

ARRANGEMENT AGREEMENT

THIS AGREEMENT is made as of January 29, 2024

BETWEEN:

LANCASTER RESOURCES INC.

a British Columbia company

("Lancaster")

AND:

NELSON LAKE COPPER CORP.

a British Columbia company

("Newco")

RECITALS:

- A. Newco is a wholly owned subsidiary of Lancaster;
- B. Lancaster proposes to reorganize its business by separating certain of its investments in the mineral resource sector, and in connection therewith, intends to propose to the Lancaster Shareholders an arrangement involving Newco and the Lancaster Shareholders in accordance with the terms and subject to the conditions contained in this Agreement;
- C. The Parties intend to carry out the transactions contemplated herein pursuant to a plan of arrangement under Section 288 of the BCBCA;
- D. The Parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to the Arrangement; and
- E. Each of the Parties has agreed to participate in and support the Arrangement and related transactions.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the mutual covenants and agreements herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties covenant and agree as follows:

1. INTERPRETATION

1.1 Definitions. In this Agreement, including the recitals, unless the context otherwise requires, the following terms have the following meanings:

- (a) "**Action**" means any claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.
- (b) "**Affiliate**" means, with respect to any Person, following completion of the Arrangement, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the first-specified Person.

- (c) **“Agreement”**, **“herein”**, **“hereof”**, **“hereto”**, **“hereunder”** and similar expressions mean and refer to this Arrangement Agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof.
- (d) **“Arrangement”** means the arrangement under Section 288 of the BCBCA contemplated by the Plan of Arrangement.
- (e) **“Arrangement Resolution”** means the special resolution to be considered and voted on by Lancaster Shareholders at the Meeting approving the Arrangement, to be in substantially the form attached hereto as Schedule “B”.
- (f) **“BCBCA”** means the *Business Corporations Act* (British Columbia), as amended, and the regulations thereunder.
- (g) **“Business Day”** means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in Vancouver, British Columbia for the transaction of business.
- (h) **“Confidential Information”** means all information that concerns the business or affairs of Lancaster or its Affiliates or Newco or its Affiliates, as applicable, including but not limited to, records, reports, results, maps, charts, strategic plans and related information and other data used in such Party’s business and any materials evidencing the same and all copies of thereof; provided, however, that Confidential Information shall not include information to the extent that such information: (a) becomes generally available to and known by the public other than as a result of unauthorized disclosure by a Party, any of its Affiliates or any of their respective representatives, or (b) has been approved for release by written authorization by such Party.
- (i) **“Court”** means the Supreme Court of British Columbia.
- (j) **“CSE”** means the Canadian Securities Exchange.
- (k) **“Damages”** means liabilities, claims, damages, fines, fees, taxes, penalties, charges, assessments, deficiencies, judgments, defaults, settlements (including, without limitation, any amount of liability paid, incurred, or offset by way of settlement agreement or any other settlement consideration, whether liquidated in amount or not) and other losses (including consequential damages) and fees and expenses (including interest, expenses of investigation, defense, prosecution and settlement of claims, court costs, reasonable fees and expenses of attorneys, accountants and other experts, and all other fees and expenses) in connection with any Action, Third Party Claim or any other claim, default or assessment (including any claim asserting or disputing any right under this Agreement against any party hereto or otherwise), plus any interest that may accrue on any of the foregoing from the date of incurrence.
- (l) **“Dispute Period”** has the meaning given to that term in Section 2.15(c).
- (m) **“Effective Date”** means the date selected by Lancaster as being the date upon which the Arrangement becomes effective.
- (n) **“Effective Time”** means 12:01 a.m. (Pacific time) on the Effective Date or such other time on the Effective Date as determined by Lancaster.
- (o) **“Eligible Transaction Expenses”** means any legal, accounting, investment banking, filing and other reasonable and customary expenses incurred in connection with the Arrangement and the transactions under this Agreement and the Plan of Arrangement,

and shall include all costs of holding the Meeting and a \$75,000 fee payable by Newco to Lancaster to cover indirect costs associated with the Meeting and the completion of the Arrangement.

- (p) **"Final Order"** means the final order of the Court approving the Arrangement as such order may be amended by the Court at any time before the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal.
- (q) **"Governmental Entity"** means any (i) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, agency or entity, 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.
- (r) **"Information Circular"** means, collectively, the notice of meeting and the management information circular of Lancaster, including all schedules thereto, to be sent to Lancaster Shareholders in connection with the Meeting.
- (s) **"Interim Order"** means the interim order of the Court in respect of the Arrangement providing for, among other things, the calling and holding of the Meeting, as the same may be amended, supplemented or varied by the Court.
- (t) **"Lancaster Board"** means the board of directors of Lancaster, as may be constituted from time to time.
- (u) **"Lancaster Shareholders"** means the holders of Lancaster Shares.
- (v) **"Lancaster Shares"** means the common shares in the capital of Lancaster as constituted prior to the Effective Time.
- (w) **"Law"** or **"Laws"** means all laws, by-laws, statutes, rules, regulations, principals of law and equity, orders, rulings, ordinances, protocols, codes, guidelines, policies, notices, directions and judgements or other requirements of any Governmental Entity or regulatory authority (including, for greater certainty, the CSE).
- (x) **"Meeting"** means the annual general and special meeting of the Lancaster Shareholders (including any adjournment or postponement thereof) to be called and held in accordance with the Interim Order to consider, among other things, the Arrangement Resolution.
- (y) **"Newco Shares"** means the common shares in the capital of Newco.
- (z) **"Notice of Objection"** has the meaning given to that term in Section 2.15(c).
- (aa) **"Parties"** means Lancaster and Newco, and **"Party"** means any one of them.
- (bb) **"Payment Notice"** has the meaning given to that term in Section 2.15(b).
- (cc) **"Person"** means any individual, partnership, firm, trust, body corporate, government, governmental body, agency or instrumentality, unincorporated body of persons or association.
- (dd) **"Plan of Arrangement"** means the plan of arrangement attached as Schedule "A" hereto, including any amendment or variation thereto made in accordance with this Agreement.

- (ee) **“Registrar”** means the Registrar of Companies appointed under the BCBCA.
- (ff) **“Tax Act”** means the *Income Tax Act* (Canada), as amended, and the regulations thereunder.
- (gg) **“United States”** means the United States of America, any territory or possession thereof, any state of the United States, and the District of Columbia.
- 1.2 **Currency.** All sums of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.
- 1.3 **Interpretation Not Affected by Headings.** The division of this Agreement into articles, sections, subsections, paragraphs and other portions and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement.
- 1.4 **Date for Any Action.** If the date on which any action is required to be taken by a Party is not a Business Day, such action will be required to be taken on the next succeeding day which is a Business Day.
- 1.5 **Section References.** Unless the contrary intention appears, references in this Agreement (excluding the Plan of Arrangement) to a section or schedule by number or letter or both refer to the section or schedule, respectively, bearing that designation in this Agreement (excluding the Plan of Arrangement).
- 1.6 **Extended Meanings.** Unless the context otherwise requires, words importing the singular number will include the plural and vice versa and words importing any gender will include all genders.
- 1.7 **Schedules.** The following schedules are incorporated by reference into this Agreement and form a part hereof:
- | | |
|--------------|------------------------|
| Schedule “A” | Plan of Arrangement |
| Schedule “B” | Arrangement Resolution |

2. THE ARRANGEMENT AND RELATED TRANSACTIONS

- 1.8 **Arrangement.** The Parties will forthwith jointly file, proceed with and diligently prosecute an application for an Interim Order providing for, among other things, the calling and holding of the Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement Resolution and upon receipt thereof, the Parties will forthwith carry out the terms of the Interim Order to the extent applicable to it. Provided all necessary approvals for the Arrangement Resolution are obtained from the Lancaster Shareholders, the Parties shall jointly submit the Arrangement to the Court and apply for the Final Order. Upon issuance of the Final Order and subject to the conditions set out in Section 2.8, Lancaster shall forthwith proceed to file the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to the BCBCA, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any act or formality.
- 1.9 **Court Orders.** As soon as reasonably practicable, and subject to compliance with the terms and conditions contained herein, Lancaster will:
- (a) apply to the Court under Section 291 of the BCBCA for an order approving the Arrangement, and in connection with such application will:

(i) forthwith file, proceed with and diligently prosecute an application for an Interim Order under Section 291 of the BCBCA providing for, among other things, the calling and holding of the Meeting for the purpose of considering and, if deemed advisable, passing the Arrangement Resolution; and

(ii) subject to the passing of the Arrangement Resolution by the Lancaster Shareholders, as contemplated in the Interim Order, file, proceed with and diligently prosecute an application to the Court for the Final Order; and

(b) subject to the satisfaction or waiver by Lancaster of the conditions set out in Section 2.8, file with the Registrar a copy of the Final Order and such other documents as may be required in connection with the Arrangement.

1.10 Interim Order. The Interim Order sought by Lancaster will provide:

(a) that the only securities of Lancaster which will be entitled to vote on the Arrangement Resolution will be the Lancaster Shares;

(b) that the record date for the Meeting will be February 5, 2024 or such earlier or later date as the Lancaster Board may determine;

(c) that each Lancaster Shareholder will be entitled to one (1) vote for each Lancaster Share held as of the record date of the Meeting;

(d) that the requisite majority for the passing of the Arrangement Resolution will be at least two-thirds (66 2/3%) of the votes cast on the Arrangement Resolution by the registered Lancaster Shareholders as of the record date of the Meeting present in person or represented by proxy at the Meeting, voting together as a single class;

(e) that in all other respects, the terms, conditions and restrictions of Lancaster's constating documents, including quorum requirements and other matters, will apply in respect of the Meeting;

(f) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;

(g) that the Meeting may be postponed or adjourned from time to time by the Lancaster Board, subject to the terms of this Agreement, without the need for additional approval of the Court; and

(h) for such other matters as Lancaster may reasonably require.

1.11 Lancaster Meeting. Subject to receipt of the Interim Order and the terms of this Agreement, Lancaster agrees to convene and conduct the Meeting for the purposes of considering the Arrangement Resolution in accordance with the Interim Order, Lancaster's constating documents and applicable Laws as soon as reasonably practicable.

1.12 Information Circular.

- (a) Lancaster will prepare the Information Circular in compliance with applicable securities Laws and file the Information Circular on a timely basis in all jurisdictions where the same is required to be filed and mail the same as required by the Interim Order and in accordance with all applicable Laws in all jurisdictions where the same is required.
- (b) Lancaster will ensure that the Information Circular complies with applicable securities Laws, and, without limiting the generality of the foregoing, that the Information Circular will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made and will provide Lancaster Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Meeting. Without limiting the generality of the foregoing, the Information Circular will include (i) a statement that the Lancaster Board has unanimously determined that the Arrangement Resolution is in the best interests of Lancaster and recommends that the Lancaster Shareholders vote in favour of the Arrangement Resolution; and (ii) a statement that each director and executive officer of Lancaster intends to vote all of such individual's Lancaster Shares in favour of the Arrangement Resolution and against any resolution submitted by any Lancaster Shareholders that would reasonably be expected to adversely affect or reduce the likelihood of the successful completion of the Arrangement.

1.13 Commitment to Effect. Subject to termination of this Agreement pursuant to Section 4.2 or otherwise, the Parties shall be bound by the Plan of Arrangement and will use all reasonable efforts and do all things reasonably required to cause the Arrangement to become effective on the Effective Date.

1.14 Effect of the Arrangement and Effective Date. Subject to the satisfaction or, where not prohibited by applicable Law, the waiver of the conditions set out in Section 2.8 by the applicable Party for whose benefit such conditions exist (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited by applicable Law, the waiver of those conditions as of the Effective Date by the applicable Party for whose benefit such conditions exist), upon the Arrangement Resolution having been approved and adopted by the Lancaster Shareholders at the Meeting in accordance with the Interim Order and Lancaster obtaining the Final Order, the Arrangement will be effective at the Effective Time.

1.15 Conditions Precedent. The respective obligations of the Parties to complete the transactions contemplated by this Agreement, and to file with the Registrar a copy of the Final Order and such other documents as may be required in connection with the Arrangement, will be subject to the satisfaction of the following conditions:

- (a) the Interim Order will have been granted in form and substance satisfactory to Lancaster;
- (b) the Arrangement Resolution will have been passed by the Lancaster Shareholders in accordance with the Interim Order;
- (c) the Final Order will have been granted in form and substance satisfactory to Lancaster;
- (d) if required under the policies of the CSE, the CSE will have conditionally approved the transactions contemplated herein;
- (e) all other material consents, orders and approvals, including any regulatory or judicial approvals or orders, that Lancaster or Newco considers necessary or desirable to effect the Arrangement will have been obtained or received from the Persons, authorities or

bodies having jurisdiction in the circumstances on terms and conditions that are acceptable to Lancaster or Newco, as applicable;

- (f) no order or decree restraining or enjoining the consummation of the Arrangement or any of the other transactions contemplated by this Agreement will be in force immediately before the Effective Time;
 - (g) the Lancaster Board will have determined to proceed with the Arrangement; and
 - (h) this Agreement will not have been terminated under Section 4.2 or otherwise.
- 1.16 Merger of Conditions. The conditions set out in Section 2.8 will be conclusively deemed to have been satisfied or waived at the Effective Time. Notwithstanding the foregoing, no waiver of any conditions set out in Section 2.8 will be effective without the approval of the Lancaster Board.
- 1.17 United States Tax Matters. Lancaster will advise the Lancaster Shareholders who are resident in, or citizens of, the United States to consult their own tax advisors to determine the particular United States tax consequences to them of the Arrangement in light of their particular situation, as well as any tax consequences that may arise under the Laws of any other relevant foreign, state, local, or other taxing jurisdiction. No rulings from the Internal Revenue Service or legal opinions have been or will be sought with respect to any of the tax consequences relating to the transactions described herein including, without limitation, with respect to income, estate, gift or other tax consequences.
- 1.18 Obligations Relating to Newco's Business. Except as otherwise provided herein, Newco shall be responsible for all obligations directly relating to Newco, its Affiliates and their respective businesses, whether arising before or after the Effective Time, and prior to the Effective Time Lancaster and Newco shall use commercially reasonable efforts to remove Lancaster and its Affiliates from any obligations directly relating to Newco, its Affiliates and their respective businesses.
- 1.19 Obligations Relating to Lancaster's Business. Except as otherwise provided herein, Lancaster shall be responsible for all obligations directly relating to Lancaster, its Affiliates and their respective businesses, whether arising before or after the Effective Time, and prior to the Effective Time Lancaster and Newco shall use commercially reasonable efforts to remove Newco and its Affiliates from any obligations directly relating to Lancaster, its Affiliates, and their respective businesses.
- 1.20 Eligible Transaction Expenses. The Parties agree that all Eligible Transaction Expenses relating to the Arrangement will be borne by Newco. A Party claiming reimbursement pursuant to this Section 2.13 shall provide the other Party with a notice setting forth its calculation of the amount to be reimbursed made in accordance with Section 2.15.
- 1.21 Reimbursable Expenses: Shared Expenses. The Parties agree that from time to time, Lancaster and Newco will incur certain expenses on behalf of the other Party which may represent reimbursable expenses, in which event the Party for whose benefit such expenses were incurred or paid, shall promptly reimburse such paying Party. In addition, the Parties agree that, except as provided in Section 2.11 and Section 2.13, up to and through the Effective Date, all service provider accounts payable and general contract liabilities shall be borne equally (50:50) by Lancaster and Newco, provided however, in certain limited circumstances, the Parties may agree to share such expenses in such other proportions as mutually agreed in good faith and consistent with past practices. A Party claiming reimbursement pursuant to this Section 2.14 shall provide the other Party with a notice setting forth its calculation of the amount to be reimbursed in accordance with Section 2.15.

- 1.22 Post-Closing Payments. The Parties shall follow the following rules and procedures in determining any amounts payable pursuant to Section 2.13 or Section 2.14:
- (a) all calculations of payments required to be made pursuant to Section 2.13 or Section 2.14 will be made in accordance with International Financial Reporting Standards;
 - (b) any notice provided by a Party pursuant to Section 2.13 or Section 2.14 (a "**Payment Notice**") shall include sufficient detail, and the Party delivering the Payment Notice shall provide all records, supporting documents and working papers, necessary to support the calculations provided therein;
 - (c) upon receipt by a Party of a Payment Notice, such Party shall have 15 Business Days from the date of receipt of the Payment Notice (the "**Dispute Period**") to review and provide any objections to the methods, calculations or other determinations made in the Payment Notice by providing notice (a "**Notice of Objection**") to the Party delivering the Payment Notice setting forth a detailed statement of the basis of such Party's objections and each amount in dispute;
 - (d) if a Party delivers a Notice of Objection, the Parties shall work expeditiously and in good faith in an attempt to resolve such objections within 10 Business Days following the date of delivery of the Notice of Objection. Failing resolution of any objection raised by a Party, the dispute shall be submitted for determination to an independent firm of chartered professional accountants or independent firm of certified public accountants mutually agreed upon by the Parties. Such firm of chartered professional accountants or certified public accountants shall be entitled to retain valuers, appraisers or other experts to assist them in making a determination as to fair market value. The determination of such firm shall be final and binding upon the Parties and shall not be subject to appeal, absent manifest error. The Parties acknowledge and agree that such firm is deemed to be acting as experts for the purpose of determining the merits of the Notice of Objection and not as arbitrators;
 - (e) if a Party does not deliver a Notice of Objection within the Dispute Period, it is deemed to have accepted and approved the Payment Notice, effective the next Business Day following the end of the Dispute Period;
 - (f) upon a final determination of an amount owing pursuant to Section 2.13 or Section 2.14 the Party obligated to make payment shall be required to make payment within 10 Business Days from the date of such final determination; and
 - (g) Lancaster and Newco shall each bear their own fees and expenses, including the fees and expenses of their respective advisors, in preparing or reviewing, as the case may be, Payment Notices and Notices of Objections. In the case of a dispute and the retention of an independent firm of chartered professional accountants or independent firm of certified public accountants to determine such dispute as contemplated by Section 2.15(d), the costs and expenses of such firm shall be borne equally by Lancaster and Newco. However, Lancaster and Newco shall each bear their own costs in presenting their respective cases to such firm.

3. REPRESENTATIONS, WARRANTIES & COVENANTS

- 1.23 Representations and Warranties of Lancaster. Lancaster represents and warrants to and in favor of Newco as follows and acknowledges that Newco is relying upon such representations and warranties in connection with the entering into of this Agreement:

- (a) Lancaster is a company duly incorporated and validly subsisting under the Laws of the Province of British Columbia and has full capacity and authority to enter into this Agreement and to perform its covenants and obligations hereunder.
- (b) This Agreement has been duly executed and delivered by Lancaster.
- (c) Neither the execution and delivery of this Agreement nor the performance of any of Lancaster's covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of:
 - (iii) any provision of Lancaster's constating documents;
 - (iv) any Law applicable to Lancaster; or
 - (v) any agreement or instrument to which Lancaster is a party or by which Lancaster is bound.
- (d) No dissolution, winding-up, bankruptcy, liquidation or similar proceedings have been commenced or to Lancaster's knowledge, are pending or proposed in respect of Lancaster.

1.24 Representations and Warranties of Newco. Newco represents and warrants to and in favor of Lancaster as follows and acknowledges that Lancaster is relying on such representations and warranties in connection with the entering into of this Agreement:

- (a) Newco is a company duly incorporated and validly subsisting under the Laws of the Province of British Columbia and has full capacity and authority to enter into this Agreement and to perform its covenants and obligations hereunder.
- (b) This Agreement has been duly executed and delivered by Newco.
- (c) Neither the execution and delivery of this Agreement nor the performance of any of Newco's covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of:
 - (vi) any provision of Newco's constating documents;
 - (vii) any Law applicable to Newco; or
 - (viii) any agreement or instrument to which Newco is a party or by which Newco is bound.
- (d) No dissolution, winding-up, bankruptcy, liquidation or similar proceedings have been commenced or to Newco's knowledge, are pending or proposed in respect of Newco.

1.25 Survival of Representations and Warranties. The representations and warranties of the Parties contained in this Agreement will not survive the completion of the Arrangement and will expire and be terminated on the earlier of (a) the Effective Time and (b) the date on which this Agreement is terminated in accordance with its terms.

1.26 Covenants.

- (a) Each Party covenants with the other Party that it will do and perform all such acts and things, and execute and deliver all such agreements, assurances, notices and other

documents and instruments, as may reasonably be required to facilitate the carrying out of the intent and purpose of this Agreement.

- (b) Each of the Parties covenants that it will ensure that the information provided by it for the preparation of the Information Circular will:
 - (ix) be complete and accurate in all material respects;
 - (x) comply with applicable Laws; and
 - (xi) without limiting the generality of the foregoing, not include any misrepresentation concerning Lancaster, Newco, their respective Affiliates or the Newco Shares.
- (c) Each Party agrees that it shall keep the Confidential Information of the other Party or its Affiliates in strict confidence and shall not, without prior written consent of such other Party or Affiliate:
 - (xii) use for its own benefit or the benefit of others any portion of the Confidential Information for any purpose, or
 - (xiii) disclose any portion of such Confidential Information to any third party.

In the event of any Action or asserted requirement under applicable Laws requesting or demanding disclosure of Confidential Information, the Party receiving such request or demand shall immediately notify the other Party in writing of the same and the documents requested or demanded so that the Party whose Confidential Information may be subject to disclosure may seek an appropriate protective order or take protective measures and/or waive the compliance with the provisions of this Agreement. Each Party shall, upon the request of the other Party, cooperate with the other Party in contesting such request or demand (at the expense of the Party whose Confidential Information is subject to disclosure). If, in the absence of a protective order or a written waiver hereunder from the other Party, the Party receiving such request or demand is, in the reasonable opinion of such Party's legal counsel, required to disclose any Confidential Information or otherwise stand liable for contempt or suffer other penalty, the Party receiving such demand may disclose such Confidential Information as so required without liability hereunder; provided, however, such Party shall (x) give the other Party written notice of the Confidential Information to be so disclosed as far in advance of its disclosure as is practicable, (y) furnish only that portion of the Confidential Information which is legally required, and (z) use best efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to the Confidential Information.

4. AMENDMENT AND TERMINATION

- 1.27 Amendment. This Agreement shall not be varied in its terms or amended by oral agreement or otherwise other than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of each Party.
- 1.28 Termination. This Agreement may at any time before or after the holding of the Meeting, and before or after the granting of the Final Order, be terminated and the Plan of Arrangement withdrawn by direction of the Lancaster Board without further action on the part of the Lancaster Shareholders, and nothing expressed or implied herein or in the Plan of Arrangement will be construed as fettering the absolute discretion of the Lancaster Board to elect to terminate this Agreement and discontinue efforts to effect the Plan of Arrangement for whatever reason it may consider appropriate.

5. GENERAL

- 1.29 Further Assurances. Each Party will, from time to time, both before and after the Effective Date, at the request of the other Party, do all such further acts and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent of this Agreement. The Parties agree to make modifications to the structure of the Arrangement and the transactions contemplated under this Agreement reasonably necessary or desirable based on the recommendations of legal, tax or other advisors or the requirements of applicable regulatory authorities.
- 1.30 Enurement. This Agreement will enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.
- 1.31 Assignment. Neither Party may assign its rights or obligations under this Agreement.
- 1.32 Waiver. No waiver or release by either Party will be effective unless in writing signed by the Party granting the same.
- 1.33 No Third Party Beneficiaries. This Agreement is for the sole benefit of the Parties and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever.
- 1.34 Specific Performance. The Parties agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy to which they are entitled at Law or in equity.
- 1.35 Severability. If any provision of this Agreement is determined by any court of competent jurisdiction to be illegal or unenforceable, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect so long as the economic or legal substance of the transactions contemplated herein is not affected in any material manner or would prevent or significantly impede or materially delay the completion of the Arrangement.
- 1.36 Notices. Unless otherwise specified, each notice to a Party must be given in writing and delivered personally or by courier, sent by prepaid registered mail or electronic transmission to the Party as follows

If to Lancaster:

2569 Marine Drive
West Vancouver, BC V7V 1L5
Attention: Penny White, CEO
Email: penny@lancasterlithium.com

If to Newco:

2569 Marine Drive
West Vancouver, BC V7V 1L5
Attention: Andrew Watson, CEO
Email: andrew@lancasterlithium.com

or to any other address, email or Person that the Party designates. Any notice, if delivered personally or by courier, or if sent by shall prepaid registered mail, shall be deemed to have been given when actually received, if sent by electronic transmission before 4:00 p.m. (Pacific time) on

a Business Day, shall be deemed to have been given on that Business Day, and if sent by electronic transmission after 4:00 p.m. (Pacific time) on a Business Day, shall be deemed to have been given on the Business Day after the date of the transmission.

- 1.37 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered by electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.
- 1.38 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 and will be treated in all respects as a British Columbia contract.

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

LANCASTER RESOURCES INC.

NELSON LAKE COPPER CORP.

By: "*Penny White*"

By: "*Andrew Watson*"

Penny White, CEO

Andrew Watson, CEO

SCHEDULE "A"

PLAN OF ARRANGEMENT

1. INTERPRETATION

1.1 Definitions. In this Plan of Arrangement, unless the context requires, the following terms will have the respective meanings set out below:

- (a) **"Arrangement"** means the arrangement under Section 288 of the BCBCA contemplated by this Plan of Arrangement.
- (b) **"Arrangement Agreement"** means the arrangement agreement dated January 29, 2024 between Lancaster and Newco.
- (c) **"Arrangement Resolution"** means the special resolution to be considered and voted on by Lancaster Shareholders at the Meeting approving the Arrangement, to be in substantially the form attached as Schedule "B" to the Arrangement Agreement.
- (d) **"BCBCA"** means the *Business Corporations Act* (British Columbia), as amended, and the regulations thereunder.
- (e) **"Court"** means the Supreme Court of British Columbia.
- (f) **"Direct Registration Advice"** means written evidence of the book entry issuance or holding of securities issued to the holder by the transfer agent of such securities.
- (g) **"Effective Date"** means the date selected by Lancaster as being the date upon which the Arrangement becomes effective.
- (h) **"Effective Time"** means 12:01 a.m. (Pacific time) on the Effective Date or such other time on the Effective Date as determined by Lancaster.
- (i) **"Encumbrance"** includes, with respect to any property or asset, any mortgage, pledge, assignment, hypothec, charge, lien, security interest, adverse right or claim, other third party 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.
- (j) **"Final Order"** means the final order of the Court approving the Arrangement as such order may be amended by the Court at any time before the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal.
- (k) **"Interim Order"** means the interim order of the Court in respect of the Arrangement providing for, among other things, the calling and holding of the Meeting, as the same may be amended, supplemented or varied by the Court.
- (l) **"Lancaster"** means Lancaster Resources Inc., a British Columbia company.
- (m) **"Lancaster Board"** means the board of directors of Lancaster, as may be constituted from time to time.
- (n) **"Lancaster Note"** means the unsecured, non-interest bearing promissory note of Lancaster in the principal amount of \$100;

- (o) **“Lancaster Shares”** means the common shares in the capital of Lancaster as constituted prior to the Effective Time.
- (p) **“Meeting”** means the annual general and special meeting of the Lancaster Shareholders (including any adjournment or postponement thereof) to be called and held in accordance with the Interim Order to consider, among other things, the Arrangement Resolution.
- (q) **“Newco”** means Nelson Lake Copper Corp., a British Columbia company.
- (r) **“Newco Shares”** means the common shares in the capital of Newco.
- (s) **“Parties”** means Lancaster and Newco, and **“Party”** means any one of them.
- (t) **“Person”** means any individual, partnership, firm, trust, body corporate, government, governmental body, agency or instrumentality, unincorporated body of persons or association.
- (u) **“Plan of Arrangement”, “herein”, “hereof”, “hereto”, “hereunder”** and similar expressions mean and refer to this plan of arrangement and any amendments, variations or supplements hereto made in accordance with the terms hereof or the Arrangement Agreement or at the direction of the Court in the Final Order.
- (v) **“Registrar”** means the Registrar of Companies appointed under the BCBCA.
- (w) **“Subscription Price”** means the amount of \$33,000.
- (x) **“Tax Act”** means the *Income Tax Act* (Canada), as amended, and the regulations thereunder.
- (y) **“Transfer Agent”** means Endeavor Trust Corporation or such other agent as Lancaster may select.
- (z) **“United States”** means the United States of America, any territory or possession thereof, any state of the United States, and the District of Columbia.

1.2 Interpretation Not Affected by Headings, Etc. The division of this Plan of Arrangement into sections and other portions and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation hereof. Unless otherwise indicated, all references to a “Section” followed by a number and/or a letter refer to the specified section of this Plan of Arrangement.

1.3 Number and Gender. In this Plan of Arrangement, unless the context otherwise requires, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.4 Time. Time will be of the essence in every matter or action contemplated in this Plan of Arrangement. All times expressed herein are Pacific time unless otherwise stipulated.

1.5 Currency. Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

2. **ARRANGEMENT**

2.1 Arrangement Agreement. This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement, except in respect of the sequence of the steps

comprising the Arrangement, which will occur in the order set forth herein. If there is any conflict or inconsistency between the provisions of this Plan of Arrangement and the Arrangement Agreement, the provisions of this Plan of Arrangement will govern.

2.2 **Binding Effect.** At the Effective Time, the Arrangement will be binding on:

- (a) Lancaster;
- (b) Newco; and
- (c) all the Lancaster Shareholders.

2.3 **The Arrangement.** Commencing at the Effective Time, except as otherwise noted herein, the following will occur and will be deemed to occur in the following order without any further act or formality on the part of any Person:

- (a) Lancaster will subscribe for 1,650,000 Newco Shares at a price of \$0.02 per Newco Share for the Subscription Price;
- (b) Lancaster will pay the Subscription Price to Newco, and Newco will issue the 1,650,000 Newco Shares to Lancaster as fully paid and non-assessable;
- (c) Lancaster will, in connection with the reorganization of its business, distribute to the Lancaster Shareholders 0.2 Newco Shares in respect of each one (1) Lancaster Share held by a Lancaster Shareholder;
- (d) Lancaster will issue the Lancaster Note to Newco in exchange for \$100 and one (1) fully paid and non-assessable Newco Share;
- (e) Newco will subscribe for 550,000 Lancaster Shares at a price of \$0.06 per Lancaster Share for the Subscription Price;
- (f) Newco will pay the Subscription Price to Lancaster, and Lancaster will issue the 550,000 Lancaster Shares to Newco as fully paid and non-assessable; and
- (g) Lancaster will repurchase the Lancaster Note from Newco in exchange for \$100.

3. DISSENT RIGHTS

3.1 **No Dissent Rights.** Lancaster Shareholders will not be given the right to dissent in connection with the Arrangement Resolution and accordingly, the dissent proceedings contained in Division 2 of Part 8 of the BCBCA do not apply to the Arrangement Resolution or the Arrangement.

4. REGISTRATION AND CERTIFICATES

4.1 **Right to Newco Shares.** Subject to Section 4.3, as soon as practicable after the Effective Date, each Lancaster Shareholder at the Effective Time will be entitled to receive one or more certificates or Direct Registration Advices representing the Newco Shares to which such Lancaster Shareholder is entitled pursuant to the provisions of this Plan of Arrangement. The Transfer Agent shall register and deliver certificates or Direct Registration Advices representing the Newco Shares to which each Lancaster Shareholder is entitled at the address for such Lancaster Shareholder shown in the central securities register of Lancaster.

4.2 **Withholding Rights.** Lancaster, Newco and the Transfer Agent will be entitled to deduct and withhold from all dividends, distributions or other amounts otherwise payable to any Lancaster

Shareholder such amounts as Lancaster, Newco or the Transfer Agent is required or permitted to deduct and withhold with respect to such payment under the Tax Act or any provision of any applicable federal, provincial, state, local or foreign tax law or treaty. To the extent that amounts are so withheld, such withheld amounts will be treated for all purposes hereof as having been paid to the Lancaster Shareholder in respect of which such deduction and withholding was made, provided, however, that such withheld amounts are actually remitted to the appropriate taxing authority. To the extent that any shares or other non-cash consideration is required to be deducted or withheld from any payment to a Lancaster Shareholder, any of Lancaster, Newco or the Transfer Agent is hereby authorized to sell or otherwise dispose of shares or other consideration as is necessary to provide sufficient funds to enable Lancaster, Newco or the Transfer Agent to comply with all deduction or withholding requirements applicable to it, and Lancaster, Newco or the Transfer Agent will notify the holder thereof and remit to the holder thereof any unapplied balance of the net proceeds of such sale.

- 4.3 Fractional Shares. If the number of Newco Shares to which a Lancaster Shareholder is entitled results in that Lancaster Shareholder being entitled to a fractional Newco Share, the fraction will be rounded down and such fractional Newco Share shall be cancelled without compensation.
- 4.4 No Encumbrances. Any exchange or transfer of securities pursuant to this Plan of Arrangement will be free and clear of any Encumbrances of any kind.
- 4.5 Paramourty. From and after the Effective Time:
- (a) this Plan of Arrangement will take precedence and priority over any and all Lancaster Shares issued before the Effective Time;
 - (b) the rights and obligations of the registered holders of Lancaster Shares will be solely as provided for in this Plan of Arrangement; and
 - (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Lancaster Share outstanding as at the Effective Time will be deemed to have been settled, compromised, released and determined without liability except as set forth in this Plan of Arrangement.

5. AMENDMENT AND WITHDRAWAL

5.1 Amendment

- (a) Lancaster reserves the right to amend, modify and supplement this Plan of Arrangement at any time and from time to time, provided that any amendment, modification or supplement must be contained in a written document which is filed with the Court and, if made following the Meeting, approved by Newco and the Court and communicated to Lancaster Shareholders in the manner required by the Court (if so required).
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Lancaster at any time before or at the Meeting with or without any other prior notice or communication and if so proposed and accepted by the Lancaster Shareholders voting at the Meeting will become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement which is approved or directed by the Court following the Meeting will be effective only if it is consented to by Lancaster and Newco (each acting reasonably).

- (d) Notwithstanding the above, any amendment that concerns a matter that is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any Person in his, her or its capacity as a Lancaster Shareholder, will not require Court approval or communication to the Lancaster Shareholders.

5.2 Withdrawal. This Plan of Arrangement may be withdrawn before the Effective Time in accordance with the terms of the Arrangement Agreement.

6. FURTHER ASSURANCES

6.1 Further Assurances. Notwithstanding that the transactions and events set out herein will occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties will make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out therein.

SCHEDULE "B"

ARRANGEMENT RESOLUTION

BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. The arrangement (the "**Arrangement**") under Part 9, Division 5 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), as more particularly described in and set forth in the management information circular of Lancaster Resources Inc. ("**Lancaster**") dated February ●, 2024 (the "**Circular**") (as the Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted.
2. The plan of arrangement (the "**Plan of Arrangement**") involving Lancaster and Nelson Lake Copper Corp. ("**Newco**") and implementing the Arrangement, the full text of which is set out in Appendix ● to the Circular (as the Plan of Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted.
3. The arrangement agreement (the "**Arrangement Agreement**") between Lancaster and Newco dated January 29, 2024, and all the transactions contemplated therein, the actions of the directors of Lancaster in approving the Arrangement and the actions of the directors and officers of Lancaster in executing and delivering the Arrangement Agreement and any amendments thereto are hereby confirmed, ratified, authorized and approved.
4. Notwithstanding that these resolutions have been passed (and the Arrangement approved) by the shareholders of Lancaster or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of Lancaster are hereby authorized and empowered, without further notice to, or approval of, the shareholders of Lancaster:
 - (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
 - (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.
5. Any director or officer of Lancaster is hereby authorized, for and on behalf and in the name of Lancaster, to execute and deliver all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Arrangement in accordance with the terms of the Arrangement Agreement, including, but not limited to:
 - (a) all actions required to be taken by or on behalf of Lancaster, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
 - (b) the signing of the certificates, consents and all other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by Lancaster, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.