;
 - (ix) incur, authorize, agree or otherwise become committed to provide guarantees for borrowed money or incur, authorize, agree or otherwise become committed for any indebtedness for borrowed money;
 - (x) other than in connection with the acquisition of additional exploration or mining properties in Peru which has been approved in writing by Lido, acting reasonably, acquire or agree to acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof (or material interest therein), or make any investment either by purchase of shares or securities, contributions of capital or property transfer;
 - (xi) enter into any transaction with or make payments to a party or parties with which it does not deal at arm's length other than in the ordinary course of business;

- (xii) enter into or modify any employment, severance or similar agreement, policy or arrangement with, or grant any bonus, salary increase, option to purchase shares, profit sharing, retirement allowance, deferred compensation, incentive compensation, severance, change of control or termination pay to, or make any loan to, any employee, officer or director of Cappex or Capex Peru;
 - (xiii) other than in connection with the acquisition of additional exploration or mining properties in Peru which has been approved in writing by Lido, acting reasonably, commit to any single expense, acquire or commit to acquire any capital assets, or incur or commit to operating or capital expenditures, in each case having a value in excess of \$50,000;
 - (xiv) pay, discharge or satisfy any material claims, liabilities or obligations other than the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice in accordance with their terms, of liabilities reflected in the Cappex Financial Statements;
 - (xv) cause their current insurance and re-insurance policies within their control or any of the coverage thereunder to lapse; or
 - (xvi) take any action that would interfere with or be inconsistent with the completion of the transactions contemplated by this Agreement or would render, or that may reasonably be expected to render, any representation or warranty made by Cappex or Cappex Peru in this Agreement untrue or inaccurate at any time prior to the Effective Time if then made.
- (d) **Notification.** Cappex shall promptly notify Lido of (i) any material Governmental Entity or third person complaints, investigations or hearings (or communications indicating that the same may be contemplated) regarding Cappex or its Subsidiary, (ii) any breach by Cappex or its Subsidiary of any covenant or agreement contained in this Agreement, or (iii) any event occurring subsequent to the date hereof that would render any representation or warranty of Cappex or its Subsidiary contained in this Agreement, if made on or as of the date of such event or the Effective Date, to be untrue or inaccurate in any material respect.
- (e) **Satisfaction of Conditions.** Cappex shall, and shall cause its Subsidiaries to, use all commercially reasonable efforts to satisfy, or cause to be satisfied, all conditions precedent to its obligations 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 all Applicable Laws to complete the Amalgamation and the other transactions contemplated by this Agreement, including using its commercially reasonable efforts to:
- (i) obtain the Cappex Shareholder Approval;
 - (ii) obtain all Regulatory Approvals and other consents, approvals and authorizations as are required to be obtained by Cappex or its Subsidiary under any Applicable Law or from any Governmental Entity which would, if not obtained, materially impede the completion of the Amalgamation and the other transactions contemplated by this Agreement or have a Material Adverse Effect on Cappex or its Subsidiary on a consolidated basis;

- (iii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the Amalgamation and the other transactions contemplated by this Agreement and participate and appear in any proceedings of any Party hereto before any Governmental Entity;
 - (iv) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement, the Amalgamation Agreement or the Amalgamation and the other transactions contemplated by this Agreement or seeking to stop, or otherwise adversely affecting the ability of the Parties hereto to consummate, the Amalgamation and the other transactions contemplated by this Agreement;
 - (v) fulfill all conditions and satisfy all provisions of this Agreement and the Amalgamation Agreement required to be fulfilled or satisfied by Cappex or its Subsidiary;
 - (vi) prepare the Alta Victoria Technical Report in material compliance with the requirements of NI 43-101;
 - (vii) prepare financial statements for Cappex as required by Exchange policies and Applicable Laws; and
 - (viii) cooperate with Lido in connection with the performance by Lido of its obligations hereunder.
- (f) **Cooperation.** Cappex shall, and shall cause Cappex Peru to, make, or cooperate as necessary in the making of, all necessary filings and applications under all Applicable Laws required in connection with the transactions contemplated by this Agreement and take all reasonable action necessary to be in compliance with such Applicable Laws.
- (g) **Representations.** Cappex shall, and shall cause Cappex Peru to, use their commercially reasonable efforts to conduct their affairs so that all of the representations and warranties of Cappex and its Subsidiary contained herein shall be true and correct on and as of the Effective Date as if made on and as of such date.
- (h) **Books and Records.** Cappex shall continue to make available and cause to be made available to Lido and its agents and advisors, all documents and agreements (including, without limitation, minute books) as may be necessary to enable Lido to effect a thorough investigation of Cappex, Cappex Peru and the business, properties and financial status thereof. Cappex shall cause its senior officers and the senior officers of Cappex Peru to discuss and answer fully any and all questions relating to the business and affairs of Cappex and its Subsidiary. The provisions of this subsection 4.1(h) are without prejudice to the representations and warranties of Cappex set out in section 3.1 hereof and the conditions in favour of Lido and Subco set out in sections 5.1 and 5.3 hereof.
- (i) **Refrain from Certain Actions.** Without limiting the provisions of subsection 4.1(c) hereof, Cappex shall not, and shall cause Cappex Peru not to, take any action, refrain from taking any action (subject to commercially reasonable efforts), or permit any action to be taken or not taken, inconsistent with the provisions of this Agreement or the Amalgamation

Agreement or which would reasonably be expected to materially impede the completion of the transactions contemplated by this Agreement and the Amalgamation Agreement or which would or could have a Material Adverse Effect on Cappex or its Subsidiary on a consolidated basis, provided that where Cappex or its Subsidiary is required to take any such action or refrain from taking such action (subject to commercially reasonable efforts), Cappex shall immediately notify Lido in writing of such circumstances.

- (j) **Closing Documents.** Cappex shall, and shall cause Cappex Peru, as applicable, to execute and deliver the following on or prior to the Closing:
- (i) a certificate of good standing of Cappex issued under the BCBCA and a certificate of status or of the equivalent of Cappex Peru in its jurisdiction of incorporation;
 - (ii) a certified copy of the resolutions passed by the directors of Cappex approving this Agreement, the Amalgamation and the other transactions contemplated by this Agreement;
 - (iii) a certified copy of the special resolution of the Cappex Shareholders approving the Amalgamation;
 - (iv) evidence of any Regulatory Approval required to be obtained by Cappex to effect the transactions contemplated in this Agreement;
 - (v) Accredited Investor Certificates executed by each Cappex Shareholder that is a U.S. Person and an Accredited Investor (or such other evidence as required to confirm such U.S. Person qualifies for an exemption from the U.S. 1933 Act) and a list of the Cappex Shareholders who are U.S. Persons and are not Accredited Investors, and number of Cappex Shares held by such U.S. Persons;
 - (vi) legal opinions in form satisfactory to Lido's counsel (acting reasonably) which opine: (A) that Cappex and Cappex Peru are each incorporated, validly existing and in good standing under their respective laws of incorporation; and (B) with respect to the Alta Victoria Project;
 - (vii) a certificate of the President of Cappex, or another officer satisfactory to Lido, pursuant to subsection 5.3(a)(i) and subsection 5.3(a)(ii) hereof; and
 - (viii) such other customary agreements, certificates, resolutions, opinions and other closing documents that are, in the opinion of Cappex acting reasonably, required to be delivered by Lido in order for them to meet their obligations under this Agreement.

4.2 Covenants of Lido and Subco

Except as required by Applicable Law or with the written consent of Cappex, each of Lido and Subco hereby covenants and agrees with Cappex that, prior to the Effective Date, other than as expressly contemplated or permitted by this Agreement or the Amalgamation Agreement:

- (a) **Lido Shareholder Approval.** In a timely and expeditious manner, Lido shall:

- (i) use commercially reasonable efforts to obtain the Lido Shareholder Approval;
 - (ii) use commercially reasonable efforts to enter into the Lido Support Agreements and to ensure that the parties to the Lido Support Agreements vote for the Amalgamation in the accordance with the terms of the Lido Support Agreements, not terminate the Lido Support Agreements, and not knowingly take any action, refrain from taking any action, or permit any action to be taken or not taken, which is inconsistent with the Lido Support Agreements;
 - (iii) on request, advise Lido of the aggregate tally of the proxies received in respect of the resolutions approving the acquisition of Cappex;
 - (iv) take all such actions as may be required under the BCBCA in connection with the Amalgamation and the other transactions contemplated by this Agreement.
- (b) **Subco Approval.** Subject to the satisfaction or waiver of the conditions set out in section 5.1 and 5.3 hereof, Lido, as sole shareholder of Subco, shall waive notice of and its attendance at a meeting of the shareholders of Subco to approve the Amalgamation and shall sign a resolution in writing of the sole shareholder of Subco approving the Amalgamation and the Amalgamation Agreement.
- (c) **Usual Business.** Other than in contemplation of or as required to give effect to the transactions contemplated by this Agreement and the Amalgamation Agreement, Lido shall, and shall cause Pacific West to, conduct business only in, and not take any action except in, the ordinary course of business and consistent with past practice. Lido shall use, and shall cause Pacific West to use, commercially reasonable efforts to preserve intact their respective present business organization and goodwill, to keep available the services of its respective officers and employees as a group and to maintain satisfactory relationships with suppliers, distributors, employees and others having business relationships with them. In addition, Lido shall conduct business and operate substantially in accordance with the budget provided to Cappex dated April 15, 2021.
- (d) **Certain Actions Prohibited.** Other than in contemplation of or as required to give effect to the transactions contemplated by this Agreement, Lido shall not, and shall cause Pacific West not to, directly or indirectly, without Cappex's prior written consent, do or permit to occur any of the following:
- (i) other than in connection with the Private Placement or the exercise of any Lido Options, issue, sell, pledge, lease, dispose of, encumber or create any Encumbrance on or agree to issue, sell, pledge, lease, dispose of or encumber or create any Encumbrance on any Lido Shares or shares of Lido's Subsidiaries, or any options, warrants, calls, conversion privileges or rights of any kind to acquire any Lido Shares or securities of Pacific West;
 - (ii) sell, lease or otherwise dispose of or encumber or create any Encumbrance on any material property or material assets or enter into any agreement or commitment in respect of any of the foregoing;
 - (iii) amend or propose to amend the notice of articles or articles of Lido or Pacific West;

- (iv) split, combine or reclassify the Lido Shares or the shares of Pacific West;
- (v) redeem, purchase or offer to purchase any Lido Shares;
- (vi) reorganize, amalgamate or merge Lido or Pacific West with any other Person;
- (vii) declare, set aside or pay any dividend or other distribution to the Lido Shareholders;
- (viii) relinquish any contractual rights which are, individually or in the aggregate, material, or enter into, amend or terminate any Material Contracts;
- (ix) incur, authorize, agree or otherwise become committed to provide guarantees for borrowed money or incur, authorize, agree or otherwise become committed for any indebtedness for borrowed money;
- (x) acquire or agree to acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof (or material interest therein), or make any investment either by purchase of shares or securities, contributions of capital or property transfer;
- (xi) enter into any transaction with or make payments to a party or parties with which it does not deal at arm's length other than in the ordinary course of business;
- (xii) enter into or modify, including in connection with the Lido Management Reconstitution, any employment, severance or similar agreement, policy or arrangement with, or grant any bonus, salary increase, option to purchase shares, profit sharing, retirement allowance, deferred compensation, incentive compensation, severance, change of control or termination pay to, or make any loan to, any employee, officer or director of Lido or Pacific West, except as approved in writing by Cappex;
- (xiii) commit to any single expense, acquire to commit to acquire any capital assets, or incur or commit to operating or capital expenditures, in each case having a value in excess of \$50,000;
- (xiv) pay, discharge or satisfy any material claims, liabilities or obligations other than the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice in accordance with their terms, of liabilities reflected in the Lido Financial Statements or in the Lido Public Documents;
- (xv) cause their current insurance and re-insurance policies within their control or any of the coverage thereunder to lapse; or
- (xvi) take any action that would interfere with or be inconsistent with the completion of the transactions contemplated by this Agreement or would render, or that may reasonably be expected to render, any representation or warranty made by Lido or Pacific West in this Agreement untrue or inaccurate at any time prior to the Effective Time if then made.

- (e) **Notification.** Lido shall promptly notify Cappex of (i) any material Governmental Entity or third person complaints, investigations or hearings (or communications indicating that the same may be contemplated) regarding Lido or Subco, (ii) any breach by Lido or Subco of any covenant or agreement contained in this Agreement, or (iii) any event occurring subsequent to the date hereof that would render any representation or warranty of Lido or Subco contained in this Agreement, if made on or as of the date of such event or the Effective Date, to be untrue or inaccurate in any material respect.
- (f) **Satisfaction of Conditions.** Lido and Subco shall, and Lido shall cause Pacific West to, use all commercially reasonable efforts to satisfy, or cause to be satisfied, all conditions precedent to its obligations 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 all Applicable Laws to complete the Amalgamation and the other transactions contemplated by this Agreement, including using its commercially reasonable efforts to:
- (i) obtain the Lido Shareholder Approval;
 - (ii) obtain all Regulatory Approvals and other consents, approvals and authorizations as are required to be obtained by Lido, Pacific West or Subco under any Applicable Law or from any Governmental Entity which would, if not obtained, materially impede the completion of the Amalgamation and the other transactions contemplated by this Agreement or Material Adverse Effect on Lido or Pacific West on a consolidated basis;
 - (iii) effect all necessary registrations, filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the Amalgamation and the other transactions contemplated by this Agreement and participate and appear in any proceedings of any Party hereto before any Governmental Entity;
 - (iv) oppose, lift or rescind any injunction or restraining order or other order or action challenging or affecting this Agreement, the Amalgamation Agreement or the Amalgamation and the other transactions contemplated by this Agreement or seeking to stop, or otherwise adversely affecting the ability of the Parties hereto to consummate, the transactions contemplated by this Agreement;
 - (v) fulfill all conditions and satisfy all provisions of this Agreement and the Amalgamation Agreement required to be fulfilled or satisfied by Lido or Subco; and
 - (vi) cooperate with Cappex in connection with the performance by Cappex of its obligations hereunder.
- (g) **Cooperation.** Lido and Subco shall, and Lido shall cause Pacific West to, make, or cooperate as necessary in the making of, all necessary filings and applications under all Applicable Laws required in connection with the transactions contemplated by this Agreement and take all reasonable action necessary to be in compliance with such Applicable Laws.

- (h) **Representations.** Lido shall use its commercially reasonable efforts to conduct its affairs and to cause Pacific West and Subco to conduct their affairs so that all of the representations and warranties of Lido, Pacific West and Subco contained herein shall be true and correct on and as of the Effective Date as if made on and as of such date.
- (i) **Books and Records.** Lido shall continue to make available and cause to be made available to Cappex and its agents and advisors, all documents and agreements (including, without limitation, minute books) as may be requested by Cappex to enable Cappex to effect a thorough investigation of Lido, Pacific West and Subco and the business, properties and financial status thereof and to enable Cappex to provide all disclosure necessary or advisable to the Cappex Shareholders. Lido shall cause its senior officers to discuss and answer fully any and all questions relating to the business and affairs of Lido, Pacific West and Subco. The provisions of this subsection 4.2(i) are without prejudice to the representations and warranties of Lido set out in section 3.2 hereof and the conditions in favour of Cappex set out in sections 5.1 and 5.2 hereof.
- (j) **Refrain from Certain Actions.** Without limiting the provisions of subsection 4.2(d) hereof, Lido shall not, and shall cause its Subsidiaries not to, take any action, refrain from taking any action (subject to commercially reasonable efforts), or permit any action to be taken or not taken, inconsistent with the provisions of this Agreement or the Amalgamation Agreement or which would reasonably be expected to materially impede the completion of the transactions contemplated by this Agreement and the Amalgamation Agreement or which would or could have a Material Adverse Effect on Lido or Subco, provided that where Lido is required to take any such action or refrain from taking such action (subject to commercially reasonable efforts), Lido shall immediately notify Cappex in writing of such circumstances.
- (k) **Maintain Listing on the Exchange.** Lido shall not take any action which would be reasonably expected to result in the delisting or suspension of the Lido Shares from the Exchange and shall comply, in all material respects, with the rules and policies thereof.
- (l) **Closing Documents.** Lido shall, and shall cause Pacific West and Subco, as applicable, to execute and deliver to Cappex the following on or prior to the Closing:
 - (i) a certificate of good standing of each of Lido and Pacific West issued under the BCBCA;
 - (ii) a certified copy of the resolutions passed by the directors of Lido approving this Agreement, the Amalgamation, and the other transactions contemplated by this Agreement;
 - (iii) a certified copy of the ordinary resolution of the Lido Shareholders evidencing the Lido Shareholder Approval;
 - (iv) a certified copy of the resolution passed by the directors of Subco approving the Amalgamation Agreement;
 - (v) a certified copy of the resolution passed by Lido, as the sole shareholder of Subco, approving the Amalgamation and the Amalgamation Agreement;

- (vi) resignations of the directors and officers of Lido and Pacific West, and such other documentation as required to effect the board and management reconstitutions pursuant to section 2.4;
- (vii) releases, in form satisfactory to Cappex acting reasonably, of each director and officer of Lido and Pacific West who will not be serving as a director or officer following the Amalgamation;
- (viii) evidence that Lido is a reporting issuer in the Reporting Jurisdictions and is not in default of any of the provisions therein;
- (ix) a copy of the irrevocable direction from Lido to its transfer agent to issue the Lido Shares to Cappex Shareholders pursuant to the Amalgamation and in accordance with this Agreement;
- (x) confirmation from Lido's transfer agent of the issuance of the Lido Shares to Cappex Shareholders pursuant to the Amalgamation and in accordance with this Agreement;
- (xi) a legal opinion in form satisfactory to Cappex's counsel (acting reasonably) which opines that Lido, Pacific West and Subco are each incorporated, validly existing and in good standing under the laws of the Province of British Columbia, and that the Lido Shares issued to the Cappex Shareholders at the Closing are duly authorized, validly allotted and issued as fully paid and non-assessable;
- (xii) a certificate of the Chief Executive Officer of Lido, or another officer satisfactory to Cappex, pursuant to subsection 5.2(a)(i) and subsection 5.2(a)(ii) hereof; and
- (xiii) such other customary agreements, certificates, resolutions, opinions and other closing documents that are, in the opinion of Cappex acting reasonably, required to be delivered by Lido in order for them to meet their obligations under this Agreement.

4.3

Non-Solicitation

- (a) Other than as contemplated in this Agreement, each of the Parties covenants and agrees with the other Parties that, until the termination of this Agreement in accordance with Section 7.1, it will not and will not permit any of its Subsidiaries to, without prior written consent of the other Parties, directly or indirectly, through any officer, director, employee, advisor, representative, agent or otherwise:
 - (i) make, solicit, assist, initiate, encourage, engage in, respond to or otherwise facilitate any inquiries, proposals or offers relating to any Acquisition Proposal, or furnish to any Person any information with respect to, or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by a Person to do or seek to do any of the foregoing;
 - (ii) engage or participate in any discussions or negotiations regarding, or provide any information with respect to, or otherwise co-operate in any way with, or assist or

participate in, facilitate or encourage, any effort or attempt to make or complete any Acquisition Proposal;

- (iii) withdraw, modify or qualify, or propose publicly to withdraw, modify or qualify, in any manner adverse to the other Parties or the Amalgamation, the approval or recommendation of the board of directors of such Party or any committee thereof of this Agreement or the Amalgamation;
- (iv) approve, recommend or remain neutral with respect to, or propose publicly to approve, recommend or remain neutral with respect to, any Acquisition Proposal;
- (v) accept or enter into, or publicly propose to accept or enter into, any letter of intent, agreement in principle, agreement, arrangement or undertaking related to any Acquisition Proposal; or
- (vi) conduct any activity that is or may be otherwise materially detrimental to the completion of the Amalgamation,

provided, however, that nothing contained in this Section 4.3(a) shall prevent or limit the ability of the directors of each of the Parties hereto to fulfill their fiduciary or statutory duties.

- (b) The Parties hereto shall immediately cease and cause to be terminated any existing discussions or negotiations with any Person with respect to any potential Acquisition Proposal. In the event any of the Parties hereto is approached in respect of any Acquisition Proposal or any proposal, inquiry or offer that could lead to an Acquisition Proposal, it shall immediately notify the other Parties hereto.

ARTICLE 5 CONDITIONS

5.1 Mutual Conditions Precedent

- (a) The respective obligations of Cappex, Lido and Subco to complete the Amalgamation and the other transactions contemplated by this Agreement are subject to the fulfilment of the following conditions at or before the Effective Time or such other time as is specified below:
 - (i) the Cappex Shareholder Approval and Lido Shareholder Approval shall have been obtained in accordance with the provisions of Applicable Laws and the applicable requirements of any Governmental Entity;
 - (ii) the Exchange shall have accepted the issue of Lido Shares in connection with the Amalgamation, subject only to compliance with the usual requirements of the Exchange, all necessary escrow and pooling arrangements and other similar requirements imposed by the Exchange in connection with the listing on the Exchange of the Lido Shares to be issued in connection with the Amalgamation shall have been completed and the applicable parties shall have finalized and executed all applicable escrow and pooling agreements and documents, and each of Cappex and Lido shall be satisfied, acting reasonably, that the conditions set

forth in the conditional approval letter of the Exchange will be satisfied as of or within a reasonable period of time after the Effective Date;

- (iii) the Amalgamation Application shall be in form and substance satisfactory to the Parties hereto, acting reasonably;
 - (iv) there shall not be in force any Applicable Law, ruling, order or decree, and there shall not have been any action taken under any Applicable Law or by any Governmental Entity, that makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Amalgamation in accordance with the terms hereof or the other transactions contemplated by this Agreement in accordance with the terms hereof or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Amalgamation or the other transactions contemplated by this Agreement which has, or could reasonably be expected to have a Material Adverse Effect on Cappex on a consolidated basis or Lido on a consolidated basis;
 - (v) all Regulatory Approvals and corporate approvals in connection with the Amalgamation and the other transactions contemplated by this Agreement shall have been obtained; and
 - (vi) this Agreement shall not have been terminated pursuant to Article 7 hereof.
- (b) The foregoing conditions are for the mutual benefit of the Parties hereto and may be waived in respect of a Party hereto, in whole or in part, by such Party hereto in writing at any time. If any of such conditions shall not be complied with or waived as aforesaid on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to section 5.4 hereof, any Party hereto may terminate this Agreement by written notice to the other Parties hereto in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by such terminating Party.

5.2

Additional Conditions Precedent to the Obligations of Cappex

- (a) The obligation of Cappex to complete the Amalgamation and the other transactions contemplated by this Agreement is subject to the fulfilment of the following additional conditions at or before the Effective Time or such other time as is specified below:
 - (i) except as disclosed in writing to Cappex on or prior to the date hereof, all representations and warranties made by Lido and Subco in this Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and Lido shall have provided to Cappex a certificate of the Chief Executive Officer thereof (or another officer satisfactory to Cappex), and Subco shall have provided to Cappex a certificate of an officer thereof, certifying such accuracy on the Effective Date. No representation or warranty made by Lido or Subco hereunder shall be deemed not to be true and correct if the facts or circumstances which make such representation or warranty

untrue or incorrect are provided for or stated to be exceptions under this Agreement;

- (ii) each of Lido and Subco shall have complied in all material respects with their covenants herein and Lido shall have provided to Cappex a certificate of two officers thereof, and Subco shall have provided to Cappex a certificate of an officer thereof, certifying that, as of the Effective Date, they have so complied with their covenants herein;
 - (iii) at the Effective Date, there shall have been no Material Adverse Change in the affairs, assets, liabilities, financial condition or business (financial or otherwise) of Lido or Subco since the date of this Agreement; and
 - (iv) Lido shall provide evidence satisfactory to Cappex that immediately prior to the Effective Date Lido shall have, on a consolidated basis, no less than [Redacted] in working capital.
- (b) The foregoing conditions are for the benefit of Cappex and may be waived, in whole or in part, by Cappex in writing at any time. If any of such conditions shall not be complied with or waived by Cappex on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to section 5.4 hereof, Cappex may terminate this Agreement by written notice to Lido and Subco in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Cappex.

5.3 Additional Conditions Precedent to the Obligations of Lido and Subco

- (a) The obligations of Lido and Subco to complete the Amalgamation and the other transactions contemplated by this Agreement are subject to the fulfilment of the following additional conditions at or before the Effective Time or such other time as is specified below:
- (i) except as disclosed in writing to Lido on or prior to the date hereof, all representations and warranties made by Cappex in this Agreement shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and Cappex shall have provided to Lido a certificate of the President thereof (or another officer satisfactory to Lido), certifying such accuracy on the Effective Date. No representation or warranty made by Cappex hereunder shall be deemed not to be true and correct if the facts or circumstances which make such representation or warranty untrue or incorrect are provided for or stated to be exceptions under this Agreement;
 - (ii) Cappex shall have complied in all material respects with its covenants herein and Cappex shall have provided to Lido a certificate of two officers thereof certifying that, as of the Effective Date, it has so complied with its covenants herein;

- (iii) there will not have been exercised dissent rights under the BCBCA by Cappex Shareholders with respect to more than five percent (5%) of the outstanding Cappex Shares; and
 - (iv) at the Effective Date, there shall have been no Material Adverse Change in the affairs, assets, liabilities, financial condition or business (financial or otherwise) of Cappex since the date of this Agreement.
- (b) The foregoing conditions are for the benefit of Lido and Subco and may be waived, in whole or in part, by Lido and Subco in writing at any time. If any of such conditions shall not be complied with or waived by Lido and Subco on or before the Completion Deadline or, if earlier, the date required for the performance thereof, then, subject to section 5.4 hereof, Lido and Subco may terminate this Agreement by written notice to Cappex in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of a breach of this Agreement by Lido or Subco.

5.4 Notice and Cure Provisions

Each Party hereto shall give prompt notice (the "**Default Notice**") to the other Parties hereto of the occurrence or failure to occur, at any time from the date hereof until the Effective Date, of any event or state of facts which occurrence or failure would, would be likely to or reasonably could:

- (a) cause any of the representations or warranties of any such Party hereto contained herein to be untrue or inaccurate in any respect from the date hereof up to the Effective Date;
- (b) result in the failure to comply with or satisfy any covenant or agreement to be complied with or satisfied by such Party hereto prior to the Effective Date; or
- (c) result in the failure to satisfy any of the conditions precedent in favour of the other Parties hereto contained in sections 5.1, 5.2 or 5.3 hereof, as the case may be.

Subject to the other provisions herein provided, on receipt of such notice, a Party hereto may elect to terminate this Agreement; provided, however, that (i) promptly, and in any event prior to the filing of the Amalgamation Application with the Registrar, the Party intending to rely thereon has delivered a written notice to the other Parties hereto of its intention to terminate the Agreement and that it is intending to rely on the circumstances set out in the Default Notice, and (ii) the defaulting Party has not cured such default on or before the earlier of the Completion Deadline and the expiration of a period of 15 days from date of delivery of such notice.

5.5 Merger of Conditions

The conditions set out in sections 5.1, 5.2 or 5.3 hereof shall be conclusively deemed to have been satisfied, waived or released on the filing of the Amalgamation Application with the Registrar, together with such other documents as are required to be filed under BCBCA for acceptance by the Registrar to give effect to the Amalgamation and the issue of the Certificate.

**ARTICLE 6
INDEMNIFICATION**

6.1 Indemnity

Each Party shall indemnify and hold harmless the other Parties hereto (and such other Parties' respective directors, officers and advisors) (collectively, the "**Non-Offending Persons**") from and against all claims, damages, liabilities, actions or demands to which the Non-Offending Persons may become subject insofar as such claims, damages, liabilities, actions or demands arise out of or are based upon the information supplied by a Party (other than the Non-Offending Persons). Each Party hereto shall obtain and hold the rights and benefits of this Section 6.1 in trust for and on behalf of such Party's directors, officers and advisors.

**ARTICLE 7
TERMINATION AND AMENDMENT**

7.1 Termination

This Agreement may be terminated, in writing by a Party to this Agreement at any time prior to the Effective Date:

- (a) by mutual written consent of the Parties hereto;
- (b) as provided in sections 5.1(b), 5.2(b) or 5.3(b) hereof, subject to section 5.4 hereof; or
- (c) in the event the Effective Date has not occurred by the Completion Deadline.

In the event of any such termination, each Party hereto shall be deemed to have released, remised and forever discharged the other Parties hereto in respect of any and all claims arising in respect of this Agreement, except as otherwise provided herein and in Article 6, sections 8.1 and 8.9 hereof which provisions shall remain in effect and bind the Parties.

7.2 Amendment

This Agreement may, at any time and from time to time prior to the Effective Time, be amended by mutual written agreement of the Parties without any further notice to Cappex Shareholders, subject to Applicable Law.

7.3 Waiver

At any time prior to the Effective Date, any Party hereto may:

- (a) extend the time for the performance of any of the obligations or other acts of the other Parties hereto; or
- (b) waive compliance with any of the covenants or agreements of the other Parties hereto or with any conditions to its own obligations, but in each case only to the extent such obligations, agreements and conditions are intended for its benefit.

Any waiver or release of any of the provisions of this Agreement, to be effective, must be in writing executed by the Party hereto granting such waiver or release. A waiver by a Party hereto of any one or

more of the conditions herein shall be without prejudice to its right to terminate this Agreement in respect of any other non-fulfillment of any other condition.

ARTICLE 8 GENERAL

8.1 Confidentiality

Lido and Cappex have entered into a Non-Disclosure Agreement dated March 9, 2021, and Cappex Peru and Lido have entered into a Confidentiality Agreement dated November 10, 2020, each of which will continue in force and in accordance with their terms until Closing.

8.2 Notices

Any notice, request, demand, election and other communication of any kind whatsoever to be given under this Agreement will be in writing and will be delivered by hand, emailed or mailed by prepaid registered post to the Parties at their following respective addresses:

- (a) To Cappex:
Av. Santo Toribio 115, Piso 8
San Isidro, Peru
Attention: Philip W. Anderson
Email: [Redacted]

with a copy (which will not constitute notice) to:

Morton Law LLP
Suite 1200 – 750 West Pender Street
Vancouver, British Columbia, V6C 2T8
Attention: Jed M. Hops
Email: [Redacted]

- (b) To Lido and Subco:

Suite 810 – 789 West Pender Street
Vancouver, British Columbia, V6C 1H2
Attention: Paul Teniere
Email: [Redacted]

with a copy (which will not constitute notice) to:

Beadle Raven LLP
600-1090 West Georgia Street
Vancouver, BC V6E 3V7
Attention: Michael Raven
Email: [Redacted]

or to such other addresses as may be given in writing by the Parties hereto in the manner provided for in this section. Any notice delivered or emailed prior to 5:00 p.m. (*Vancouver time*) on a Business Day will be deemed to have been given and received on date of delivery or emailing, as the case may be. Any notice delivered or emailed after 5:00 p.m. (*Vancouver time*) on a Business Day, or on a day that is not a Business Day, will be deemed to have been given and received on the next Business Day following the date of delivery or emailing, as the case may be.

8.3 No Assignment

This Agreement may not be assigned by any Party hereto without the prior written consent of the other Parties hereto.

8.4 Public Statements

No Party hereto shall make any announcement regarding this Agreement, the Amalgamation Agreement, the Amalgamation or the other transactions contemplated by this Agreement which has not been previously reviewed and commented on by the other Parties hereto, except that any Party hereto may issue a press release or make a filing with a Government Entity if counsel for such Party advises that such press release or filing is necessary in order to comply with Applicable Laws, in which case such Party will first make a reasonable effort to obtain the approval of the other Parties hereto.

8.5 Entire Agreement

This Agreement constitutes the entire agreement between the Parties hereto and supersedes all other prior agreements, negotiations, discussions, understandings and undertakings, both written and oral, between the Parties hereto relating to the subject matter hereof, including the merger proposal dated January 7, 2021.

8.6 Time of Essence

Time shall be of the essence of this Agreement.

8.7 Severability

If any provision of this Agreement, or the application thereof, is determined for any reason and to any extent to be invalid or unenforceable, the remainder of this Agreement and the application of such provision to other Persons and circumstances shall remain in full force and effect, provided that the legal or economic substance of the transactions contemplated hereby is not thereby affected in a manner adverse to any of the Parties hereto.

8.8 Counterpart Executions and Electronic Transmissions

This Agreement may be executed in counterparts, each of which when delivered (whether in originally executed form or by electronic or facsimile transmission) shall be deemed to be an original and all of which together shall constitute one and the same document.

8.9 Expenses

All fees, costs and expenses incurred in connection with this Agreement and the Amalgamation shall be paid by the Party incurring such fees, costs or expenses.

8.10 Investigation

Any investigation by a Party hereto and its advisers shall not mitigate, diminish or affect the representations and warranties of the other Parties hereto contained in this Agreement or any document or certificate given pursuant thereto.

8.11 Further Assurances

The Parties hereto will do all such further acts and things and will execute such further documents and agreements as may be necessary to give effect to the terms and conditions of this Agreement.

8.12 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein. Each of the Parties hereto irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of British Columbia.

8.13 Enurement

This Agreement enures to the benefit of and binds the Parties hereto and their respective successors and permitted assigns.

8.14 Remedies Cumulative

The rights and remedies under this Agreement are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise. No single or partial exercise by a Party hereto of any right or remedy precludes or otherwise affects the exercise of any other right or remedy to which that Party may be entitled.

[The remainder of this page is intentionally blank. Signature page follows.]

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

CAPPEX MINERAL VENTURES INC.

By: **"Philip W. Anderson"**

Philip Wells Anderson
President

LIDO MINERALS LTD.

By: **"Paul Ténrière"**

Paul Ténrière
Chief Executive Officer

1303554 B.C. LTD.

By: **"Paul Ténrière"**

Paul Ténrière
Director

SCHEDULE A

AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT made as of May 18, 2021.

BETWEEN:

CAPPEX MINERAL VENTURES INC., a corporation existing under laws of the Province of British Columbia;

("Cappex")

- and –

LIDO MINERALS LTD., a corporation existing under laws of the Province of British Columbia;

("Lido")

- and -

1303554 B.C. LTD., a corporation existing under the laws of the Province of British Columbia;

("Subco")

WHEREAS:

- A. Upon the terms and subject to the conditions set out in this Amalgamation Agreement and the Business Combination Agreement, Cappex, Lido and Subco intend to effect a business combination transaction whereby, among other things, Cappex and Subco will amalgamate and continue as one corporation in accordance with the terms and conditions hereof;
- B. Subco is a wholly owned subsidiary of Lido and has not carried on active business, and Lido wishes that Subco amalgamate with Cappex in accordance with the terms and conditions hereof; and
- C. Upon the Amalgamation taking effect, Cappex Shareholders will receive Lido Shares as set out in this Amalgamation Agreement.

NOW THEREFORE the Parties covenant and agree as follows:

1. Definitions

The terms defined in this Amalgamation Agreement will have the meanings herein specified, unless the context expressly or by necessary implication otherwise requires:

- (a) “**Amalco**” means the corporation resulting from the Amalgamation;
- (b) “**Amalco Shares**” means common shares in the capital of Amalco which Amalco will be authorized to issue upon completion of the Amalgamation;

- (c) “**Amalgamation**” means the amalgamation of Cappex and Subco pursuant to the provisions of the BCBCA as contemplated by this Amalgamation Agreement and the Business Combination Agreement;
- (d) “**Amalgamation Agreement**”, “**herein**” and “**hereof**” mean, respectively, this amalgamation agreement;
- (e) “**Amalgamation Application**” means the amalgamation application providing for the Amalgamation to be filed with the Registrar pursuant to section 275 of the BCBCA, substantially in the form set forth in Appendix 1 hereto;
- (f) “**Articles**” means the articles of Amalco in substantially the form set out in Appendix 2 to this Amalgamation Agreement;
- (g) “**BCBCA**” means the *Business Corporations Act* (British Columbia);
- (h) “**Business Combination Agreement**” means the business combination agreement dated May 18, 2021, between Cappex, Lido and Subco as amended, amended and restated or supplemented prior to the Effective Date;
- (i) “**Cappex Dissenting Shareholder**” means registered Cappex Shareholders who have exercised their rights of dissent in respect of the Amalgamation in accordance with the BCBCA and whose rights of dissent have not terminated;
- (j) “**Cappex Shareholders**” means the registered holders of Cappex Shares at the applicable time;
- (k) “**Cappex Shares**” means the common shares which Cappex is authorized to issue as constituted on the date of the Business Combination Agreement;
- (l) “**Certificate of Amalgamation**” means the certificate of amalgamation to be issued by the Registrar under the BCBCA pursuant to Subsection 281(a) of the BCBCA in respect of the Amalgamation;
- (m) “**Effective Date**” means the effective date of the Amalgamation as set forth in the Certificate of Amalgamation;
- (n) “**Effective Time**” means the effective time of the Amalgamation on the Effective Date, as set forth in the Certificate of Amalgamation;
- (o) “**Encumbrance**” includes any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
- (p) “**Ineligible U.S. Holder**” means a Cappex Shareholder who is a “U.S. person” and is not an “accredited investor” as defined in Rule 501 of Regulation D under the *United States Securities Act of 1933*, as amended, or otherwise qualified for an exemption under such act;

- (q) “**Lido Shares**” means the common shares which Lido is authorized to issue as constituted on the date of the Business Combination Agreement;
- (r) “**Parties**” means, collectively, Lido, Subco and Cappex, and “**Party**” means any one of them;
- (s) “**Subco Shares**” means the common shares which Subco is authorized to issue as constituted on the date of the Business Combination Agreement;
- (t) “**Tax Act**” means the *Income Tax Act* (Canada); and
- (u) “**Registrar**” means the registrar of companies appointed under Section 400 of the BCBCA.

2. **Amalgamation**

Subject to the satisfaction of the conditions as set out in the Business Combination Agreement, Cappex, Lido and Subco agree that Cappex and Subco shall amalgamate pursuant to the provisions of the BCBCA as of the Effective Time and continue as one corporation on the terms and conditions set out in this Agreement.

3. **Effects of Amalgamation**

At the Effective Time on the Effective Date of the Amalgamation:

- (a) the Amalgamation of Cappex and Subco and their continuance as one corporation will become effective;
- (b) the property, assets, rights and privileges of each of Cappex and Subco will continue to be the property, assets, rights and privileges of Amalco;
- (c) Amalco will continue to be liable for all of the contracts, liabilities, debts and obligations of each of Cappex and Subco;
- (d) any existing causes of action, claims or liabilities to prosecution against Cappex and/or Subco will remain unaffected and may be continued against Amalco;
- (e) any civil, criminal or administrative actions or proceedings pending by or against Cappex or Subco may be continued to be prosecuted by or against Amalco but, for all purposes of such actions or proceedings, the name of Amalco will be substituted in such actions or proceedings in place of Cappex or Subco;
- (f) any convictions against, or rulings, orders or judgments in favour of or against, Cappex or Subco may be enforced by or against Amalco;
- (g) at the Effective Time, each Cappex Share outstanding and held by a Cappex Shareholder (other than a Cappex Dissenting Shareholder) immediately prior to the Effective Time will be cancelled and extinguished and converted automatically into the right to receive one Lido Shares for every one Cappex Share held;

- (h) notwithstanding subsection 3(g), in lieu of issuing Lido Shares in accordance with subsection 3(g), Lido shall have the option to pay each Cappex Shareholder who is an Ineligible U.S. Holder the fair market value of the Lido Shares to which an Ineligible U.S. Holder would have been entitled to pursuant to the Amalgamation, and, at the Effective Time, each Cappex Share held by such Ineligible U.S. Holder will be cancelled and extinguished and converted automatically into the right to be paid in accordance with this subsection;
- (i) each Cappex Share held by a Cappex Dissenting Shareholder shall be deemed to be transferred by the Cappex Dissenting Shareholder, without further act or formality on its part, free and clear of any Encumbrance, to Amalco, and Amalco shall be obligated to pay the amount determined in accordance with Subsection 3(o) of this Agreement, the name of Cappex Dissenting Shareholder shall be removed from the central securities register of Cappex, and such Cappex Dissenting Shareholder will cease to have any rights as a holder of Cappex Shares, other than the right to be paid in accordance with Subsection 3(o);
- (j) the outstanding Subco Shares will be cancelled and replaced by Amalco Shares on the basis of one Amalco Share for each outstanding Subco Share;
- (k) Amalco will issue to Lido one Amalco Share for each Lido Share issued to Cappex Shareholders;
- (l) Lido shall add to the stated capital maintained in respect of the Lido Shares an amount equal to the aggregate paid-up capital for purposes of the Tax Act of the Cappex Shares immediately prior to the Effective Time (less the paid-up capital of any Cappex Shares held by Cappex Dissenting Shareholders or Ineligible U.S. Holders who do not exchange their Cappex Shares for Lido Shares on the Amalgamation);
- (m) Amalco shall add to the stated capital maintained in respect of the Amalco Shares an amount such that the stated capital of the Amalco Shares shall be equal to the aggregate paid-up capital for purposes of the Tax Act of the Subco Shares and Cappex Shares immediately prior to the Effective Time;
- (n) Amalco will be a direct wholly-owned subsidiary of Lido; and
- (o) Cappex Shareholders who have validly exercised their dissent rights in accordance with the BCBCA will not be exchanged pursuant to this section but will be paid the fair value of the Cappex Shares held by such Cappex Shareholder, provided that, if any Cappex Dissenting Shareholder fails to perfect or effectively withdraws its claim pursuant to the BCBCA or forfeits its right to make a claim under the BCBCA or if its rights as a Cappex Shareholder are otherwise reinstated, the Cappex Shares held by such holders will thereupon be deemed to have been exchanged pursuant to the Amalgamation in accordance with Subsection 3(g).

4. Direct Registration Statements and Share Certificates

On the Effective Date:

- (a) the registered holders of Cappex Shares (other than Cappex Dissenting Shareholders and Ineligible U.S. Holders who are not issued Lido Shares) will be deemed to be the registered

holders of Lido Shares to which they are entitled in accordance with the provisions hereof and will be entitled to receive a direct registration statement representing the number of Lido Shares to which they are so entitled pursuant to the aforementioned exchange, subject to the hold period and escrow requirements set out in the Business Combination Agreement; and

- (b) Lido, as the registered holder of the outstanding Subco Shares and the deemed holder of Amalco Shares, will be deemed to be the registered holder of Amalco Shares to which it is entitled calculated in accordance with the provisions hereof and may surrender the certificates representing the outstanding Subco Shares to Amalco and, upon such surrender, will be entitled to receive share certificates representing the number of Amalco Shares to which it is entitled, calculated in accordance with the provisions hereof.

5. Cappex Share Certificates

From and after the Effective Time, no Cappex Shares will be deemed to be outstanding, and share certificates that immediately prior to the Effective Time represented Cappex Shares will be deemed to be null and void.

6. Name

The name of Amalco will be “Cappex Mineral Ventures Inc.”, or such similar name as agreed to by the Parties.

7. Notice of Articles

The notice of articles of Amalco shall contain the information contained in the form of notice of articles included in the Amalgamation Application attached to this Amalgamation Agreement.

8. Articles

The Articles of Amalco shall be in the form attached as Appendix 2 to this Amalgamation Agreement and have been signed by one of the first directors of Amalco referred to in Section 12 of this Amalgamation Agreement.

9. Registered Office

The mailing and delivery address of the registered and records office of Amalco shall be as set out in the Notice of Articles referred to in Section 7, until changed in accordance with the BCBCA.

10. Authorized Capital

Amalco will be authorized to issue an unlimited number of shares designated as common shares.

11. Number of Directors

The number of directors of Amalco will be consistent with the Articles from time to time.

12. First Directors

- (a) The number of first directors of Amalco will be one. The first director of Amalco will be the persons whose name and address is set forth below:

Name:

Philip W. Anderson

Address:

Av. Santo Toribio 115, Piso 8
San Isidro, Peru

- (b) The first director will hold office until the first annual or general meeting of the shareholders of Amalco or until their successor are duly appointed or elected. The subsequent directors will be elected each year thereafter as provided for in the Articles. The management and operation of the business and affairs of Amalco will be under the control of the board of directors of Amalco as it is constituted from time to time, subject to the provisions of the BCBCA.

13. Restrictions on Business

There will be no restrictions on the business which Amalco may carry on.

14. Fiscal Year End

The fiscal year end of Amalco will be September 30.

15. Amalgamation Application

Upon the shareholders of each of Cappex and Subco approving this Agreement in accordance with the provisions of the BCBCA and the satisfaction or waiver of all conditions precedent set out in the Business Combination Agreement, any director of Cappex or Subco will file with the Registrar the Amalgamation Application attached as Appendix 1 hereto and such other documents as are required to be filed under the BCBCA for acceptance by the Registrar to give effect to the Amalgamation, pursuant to the provisions of the BCBCA.

16. Termination

This Amalgamation Agreement shall automatically terminate in the event that the Business Combination Agreement is terminated in accordance with Article 7 of the Business Combination Agreement.

17. Severability

If any one or more of the provisions contained in this Amalgamation Agreement should be invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of such provision or provisions will not in any way be affected or impaired thereby in any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby, unless in either case as a result of such determination this Amalgamation Agreement would fail in its essential purpose.

18. Assignment

This Amalgamation Agreement may not be assigned by any Party hereto without the prior written consent of the other Parties hereto.

19. Governing Law

This Amalgamation Agreement and all matters arising hereunder will be governed by, construed and enforced in accordance with the laws of the Province of British Columbia and the Parties hereby irrevocably attorn to the jurisdiction of the Courts of appropriate jurisdiction in the City of Vancouver, in the Province of British Columbia.

20. Binding Effect on Parties

This Amalgamation Agreement will be binding upon and will enure to the benefit of each of the Parties and their respective successors and permitted assigns.

21. Entire Agreement

This Amalgamation Agreement and the Business Combination Agreement constitute the entire agreement between the Parties hereto in respect of the matters referred to herein and there are no representations, warranties, covenants or agreements, expressed or implied, collateral hereto other than as expressly set forth or referred to herein.

22. Amendments

No change or modification of this Amalgamation Agreement shall be valid unless it be in writing and signed by each party.

23. Further Assurances

The Parties hereby agree that each will promptly furnish to the others any further documents and take or cause to be taken any further action as may reasonably be required in order to give effect to this Amalgamation Agreement and the Amalgamation. Each of the Parties will execute such further and other documents and instruments and do such further and other things any other Party may reasonably require to implement and carry out the intent of this Amalgamation Agreement

24. Time of Essence

Time is of the essence of this Amalgamation Agreement.

25. Counterparts

This Amalgamation Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument. The Parties will be entitled to rely upon delivery of an executed pdf (via electronic mail) or similar executed electronic copy of this Agreement, and such pdf (via electronic mail) or similar executed electronic copy will be legally effective to create a valid and binding agreement between the Parties.

[Signature page follows.]

IN WITNESS WHEREOF, the Parties have caused this Amalgamation Agreement to be executed as of the date first written above.

CAPPEX MINERALS LTD.

By: **"Philip W. Anderson"**

Philip Wells Anderson
President

LIDO MINERALS LTD.

By: **"Paul Ténrière"**

Paul Ténrière
Chief Executive Officer

1303554 B.C. LTD.

By: **"Paul Ténrière"**

Paul Ténrière
Director

APPENDIX 1

AMALGAMATION APPLICATION

(See attached)

AMALGAMATION APPLICATION

BUSINESS CORPORATIONS ACT, section 275

Telephone: 1 877 526-1526
www.bcreg.ca

Mailing Address: PO Box 9431 Stn Prov Govt
Victoria BC V8W 9V3

Courier Address: 200 – 940 Blanshard Street
Victoria BC V8W 3E6

DO NOT MAIL THIS FORM to BC Registry Services unless you are instructed to do so by registry staff. The Regulation under the *Business Corporations Act* requires the electronic version of this form to be filed on the Internet at www.corporateonline.gov.bc.ca

Freedom of Information and Protection of Privacy Act (FOIPPA): Personal information provided on this form is collected, used and disclosed under the authority of the FOIPPA and the *Business Corporations Act* for the purposes of assessment. Questions regarding the collection, use and disclosure of personal information can be directed to the Manager of Registries Operations at 1 877 526-1526, PO Box 9431 Stn Prov Govt, Victoria BC V8W 9V3.

A INITIAL INFORMATION – *When the amalgamation is complete, your company will be a BC limited company.*

What kind of company(ies) will be involved in this amalgamation?

(Check all applicable boxes.)

- BC company
- BC unlimited liability company

B NAME OF COMPANY – *Choose one of the following:*

The name _____ is the name reserved for the amalgamated company. The name reservation number is: _____,

OR

The company is to be amalgamated with a name created by adding “B.C. Ltd.” after the incorporation number,

OR

The amalgamated company is to adopt, as its name, the name of one of the amalgamating companies.

The name of the amalgamating company being adopted is:

Cappex Mineral Ventures Inc.

The incorporation number of that company is: BC1134635

Please note: If you want the name of an amalgamating corporation that is a foreign corporation, you must obtain a name approval before completing this amalgamation application.

C AMALGAMATION STATEMENT – *Please indicate the statement applicable to this amalgamation.*

With Court Approval:
This amalgamation has been approved by the court and a copy of the entered court order approving the amalgamation has been obtained and has been deposited in the records office of each of the amalgamating companies.

OR

Without Court Approval:
This amalgamation has been effected without court approval. A copy of all of the required affidavits under section 277(1) have been obtained and the affidavit obtained from each amalgamating company has been deposited in that company's records office.

D AMALGAMATION EFFECTIVE DATE – Choose **one** of the following:

The amalgamation is to take effect at the time that this application is filed with the registrar.

YYYY / MM / DD

The amalgamation is to take effect at 12:01a.m. Pacific Time on _____
being a date that is not more than ten days after the date of the filing of this application.

YYYY / MM / DD

The amalgamation is to take effect at _____ a.m. or p.m. Pacific Time on _____
being a date and time that is not more than ten days after the date of the filing of this application.

E AMALGAMATING CORPORATIONS

Enter the name of each amalgamating corporation below. For each company, enter the incorporation number. If the amalgamating corporation is a foreign corporation, enter the foreign corporation's jurisdiction and if registered in BC as an extraprovincial company, enter the extraprovincial company's registration number. Attach an additional sheet if more space is required.

NAME OF AMALGAMATING CORPORATION	BC INCORPORATION NUMBER, OR EXTRAPROVINCIAL REGISTRATION NUMBER IN BC	FOREIGN CORPORATION'S JURISDICTION
1. Cappex Mineral Ventures Inc.	BC1134635	
2. 1303554 B.C. Ltd.	BC1303554	
3.		
4.		
5.		

F FORMALITIES TO AMALGAMATION

If any amalgamating corporation is a foreign corporation, section 275 (1)(b) requires an authorization for the amalgamation from the foreign corporation's jurisdiction to be filed.

This is to confirm that each authorization for the amalgamation required under section 275(1)(b) is being submitted for filing concurrently with this application.

G CERTIFIED CORRECT – I have read this form and found it to be correct.

This form must be signed by an authorized signing authority for each of the amalgamating companies as set out in Item E.

NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
1.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
2.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
3.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
4.	X	
NAME OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	SIGNATURE OF AUTHORIZED SIGNING AUTHORITY FOR THE AMALGAMATING CORPORATION	DATE SIGNED YYYY / MM / DD
5.	X	

NOTICE OF ARTICLES

A NAME OF COMPANY

Set out the name of the company as set out in Item B of the Amalgamation Application.

Cappex Mineral Ventures Inc.

B TRANSLATION OF COMPANY NAME

Set out every translation of the company name that the company intends to use outside of Canada.

C DIRECTOR NAME(S) AND ADDRESS(ES)

Set out the full name, delivery address and mailing address (if different) of every director of the company. The director may select to provide either (a) the delivery address and, if different, the mailing address for the office at which the individual can usually be served with records between 9 a.m. and 4 p.m. on business days or (b) the delivery address and, if different, the mailing address of the individual's residence. The delivery address must not be a post office box. Attach an additional sheet if more space is required.

LAST NAME	FIRST NAME	MIDDLE NAME		
Anderson	Philip	W.		
DELIVERY ADDRESS		PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
Av. Santo Toribio 115, Piso 8		San Isidro	Peru	
MAILING ADDRESS		PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
Av. Santo Toribio 115, Piso 8		San Isidro	Peru	
DELIVERY ADDRESS		PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
MAILING ADDRESS		PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
DELIVERY ADDRESS		PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
MAILING ADDRESS		PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
DELIVERY ADDRESS		PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE
MAILING ADDRESS		PROVINCE/STATE	COUNTRY	POSTAL CODE/ZIP CODE

D REGISTERED OFFICE ADDRESSES

DELIVERY ADDRESS OF THE COMPANY'S REGISTERED OFFICE #1200 - 750 West Pender Street, Vancouver	PROVINCE BC	POSTAL CODE V6C 2T8
MAILING ADDRESS OF THE COMPANY'S REGISTERED OFFICE #1200 - 750 West Pender Street, Vancouver	PROVINCE BC	POSTAL CODE V6C 2T8

E RECORDS OFFICE ADDRESSES

DELIVERY ADDRESS OF THE COMPANY'S RECORDS OFFICE #1200 - 750 West Pender Street, Vancouver	PROVINCE BC	POSTAL CODE V6C 2T8
MAILING ADDRESS OF THE COMPANY'S RECORDS OFFICE #1200 - 750 West Pender Street, Vancouver	PROVINCE BC	POSTAL CODE V6C 2T8

F AUTHORIZED SHARE STRUCTURE

Identifying name of class or series of shares	Maximum number of shares of this class or series of shares that the company is authorized to issue, or indicate there is no maximum number.		Kind of shares of this class or series of shares.			Are there special rights or restrictions attached to the shares of this class or series of shares?	
	THERE IS NO MAXIMUM (✓)	MAXIMUM NUMBER OF SHARES AUTHORIZED	WITHOUT PAR VALUE (✓)	WITH A PAR VALUE OF (\$)	Type of currency	YES (✓)	NO (✓)
Common shares	✓		✓				✓

APPENDIX 2

ARTICLES OF AMALCO

(See attached)

ADOPTED on _____, 2021.

"Philip W. Anderson"

PHILIP W. ANDERSON, Director

Incorporation Number:

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OF
CAPPEX MINERAL VENTURES INC.**

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PROVINCE OF BRITISH COLUMBIA

Business Corporations Act

Articles of Cappex Mineral Ventures Inc. (the “Company”)

1. INTERPRETATION

1.1 Definitions

In these Articles, unless the context otherwise requires:

- (a) “board of directors”, “directors” and “board” mean the directors or sole director of the Company for the time being;
- (b) “*Business Corporations Act*” means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (c) “*Interpretation Act*” means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (d) “legal personal representative” means the personal or other legal representative of the shareholder;
- (e) “registered address” of a shareholder means the shareholder’s address as recorded in the central securities register;
- (f) “seal” means the seal of the Company, if any;
- (g) “solicitor of the Company” means any partner, associate or articled student of the law firm retained by the Company in respect of the matter in connection with which the term is used.

1.2 Business Corporations Act and Interpretation Act Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to and form a part of these Articles. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict or inconsistency between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

2. SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company shall be in such form as the directors may determine and approve and must comply with, and be signed as required by, the *Business Corporations Act*.

2.3 Shareholder Entitled to Certificate or Acknowledgment

Shares may be issued without a share certificate or written acknowledgment. Upon request, however, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgement and delivery of a share certificate or acknowledgement to one of several joint shareholders or to a duly authorized agent of one of the joint shareholders will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (a) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (b) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

- (a) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
- (b) any indemnity the directors consider adequate.

2.7 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.8 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

2.9 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as required by law or statute or

these Articles or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

3. ISSUE OF SHARES

3.1 Directors Authorized

Subject to the *Business Corporations Act* and the rights, if any, of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

3.2 Commissions and Discounts

The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (a) consideration is provided to the Company for the issue of the share by one or more of the following:
 - (1) past services performed for the Company;
 - (2) property; or
 - (3) money; and
- (b) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

4. SHARE REGISTERS

4.1 Central Securities Register

The Company must maintain a central securities register in accordance with the provisions of the *Business Corporations Act*. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The

directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

5. SHARE TRANSFERS

5.1 Private Issuer Restrictions

The provisions of Article 27 shall apply to any proposed transfer of a share of the Company.

5.2 Registering Transfers where Certificate or Acknowledgement

A transfer of a share of the Company for which a share certificate has been issued or for which the shareholder has received a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate must not be registered unless the Company or the transfer agent or registrar for the class or series of share to be transferred has received:

- (a) an instrument of transfer, duly executed by the transferor or a duly authorized attorney of the transferor, in respect of the share;
- (b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate;
- (c) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment; and
- (d) such other evidence, if any, as the directors or the transfer agent may require to prove the title of the transferor or his duly authorized attorney or the right to transfer the shares, and the right of the transferee to have the transfer registered.

5.3 Registering Transfers where no Certificate or Acknowledgement

A transfer of a share of the Company for which a share certificate has not been issued or for which the shareholder has not received a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate (for example, where shares are issued in book-only form), must not be registered unless the requirements for transfer as approved by the directors have been met.

5.4 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

5.5 Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.6 Signing of Instrument of Transfer

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

- (a) in the name of the person named as transferee in that instrument of transfer; or
- (b) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.7 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.8 Transfer Agent

The Company may appoint one or more trust companies or agents as its transfer agent for the purpose of issuing, countersigning, registering, transferring and certifying the shares and share certificates of the Company.

5.9 Transfer Fee

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative of the shareholder, in the case of shares registered in the shareholders' name and the name of another person in joint tenancy, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

Subject to Article 6.1, on death or bankruptcy, the legal personal representative of a shareholder has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

6.3 Registration of Legal Personal Representative

Any person becoming entitled to a share in consequence of the death or bankruptcy of a shareholder shall, upon such documents and evidence being produced to the Company as the *Business Corporations Act* requires, or who becomes entitled to a share as

a result of an order of a court of competent jurisdiction or a statute, has the right either to be registered as a shareholder in his representative capacity in respect of such share, or, if he is a personal representative, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made; but the directors shall, as regards a transfer by a personal representative or trustee in bankruptcy, have the same right, if any, to decline or suspend registration of a transferee as they would have in the case of a transfer of a share by the deceased or bankrupt person before the death or bankruptcy.

7. PURCHASE AND REDEMPTION OF SHARES

7.1 Company Authorized to Purchase or Redeem Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase, redeem or otherwise acquire any of its shares at the price and upon the terms the directors determine. The Company may, by a resolution of directors, cancel any of its shares purchased by the Company, and upon the cancellation of such shares the number of issued shares shall be reduced accordingly.

7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase, redeem or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (a) the Company is insolvent; or
- (b) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased Shares

If the Company retains a share purchased, redeemed or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (a) is not entitled to vote the share at a meeting of its shareholders;
- (b) must not pay a dividend in respect of the share; and
- (c) must not make any other distribution in respect of the share.

8. BORROWING POWERS

The Company, if authorized by the directors, may:

- (a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (d) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

Any bonds, debentures or other debt obligations of the Company may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender, drawings, allotment of or conversion into or exchange for shares or other

securities, attending and voting at general meetings of the Company, appointment of directors or otherwise and may by their terms be assignable free from any equities between the Company and the person to whom they were issued or any subsequent holder thereof, all as the directors may determine.

9. ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2 and the *Business Corporations Act*, the Company may:

- (a) either by directors' resolution or by ordinary resolution, at the election of the directors in their sole discretion:
 - (1) create one or more classes or series of shares or, if none of the shares of a class are allotted or issued, eliminate that class of shares;
 - (2) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
 - (3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
 - (4) if the Company is authorized to issue shares of a class of shares with par value:
 - i decrease the par value of those shares; or
 - ii if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
 - (5) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
 - (6) alter the identifying name of any of its shares;
 - (7) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*; or
- (b) by ordinary resolution otherwise alter its shares or authorized share structure;

and alter its Articles and Notice of Articles accordingly.

9.2 Special Rights and Restrictions

Subject to the *Business Corporations Act*, the Company may by ordinary resolution:

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

and alter its Articles and Notice of Articles accordingly.

9.3 Change of Name

The Company may by directors' resolution or by ordinary resolution, in each case as determined by the directors, authorize an alteration of its Notice of Articles in order to change its name.

9.4 Other Alterations

The Company, save as otherwise provided by these Articles and subject to the *Business Corporations Act*, may:

- (a) by directors' resolution or by ordinary resolution, in each case as determined by the directors, authorize alterations to the Articles that are procedural or administrative in nature or are matters that pursuant to these Articles are solely within the directors' powers, control or authority; and
- (b) if the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by ordinary resolution alter these Articles.

10. MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and thereafter must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

10.2 Consent Resolution Instead of Meeting of Shareholders

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

The directors may, whenever they think fit, call a meeting of shareholders.

10.4 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders (including, without limitation, any notice specifying the intention to propose a resolution as an exceptional resolution, a special resolution or a special separate resolution and any notice of a general meeting, class meeting or series meeting or to consider approving the adoption of an amalgamation agreement, the approval of any amalgamation into a foreign jurisdiction or the approval of any arrangement), in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by directors' resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (a) if and for so long as the Company is a public company, 21 days;
- (b) otherwise, 10 days.

10.5 A Notice of Resolution to Which Shareholders May Dissent

The Company must send to each of its shareholders, whether or not their shares carry the right to vote, a notice of any meeting of shareholders at which a resolution entitling shareholders to dissent is to be considered specifying the date of the meeting and containing a statement advising of the right to send a notice of dissent and a copy of the proposed resolution at least the following number of days before the meeting:

- (a) if and for so long as the Company is a public company, 21 days;
- (b) otherwise, 10 days.

10.6 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (a) if and for so long as the Company is a public company, 21 days;
- (b) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.8 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting of shareholders to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting. Attendance of a person at a meeting of shareholders is a waiver of entitlement to notice of the meeting unless that person attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

10.9 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

- (a) state the general nature of the special business; and
- (b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
 - (1) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and

- (2) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

10.10 Location of Meetings of Shareholders

The Company will hold meetings of shareholders in British Columbia, subject to the directors, by resolution, approving a location for such meetings outside of British Columbia.

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

- (a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (b) at an annual general meeting, all business is special business except for the following:
 - (1) business relating to the conduct of or voting at the meeting;
 - (2) consideration of any financial statements of the Company presented to the meeting;
 - (3) consideration of any reports of the directors or auditor;
 - (4) the setting or changing of the number of directors;
 - (5) the election or appointment of directors;
 - (6) the appointment of an auditor;
 - (7) the setting of the remuneration of an auditor;
 - (8) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
 - (9) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Majority Required for a Special Resolution

The majority of votes required for the Company to pass a special resolution at a general meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is one person who is a shareholder, or who is otherwise permitted to vote shares of the Company at a meeting of shareholders pursuant to these articles, present in person or by proxy.

11.4 Other Persons May Attend

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any solicitor for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if

any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.5 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.6 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (a) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
- (b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.7 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.6(b) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.8 Chair

The following individuals are entitled to preside as chair at a meeting of shareholders:

- (a) the chair of the board, if any; or
- (b) if no chair of the board exists or is present and willing to act as chair of the meeting, the president of the Company; or
- (c) if the chair of the board, and the president of the Company are absent or unwilling to act as chair of the meeting, the solicitor of the Company.

11.9 Selection of Alternate Chair

If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, and the solicitor of the Company is absent or unwilling to act as chair of the meeting, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.10 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.11 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting of shareholders or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.12 Decisions by Show of Hands, Verbal Statements, or Poll

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy. In determining the result of a vote by show of hands, shareholders present by telephone or other communications medium in which all shareholders and proxy holders entitled to attend and participate in voting at the meeting are able to communicate with each other, may indicate their vote verbally or, otherwise in such manner as clearly evidences their vote and is accepted by the chair of the meeting.

11.13 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.12, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.14 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.15 Casting Vote

In case of an equality of votes either on a show of hands or on a poll, the chair of a meeting of shareholders will not have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.16 Manner of Taking Poll

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

- (a) the poll must be taken:
 - (1) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
 - (2) in the manner, at the time and at the place that the chair of the meeting directs;
- (b) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (c) the demand for the poll may be withdrawn by the person who demanded it.

11.17 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.18 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

11.19 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.20 No Demand for Poll on Election of Chair

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.21 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.22 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

12. VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

- (a) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (b) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

- (a) any one of the joint shareholders may vote at any meeting of shareholders, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or

- (b) if more than one of the joint shareholders is present at any meeting of shareholders, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders registered in respect of that share.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (a) for that purpose, the instrument appointing a representative must:
 - (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
 - (2) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (b) if a representative is appointed under this Article 12.5:
 - (1) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
 - (2) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 Proxy Provisions Do Not Apply to All Companies

Articles 12.7 to 12.15 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.9 When Proxy Holder Need Not Be Shareholder

A person must not be appointed as a proxy holder unless:

- (a) the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:
 - (1) the person appointing the proxy holder is a company or a representative of a company appointed under Article 12.5;
 - (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or
 - (3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting; or
- (b) the person is a director, officer or the solicitor of the Company.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

- (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
- (b) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) by the chair of the meeting, before the vote is taken.

12.12 Form of Proxy

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the shareholder): _____

Signed *[month, day, year]*

[Signature of shareholder]

[Name of shareholder—printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

- (a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) provided, at the meeting, to the chair of the meeting.

12.14 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

- (a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

13. DIRECTORS

13.1 First Directors; Number of Directors

If the Company is not a pre-existing company under the *Business Corporations Act*, the first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (a) subject to paragraphs (b) and (c), the number of directors that is equal to the number of the Company's first directors if applicable;
- (b) if the Company is a public company, the greater of three and the most recently set of:

- (1) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
- (2) the number of directors set under Article 14.4;
- (c) if the Company is not a public company, the most recently set of:
 - (1) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (2) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(b)(1) or 13.1(c)(1):

- (a) the shareholders may contemporaneously elect or appoint the directors up to that number; and
- (b) subject to Article 14.8, if the shareholders do not contemporaneously elect or appoint the number of directors set resulting in vacancies, then the directors may appoint, or failing which the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her

spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (a) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors set under these Articles from time to time; and
- (b) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (a), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

- (a) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (c) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

14.3 Failure to Elect or Appoint Directors

If:

- (a) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (a) when his or her successor is elected or appointed; and
- (b) when he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors' Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of calling a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, then failing the filling of any vacancies as set forth in Article 14.6, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

- (a) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (b) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

- (a) the term of office of the director expires;
- (b) the director dies;
- (c) the director resigns as a director by notice in writing provided to the Company or a solicitor for the Company; or
- (d) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

14.12 Nominations Of Directors

- (a) This Article 14.12 only applies to the Company if and for so long as it is a public company.
- (b) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
 - (1) by or at the direction of the board, including pursuant to a notice of meeting;
 - (2) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the *Business Corporations Act*, or a requisition of the shareholders made in accordance with the provisions of the *Business Corporations Act*; or
 - (3) by any person who:
 - (i) at the close of business on the date of the giving of the notice provided for in this Article 14.12 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns one or more shares that are entitled to be voted at such meeting; and
 - (ii) complies with the notice procedures set forth below in this Article 14.12,
 - (a “Nominating Shareholder”).
- (c) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the secretary of the Company, if any, or such other officer of the Company acting in that capacity, at the principal executive offices of the Company.
- (d) To be timely, a Nominating Shareholder’s notice under Article 14.12(c) must be made:
 - (1) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders, provided that (i) if the Company chooses to use notice and access to deliver meeting materials, the time frame will be not less than 40 and no more than 65 days; and (ii) if the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the meeting was made (the “Notice Date”), notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
 - (2) in the case of a special meeting of shareholders which is not also an annual meeting, and is called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the Notice Date.

In no event shall any adjournment or postponement of a meeting of shareholders, or the announcement of an adjournment or postponement, commence a new time period for the giving of a Nominating Shareholder’s notice as described above.

- (e) To be in proper written form, a Nominating Shareholder’s notice under Article 14.12(c) must set forth:
 - (1) for each person whom the Nominating Shareholder proposes to nominate for election as a director:

- (i) the name, age, business address and residential address of the person;
 - (ii) the principal occupation or employment of the person;
 - (iii) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the date of the notice and as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred); and
 - (iv) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below); and
- (2) for the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below).
- (f) The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.
- (g) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 14.12, provided, however, that nothing in this Article 14.12 shall be deemed to preclude discussion by a shareholder at a meeting of shareholders of any matter, other than the nomination of directors, in respect of which the shareholder would have been entitled to submit a proposal pursuant to the provisions of the *Business Corporations Act*. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in this Article 14.12 and, if any proposed nomination is not in compliance with this Article 14.12, to declare that such defective nomination shall be disregarded.
- (h) For purposes of this Article 14.12:
- (1) "public announcement" shall mean disclosure in:
 - (i) a press release reported by a national news service in Canada; or
 - (ii) a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval (SEDAR), or such other electronic disclosure service as the Company is required to utilize for the filing of continuous disclosure documents pursuant to Applicable Securities Laws; and
 - (2) "Applicable Securities Laws" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such legislation, and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.
- (i) Notice given under Article 14.12(c) may only be given by personal delivery, facsimile transmission or email, and shall be deemed to have been given and made at the time it is sent to the secretary of the Company, if any, or such other officer of the Company acting in that capacity, by:
- (1) personal delivery to the address of the principal executive offices of the Company;
 - (2) facsimile transmission, at such facsimile number as stipulated from time to time for the purposes of this notice by the secretary of the Company, if any, or such other officer of the Company acting in that capacity, and provided that receipt of confirmation of such transmission has been received; or

- (3) email, at such email address as stipulated from time to time for the purposes of this notice by the secretary of the Company, if any, or such other officer of the Company acting in that capacity, and provided that receipt of confirmation of such transmission has been received.

If such delivery or electronic communication is made on a day which is a not a business day in Vancouver, British Columbia, or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

- (j) Notwithstanding any other provision of this Article 14.12, the board may, in its sole discretion, waive any requirement of this Article 14.12.

15. ALTERNATE DIRECTORS

15.1 Appointment of Alternate Director

Any director (an “appointor”) may by notice in writing received by the Company appoint any person (an “appointee”) who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

15.2 Notice of Meetings

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

15.3 Alternate for More Than One Director Attending Meetings

A person may be appointed as an alternate director by more than one director, and an alternate director:

- (a) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (b) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
- (c) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;
- (d) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

15.4 Consent Resolutions

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

15.5 Alternate Director Not an Agent

Every alternate director is deemed not to be the agent of his or her appointor.

15.6 Revocation of Appointment of Alternate Director

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

15.7 Ceasing to be an Alternate Director

The appointment of an alternate director ceases when:

- (a) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (b) the alternate director dies;
- (c) the alternate director resigns as an alternate director by notice in writing provided to the Company or a solicitor for the Company;
- (d) the alternate director ceases to be qualified to act as a director; or
- (e) his or her appointor revokes the appointment of the alternate director.

15.8 Remuneration and Expenses of Alternate Director

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

16. POWERS AND DUTIES OF DIRECTORS

16.1 Powers of Management

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

16.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

16.3 Setting the Remuneration of Auditors

The directors may from time to time set the remuneration of the auditors of the Company.

17. DISCLOSURE OF INTERESTS OF DIRECTORS AND OFFICERS

17.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

17.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

17.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

17.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

17.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

17.6 No Disqualification

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

17.7 Professional Services by Director or Officer

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

17.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

18. PROCEEDINGS OF DIRECTORS

18.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

18.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

18.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

- (a) the chair of the board, if any;
- (b) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (c) any other director chosen by the directors if:
 - (1) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
 - (2) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
 - (3) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

18.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors:

- (a) in person;
- (b) by telephone; or
- (c) with the consent of all directors, by other communications medium;

if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

18.5 Calling of Meetings

A director may, and the president, secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

18.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

18.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

- (a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (b) the director or alternate director, as the case may be, has waived notice of the meeting.

18.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

18.9 Waiver of Notice of Meetings

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director. Attendance of a director or alternate director is a waiver of notice of the meeting unless that director or alternate director attends the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

18.10 Quorum

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is no less than half of the directors then in office or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

18.11 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

18.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors consented to in writing by all of the directors entitled to vote on it, whether by signed document, fax, e-mail or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors duly called and held. Such resolution may be in two or more counterparts which together are deemed to constitute one resolution in writing. A resolution passed in that manner is effective on the date stated in the resolution or on the latest date stated on any counterpart. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

19. EXECUTIVE AND OTHER COMMITTEES

19.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (a) the power to fill vacancies in the board of directors;
- (b) the power to remove a director;
- (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (d) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

19.2 Appointment and Powers of Other Committees

The directors may, by resolution:

- (a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (b) delegate to a committee appointed under paragraph (a) any of the directors' powers, except:
 - (1) the power to fill vacancies in the board of directors;
 - (2) the power to remove a director;
 - (3) the power to change the membership of, or fill vacancies in, any committee of the directors; and
 - (4) the power to appoint or remove officers appointed by the directors; and
- (c) make any delegation referred to in paragraph (b) subject to the conditions set out in the resolution or any subsequent directors' resolution.

19.3 Obligations of Committees

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

- (a) conform to any rules that may from time to time be imposed on it by the directors; and
- (b) report every act or thing done in exercise of those powers at such times as the directors may require.

19.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

- (a) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (b) terminate the appointment of, or change the membership of, the committee; and
- (c) fill vacancies in the committee.

19.5 Committee Meetings

Subject to Article 19.3(a) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

- (a) the committee may meet and adjourn as it thinks proper;
- (b) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (c) a majority of the members of the committee constitutes a quorum of the committee; and
- (d) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

20. OFFICERS

20.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

20.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

- (a) determine the functions and duties of the officer;
- (b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (c) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

20.3 Qualifications

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

20.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

21. INDEMNIFICATION

21.1 Definitions

In this Article 21:

- (a) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

- (b) “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an “eligible party”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:
- (1) is or may be joined as a party; or
 - (2) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (c) “expenses” has the meaning set out in the *Business Corporations Act*.

21.2 Mandatory Indemnification of Eligible Parties

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

21.3 Indemnification of Other Persons

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

21.4 Non-Compliance with Business Corporations Act

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or, these Articles or, if applicable, any former *Companies Act* or former Articles does not invalidate any indemnity to which he or she is entitled under this Part.

21.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (a) is or was a director, alternate director, officer, employee or agent of the Company;
- (b) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (c) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;
- (d) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

22. DIVIDENDS

22.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

22.2 Declaration of Dividends

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

22.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 22.2.

22.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

22.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly in money or by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company or any other corporation, or in any one or more of those ways.

22.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (a) set the value for distribution of specific assets;
- (b) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (c) vest any such specific assets in trustees for the persons entitled to the dividend.

22.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

22.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

22.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

22.10 Dividend Bears No Interest

No dividend bears interest against the Company.

22.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

22.12 Payment of Dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the registered address of the shareholder, or in the case of joint shareholders, to the registered address of the joint shareholder who is first named on the central securities register, or to the person and to the registered address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

22.13 Capitalization of Retained Earnings or Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any retained earnings or surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the retained earnings or surplus so capitalized or any part thereof.

23. DOCUMENTS, RECORDS AND REPORTS

23.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

23.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

24. NOTICES

24.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (a) mail addressed to the person at the applicable address for that person as follows:
 - (1) for a record mailed to a shareholder, the shareholder's registered address;
 - (2) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;

- (3) in any other case, the mailing address of the intended recipient;
- (b) delivery at the applicable address for that person as follows, addressed to the person:
 - (1) for a record delivered to a shareholder, the shareholder's registered address;
 - (2) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
 - (3) in any other case, the delivery address of the intended recipient;
- (c) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (d) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (e) physical delivery to the intended recipient; and
- (f) delivery in such other manner as may be approved by the directors and reasonably evidenced.

24.2 Deemed Receipt of Mailing

A notice, statement, report or other record that is:

- (a) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, (Saturdays, Sundays and holidays excepted), following the date of mailing;
- (b) faxed to a person to the fax number provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was faxed on the day it was faxed; and
- (c) e-mailed to a person to the e-mail address provided by that person referred to in Article 24.1 is deemed to be received by the person to whom it was e-mailed on the day it was e-mailed.

24.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that capacity on behalf of the Company stating that a notice, statement, report or other record was sent in accordance with Article 24.1 is conclusive evidence of that fact.

24.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

24.5 Notice to Legal Personal Representatives and Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (a) mailing the record, addressed to them:

- (1) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
 - (2) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (b) if an address referred to in paragraph (a)(2) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

24.6 Undelivered Notices

If any record sent to a shareholder pursuant to Article 24.1 is returned on two consecutive occasions because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

25. SEAL

25.1 Who May Attest Seal

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (a) any two directors;
- (b) any officer, together with any director;
- (c) if the Company only has one director, that director; or
- (d) any one or more directors or officers or persons as may be determined by the directors.

25.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer or the signature of any other person as may be determined by the directors.

25.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

26. MECHANICAL REPRODUCTIONS OF SIGNATURES

26.1 Instruments may be Mechanically Signed

The signature of any officer, director, registrar, branch registrar, transfer agent or branch transfer agent of the Company, unless otherwise required by the *Business Corporations Act* or by these Articles, may, if authorized by the directors, be printed, lithographed, engraved or otherwise mechanically reproduced upon all instruments executed or issued by the Company or any officer thereof; and any instrument on which the signature of any such person is so reproduced shall be deemed to have been manually signed by such person whose signature is so reproduced and shall be as valid to all intents and purposes as if such instrument had been signed manually, and notwithstanding that the person whose signature is so reproduced may have ceased to hold the office that he is stated on such instrument to hold at the date or issue of such instrument.

26.2 Definitions of Instruments

The term "instrument" as used in Article 26.1 shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, agreements, releases, receipts and discharges for the payment of money or other obligations, shares and share warrants of the Company, bonds, debentures and other debt obligations of the Company, and all paper writings.

27. PROHIBITIONS

27.1 Definitions

In this Article 27:

- (a) "designated security" means:
 - (1) a voting security of the Company;
 - (2) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or
 - (3) a security of the Company convertible, directly or indirectly, into a security described in paragraph (a) or (b);
- (b) "security" has the meaning assigned in the *Securities Act* (British Columbia);
- (c) "voting security" means a security of the Company that:
 - (1) is not a debt security, and
 - (2) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

27.2 Application

Article 27.3 does not apply to the Company if and for so long as it is a:

- (a) public company; or
- (b) a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

27.3 Consent Required for Transfer of Shares or Designated Securities

No share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

Schedule B

Properties: Claims and Net Smelter Returns Royalty

**[Redacted - detailed description of the Alta Victoria
Project and New Smelter Returns Royalty]**

Schedule C

Cappex Support Agreements

Shareholder	Shares
[Redacted]	12,018,176
[Redacted]	10,000,004
[Redacted]	3,000,000
[Redacted]	533,333
TOTAL:	25,551,513

Schedule D

Lido Support Agreements

Shareholder	Shares
[Redacted]	2,000,000
[Redacted]	1,250,000
[Redacted]	1,000,000
[Redacted]	410,000
TOTAL:	4,660,000

Schedule E

Outstanding Cappex Warrants

Date of Issue	Number of Warrants	Exercise Price	Expiry Date	Holder
Jun 10, 2020	870,000	C\$0.25	Jun 10, 2022	[Redacted]
Jul 20, 2020	200,001	C\$0.25	Jul 20, 2022	[Redacted]
Aug 5, 2020	7,866,670	C\$0.25	Later of Aug 5, 2023 and 2nd anniversary of listing.	[Redacted]
Aug 17, 2020	333,333	C\$0.25	Later of Aug 5, 2023 and 2nd anniversary of listing.	[Redacted]
Total	9,270,004			

Schedule F

Directors and Officers of Cappex and Administrators of Cappex Peru

Directors and Officers of Cappex

Name	Position
Philip Wells Anderson	President, Secretary and Director
Diego Manuel Cilloniz Montesinos	Director
Joseph Robert Piekenbrock	Director and Alternate Officer
Fabian Nikolaus Baker	Director

Administrators of Cappex Peru

Name	Position
Philip Wells Anderson	General Manager

Schedule G

Directors and Officers of Lido and Pacific West

Directors and Officers of Lido

Name	Position
Paul Ténrière	Chief Executive Officer
Stephen Brohman	Chief Financial Officer and Corporate Secretary
Wayne Soo	Director
Patrick O'Flaherty	Director
Hannah Jin	Director

Directors and Officers of Pacific West

Name	Position
Wayne Soo	Director