This management proxy circular and the accompanying materials require your immediate attention. If you are in doubt as to how to deal with these documents or the matters to which they refer, please consult a professional advisor.

ARRANGEMENT INVOLVING

LSC LITHIUM CORPORATION

and

PLUSPETROL RESOURCES CORPORATION B.V.

NOTICE AND MANAGEMENT PROXY CIRCULAR FOR THE SPECIAL MEETING OF SECURITYHOLDERS OF LSC LITHIUM CORPORATION TO BE HELD ON MARCH 8, 2019

The Board unanimously recommends that Securityholders vote

FOR

the Arrangement Resolution

FEBRUARY 4, 2019

February 4, 2019

Dear Securityholders:

The Board of Directors (the "**Board**") of LSC Lithium Corporation (the "**Company**") invites you to attend the special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares of the Company (the "**Shares**") and the holders of outstanding options of the Company (the "**Optionholders**") and the holders of outstanding warrants of the Company (the "**Warrantholders**", collectively with the Shareholders and the Optionholders, the "**Securityholders**") to be held on March 8, 2019 at 10:00 a.m. at the offices of Fasken Martineau DuMoulin LLP, Bay Adelaide Centre, 333 Bay Street, Suite 2400, Toronto ON M5H 2T6.

At the Meeting, Securityholders will be asked to consider and, if deemed advisable, pass a special resolution (the "**Arrangement Resolution**") approving a statutory plan of arrangement (the "**Arrangement**") under section 288 of the *Business Corporations Act* (British Columbia) ("**BCBCA**") whereby Pluspetrol Resources Corporation B.V. (the "**Purchaser**") will, among other things, acquire all of the issued and outstanding Shares of the Company for cash consideration of $0.6612 per Share (the "**Consideration**"). The Consideration represents a premium of 30% to the volume weighted average price of the Shares for the 30 trading days ended January 14, 2019.

Full details of the Arrangement are set out in the accompanying Notice of Special Meeting of Securityholders and Management Proxy Circular of the Company (the "**Circular**"). The Circular describes the Arrangement and includes certain additional information to assist you in considering how to vote on the proposed Arrangement Resolution, including certain risk factors relating to the completion of the Arrangement. You should carefully review and consider all of the information in the Circular. If you require assistance, consult your financial, legal, tax or other professional advisor.

The following is a summary of the relevant terms of the Arrangement for the Securityholders:

- Shareholders (other than dissenting Shareholders) will be entitled to receive from the Purchaser, for each Share held, the Consideration of $0.6612 in cash;
- each outstanding option immediately prior to the Arrangement (whether vested or unvested), will be transferred to the Company for cancellation in exchange for a cash payment by the Company of the amount (if any) by which the Consideration of $0.6612 exceeds the exercise price of such option, less any applicable withholding taxes; and
- each outstanding warrant immediately prior to the Arrangement (whether or not exercisable), will be transferred to the Company for cancellation in exchange for the cash payment by the Company of the amount (if any) by which the Consideration of $0.6612 exceeds the exercise price of such warrant, less any applicable withholding taxes.

For additional details about the Arrangement, see "The Arrangement" and "The Arrangement Agreement" in the Circular which accompanies this letter.

The Arrangement is subject to customary closing conditions for a transaction of this nature, including securityholder approval, stock exchange and court approval. The Arrangement will not proceed if such approvals are not obtained.

The Board, after consultation with its financial and legal advisors, and after careful consideration of, among other factors, the fairness opinion of BMO Nesbitt Burns Inc., has unanimously determined that the Arrangement is in the best interests of the Company, that the terms and conditions of the Arrangement are procedurally and substantively fair and reasonable to the Securityholders, and that the consideration being offered to Securityholders is fair, from a financial point of view, and has unanimously approved the Arrangement and recommends that the Securityholders vote **FOR** the Arrangement. In making their recommendations, the Board considered a number of factors as described in the Circular under the heading "The Arrangement–Reasons for the Arrangement".

Each of the directors, Senior Officers and certain other Shareholders of the Company has entered into a voting and support agreement with the Purchaser pursuant to which they have agreed to vote or cause to be voted all of the securities of the Company held or controlled by them in favour of the Arrangement Resolution. Shareholders holding 51.78% of the outstanding shares of the Company and 71.82% of the outstanding options and warrants of the Company have entered into a voting and support agreement with the Purchaser.

If the Securityholders approve the Arrangement, it is currently anticipated that the Arrangement will be completed by the end of March 2019, subject to obtaining court approval, as well as the satisfaction or waiver of other conditions contained in the arrangement agreement dated January 14, 2019, between the Company and the Purchaser (the "**Arrangement Agreement**").

YOUR VOTE IS IMPORTANT REGARDLESS OF THE NUMBER OF SHARES YOU OWN.

Securityholders who are unable to attend the Meeting are requested to complete, date, sign and return the enclosed Proxy form. Please see the Proxy form for further details and instructions.

The close of business (Eastern Time) on January 23, 2019 is the record date for the determination of Securityholders that will be entitled to receive notice of and vote at the Meeting, and any adjournment or postponement of the Meeting. Registered Securityholders who are unable to or who do not wish to attend the Meeting in person are requested to date and sign the enclosed Proxy form promptly and return it in the self-addressed envelope enclosed for that purpose or by any of the other methods indicated in the Proxy form. Pursuant to the Interim Order, proxies, to be used at the Meeting, must be received by TSX Trust Company, 301-100 Adelaide Street West, Toronto, Ontario M5H 4H1 by 10:00 A.M. (Eastern Time) on March 6, 2019 or, if the Meeting is adjourned, by 10:00 a.m. (Eastern Time), on the second last business day prior to the date on which the Meeting is reconvened. If a registered Securityholder receives more than one Proxy form because such Securityholder owns securities of the Company registered in different names or addresses, each Proxy form needs to be completed and returned.

If Shares are not registered in a Shareholder's name but are held through a broker, investment dealer, bank, trust company, custodian, nominee or other intermediary, the Shareholder will receive the Consideration for the Shares through the intermediary. If you are a registered Shareholder or you are a registered Warrantholder, please complete the accompanying letter of transmittal for registered Shareholders and Warrantholders (the "**Letter of Transmittal**") in accordance with the instructions included therein, sign, date and return it to the depositary, TSX Trust Company, in the envelope provided, together with the certificates, DRS Advices or documents representing your Shares or Warrants and any other required documents. The Letter of Transmittal contains complete instructions on how to exchange your Shares or Warrants for the Consideration and the applicable cash payment, respectively. You will not receive your Consideration or applicable cash payment until after the Arrangement is completed and you have returned your properly completed documents, including each applicable Letter of Transmittal, and the certificate(s), DRS Advice(s) or documents representing your Shares or Warrants to the depositary.

Optionholders will be contacted separately by the Company regarding procedures for the exchange of options for the applicable cash payment.

If you have any questions or need additional information, you should consult your financial, legal, tax or other professional advisor.

On behalf of the Company I thank all Securityholders for their continued support and we look forward to receiving your endorsement for this transaction at the Meeting.

Yours very truly,

"Stephen Dattels"

Stephen Dattels
Executive Chairman

NOTICE OF SPECIAL MEETING OF SECURITYHOLDERS

NOTICE IS HEREBY GIVEN that a Special Meeting (the "**Meeting**") of holders of common shares ("**Shares**"), holders of options ("**Options**") and holder of warrants ("**Warrant**") (collectively, the "**Securityholders**") of LSC Lithium Corporation (the "**Company**") will be held on March 8, 2019 at 10:00 a.m. at the offices of Fasken Martineau DuMoulin LLP, Bay Adelaide Centre, 333 Bay Street, Suite 2400, Toronto ON M5H 2T6 for the following purposes:

1. in accordance with the interim order of the Supreme Court of British Columbia dated February 4, 2019 (the "**Interim Order**"), for Securityholders to consider and, if deemed advisable, to pass, with or without variation, a resolution (the "**Arrangement Resolution**") approving an arrangement (the "**Arrangement**") under section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), the purpose of which is to effect, among other things, the acquisition of all of the outstanding Shares by Pluspetrol Resources Corporation B.V. (the "**Purchaser**") at a price of $0.6612 per Share in cash, all as more fully set forth in the Circular; and

2. to transact such further or other business as may properly come before the Meeting and any adjournments or postponements thereof.

The board of directors of the Company unanimously recommends that the securityholders vote FOR the Arrangement Resolution.

Pursuant to the Interim Order, the record date is January 23, 2019 for determining Securityholders who are entitled to receive notice of and to vote at the Meeting. Only registered Securityholders as of January 23, 2019 are entitled to receive notice of the Meeting ("**Notice of Meeting**") and to attend and vote at the Meeting. This Notice of Meeting is accompanied by the Circular, an applicable form of proxy and, as applicable, letters of transmittal for Securityholders.

Each Share, Option and Warrant entitled to be voted at the Meeting will entitle the holder to one vote at the Meeting. In order to become effective, the Arrangement Resolution must be approved by at least (i) 66 2/3% of the votes cast by holders of Shares present in person or represented by proxy at the Meeting; (ii) 66 2/3% of the votes cast by Securityholders, voting as a single class, present in person or represented by proxy at the Meeting; and (iii) a majority of the votes cast by Shareholders other than votes attached to Shares required to be excluded pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*.

Registered Securityholders who are unable to or who do not wish to attend the Meeting in person are requested to date and sign the enclosed Proxy form promptly, as applicable, and return it in the self-addressed envelope enclosed for that purpose or by any of the other methods indicated in the Proxy form. Pursuant to the Interim Order, proxies, to be used at the Meeting, must be received by TSX Trust Company, 310-100 Adelaide Street West, Toronto, Ontario M5H4H1 by 10:00 a.m. (Eastern Time) on March 6, 2019 or, if the Meeting is adjourned, by 10:00 a.m. (Eastern Time), on the second last business day prior to the date on which the Meeting is reconvened. Notwithstanding the foregoing, the Chair of the Meeting has the discretion to accept proxies received after such deadline and the time limit for the deposit of proxies may be waived or extended by the Chair of the Meeting, in each case, in his or her discretion without notice. If a registered Securityholder receives more than one Proxy form because such Securityholder owns securities of the Company registered in different names or addresses, each Proxy form needs to be completed and returned.

Beneficial holders of Securities that are registered in the name of a broker, custodian, nominee or other intermediary should complete and return the voting instruction form or other authorization provided to them in accordance with the instructions provided therein. Failure to do so may result in such securities not being voted at the Meeting.

Registered holders of Shares who validly dissent from the Arrangement will be entitled to be paid the fair value of their Shares, subject to strict compliance with Division 2 of Part 8 of the BCBCA, as modified by the provisions of the Interim Order and the Plan of Arrangement. Failure to comply strictly with the requirements set forth in Division 2 of Part 8 of the BCBCA, as modified by the provisions of the Interim Order and the Plan of Arrangement may result in the loss or unavailability of any right of dissent.

The Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice of Meeting. Any adjourned or postponed meeting resulting from an adjournment or postponement of the Meeting will be held at a time and place to be specified either by the Company before the Meeting or by the Chair at the Meeting.

Dated at Toronto, Ontario as of the February 4, 2019.

BY ORDER OF THE BOARD

"Stephen Dattels"

Stephen Dattels
Executive Chairman

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LSC LITHIUM CORPORATION

MANAGEMENT PROXY CIRCULAR

Introduction

This Management Proxy Circular (the "Circular") is furnished in connection with the solicitation of proxies by and on behalf of the management of LSC Lithium Corporation (the "Company" or "LSC") for use at the Meeting and any adjournment or postponement thereof. No Person has been authorized to give any information or make any representation in connection with the Arrangement or any other matters to be considered at the Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized and should not be relied upon in making a decision as to how to vote on the Arrangement.

These Meeting materials are being sent to both Registered Shareholders and Beneficial Shareholders and to Optionholders and Warrantholders.

If you hold securities through an Intermediary, you should contact your Intermediary for instructions and assistance in voting and surrendering the securities that you beneficially own.

Information Contained in this Circular

The information contained in this Circular is given as at February 4, 2019, except where otherwise noted. No person has been authorized to give any information or to make any representation in connection with the Arrangement and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by the Company.

This Circular does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

Information contained in this Circular should not be construed as legal, tax or financial advice and Securityholders are urged to consult their own professional advisors in connection therewith.

Except where otherwise expressly provided, all amounts in this Circular are stated and will be paid in Canadian currency.

THIS CIRCULAR AND THE TRANSACTIONS CONTEMPLATED BY THE ARRANGEMENT AGREEMENT AND THE PLAN OF ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES REGULATORY AUTHORITY NOR HAS ANY SECURITIES REGULATORY AUTHORITY PASSED UPON THE FAIRNESS OR MERITS OF SUCH TRANSACTIONS OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

Information Concerning the Purchaser

The information concerning the Purchaser and its Affiliates contained in this Circular has been provided by the Purchaser for inclusion in this Circular. Although the Company has no knowledge that any statements contained herein taken from or based on such information provided by the Purchaser are untrue or incomplete, the Company assumes no responsibility for the accuracy of such information, or for any failure by the Purchaser or any of its Affiliates or any of their respective representatives to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to the Company. In accordance with the Arrangement Agreement, the Purchaser provided the Company with all necessary information concerning the Purchaser that is required by law to be included in this Circular and ensured that such information does not contain any Misrepresentations (as such term is defined in the Arrangement Agreement).

Information for U.S. Securityholders

The Company is a corporation existing under the laws of the Province of British Columbia, Canada. The solicitation of proxies and the transactions contemplated in this Circular are not subject to the proxy rules under the U.S. Exchange Act, and therefore this solicitation is not being effected in accordance with U.S. Securities Laws. Accordingly, the solicitation and transactions contemplated in this Circular are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate laws and Securities Laws, and this Circular has been prepared in accordance with disclosure requirements applicable in Canada. Securityholders in the United States should be aware that disclosure requirements under Canadian laws are different from those of the United States applicable to registration statements under the U.S. Securities Act and proxy statements under the U.S. Exchange Act. Securityholders in the United States should also be aware that other requirements under Canadian laws may differ from those required under United States corporate laws and U.S. Securities Laws. The enforcement by Securityholders of rights, claims and civil liabilities under U.S. Securities Laws may be affected adversely by the fact that the Company is organized under the laws of a jurisdiction other than the United States, that a majority of its officers and directors are residents of countries other than the United States and that all or substantial portions of the assets of the Company and such other Persons are, or will be, located outside the United States. You may not be able to sue a Canadian company or its officers or directors in a Canadian court for violations of U.S. Securities Laws. In addition, the courts of Canada may not enforce judgments of United States courts obtained in actions against such Persons predicated upon civil liabilities under the U.S. Securities Laws and all rules, regulations and orders promulgated thereunder.

This Arrangement has not been approved or disapproved by the United States Securities and Exchange Commission or any other securities regulatory authority, nor has any securities regulatory authority passed upon the fairness or the merits of this transaction or upon the accuracy or adequacy of the information contained in this Circular.

Securityholders in the United States should be aware that the disposition by them of their Common Shares and, if applicable, Options or Warrants as described herein may have tax consequences both in the United States and in Canada. Such consequences for Securityholders may not be described fully herein. For a general discussion of certain Canadian federal income tax considerations, see "Certain Canadian Federal Income Tax Considerations". Securityholders in the United States are advised to consult their independent tax advisors regarding the relevant federal, state, local and foreign tax consequences to them of participating in the Arrangement.

Securityholders in the United States should be aware that the financial statements and financial information of the Company are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and are subject to Canadian auditing and auditor independence standards, each of which differ in certain material respects from United States generally accepted accounting principles and auditing and auditor independence standards and thus may not be comparable in all respects to financial statements and information of United States companies.

Forward-Looking Statements

This Circular contains forward-looking statements and forward-looking information within the meaning of applicable Securities Laws and which are based on the currently available competitive, financial and economic data and operating plans of management of the Company as of the date hereof unless otherwise stated. Forward-looking statements are provided for the purpose of presenting information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" or the negative of such terms and similar expressions are intended to identify forward-looking statements or information. More particularly and without limitation, this Circular contains forward-looking statements and information concerning: the anticipated benefits of the Arrangement to the Parties and their respective Securityholders; the timing and anticipated receipt of Required Securityholder Approval and required regulatory and Court approvals for the Arrangement; and the ability of the Company and the Purchaser to satisfy the other conditions to, and to complete, the Arrangement.

In respect of the forward-looking statements and information concerning the anticipated benefits of the Arrangement and the anticipated timing for completion of the Arrangement, the Company has provided such in reliance on certain assumptions that it believes are reasonable at this time, including assumptions as to the ability of the Parties to receive, in a timely manner and on satisfactory terms, the necessary regulatory, Court, Securityholder and other third party approvals; the ability of the Parties to satisfy, in a timely manner, the other conditions to the closing of the Arrangement; and other expectations and assumptions concerning the Arrangement. The anticipated dates provided may change for a number of reasons, including unforeseen delays in preparing materials for the Meeting, the inability to secure the necessary regulatory, Court, Securityholder or other third-party approvals in the time assumed or the need for additional time to satisfy the other conditions to the completion of the Arrangement. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this Circular.

Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Risks and uncertainties inherent in the nature of the Arrangement include the failure of the Company and the Purchaser to obtain the necessary regulatory, Court, Securityholder and other third-party approvals, including those noted above, or to otherwise satisfy the conditions to the completion of the Arrangement, in a timely manner, or at all. Failure to obtain such approvals, or the failure of the Parties to otherwise satisfy the conditions to or complete the Arrangement, may result in the Arrangement not being completed on the proposed terms, or at all. In addition, if the Arrangement is not completed, and the Company continues as an independent entity, there are risks that the announcement of the Arrangement and the dedication of substantial resources of the Company to the completion of Arrangement could have an impact on the Company's current business relationships and could have a material adverse effect on the current and future operations, financial condition and prospects of the Company. Furthermore, the failure of the Company to comply with the terms of the Arrangement Agreement may, in certain circumstances, result in the Company being required to pay the Termination Fee to the Purchaser, the result of which could have a material adverse effect on the Company's financial position and results of operations and its ability to fund growth prospects and current operations.

Securityholders are cautioned that the foregoing list of factors is not exhaustive. Additional information on other factors that could affect the operations or financial results of the Parties is included in reports filed by the Company with the securities commissions or similar authorities in Canada (which are available under the Company's SEDAR profile at www.sedar.com).

The forward-looking statements and information contained in this Circular are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless required by applicable Securities Laws and readers should also carefully consider the matters discussed under "Risk Factors".

Reference to Financial Information and Additional Information

Financial information provided in the Company's comparative annual financial statements and MD&A for the year ended August 31, 2018 and in the Company's comparative quarterly financial statements and MD&A for the quarter ended November 30, 2018 is available on SEDAR at www.sedar.com. You can obtain additional documents related to the Company without charge on SEDAR at www.sedar.com. You can also obtain documents related to the Company without charge by visiting the Company's website at www.lsclithium.com.

GLOSSARY OF TERMS

In this Circular, the following capitalized words and terms shall have the following meanings:

"**Affiliate**" has the meaning ascribed thereto in the National Instrument 45-106 – *Prospectus Exemptions*;

"**Acquisition Proposal**" means, other than the transactions contemplated by the Arrangement Agreement, any offer, proposal or inquiry (written or oral) from any Person or group of Persons other than the Purchaser (or any affiliate of the Purchaser) after the date of the Arrangement Agreement relating to: (i) any sale, disposition, alliance or joint venture (or any lease or other arrangement having the same economic effect as the foregoing), direct or indirect, in a single transaction or a series of related transactions, of or involving assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Company and its Subsidiaries or of 20% or more of the voting or equity securities of the Company or any of its Subsidiaries (or rights or interests in such voting or equity securities); (ii) any direct or indirect take-over bid, exchange offer, treasury issuance of securities, sale of securities or other transaction that, if consummated, would result in such Person or group of Persons beneficially owning 20% or more of any class of voting, equity or other securities of the Company or of any of its Subsidiaries whose assets or revenues, individually or in the aggregate, constitute 20% or more of the consolidated assets or consolidated revenue, as applicable, of the Company and its Subsidiaries (including securities convertible or exercisable or exchangeable for voting, equity or other securities of the Company or any of its Subsidiaries); (iii) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution, winding up or exclusive license involving the Company or any of its Subsidiaries whose assets or revenues, individually or in the aggregate, constitute 20% or more of the consolidated assets or consolidated revenue, as applicable, of the Company and its Subsidiaries; or (iv) any other similar transaction or series of transactions involving the Company or any of its Subsidiaries;

"**Arrangement**" means the arrangement under the provisions of section 288 of the BCBCA on the terms set out in the Plan of Arrangement, subject to any amendments or variations to the Plan of Arrangement made in accordance with the terms of the Arrangement Agreement and the Plan of Arrangement or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably;

"**Arrangement Agreement**" means the Arrangement Agreement dated January 14, 2019, between the Purchaser and the Company, including the exhibits attached thereto and the Company disclosure letter, as amended or varied pursuant to the terms thereof;

"**Arrangement Resolution**" means the special resolution substantially in the form attached hereto as Appendix A to be considered and approved by the Securityholders at the Meeting;

"**Associate**" has the meaning ascribed thereto in the *Securities Act* (British Columbia);

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

"**Beneficial Shareholder**" means a Person who holds Common Shares through an Intermediary or who otherwise does not hold Common Shares in the Person's name;

"**Board**" means the board of directors of the Company, as constituted from time to time;

"**Board Recommendation**" means a statement that the Board has determined unanimously that the Arrangement is fair to the Securityholders and is in the best interests of the Company and recommends that Securityholders vote in favour of the Arrangement Resolution;

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Toronto, Ontario, Vancouver, British Columbia or Buenos Aires, Argentina;

"**Change in Recommendation**" means, prior to the approval of the Arrangement Resolution (A) the Board or any committee thereof fails to unanimously recommend or withdraws, amends, modifies or qualifies, or publicly proposes or states an intention to withdraw, amend, modify or qualify the Board Recommendation, or (B) the Board or any committee thereof accepts, approves, endorses or recommends, or publicly proposes to accept, approve, endorse or recommend an Acquisition Proposal, (C) or takes no position or remains neutral with respect to a publicly announced, or otherwise publicly disclosed, Acquisition Proposal for more than five Business Days (or beyond the third Business Day prior to the date of the Meeting, if sooner), (D) the Board or any committee of the Board executes or enters into or authorizes the Company or any of its Subsidiaries to execute or enter into, or publicly proposes to execute or enter into or to authorize the Company or any of its Subsidiaries to execute or enter into, any agreement, letter of intent, understanding or arrangement relating to an Acquisition Proposal or any inquiry, proposal or offer that may reasonably be expected to constitute or lead to an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by and in accordance with Section 5.3 of the Arrangement Agreement); or (E) the Board or any committee of the Board fails to publicly reaffirm the Board Recommendation (without qualification) within five (5) days after having been requested in writing by the Purchaser to do so;

"**Circular**" means this management proxy circular, including the Notice of Meeting and all appendices hereto and all documents incorporated by reference herein, and all amendments hereof;

"**Common Shares**" means common shares in the capital of the Company;

"**Company**" or "**LSC**" means LSC Lithium Corporation, a corporation existing under the BCBCA;

"**Consideration**" means $0.6612 in cash per Common Share, without interest;

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

"**Depositary**" means TSX Trust Company, or any other depositary or trust company, bank or financial institution as the Purchaser may appoint to act as depositary in relation to the Arrangement, with the approval of the Company, acting reasonably;

"**Dissent Procedures**" means the dissent procedures, as described under "The Arrangement-Dissenting Shareholders' Rights" in this Circular;

"**Dissent Rights**" means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement;

"**Dissenting Shareholder**" means a Registered Shareholder who dissents in respect of the Arrangement in strict compliance with the Dissent Rights;

"**Dissenting Shares**" means the Common Shares held by Dissenting Shareholders;

"**DRS Advices**" means the direct registration system advices held by some Shareholders representing their Common Shares;

"**Effective Date**" means the date the Arrangement becomes effective;

"**Effective Time**" means 12:01 a.m. (Vancouver time) on the Effective Date, or such other time as the Parties agree to in writing before the Effective Date;

"**Fairness Opinion**" means the opinion of the Financial Advisor in the form attached as Appendix C to the effect that, as of the date of the Arrangement Agreement and based on and subject to the assumptions, limitations and qualifications set forth therein, the Consideration to be received by the Shareholders is fair, from a financial point of view, to the Shareholders;

"**Final Order**" means the final order of the Court made pursuant to section 291 of the BCBCA in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time

prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal;

"**Financial Advisor**" means BMO Nesbitt Burns Inc.;

"**Governmental Entity**" means (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or instrumentality, domestic or foreign, (ii) any subdivision or authority of any of the above, (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing or (iv) any stock exchange;

"**Interim Order**" means the interim order of the Court made pursuant to section 291 of the BCBCA dated February 1, 2019 attached hereto as Appendix D to this Circular;

"**Intermediary**" means, collectively, a broker, investment dealer, bank, trust company, nominee or other intermediary;

"**Law**" means, with respect to any Person, any and all applicable law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended;

"**Letter of Transmittal**" means the applicable letter of transmittal sent by the Company to the Registered Shareholders and Warrantholders for use in connection with the Arrangement;

"**Locked-up Shareholders**" means each of the Shareholders who have entered into Voting and Support Agreements with the Purchaser and all of the directors and senior officers of the Company;

"**Material Adverse Effect**" means, any change, event, occurrence, effect, state of facts or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects, state of facts or circumstances, is or would reasonably be expected to be material and adverse to the current or future business, operations, results of operations, assets, properties, capitalization, condition (financial or otherwise) or liabilities (contingent or otherwise) of the Company and its Subsidiaries, on a consolidated basis, except any such change, event, occurrence, effect, state of facts or circumstance resulting from:

a) any change generally affecting the lithium or mining industry as a whole;
b) any change, developments or conditions in or relating to general economic, political, business or market conditions in Argentina or in national or global financial or capital markets;
c) any change in the market price of lithium;
d) any change in Law or generally accepted accounting principles or in the interpretation or application of any Laws by any Governmental Entity;
e) any change or developments in or relating to currency exchange or interest rates or rates of inflation;
f) the announcement of the Arrangement Agreement or the transactions contemplated hereby;
g) any action taken (or omitted to be taken) by the Company or its Subsidiaries that is consented to by the Purchaser expressly in writing;
h) the failure of the Company to meet any internal or published projections, forecasts or estimates of revenues, earnings, cash flows or production (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Effect has occurred); or
i) any change in the market price or trading volume of any securities of the Company (it being understood that the causes underlying such change in market price may be taken into account in determining whether a Material Adverse Effect has occurred),

provided, however, that with respect to clauses (a) through to and including (e), such matter does not have a materially disproportionate effect on the business operations, results of operations, assets, properties, capitalization, condition (financial or otherwise) or liabilities (contingent or otherwise) of the Company and its Subsidiaries, on a

consolidated basis, relative to other comparable companies and entities operating in the lithium exploration industry or lithium industry generally, and unless expressly provided in any particular section of the Arrangement Agreement, references in certain sections of the Arrangement Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretive for purposes of determining whether a "Material Adverse Effect" has occurred;

"**MD&A**" means Management's Discussion & Analysis;

"**Meeting**" means the special meeting of Securityholders, including any adjournments or postponements of such special meeting in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

"**MI 61-101**" means Multilateral Instrument 61-101 — *Protection of Minority Security Holders in Special Transactions*;

"**Notice of Dissent**" means the written objection of a Registered Shareholder to the Arrangement Resolution, submitted to the Company in accordance with the Dissent Procedures;

"**Notice of Meeting**" means the notice of the special meeting accompanying this Circular;

"**Offer to Pay**" means the written offer of the Purchaser to each Dissenting Holder who has sent a Demand for Payment to pay for its Common Shares in an amount considered by the board of directors of the Purchaser to be the fair value of the Common Shares, all in compliance with the Dissent Procedures;

"**Option Consideration**" means, in respect of each Option, a cash amount equal to the amount (if any) by which the Consideration exceeds the exercise price payable under such Option by the holder thereof to acquire one Common Share underlying such Option;

"**Option Plan**" means the stock option plan of the Company, which governs the Options;

"Optionholder" means a holder of Options;

"**Options**" means the outstanding options to purchase Common Shares issued pursuant to the Company Option Plan;

"**Outside Date**" means May 14, 2019 or such later date as may be agreed to in writing by the Parties, subject to the right of the Purchaser to extend the Outside Date for an additional 45 days if the condition in Section 6.2 (4) of the Arrangement Agreement has not been satisfied, provided that notwithstanding the foregoing, the Purchaser shall not be permitted to extend the Outside Date if the failure of the condition in Section 6.2(1) of the Arrangement Agreement to be satisfied, as applicable, is primarily the result of the Purchaser's failure to comply with its covenants in the Arrangement Agreement;

"**Parties**" means the Company and the Purchaser and "**Party**" means either one of them;

"**Person**" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including a Governmental Entity), syndicate or other entity, whether or not having legal status;

"**Plan of Arrangement**" means the plan of arrangement in the form attached as Appendix B subject to any amendments or variations to such plan made in accordance with the provisions of the Arrangement Agreement, the Plan of Arrangement, or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably;

"**Purchaser**" means Pluspetrol Resources Corporation B.V., a corporation existing under the laws of the Netherlands;

"**Record Date**" means the record date for determining the Securityholders entitled to receive notice of and to vote at the Meeting, being the close of business on January 23, 2019 pursuant to the Interim Order;

"**Registered Shareholder**" means a registered holder of Common Shares as recorded in the shareholder register of the Company;

"**Regulatory Approvals**" means any consent, waiver, permit, exemption, review, order, decision or approval of, or any registration and filing with, any Governmental Entity, or the expiry, waiver or termination of any waiting period imposed by Law or a Governmental Entity, in each case required in connection with the Arrangement including for greater certainty, in connection with a change of control of the Company or any of its Subsidiaries whether directly or indirectly or in connection with any of the Company's or its Subsidiaries' Authorisations;

"**Required Securityholder Approval**" means the approval of the Arrangement Resolution by at least (i) two-thirds of the votes cast on such resolution by Shareholders present in person or represented by proxy at the Meeting; (ii) two-thirds of the votes cast on such resolution by Securityholders present in person or represented by proxy at the Meeting voting together as a single class; and (iii) a majority of the votes cast by Shareholders other than votes attached to Common Shares required to be excluded pursuant to MI 61-101;

"**Securities Act**" means the *Securities Act* (British Columbia);

"**Securities Authority**" means the British Columbia Securities Commission and any other applicable securities commission or securities regulatory authority of a province or territory of Canada;

"**Securities Laws**" means the Securities Act and any other applicable provincial and territorial securities laws;

"**Securityholders**" means, collectively, the Shareholders, the Optionholders and the Warrantholders and "**Securityholder**" means any one of them;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval maintained on behalf of the Securities Authorities;

"**Senior Officer**" has the meaning ascribed thereto in MI 61-101;

"**Shareholder**" means (i) prior to the Effective Date, any Person who is a Registered Shareholder or Beneficial Shareholder, and (ii) following the Effective Date, any Person who prior to the Effective Date was a Registered Shareholder or Beneficial Shareholder;

"**Subco**" means LSC Lithium Subco Inc.;

"**Subsidiary**" has the meaning specified in National Instrument 45-106 - *Prospectus Exemptions* as in effect on the date of the Arrangement Agreement.

"**Superior Proposal**" means any unsolicited bona fide written Acquisition Proposal from a Person made after the date of the Arrangement Agreement, to acquire not less than all of the outstanding Common Shares not owned by the Person making the Acquisition Proposal or all or substantially all of the assets of the Company and its Subsidiaries on a consolidated basis that:

a) complies with Securities Laws in all material respects and did not result from or involve a breach of the Arrangement Agreement, the Exclusivity Agreement entered into between the Parties dated December 13, 2018 or any other agreement between the Person making the Acquisition Proposal and the Company or any of its Subsidiaries;
b) the Board has determined in good faith, is reasonably capable of being completed, taking into account, all financial, legal, regulatory and other aspects of such proposal and the Person making such proposal;
c) is not subject to any financing contingency and in respect of which adequate arrangements have been made (as determined by the Board in good faith) to ensure that the required funds will be available to effect payment in full for all of the Common Shares or assets, as the case may be;
d) is not subject to any due diligence or access condition;

e) the Board determines, in its good faith judgment, after receiving the advice of its outside legal counsel and financial advisors and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the Person making such Acquisition Proposal, would, if consummated in accordance with its terms, but without assuming away the risk of non-completion, result in a transaction which is more favourable, from a financial point of view, to the Shareholders than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to the Arrangement Agreement); and

f) in the event that the Company does not have the financial resources to pay the Termination Fee, the terms of such Acquisition Proposal provide that the person making such Superior Proposal shall advance or otherwise provide the Company the cash required for the Company to pay the Termination Fee and such amount shall be advanced or provided on the date such Termination Fee becomes payable;

"**Tax Act**" means the *Income Tax Act* (Canada);

"**Termination Fee**" means $4,486,000;

"**Transfer Agent**" means TSX Trust Company, the registrar and transfer agent for the Common Shares;

"**TSX-V**" means the TSX Venture Exchange;

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;

"**U.S. Exchange Act**" means the *United States Securities Exchange Act of 1934*, as amended, and the rules, regulations and orders promulgated thereunder;

"**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended, and the rules, regulations and orders promulgated thereunder;

"**U.S. Securities Laws**" means the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, as amended from time to time;

"**Voting and Support Agreements**" means collectively the voting and support agreements between the Purchaser and each of the Locked-up Shareholders;

"**Warrant Consideration**" means, in respect of each Warrant, a cash amount equal to the amount (if any) by which the Consideration exceeds the exercise price payable under such Warrant by the holder thereof to acquire one Common Share underlying such Warrant;

"**Warrantholders**" means any of the registered and beneficial holders of Warrants; and

"**Warrants**" means the outstanding warrants of the Company.

SUMMARY

The following information is a summary of the contents of this Circular. This summary is provided for convenience only and the information contained in this summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information and financial data and statements contained elsewhere in this Circular or incorporated by reference herein. Capitalized terms in this summary have the meaning set out in the "Glossary of Terms" or as set out herein. The full text of the Arrangement Agreement is available under the Company's profile on SEDAR (www.sedar.com).

Date, Time and Place of Meeting

The Meeting will be held on March 8, 2019 at 10:00 a.m. at the offices of Fasken Martineau DuMoulin LLP, Bay Adelaide Centre, 333 Bay Street, Suite 2400, Toronto ON M5H 2T6.

The Record Date

The Record Date for determining the Securityholders entitled to receive notice of and to vote at the Meeting is as of the close of business on January 23, 2019.

Purpose of the Meeting

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, the Arrangement Resolution. The approval of the Arrangement Resolution will require the Required Securityholder Approval.

The Arrangement

The purpose of the Arrangement is to effect the acquisition by the Purchaser of the Company. If the Arrangement Resolution is approved with the Required Securityholder Approval and all other conditions to the closing of the Arrangement are satisfied or waived, the Arrangement will be implemented by way of a court-approved plan of arrangement under the BCBCA.

Effectively, as a result of the Arrangement:

(a) each Common Share outstanding (other than Common Shares held by Dissenting Shareholders) shall, without any further action by or on behalf of the Shareholder, be deemed to be assigned and transferred to the Purchaser, in exchange for the Consideration of $0.6612 per Common Share in cash;

(b) each Option issued and outstanding immediately prior to the Effective Time (whether vested or unvested) shall be deemed to be unconditionally vested and exercisable and, without further action by or on behalf of the Optionholders, shall be deemed to be assigned and transferred by the Optionholder to the Company, and each such Option will be cancelled in exchange for the Option Consideration, being a cash payment by the Company to the Optionholder equal to the amount (if any) by which the Consideration exceeds the exercise price of such Option, in each case less any applicable taxes required to be withheld with respect to such payment;

(c) each Warrant issued and outstanding immediately prior to the Effective Time, shall be deemed to be assigned and transferred by the Warrantholder thereof to the Company, and each such Warrant will be cancelled in exchange for the Warrant Consideration being a cash payment by the Company to the Warrantholder equal to the amount (if any) by which the Consideration exceeds the exercise price of such Warrant, in each case less any applicable taxes required to be withheld with respect to such payment; and

(d) each Common Share held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised will be deemed to be transferred to the Purchaser (free and clear of all Liens), without any further act or formality, and such Dissenting Shareholders will cease to have any rights as holders of such Common Shares other than the right to be paid fair value for such Common Shares by the Purchaser as set out in the Plan of Arrangement, attached as Schedule A to the Arrangement Agreement, and the Common Shares so transferred will be cancelled.

On completion of the Arrangement, the Company will be a wholly-owned subsidiary of the Purchaser.

See "The Arrangement" in this Circular.

Payment for Common Shares, Options and Warrants Transferred

In accordance with the Arrangement Agreement, the Purchaser will deposit the aggregate Consideration with the Depositary in escrow and it will advance a loan to the Company, also to be held in escrow by the Depositary, for payments owing by the Company under the Arrangement for Options and Warrants. The Depositary will disburse such amounts following the Effective Time in accordance with the Plan of Arrangement.

Extinction of Rights

If a duly completed Letter of Transmittal, together with certificates, DRS Advices or documents that immediately prior to the Effective Date represented Common Shares or Warrants and any other required documents, are not deposited by a Shareholder or a Warrantholder, respectively, prior to the second anniversary of the Effective Date, all amounts to which such Shareholder or Warrantholder was otherwise entitled pursuant to the Arrangement will be forfeited to the Purchaser and such Shareholder or Warrantholder will have no further entitlement hereto. Any (i) certificate, DRS Advice or document that immediately prior to the Effective Date represented outstanding Common Shares or Warrants that is not deposited with the Depositary, together with a duly completed Letter of Transmittal and any other required documents, prior to the second anniversary of the Effective Date or (ii) any payment made by way of cheque by the Depositary or the Company pursuant to the Plan of Arrangement that has not been deposited or has been returned to the Depositary or the Company or that otherwise remains outstanding on or before the second anniversary of the Effective Date will, in either case, cease to represent a claim or interest of any kind or nature, including any claim to any portion of the Consideration.

Recommendation of the Board

After careful consideration and taking into account, among other things, the Fairness Opinion, the Board, after consultation with legal and financial advisors, has unanimously determined the Arrangement is in the best interests of the Company. **Accordingly, the Board unanimously recommends that the Securityholders vote FOR the Arrangement Resolution.** Each director and Senior Officer of the Company intends to vote all of the director's and officer's securities FOR the Arrangement Resolution.

See "The Arrangement – Background to the Arrangement" in this Circular.

Reasons for the Arrangement

In the course of their evaluation, the Board carefully considered a variety of factors with respect to the Arrangement including, among others, the following:

- the fact that the Arrangement is the result of a strategic review process carried out by the Company which was publicly announced in a press release dated August 18, 2017. The strategic review process included the use of financial advisors and the opportunity was discussed with numerous parties, including twelve parties other than the Purchaser who executed confidentiality agreements;

- the Board's conclusion, after a thorough review of the Company's business, strategy, current and projected financial condition, prospects for development of the Company's projects (including required expenditures) and consideration of various standalone operating scenarios including potential partnerships and remaining as a standalone public company, that the value offered to Shareholders under the Arrangement is more favourable to Shareholders than the potential value that might have resulted from other strategic alternatives reasonably available to the Company, in each case, taking into consideration the potential rewards, risks and uncertainties associated with the other strategic alternatives reasonably available to the Company;

- the fact that the consideration payable under the Arrangement is all cash, which provides certainty of value and immediate near term liquidity, compared to continuing to operate the Company as a standalone entity and the associated business and execution risks;

- the Consideration to be received by the Shareholders under the Arrangement, represents a premium of 30% based on the volume weighted average price of the Common Shares on the TSX-V for the 30 trading days ending on January 14, 2019, the day prior to the announcement of the Arrangement;

- Shareholders, collectively owning or controlling 51.78% of the outstanding Common Shares are supportive of the Arrangement and have entered into Voting and Support Agreements;

- the Fairness Opinion delivered by the Financial Advisor as described in greater detail under "Fairness Opinion"; and

- the belief of the Board that the terms of the Arrangement Agreement and the Arrangement treat stakeholders equitably and fairly including the treatment under the Arrangement of the outstanding Options and Warrants.

See "The Arrangement – Reasons for the Arrangement" in this Circular.

Voting and Support Agreements

The Locked-up Shareholders have entered into the Voting and Support Agreements with the Purchaser pursuant to which they have agreed to vote in favour of the Arrangement Resolution. The Locked-up Shareholders hold a total of 84,189,870 Common Shares, representing 51.78% of the outstanding Common Shares, 15,775,000 Options and 5,436,371 Warrants that will have voting rights at the Meeting which, together with the Common Shares held, represent 55.14% of the Common Shares, Options and Warrants that may be voted at the Meeting.

See "The Arrangement – Voting and Support Agreements" in this Circular.

Conditions to Completion of the Arrangement

The implementation of the Arrangement is subject to a number of conditions being satisfied or waived by one or more of the Company or the Purchaser at or prior to the Effective Date, including the following:

(a) the approval of the Arrangement Resolution with the Required Securityholder Approval at the Meeting;

(b) receipt of the Final Order;

(c) compliance in all material respects by the Company and the Purchaser with all covenants required to be performed under the Arrangement Agreement, subject to certain qualifications;

(d) the representations and warranties of the Company and the Purchaser contained in the Arrangement Agreement being true and correct as of the Effective Date, subject to certain qualifications; and

(e) Dissent Rights not having been exercised in respect of more than 5% of the Common Shares.

See "The Arrangement Agreement – Conditions of Closing" in this Circular.

Non-Solicitation

In the Arrangement Agreement, the Company has agreed that it will not, directly or indirectly, solicit or participate in any discussions or negotiations regarding a proposal by a third party to acquire the Company or its assets and will give prompt notice to the Purchaser should the Company receive such a proposal or a request for non-public information that it reasonably believes would lead to such a proposal.

Termination of Arrangement Agreement

The Company and the Purchaser may agree in writing to terminate the Arrangement Agreement and abandon the Arrangement at any time prior to the Arrangement becoming effective. In addition, the Company or the Purchaser may terminate the Arrangement Agreement and abandon the Arrangement at any time prior to the Effective Date if certain specific events occur.

See "The Arrangement Agreement -Termination of Arrangement Agreement" in this Circular.

Letter of Transmittal

A Letter of Transmittal is enclosed with this Circular for use by Registered Shareholders and Warrantholders for the purpose of the surrender of Common Shares and Warrants and certificates, DRS Advices and documents therefor. The details for the surrender of Common Shares and Warrants and certificates, DRS Advices and documents therefor to the Depositary and the addresses of the Depositary are set out in the Letter of Transmittal. Provided that a Registered Shareholder or Warrantholder, as applicable, has delivered and surrendered to the Depositary, within two years of the Effective Date, a Letter of Transmittal properly completed and executed in accordance with the instructions of such Letter of Transmittal, and certificates, DRS Advices and additional documents as the Depositary may reasonably require, the Shareholder or Warrantholder, as applicable, will be entitled to receive, and the Purchaser will cause the Depositary to deliver, to the Shareholder or the Warrantholder, as applicable, the amount to which such Shareholder or Warrantholder, respectively, is entitled under the Plan of Arrangement.

See "The Arrangement – Letter of Transmittal" in this Circular.

Rights of Dissent

Registered Shareholders are entitled to dissent from the Arrangement Resolution in the manner provided in Division 2 of Part 8 of the BCBCA, as modified by the Interim Order and the Plan of Arrangement. A Registered Shareholder who wishes to dissent must ensure that a Notice of Dissent is received by the Company, Attention: Vice President, Legal and General Counsel, at its registered office located at Suite 605, 40 University Avenue, Toronto, Ontario M5J 1T1 at least two Business Days prior to the date of the Meeting (or any adjournment or postponement of the Meeting).

See "The Arrangement – Dissenting Shareholders' Rights" in this Circular.

Income Tax Considerations

Securityholders should carefully review the tax considerations described in this Circular and are urged to consult their own tax advisors in regard to their particular circumstances. See "Certain Canadian Federal Income Tax Considerations" for a discussion of certain Canadian federal income tax considerations.

INFORMATION CONCERNING THE MEETING

Purpose of the Meeting

At the Meeting, Securityholders will be asked to consider and, if deemed advisable, to pass, with or without variation, the Arrangement Resolution. The approval of the Arrangement Resolution will require the Required Securityholder Approval.

Date, Time and Place of the Meeting

The Meeting will be held on March 8, 2019 at 10:00 a.m. (Eastern Time) at the offices of Fasken Martineau DuMoulin LLP, Bay Adelaide Centre, 333 Bay Street, Suite 2400, Toronto ON M5H 2T6.

Record Date

Pursuant to the Interim Order, the Record Date for determining persons entitled to receive notice of and vote at the Meeting is January 23, 2019. Securityholders of record as at the close of business on January 23, 2019 will be entitled to attend and vote at the Meeting, or any adjournment or postponement thereof, in the manner and subject to the procedures described in this Circular.

Solicitation of Proxies

The enclosed Proxy is solicited by and on behalf of management of the Company. The persons named in the enclosed Proxy form are management designated proxyholders. **A registered Securityholder desiring to appoint some other person (who need not be a shareholder) to represent the Securityholder at the Meeting may do so either by inserting such other person's name in the blank space provided in the Proxy form or by completing another form of proxy.** To be used at the Meeting, proxies must be received by the Transfer Agent, TSX Trust Company, 301-100 Adelaide Street West, Toronto, Ontario M5H 4H1 by 10:00 a.m. (Eastern Time) on March 6, 2019 or, if the Meeting is adjourned, by 10:00 a.m. (Eastern Time), on the second last business day prior to the date on which the Meeting is reconvened. Notwithstanding the foregoing, the Chair of the Meeting has the discretion to accept proxies received after such deadline and the time limit for the deposit of proxies may be waived or extended by the Chair of the Meeting, in each case, in his or her discretion without notice. Solicitation will be primarily by mail, but some proxies may be solicited personally or by telephone by regular employees or directors of the Company at a nominal cost. The cost of solicitation by management of the Company will be borne by the Company.

Beneficial Shareholders

Only registered Securityholders or the persons they appoint as their proxyholders are permitted to vote at the Meeting. In many cases, however, Common Shares beneficially owned by a Beneficial Shareholder are registered either:

(a) in the name of an Intermediary that the Beneficial Shareholder deals with in respect of the Common Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered registered retirement savings plans (RRSPs), registered retirement income funds (RRIFs), registered education savings plans (RESPs) and similar plans, or

(b) in the name of a clearing agency (such as The Canadian Depositary for Securities Limited) of which the Intermediary is a participant.

Beneficial Shareholders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as "NOBOs". Those Beneficial Shareholders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as "OBOs".

Pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101"), the Company has elected to send the Notice of Meeting and this Circular (collectively, the "**Meeting Materials**") directly to the NOBOs, and indirectly through intermediaries to the OBOs.

The Company is not relying on the notice and access delivery procedures outlined in NI 54-101 to distribute copies of proxy related materials in connection with the Meeting.

The Meeting Materials are being sent to both Registered Shareholders and Beneficial Shareholders. If you are a Beneficial Shareholder, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities of the Company have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send the Meeting Materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering the Meeting Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

The Meeting Materials sent to NOBOs who have not waived the right to receive meeting materials are accompanied by a voting instruction form ("**VIF**"), instead of a Proxy form. By returning the VIF in accordance with the instructions noted on it, a NOBO is able to instruct the voting of the Common Shares owned by the NOBO.

The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO, unless the OBO has waived the right to receive them. Intermediaries will frequently use service companies to forward the Meeting Materials to the OBOs. Generally, an OBO who has not waived the right to receive Meeting Materials will either:

(a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the OBO and must be completed, but not signed, by the OBO and deposited with the Transfer Agent; or

(b) more typically, be given a VIF which is not signed by the Intermediary, and which, when properly completed and signed by the OBO and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow.

The Company will be paying for Intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy related materials) copies of the proxy-related materials and related documents.

VIFs, whether provided by the Company or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF. The purpose of this procedure is to permit Beneficial Shareholders to direct the voting of the Common Shares which they beneficially own. Should a Beneficial Shareholder who receives a VIF wish to attend the Meeting or have someone else attend on the Beneficial Shareholder's behalf, the Beneficial Shareholder may request a legal proxy as set forth in the VIF, which will grant the Beneficial Shareholder, or the Beneficial Shareholder's nominee, the right to attend and vote at the Meeting.

Beneficial Shareholders should return their voting instructions as specified in the VIF sent to them. Beneficial Shareholders should carefully follow the instructions set out in the VIF, including those regarding when and where the VIF is to be delivered.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purpose of voting Common Shares registered in the name of their broker, agent or nominee, a Beneficial Shareholder may attend the Meeting as a proxyholder for a Registered Shareholder and vote Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the Registered Shareholder should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their Common Shares as a proxyholder.

Revocation of Proxies

A registered Securityholder who has given a Proxy may revoke it by an instrument in writing:

(a) executed by the Securityholder giving same or by the Securityholder's attorney authorized in writing or, where the Securityholder is a corporation, by a duly authorized officer or attorney of the corporation, and

(b) delivered either at the registered office of the Company (Suite 605, 40 University Avenue, Toronto, Ontario M5J 1T1) at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, or to the chairman of the Meeting on the day of the Meeting or any adjournment thereof before any vote in respect of which the Proxy is to be used shall have been taken,

or in any other manner provided by law.

NOBOs who wish to revoke their voting instructions should contact the Transfer Agent at telephone number 416-361-0930. OBOs who wish to revoke a VIF or a waiver of the right to receive proxy-related materials should contact their Intermediaries for instruction.

Voting of Proxies

Securities represented by a Securityholder's applicable Proxy form will be voted or withheld from voting in accordance with the Securityholder's instructions on any ballot that may be called for at the Meeting and, if the Securityholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly. In the absence of any instructions, the management-designated proxy agent named on the applicable Proxy form will cast the Securityholder's votes in favour of the passage of the Arrangement Resolution.

The enclosed Proxy form confers discretionary authority upon the persons named therein with respect to (a) amendments or variations to matters identified in the Notice of Meeting and (b) other matters which may properly come before the Meeting or any adjournment thereof. At the time of printing of this Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company has an authorized capital consisting of an unlimited number of Common Shares without par value. As at the Record Date, a total of 162,600,989 Common Shares were issued and outstanding. The Common Shares carry the right to vote at the Meeting, with each Common Share entitling the holder thereof to one vote on the Arrangement Resolution.

Optionholders and Warrantholders will also be entitled to vote with the Shareholders as a single class on the Arrangement Resolution as to one vote for each Common Share underlying Options and Warrants held. As at the Record Date, a total of 16,175,000 Options and 13,360,253 Warrants to purchase a total of 29,535,253 Common Shares were issued and outstanding. Assuming the expiry of certain Warrants before the Meeting, at the date of the Meeting, a total of 16,175,000 Options and 12,360,253 Warrants will carry the right to vote at the Meeting subject to decrease for any Options or Warrants that will have been duly exercised before the Meeting. Accordingly, the maximum number of expected potential votes at the Meeting in respect of outstanding Common Shares, Options and Warrants totals 191,136,242.

To the knowledge of the directors or executive officers of the Company, no person beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying 10% or more of the voting rights of Shareholders at the Meeting or Common Shares, Options and Warrants that collectively will carry 10% or more of the voting rights of Securityholders at the Meeting, except for the following:

Name	Number of Common Shares entitled to be voted at the Meetings[1]	Percentage of outstanding Common Shares undiluted	Number of Common Shares, Options and Warrants entitled to be voted at the Meeting	Percentage of outstanding Common Shares fully diluted
Sentient Group of Global Resource Funds[2]	24,199,892	14.88%	24,199,892	12.66%
Ho Sok Lim[3]	32,522,008	20.00%	35,772,007	18.72%

(1) The Company does not warrant the accuracy of third party ownership information.
(2) The Sentient Group of Global Resource Funds beneficially controls, owns, or directs 24,199,892 Common Shares through: Rincon Ltd. (formerly Enirgi Group Corporation) ("**Rincon**") a privately held company, which holds 20,599,892 Common Shares, and Sentient Executive GP IV, Limited (on behalf of Sentient Global Resources Fund IV, L.P.) which holds 3,600,000 Common Shares.
(3) Mr. Lim holds 3,112,033 Common Shares directly and 29,409,975 Common Shares and 3,249,999 Warrants through BMC Global Limited, a company beneficially owned and controlled by Mr. Lim.

THE ARRANGEMENT

Background to the Arrangement

The Arrangement Agreement is the result of arm's length negotiations among representatives of the Company and the Purchaser and their respective advisors. The following is a summary of the principal events leading up to receipt of the offer from the Purchaser, and various meetings and negotiations which took place between the Parties which preceded the execution of the Arrangement Agreement and the public announcement of the Arrangement.

As part of its ongoing evaluation of developments of the Company, the Board evaluated the Company's business alternatives, prospects and strategic opportunities regarding possible commercial arrangements, joint ventures, partnerships, strategic equity investments and other transactions. As part of this evaluation, the Company engaged the Financial Advisor on August 18, 2017 to act as its financial advisor to review strategic alternatives for the Company with the objective of enhancing shareholder value. The Board, along with its Financial Advisor, considered various strategic alternatives for the Company, including its continuation as an independent enterprise, potential acquisitions and various combinations of the Company or its mineral properties by way of joint venture or otherwise with other companies. Since engagement with its Financial Advisor, the Company entered into confidentiality agreements with twelve interested parties other than the Purchaser.

In November 2017, a representative of the Purchaser's Business Development Department contacted Mr. Carlos Galli, Chief Operating Officer of the Company, to introduce the Purchaser to the Company and convey that the Purchaser was interested in the development of lithium in Argentina. Following the introductory meeting, the Purchaser expressed interest to Mr. Galli in becoming active in the lithium industry in Argentina, specifically with LSC due to its large portfolio of assets, possibly through a joint venture with one of LSC's non-core assets. Over the course of November and December 2017, Mr. Galli and representatives of the Purchaser discussed publicly available technical data and information regarding the Arizaro salar. Over the course of these discussions, LSC proposed that the Purchaser sign a confidentiality and non-compete agreement, which provided that the Purchaser would not compete with LSC where LSC owned tenements. The Purchaser did not sign the proposed confidentiality and non-compete agreement.

During the months of August 2017 to December 2017, the Company entered into seven confidentiality agreements with third parties to discuss a sale of the Company, strategic investment or potential joint venture partnership. Following this, LSC provided access to its virtual data room to share its confidential information. High level

discussions ensued between management of LSC and some of the third parties over the course of the next few months, however, no transaction materialized.

In November 2017, the Company entered into a confidentiality agreement with another third party ("**Party A**") following which access was provided to the Company's virtual data room.

To expand the Company's strategic review process, on January 31, 2018, the Company engaged Haitong International Securities Group Limited ("**Haitong**") as its non-exclusive financial advisor to focus on sourcing and introducing potential Asia-based investors to the Company.

In late February 2018, the Purchaser's representatives suggested a meeting of the Parties in March 2018, in Toronto, Ontario during the PDAC 2018 International Convention, Trade Show & Investors Exchange where the Vice President, Commercial, Vice President, Business Development and Vice President, Geosciences of the Purchaser would be in attendance.

On March 5, 2018, Ian Stalker, President and Chief Executive Officer, Lincoln Greenidge, Chief Financial Officer, John Sanders, the former Vice President, Exploration, Mr. Galli, and Carolyn Stroz, Vice President, Legal and General Counsel, of the Company met with the representatives of the Purchaser to discuss a potential joint venture partnership, and publicly available technical data and information regarding the Company's assets in Argentina, specifically the Salinas Grandes and Arizaro salars.

During PDAC, management of LSC also met with its Financial Advisor and a third party ("**Party B**"), which had previously executed a confidentiality agreement with the Company, to discuss a potential partnership. The Company's Financial Advisor and Party B continued discussions over the next few weeks, but such discussions did not result in a transaction.

Following the meeting at PDAC with the Purchaser, the Purchaser indicated that it had completed its own research and studies on certain areas of the Puna where LSC owned tenements and that it was interested in partnering with LSC in the Salinas Grandes and Arizaro salars.

On March 14, 2018, management of the Purchaser telephoned Mr. Galli asking for a meeting in Buenos Aires to present the terms of a proposal to LSC regarding a joint venture partnership in the Arizaro salar. On March 19, 2018, Mr. Galli met representatives of the Purchaser in Buenos Aires where the Purchaser provided LSC with a proposal to enter into a joint venture with LSC covering certain of LSC's tenements in Arizaro and expressing interest in a future partnership in Salinas Grandes.

The Company reviewed the proposal with its Financial Advisor and external Argentinean counsel. In early April 2018, Mr. Stalker, Mr. Sanders and Ms. Stroz and representatives of the Purchaser met in Buenos Aires to discuss the Arizaro proposal and a potential transaction regarding the Salinas Grandes salar. Following these discussions, on April 10, 2018, the Company provided a counter-offer on the Arizaro joint venture.

On April 18, 2018, Party A, conducted a site visit to the Company's assets in Argentina. During this site visit, Party A expressed interest in continuing its due diligence on the Company's assets over the next few months. Over the course of the next few months, the Company, the Company's Financial Advisor, Haitong and Party A continued discussions of a potential transaction between the parties.

On April 20, 2018, Messrs. Sanders, Galli and Stalker met with the Purchaser in Buenos Aires to discuss the Arizaro proposal. At this meeting the Parties discussed the general terms of the proposed joint venture and on April 24, 2018, the Parties settled on the structure of the proposed joint venture in the Arizaro salar. Over the course of the next two and a half months, the Parties negotiated the joint venture documentation and terms. After extensive review with external and internal Argentinian legal and tax counsel and review of the exploration program, LSC and the Purchaser finalized and announced the entering into of the definitive documentation on the joint venture on July 27, 2018, which included confidentiality provisions covering information on the Arizaro tenements only.

During the months of July and early August 2018, the Company and Party A discussed entering into a potential transaction in order to address the Company's near term liquidity needs. The Company and Party A discussed

various alternatives including Party A completing a private placement, acquiring one of the Company's assets, or acquiring the Company as a whole. The Company and Party A commenced negotiating a non-binding indicative term sheet pursuant to which the parties would enter into a definitive transaction agreement no later than 14 days following the announcement of the Preliminary Economic Assessment ("**PEA**") on the Company's Pozuelos-Pastos Grandes Project. Following weeks of discussions with Party A, Party A indicated to the Company that it was unable to complete a private placement given the amount of due diligence required. As a result, the Board agreed to proceed with a rights offering to address its liquidity needs.

On August 16, 2018, the Company announced a rights offering and an update on its strategic review process.

On August 24, 2018, Mr. Stalker, Mr. Booyens, Vice President, Exploration of LSC, and Ms. Stroz met with representatives of the Purchaser in Buenos Aires to discuss the exploration program for the Arizaro Project with representatives of the Purchaser. At this meeting, the Purchaser expressed interest in continuing its relationship with LSC and presented two alternative proposals: (i) enter into another joint venture with LSC on the Rio Grande or Salinas Grandes salars, or (ii) enter into a corporate transaction whereby the Purchaser acquires the Company as a whole. Mr. Stalker expressed interest in continuing discussions and suggested coordinating a meeting with the Purchaser and the Chairman of the Board.

On September 5, 2018, Stephen Dattels, Chairman of LSC and Mr. Stalker met with representatives of the Purchaser in London, UK to discuss the Purchaser's proposal to purchase the Company. Mr. Dattels expressed a number of options to continue partnership in the event a value of the Company could not be agreed upon, including a joint venture in Salinas Grandes or Rio Grande, an asset purchase, or a strategic investment into the Company. Following this meeting, the Company proposed that the Purchaser execute a confidentiality agreement to cover all of the confidential information of Company and to gain access to the data room.

During the month of September 2018, Mr. Dattels and representatives of the Purchaser continued high-level discussions with respect to a corporate transaction and the Company provided the Purchaser with publicly disclosed information on the Company's various assets, various analyst reports on the Company and lithium industry market reports. The Purchaser continued to express interest in further discussing a corporate transaction but insisted it did not want to complete formal due diligence or enter into a confidentiality agreement until a mutually acceptable value of the Company had been agreed to. The Company deferred further discussions until after its rights offering closed in early October 2018.

During October 2018, the Company and its Financial Advisor worked with Party A and Party A's financial advisor to coordinate and complete its requested site visit and extensive technical due diligence work program prior to the end of the year. Party A was significantly delayed in engaging technical, financial and legal advisors and was significantly delayed in coordinating the logistics associated with the site visit.

On October 11, 2018, Mr. Stalker and an advisor to LSC, Mike Beck, met with representatives of the Purchaser, in London, UK to continue discussions regarding a corporate transaction to see if a value could be agreed upon. It was the Company's position that any offer should wait until the market settled after the Company's rights offering and the PEA on the Company's Pozuelos-Pastos Grandes Project had been released.

On November 14, 2018, Mr. Stalker and Ms. Stroz met with representatives of the Purchaser in Buenos Aires where the Purchaser provided the Company with an oral expression of interest to purchase all of the outstanding Common Shares of the Company. On November 16, 2018, Mr. Stalker and Ms. Stroz met again with representatives of the Purchaser in Buenos Aires at which time the Purchaser provided a draft non-binding letter outlining the terms of a potential transaction (the "**Draft Expression of Interest**") which provided for an extended period of exclusivity and due diligence and an indicative price.

Following receipt of the Draft Expression of Interest, the Chairman of the Board contacted external counsel and the Financial Advisor to review and advise on the terms of the Draft Expression of Interest. Following review, on November 19, 2018 the Board met with the Financial Advisor and external legal counsel to review the Draft Expression of Interest. The Company's external counsel at the time attended the Board meeting and advised the Board on the appropriate process to follow upon receipt of an offer from a potential acquiror, including its legal and

fiduciary duties. It was agreed that discussions with the Purchaser would continue through Mr. Stalker with the support of the Chairman and the directors.

The Board also discussed a number of factors relating to the Draft Expression of Interest, including the extended exclusivity period and the potential impact on the Company's overall value in light of the pending release of the PEA on its Pozuelos-Pastos Grandes Project. Following discussion, and after receiving advice from the Financial Advisor and legal counsel, the Board determined that it could not agree to a lengthy exclusivity period at a fixed price per Common Share. After extensive discussion, the Board determined, and the Company subsequently advised the Purchaser, that the Draft Expression of Interest was not sufficiently compelling for the Company, but it was agreed that the Company would work with the Purchaser to commence due diligence if the Purchaser was prepared to consider delivering more value to Shareholders and a shorter exclusivity period.

At this meeting, Mr. Dattels advised the Board that the Company and its Financial Advisor continued discussions with Party A who had been active in the Company's data room for over a year. Given the Purchaser's level of interest in the Company, the Company's Financial Advisor and Haitong were asked to confirm whether Party A could accelerate its process to consider a transaction with the Company. Following inquiries of Party A by the Company's Financial Advisor and Haitong, it was confirmed that Party A was not in a position to enter into a corporate transaction without doing further technical due diligence, which in the opinion of the Company could take up to four to six months to complete.

On November 29, 2018, the Company entered into a confidentiality agreement with an affiliate of the Purchaser following which the Purchaser was provided with access to the Company's virtual data room which contained confidential information on all of the Company's technical and corporate data.

Following November 29, 2018 and during the first week of December, the Purchaser conducted legal and technical due diligence on the Company's assets. The Company continued to engage in discussions and facilitate due diligence with the Purchaser. During the first week of December, technical representatives of the Purchaser conducted a site visit to the Company's assets and the Purchaser's legal advisors conducted legal diligence on the Company's assets. The Purchaser then advised management that it would not continue diligence or negotiate the terms of an offer without exclusivity. On December 4, 2018, the Company released the results of the PEA for its Pozuelos-Pastos Grandes Project.

On December 7, 2018, the Purchaser provided the Company with a non-binding proposal (the "**Proposal**") pursuant to which, it expressed its interest in purchasing all of the outstanding shares of the Company at an indicative purchase price of $0.6712 per Common Share, which represented a premium of 52.5% over the Common Share price on December 6, 2018, conditional on, among other things, the termination of LSC's outstanding promissory note of approximately US$16.2 million owed to BMC Global Limited (the "**Promissory Note**"). The Proposal provided for a month of exclusivity, during which time the Parties would negotiate a definitive agreement. The Proposal also contemplated that voting support agreements be entered into between the Purchaser and the directors and senior management of the Company and certain major Shareholders. Following receipt of the Proposal, the Chairman and the Board, along with external legal counsel and the Financial Advisor, reviewed the Proposal.

The Company and its Financial Advisor continued discussions with Party A and its financial advisor regarding the scope of, and required time for, Party A to complete its technical due diligence. On December 12, 2018, the Company's Financial Advisor contacted Party A's financial advisor to determine if Party A's due diligence timeline could be accelerated. Party A confirmed that it would be unable to make a firm proposal without completing its required due diligence which would take an additional four to six months to complete.

After advice from the Financial Advisor and external legal counsel, the Board met on December 12, 2018 to discuss a response to the Proposal. The Board considered the Proposal and agreed that the termination of the Promissory Note was not acceptable as the Company did not have sufficient cash to discharge the Promissory Note, and as such, the discharge of the Promissory Note would be credited against the Purchaser's consideration for the Company, thereby decreasing value to shareholders significantly. The Board also considered the fact that the exclusivity period requested by the Purchaser was for a reasonable period of time and could be re-evaluated, and that any final agreement with the Purchaser would not preclude the exercise of fiduciary duties in the event another third-party offer was made. After considering that Party A was not in a position to complete a transaction with the Company,

the risk of losing engagement with the Purchaser and the merits of engaging in negotiations to obtain more value for Shareholders, the Board approved signing an exclusivity agreement with the Purchaser and approved countering the Proposal with the following: (i) the Promissory Note would remain outstanding; and (ii) the Purchaser, through the Company's wholly-owned subsidiary would assume the costs and fees related to the closing of the Transaction. The Purchaser agreed to these terms, and as a result, the Company entered into the exclusivity agreement with the Purchaser on December 13, 2018, which granted the Purchaser exclusivity until January 11, 2019. During this time, the Parties would negotiate the definitive documentation and the Company closed the data room to any third parties.

On December 21, 2018, the Board met to receive an update on the diligence process from management and to review the cash position of the Company. It was agreed that given the cash position of the Company, the Company would be in a deficit at the end of March 2019 if the transaction with the Purchaser were to close and certain contingent payments became payable, noting that this could hinder the terms of the Proposal from the Purchaser. Following this Board meeting, the Purchaser and representatives of the Company discussed the estimated deficit of the Company at closing of a transaction. On December 27, 2018, the Purchaser and Company agreed to an amended offer price of $0.6612 per Common Share, taking into account the estimated cash deficit and additional capitalization of LSC.

Following the Board's recommendation, the Company and the Purchaser, with the assistance of their respective legal advisors, proceeded to negotiate the terms of the Arrangement Agreement and other related documents. During the period from December 18, 2019 to January 14, 2019, management with the support of the Company's advisors finalized negotiations of the Arrangement Agreement and related documents.

On the evening of January 14, 2019, the Board met to review and consider the terms of the Arrangement Agreement. Also, in attendance were representatives of the Financial Advisor and legal counsel to the Company. The Board received the oral Fairness Opinion from the Financial Advisor that, as of the date of such opinion and subject to the assumptions, limitations and qualifications on which such opinion is based, the consideration to be received by Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders. After discussion and taking into consideration Fairness Opinion received from the Financial Advisor and advice of its legal counsel, as well as numerous other factors, including those set forth below under "Reasons for the Arrangement", the Board members in attendance unanimously resolved and determined that the Arrangement is fair to Securityholders and in the best interests of the Company, and that it would recommend that Securityholders vote for the Arrangement Resolution.

The Arrangement Agreement and the Voting and Support Agreements were executed effective January 14, 2019 and the Arrangement was publicly announced prior to the open of markets on January 15, 2019.

Recommendation of the Board

After careful consideration, the Board, after consultation with legal and financial advisors, has unanimously determined the Arrangement is in the best interests of the Company. **Accordingly, the Board unanimously recommends that the Securityholders vote FOR the Arrangement Resolution.** Each director of the Company intends to vote any and all of his or her Common Shares, Options and Warrants FOR the Arrangement Resolution.

In forming its recommendation, the Board considered a number of factors, including, without limitation, the factors listed below under "Reasons for the Arrangement". The Board based its recommendation upon the totality of the information presented to and considered by it in light of the knowledge of the Board members of the business, financial condition and prospects of the Company and after taking into account the Fairness Opinion and the advice of the Company's financial, legal and other advisors and the advice and input of management of the Company.

Reasons for the Arrangement

At a meeting of the Board held on January 14, 2019, the Board evaluated the Arrangement in the context of the Company's available strategic alternatives and, based on a thorough review of these alternatives, the Board unanimously:

- determined that the Arrangement Agreement and the transactions contemplated thereby, including the Arrangement, compares favourably to the Company's various alternatives and are in the best interests of the Company, as well as maximizes value for Shareholders;
- approved the Arrangement Agreement; and
- unanimously resolved to recommend that Securityholders vote "FOR" the Arrangement Resolution.

Throughout the course of the strategic review process and in response to the proposal by the Purchaser and after evaluating the Arrangement Agreement and the transactions contemplated thereby, the Board consulted with the Company's management as well as the independent legal, financial and other advisors retained by the Company. The Board carefully considered various alternatives for the Company and a variety of factors with respect to the Arrangement and the Arrangement Agreement, including the factors and alternatives described below:

- the fact that the Arrangement is the result of a strategic review process carried out by the Company which was publicly announced in a press release dated August 18, 2017. The strategic review process included the use of financial advisors and the opportunity was discussed with numerous parties, including twelve parties other than the Purchaser who executed confidentiality agreements;
- the Board's conclusion, after a thorough review of the Company's business, strategy, current and projected financial condition, prospects for development of the Company's projects (including required expenditures) and consideration of various standalone operating scenarios including potential partnerships and remaining as a standalone public company, that the value offered to Shareholders under the Arrangement is more favourable to Shareholders than the potential value that might have resulted from other strategic alternatives reasonably available to the Company, in each case, taking into consideration the potential rewards, risks and uncertainties associated with the other strategic alternatives reasonably available to the Company;
- the fact that the Arrangement is the result of arm's-length negotiations between the Company and the Purchaser and the Board believes that $0.6612 per Common Share is the highest price that the Purchaser is willing to pay to acquire 100% of the Common Shares;
- the fact that the Consideration payable under the Arrangement is all cash, which provides certainty of value and immediate near term liquidity, compared to continuing to operate the Company as a standalone entity and the associated business and execution risks;
- the Consideration to be received by the Shareholders under the Arrangement represents a 30% premium based on the volume weighted average price of the Common Shares on the TSX-V for the 30 trading days ended on January 14, 2019, the day prior to the announcement of the Arrangement;
- the fact that other interested parties with whom the Company entered into confidentiality agreements subsequently declined to pursue a transaction with the Company;
- Shareholders, collectively owning or controlling approximately 51.78% of the outstanding Common Shares are supportive of the Arrangement and have entered into Voting and Support Agreements;
- the fact that the Purchaser has a track record of completing similar transactions and the Arrangement Agreement is not subject to a financing condition each of which is indicative of the ability of the Purchaser to complete the Arrangement;
- the Fairness Opinion delivered by the Financial Advisor as described in greater detail under "Fairness Opinion"; and
- the belief of the Board that the terms of the Arrangement Agreement and the Arrangement treat stakeholders equitably and fairly including the treatment under the Arrangement of the outstanding Options and Warrants.

In making its determinations and recommendations, the Board also identified and considered a number of procedural safeguards that were, and are present, to permit the Board to represent effectively the interests of the Company and the Shareholders, including among other things:

- *Ability to Respond to Superior Proposals*. Under the Arrangement Agreement, the Board, in certain circumstances, is able to consider, accept and enter into a definitive agreement with respect to a Superior Proposal.

- *Reasonable Termination Payment*. The amount of the Termination Fee payable to the Purchaser upon termination of the Arrangement Agreement in certain circumstances (including entering into an agreement with respect to a Superior Proposal) is $4,486,000. The Termination Fee is within the range typical in the market for similar transactions and the Board does not believe that it constitutes a significant deterrent to potential Superior Proposals.

- *Securityholder and Court Approvals*. The Board considered the fact that the Arrangement Resolution must be approved by the Required Securityholder Approval, that is, by at least (i) two-thirds of the votes cast on such resolution by Shareholders present in person or represented by proxy at the Meeting; (ii) two-thirds of the votes cast on such resolution by Securityholders present in person or represented by proxy at the Meeting voting as a single class; and (iii) a majority of the votes cast by Shareholders other than votes attached to Common Shares required to be excluded pursuant to MI 61-101. The Board also considered the fact that the Arrangement must also be approved by the Court, which will consider the fairness of the Arrangement.

- *Dissent Rights*. Any Registered Shareholder may, on strict compliance with certain conditions, exercise Dissent Rights and receive the fair value of the Dissenting Shares in accordance with the Arrangement.

The foregoing summary of the information and material factors considered by the Board is not, and is not intended to be, exhaustive. In view of the complexity, and large number of factors and information considered in connection with the evaluation of the Arrangement, the Board, both individually and collectively, did not find it practicable to, and therefore did not, quantify or otherwise attempt to assign any relative weight to each specific factor or item of information considered in reaching its conclusion and recommendation. Rather, the Board based its recommendations on the totality of the information presented to and considered by it. In addition, individual members of the Board may have given different weight to different factors or items of information.

The Board's reasons for recommending the Arrangement include certain assumptions relating to forward-looking information and such information and assumptions are subject to various risks. This information should be read in light of the factors described under the section entitled "Forward-Looking Statements" and "Risk Factors".

Fairness Opinion

In connection with the evaluation of the Arrangement, the Board received and considered the Fairness Opinion.

The Financial Advisor was engaged by the Company, pursuant to an engagement letter dated August 17, 2017, as a financial advisor in connection with the strategic review process to provide the Board with various financial advisory services in connection with, among other things, any proposal involving the acquisition of control of the Company, including providing the Board with its opinion as to the fairness, from a financial point of view, of the Consideration to be received by Shareholders under the Arrangement. Pursuant to the terms of its engagement agreement with the Company, the Financial Advisor is to be paid fees for its services as financial advisor (including a fixed fee for the delivery of its Fairness Opinion (which fee was not contingent on completion of the Arrangement) and fees that are contingent on completion of the Arrangement). The Company has also agreed to reimburse the Financial Advisor for reasonable out-of-pocket expenses and to indemnify the Financial Advisor against certain liabilities.

On January 14, 2019, at meetings of the Board held to evaluate the Arrangement, the Financial Advisor rendered an oral opinion, confirmed by delivery of a written opinion dated January 14, 2019 to the Board, to the effect that, as of that date and based on and subject to the assumptions, limitations and qualifications set forth therein, the

Consideration to be received by the Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Shareholders.

The full text of the Fairness Opinion, which sets forth assumptions made, procedures followed, information reviewed, matters considered, and limitations on the scope of the review undertaken by the Financial Advisor in connection with such Fairness Opinion, is attached in Appendix C. This summary is qualified in its entirety by reference to the full text of such Fairness Opinion. The Financial Advisor provided its opinion solely for the information and assistance of the Board in connection with its consideration of the Arrangement and is not to be used, circulated, quoted or otherwise referred to for any purpose, nor is it to be filed with, included in or referred to in whole or in part in any registration statement, information circular or any other document, except in accordance with the Financial Advisor's prior written consent. The Fairness Opinion is not a recommendation as to how any Shareholder should vote or act on any matter relating to the Arrangement or any other matter.

In connection with the evaluation of the Arrangement, the Board considered, among other things, the advice and financial analyses provided by the Financial Advisor referred to above as well as its Fairness Opinion. As described under "The Arrangement – Reasons for the Arrangement", the Fairness Opinion was only one of many factors considered by the Board in evaluating the Arrangement and should not be viewed as determinative of the views of the Board with respect to the Arrangement or the Consideration to be received by Shareholders pursuant to the Arrangement. In assessing the Fairness Opinion, the Board considered and assessed the independence of the Financial Advisor and also took into account that a portion of the fees payable to the Financial Advisor is contingent upon the completion of the Arrangement.

The Fairness Opinion represents the opinion of the Financial Advisor and the form and content of the Fairness Opinion have been approved for release by a committee of senior investment banking professionals of the Financial Advisor, each of whom is experienced in merger, acquisition, divestiture, valuation and fairness opinion matters.

Voting and Support Agreements

The Locked-up Shareholders have entered into the Voting and Support Agreements with the Purchaser pursuant to which they have agreed to vote in favour of the Arrangement Resolution. The Locked-up Shareholders hold a total of 84,189,870 Common Shares, representing approximately 51.78% of the outstanding Common Shares, they also hold a total of 15,775,000 Options and 5,436,371 Warrants representing approximately 71.82% of the outstanding Options and Warrants.

A form of the Voting and Support Agreement is attached to the Arrangement Agreement which is available under the Company's profile on SEDAR.

The Locked-up Shareholders have agreed, on and subject to the terms of the Voting and Support Agreements, among other things, (i) to vote any Common Shares, Options and Warrants held in favour of the Arrangement Resolution, (ii) not to sell or transfer any of their Common Shares, Options or Warrants directly or indirectly, or any interest therein while the Voting and Support Agreements are in effect; (iii) not to exercise Dissent Rights in respect of the Arrangement; and (iv) will be released from the Voting and Support Agreement in the event LSC terminates the Arrangement Agreement to enter into a definitive agreement with respect to a Superior Proposal and such Superior Proposal provides for consideration of $0.80 or higher per Common Share.

The Voting and Support Agreements will automatically terminate on the earlier of (i) the termination of the Arrangement Agreement in accordance with its term subject to certain limitations as set forth therein, and (ii) the Effective Date. In particular, if the Company terminates the Arrangement Agreement to enter into a definitive agreement with respect to a Superior Proposal, the Voting and Support Agreements will terminate if the applicable Superior Proposal provides for consideration per Common Share in an amount equal to or greater than $0.80 per Common Share.

Each Voting and Support Agreement may also be terminated (i) at any time by mutual consent in writing of the Purchaser and the Locked-up Shareholder, and (ii) by the Locked-up Shareholder if the Purchaser has not complied in any material respect with any of its covenants contained in the Voting and Support Agreement.

Plan of Arrangement

The following description is a summary of the Plan of Arrangement and is qualified in its entirety by reference to the full text of the Plan of Arrangement, which is attached as Appendix B to this Circular.

Pursuant to the Plan of Arrangement, at the Effective Time, each of the following events shall occur and shall be deemed to occur sequentially as set out below without any further authorization, act or formality:

(a) at the Effective Time, the stated capital of the issued and outstanding shares issued by Subco shall be reduced to an aggregate of $1.00 without any repayment of capital in respect thereof;

(b) the Company and Subco shall merge to form one corporate entity ("**Amalco**") with the same effect as if they had amalgamated under Section 269 of the BCBCA, except that the legal existence of the Company shall not cease and the Company shall survive the merger as Amalco and, for the avoidance of doubt, this transaction is intended to qualify as an amalgamation as defined in subsection 87(1) of the Tax Act;

(c) without limiting the generality of subsection (b), the separate legal existence of Subco shall cease without Subco being liquidated or wound up and the Company and Subco shall continue as one company and the property of Subco shall become the property of Amalco;

(d) at the time contemplated in subsection (b), Amalco will, among other things, hold the property of the Company and Subco;

(e) each Common Share held by Dissenting Holders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred without any further act or formality to the Purchaser (free and clear of all Liens) in consideration for a debt claim against the Purchaser for the amount determined under Article 3 of the Plan of Arrangement, and:

    (i) such Dissenting Holders shall cease to be the holders of such Common Shares and to have any rights as holders of such Common Shares other than the right to be paid fair value for such Common Shares as set out in the Plan of Arrangement;
    (ii) such Dissenting Holders' names shall be removed as the holders of such Common Shares from the registers of Common Shares maintained by or on behalf of the Company; and
    (iii) the Purchaser shall be deemed to be the transferee of such Common Shares (free and clear of all Liens) and shall be entered in the registers of Common Shares maintained by or on behalf of the Company;

(f) each Option outstanding immediately prior to the Effective Time (whether vested or unvested) shall be deemed to be unconditionally vested and exercisable and such Option shall, without any further action by or on behalf of a holder of Options, be deemed to be assigned and transferred by such holder to the Company in exchange for a cash payment from the Company equal to the amount (if any) by which the Consideration exceeds the exercise price of such Option, subject to Section 4.3 of the Plan of Arrangement, and each Option shall immediately be cancelled and, for certainty, where such amount is a negative, neither the Company nor the Purchaser shall be obligated to pay the holder of such Option any amount in respect of such Options;

(g) each holder of Options shall cease to be a holder of such Options, such holder's name shall be removed from each applicable register and the Option Plan and all agreements relating to the Options shall be terminated and shall be of no further force and effect, and such holder shall thereafter have only the right to receive the consideration to which they are entitled pursuant to subsection (f) at the time and in the manner specified in;

(h) simultaneously with subsection (j), each Warrant outstanding immediately prior to the Effective Time, notwithstanding the terms of the Warrant, shall, without any further action by or on behalf of a holder thereof, be deemed to be assigned and transferred by such holder to the Company in exchange for a cash payment from the Company equal to the amount (if any) by which the Consideration exceeds the exercise price of such Warrant, subject to Section 4.3 of the Plan of Arrangement, and such Warrant shall

immediately be cancelled and, for certainty, where such amount is negative, neither the Company nor the Purchaser shall be obligated to pay the holder of such Warrant any amount in respect of such Warrant;

(i) each holder of Warrants shall cease to be a holder of such Warrants, such holder's name shall be removed from each applicable register and all agreements, indentures and certificates relating to the Warrants shall be terminated and shall be of no further force and effect, and such holder shall thereafter have only the right to receive the consideration to which they are entitled pursuant to subsection (h) at the time and in the manner specified in;

(j) each Common Share outstanding, other than Common Shares held by a Dissenting Holder who has validly exercised such holder's Dissent Right, shall, without any further action by or on behalf of a holder of Common Shares, be deemed to be assigned and transferred by the holders thereof to the Purchaser (free and clear of all Liens) in exchange for the Consideration for each Common Share held, and:

(i) the holders of such Common Shares shall cease to be the holders of such Common Shares and to have any rights as holders of such Common Shares other than the right to be paid the Consideration per Common Share in accordance with this Plan of Arrangement;
(ii) such holders' names shall be removed as the holders of such Common Shares from the registers of Common Shares maintained by or on behalf of the Company; and
(iii) the Purchaser shall be deemed to be the transferee of such Common Shares (free and clear of all Liens) and shall be entered in the registers of Common Shares maintained by or on behalf of the Company.

Effect of the Arrangement

On completion of the Arrangement, the Company will be a wholly owned subsidiary of the Purchaser.

Effective Date of the Arrangement

If the Arrangement Resolution is passed with the Required Securityholder Approval, the Final Order is obtained, every other requirement of the BCBCA relating to the Arrangement is complied with and all other conditions disclosed below under "The Arrangement Agreement —Conditions of Closing" are satisfied or waived, the Arrangement will become effective on the Effective Date.

Source of Funds for the Arrangement

The Purchaser has represented in the Arrangement Agreement that it has, and will have at the Effective Time, sufficient funds available to satisfy the aggregate Consideration payable by the Purchaser pursuant to the Arrangement and to satisfy all other obligations payable by the Purchaser pursuant to the Arrangement Agreement and the Arrangement.

Letter of Transmittal for Common Shares and Warrants

A Letter of Transmittal is enclosed with this Circular for use by Shareholders and Warrantholders for the purpose of the surrender of Common Shares and Warrants and certificates, DRS Advices or documents therefor. The details for the surrender of Common Shares and Warrants and certificates, DRS Advices or documents therefor to the Depositary and the addresses of the Depositary are set out in the Letter of Transmittal. Provided that a Registered Shareholder or Warrantholder has delivered and surrendered to the Depositary, within two years of the Effective Date, a Letter of Transmittal properly completed and executed in accordance with the instructions of such Letter of Transmittal, and certificates, DRS Advices and documents therefor and additional documents as the Depositary may reasonably require, the Shareholder or Warrantholder, as applicable, will be entitled to receive, and the Purchaser will cause the Depositary to deliver, to the Shareholder or Warrantholder, as applicable, the aggregate Consideration or the aggregate Warrant Consideration, respectively, in accordance with the Plan of Arrangement.

Until paid to the Registered Shareholders, Optionholders and the Warrantholders, the amounts deposited with the Depositary will be held in a non-interest bearing account by the Depositary.

Receipt of the requisite funds by the Depositary will be deemed to constitute receipt of payment for persons transferring Common Shares, Options and Warrants to the Purchaser or the Company, as applicable, under the Arrangement. Settlement with Persons who surrender or transfer Common Shares and Warrants pursuant to the Arrangement in accordance with the Letter of Transmittal will be effected by the Depositary in accordance with the payment instructions in the Letter of Transmittal.

Unless otherwise directed in the Letter of Transmittal, the payment will be issued in the name of the registered holder of Common Shares or Warrants, as applicable, so transferred. Cheques will be forwarded by first class insured mail to the addresses supplied in the Letter of Transmittal. If no address is provided, cheques will be forwarded to the address of the Person as shown on the registers of the Company.

Lost Certificates or DRS Advices

If any certificate which immediately prior to the Effective Time represented one or more outstanding Common Shares or Warrants that were transferred pursuant to the Plan of Arrangement shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will issue in exchange for such lost, stolen or destroyed certificate, a cheque, wire or other form of immediately available funds for the consideration that such Shareholder or Warrantholder, as applicable, has the right to receive in accordance with such holder's Letter of Transmittal. When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom such cash is to be delivered shall, as a condition precedent to the delivery of such cash, give a surety bond satisfactory to the Purchaser, the Depositary in such sum as the Purchaser and Depositary may direct, and indemnify the Purchaser, the Company and the Depositary in a manner satisfactory to the Purchaser and Depositary against any claim that may be made against the Purchaser, the Company and Depositary with respect to the certificate alleged to have been lost, stolen or destroyed.

If a DRS Advice representing Common Shares has been lost, stolen or destroyed, the holder can request a copy of the DRS Advice by contacting TSX Trust Company at (416)-342-1091 or toll-free at 1 (866) 600-5869, with no bond indemnity required and such copy of the DRS Advice should be deposited with the Letter of Transmittal.

Extinction of Rights

If a duly completed Letter of Transmittal, together with certificates, DRS Advices or documents that immediately prior to the Effective Date represented one or more outstanding Common Shares or Warrants are not deposited by a Shareholder or Warrantholder prior to the second anniversary of the Effective Date, all amounts to which such Shareholder or Warrantholder was otherwise entitled pursuant to the Arrangement will be forfeited to the Purchaser and such Shareholder or Warrantholder will have no further entitlement hereto. Any (i) certificate, DRS Advice or document that immediately prior to the Effective Date represented outstanding Common Shares or Warrants that is not deposited with the Depositary, together with a duly completed Letter of Transmittal and any other required documents, prior to the second anniversary of the Effective Date or (ii) any payment made by way of cheque by the Depositary pursuant to the Plan of Arrangement that has not been deposited or has been returned to the Depositary or that otherwise remains outstanding on or before the second anniversary of the Effective Date will, in either case, cease to represent a claim or interest of any kind or nature, including any claim to any portion of the Consideration or Warrant Consideration, as applicable.

Procedure for Transfer of Options

Each Option outstanding immediately prior to the Effective Time shall, without any further action by or on behalf of any Optionholder, be deemed to be assigned and transferred by such Optionholder to the Company in exchange for a cash payment by the Company equal to the Option Consideration and each such Option shall immediately be cancelled. For greater certainty, where the exercise price of such Option equals or exceeds the Consideration, the Optionholder is not entitled to receive any amount in respect of such Option.

Interests of Certain Persons in the Arrangement

In considering the Arrangement and the recommendations of the Board with respect to the Arrangement, Securityholders should be aware that certain directors and Senior Officers of the Company have certain interests that

are, or may be, different from, or in addition to, the interests of other Securityholders generally, which may present them with actual or potential conflicts of interest in connection with the Arrangement. The Board is aware of these interests and considered them along with the other matters described above in "The Arrangement – Reasons for the Arrangement". These interests include those described below.

Securities held by directors and Senior Officers of the Company

The table below sets out for each director and Senior Officer of the Company the number of Common Shares, Options and Warrants beneficially owned or controlled or directed by each of them and their Associates and Affiliates that will be entitled to be voted at the Meeting.

Name	Common Shares	Options	Warrants	Total Common Shares, Options and Warrants-underlying Shares
Stephen Dattels	12,888,116	850,000	2,614,502	16,352,618
Bryan Smith	0	700,000	0	700,000
John Hick	0	100,000	0	100,000
J. Trevor Eyton	1,200,000	200,000	1,000,000	2,400,000
Cheollho Ghim	0	100,000	0	100,000
Robert Metcalfe	46,456	700,000	3,228	749,684
Ian Stalker	250,000	3,500,000	125,000	3,875,000
Lincoln Greenidge	100,000	3,000,000	20,000	3,120,000
Rodrigo Martin Castaneda Nordmann	610,669	900,000	0	1,510,669
Carlos Galli	0	1,850,000	0	1,850,000
Carolyn Stroz	10,000	1,700,000	2,500	1,712,500
Michael Booyens	0	800,000	0	800,000
Paul Kluge	0	300,000	0	300,000
Ken Wheeler	0	200,000	0	200,000
Total	15,105,241	14,900,000	3,765,230	33,770,471

Common Shares

The directors and Senior Officers of the Company and their Associates beneficially own, control or direct, directly or indirectly, an aggregate of 15,105,241 Common Shares that will be entitled to be voted at the Meeting, representing approximately 9.29% of the issued and outstanding Common Shares. Pursuant to the Voting and Support Agreements, the directors and Senior Officers of the Company agreed with the Purchaser to vote or cause to be voted such Common Shares in favour of the Arrangement Resolution.

All of the Common Shares owned or controlled by such directors and Senior Officers of the Company will be treated in the same manner under the Arrangement as Common Shares held by any other Shareholder. If the Arrangement is completed, the directors and Senior Officers of the Company and their Associates will receive, in exchange for such Common Shares, an aggregate of approximately $9,987,585 (prior to deduction of applicable withholdings and excluding any acquisitions of additional Common Shares before the Effective Time) as set out below.

Name	Common Share Consideration
Stephen Dattels	$8,521,622
Bryan Smith	-
John Hick	-
J. Trevor Eyton	$793,440
Cheollho Ghim	-
Robert Metcalfe	$30,717
Ian Stalker	$165,300
Lincoln Greenidge	$66,120

Rodrigo Martin Castaneda Nordmann	$403,774
Carlos Galli	-
Carolyn Stroz	$6,612
Michael Booyens	-
Paul Kluge	-
Ken Wheeler	-
Total	**$9,987,585**

Options

The directors and Senior Officers of the Company hold Options exercisable for an aggregate of 14,900,000 Common Shares that will be entitled to be voted at the Meeting on the Arrangement Resolution, representing approximately 9.16% of the issued and outstanding Common Shares on an undiluted basis (and 7.76% of the total of the issued and outstanding Common Shares and Common Shares underlying outstanding Options and Warrants). These Options held by the directors and Senior Officers have exercise prices ranging from $0.40 to $1.30 per Common Share. When these Options are added to the 15,105,241 Common Shares mentioned above, directors and Senior Officers of the Company will have 30,005,241 votes on the Securityholders' vote to approve the Arrangement, representing 15.70% of total possible votes in respect of outstanding Common Shares, Options and Warrants. However, the Company will exclude any votes in respect of Warrants that are no longer outstanding as at the date of the Meeting duly exercised or expired.

Pursuant to the Arrangement, each Option issued and outstanding immediately prior to the Effective Time (whether vested or unvested) shall be deemed to be unconditionally vested and exercisable and, without further action by or on behalf of the Optionholders, shall be deemed to be assigned and transferred by the Optionholder to the Company, and each such Option will be cancelled in exchange for a cash payment by the Company to the Optionholder of the Option Consideration. Where the exercise price of such Option equals or exceeds the Consideration, the Optionholder is not entitled to receive any amount in respect of such Option.

If the Arrangement is completed, the directors and Senior Officers of the Company are expected to receive, in exchange for Options that are "in-the-money" and if outstanding at the Effective Time and prior to the deduction of applicable withholdings, Option Consideration aggregating approximately $1,750,040 as follows:

Name	Option Consideration
Stephen Dattels	$65,300.00
Bryan Smith	$26,120.00
John Hick	$26,120.00
J. Trevor Eyton	$26,120.00
Cheollho Ghim	$26,120.00
Robert Metcalfe	$26,120.00
Ian Stalker	$522,400.00
Lincoln Greenidge	$391,800.00
Rodrigo Martin Castaneda Nordmann	$78,360.00
Carlos Galli	$91,420.00
Carolyn Stroz	$287,320.00
Michael Booyens	$52,240.00
Paul Kluge	$78,360.00
Ken Wheeler	$52,240.00
Total	**$1,750,040**

Warrants

Pursuant to the Arrangement, each in-the-money Warrant issued and outstanding immediately prior to the Effective Time will be acquired for the Warrant Consideration. All Warrants owned or controlled by the Company's directors and Senior Officers will be treated in the same manner under the Arrangement as Warrants held by any other Warrantholder.

The directors and Senior Officers of the Company hold Warrants exercisable for an aggregate of 3,765,229 Common Shares of which 3,765,229 will be entitled to be voted at the Meeting on the Arrangement Resolution, representing approximately 2.32% of the issued and outstanding Common Shares on an undiluted basis (and 1.96% of the total of the issued and outstanding Common Shares Common and Shares underlying outstanding Options and Warrants). If the Arrangement is completed, the directors and Senior Officers of the Company are expected to receive, in exchange for Warrants that are "in-the-money" and if outstanding at the Effective Time, Warrant Consideration aggregating approximately $307,493 as follows:

Name	Warrant Consideration
Stephen Dattels	$290,732
Bryan Smith	-
John Hick	-
J. Trevor Eyton	-
Cheollho Ghim	-
Robert Metcalfe	$359
Ian Stalker	$13,900
Lincoln Greenidge	$2,224
Rodrigo Martin Castaneda Nordmann	-
Carlos Galli	-
Carolyn Stroz	$278
Michael Booyens	-
Paul Kluge	-
Ken Wheeler	-
Total	**$307,493**

Employment Agreements and Compensation Bonus

The Company has entered into employment agreements ("**Employment Agreements**") with the following Senior Officers of the Company which provide that, if there is a "change of control" of the Company, the Senior Officer would be entitled to receive the following respective amounts:

- **Stephen Dattels, Ian Stalker, Lincoln Greenidge, Carolyn Stroz, Rodrigo Castaneda, Michael Booyens, Paul Kluge** - an amount equal to 18 months of salary and benefits in lieu of notice, severance, damages and other payments.
- **Ken Wheeler** - an amount of US$50,000 in lieu of notice, severance, damages and other payments.

The completion of the Arrangement would constitute a "change of control" of the Company.

Pursuant to the Employment Agreements, if the Arrangement is completed and the entitlements are triggered as described above following the completion of the Arrangement, the above-mentioned Senior Officers would be entitled to collectively receive aggregate cash compensation of approximately US$1,932,500, as follows, plus continuation of benefits for the applicable period or equivalent lump sum cash payment:

Name	Potential Change of Control Payment
Stephen Dattels	US$187,500
Ian Stalker	US$375,000
Lincoln Greenidge	US$337,500
Michael Booyens	US$270,000
Carolyn Stroz	US$262,500
Rodrigo Martin Castaneda Nordmann	US$225,000
Paul Kluge	US$225,000
Ken Wheeler	US$50,000
TOTAL	**US$1,932,500**

In addition to the foregoing, as previously disclosed, the Board had approved the issuance of 1 million bonus shares to Mr. Stalker at a deemed value of $0.6612 per Common Share in recognition of his leadership and efforts in connection with the strategic review process. In lieu of the foregoing, the Board has approved a cash bonus to Mr. Stalker of $661,200 conditional on closing of the Arrangement.

Insurance Indemnification of Directors and Officers of the Company

The Arrangement Agreement provides that, prior to the Effective Date, the Company may, but is not obligated to, purchase customary "tail" or "run off' policies of directors' and officers' liability insurance, at a cost not exceeding 200% of the Company's current annual aggregate premium for directors' and officers' liability insurance, providing protection no less favourable in the aggregate than the protection provided by the policies maintained by the Company and its subsidiaries which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date and the Company and its subsidiaries will maintain such tail policies in effect without any reduction in scope or coverage for six years from the Effective Date; provided that the Purchaser will be required to pay any amounts (i) in respect of such coverage prior to the Effective Time or (ii) that in the aggregate exceed 200% of the Company's current annual aggregate premium for directors' and officers' liability insurance.

Securityholder Approval of the Arrangement

At the Meeting, pursuant to the Interim Order, Securityholders will be asked to approve the Arrangement Resolution. The complete text of the Arrangement Resolution to be presented to the Meeting is set forth in Appendix A to this Circular. Each Securityholder as at the Record Date will be entitled to vote on the Arrangement Resolution. The Arrangement Resolution must be approved with the Required Securityholder Approval, that is, by at least (i) two-thirds of the votes cast on such resolution by Shareholders present in person or represented by proxy at the Meeting; (ii) two-thirds of the votes cast on such resolution by Securityholders present in person or represented by proxy at the Meeting voting as a single class; and (iii) a majority of the votes cast by Shareholders other than votes attached to Common Shares required to be excluded pursuant to MI 61-101.

The Arrangement Resolution must receive the Required Securityholder Approval in order for the Company to seek the Final Order and implement the Arrangement on the Effective Date in accordance with the terms of the Final Order.

Court Approval of the Arrangement

An arrangement under the BCBCA requires court approval. Prior to the mailing of this Circular, the Company obtained the Interim Order, which provides for the calling and holding of the Meeting, the Dissent Rights and other procedural matters. A copy of the Interim Order is attached as Appendix D to this Circular. Subject to the Company receiving the Required Securityholder Approval of the Arrangement Resolution at the Meeting, the hearing in respect of the Final Order is currently scheduled to take place on March 13, 2019 in the Court at 800 Smithe Street, Vancouver, British Columbia, at 9:45 a.m. (Pacific time). Any Securityholder of the Company or other person who wishes to appear, or to be represented, and to present evidence or arguments must serve and file an application response substantially in the form of Form 67 of the Rules of Court (the "**Response to Petition**") as set out in the Notice of Hearing of Petition for Final Order and satisfy any other requirements of the Court. A copy of the Notice of Hearing of Petition for Final Order is attached as Appendix E to this Circular. The Court will consider, among other things, the fairness and reasonableness of the Arrangement to the Securityholders. The Court may approve the Arrangement in any manner the Court may direct, subject to compliance with any terms and conditions, if any, as the Court deems fit. If the hearing is postponed, adjourned or re-scheduled then, subject to further order of the Court, only those persons having previously served a Response to Petition in compliance with the Notice of Hearing of Petition for Final Order and the Interim Order will be given notice of the postponement, adjournment or re-scheduled date.

Assuming the Final Order is granted in a form satisfactory to the Company and the Purchaser, and the other conditions to closing contained in the Arrangement Agreement are satisfied or waived and the Arrangement will become effective following the issuance of a Certificate of Arrangement thereafter.

Dissenting Shareholders' Rights

Registered Shareholders who wish to dissent should take note that strict compliance with the Dissent Procedures is required.

The following description of the Dissent Procedures is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of its Common Shares and is qualified in its entirety by the reference to the full text of the Interim Order and Part 8, Division 2 of the BCBCA which are attached to this Circular as Appendices D and F, respectively. A Dissenting Shareholder who intends to exercise the Dissent Rights should carefully consider and comply with the provisions of Sections 237 to 247 of the BCBCA, as modified by the Interim Order and consult with its own advisors. Failure to comply strictly with the provisions of the BCBCA, as modified by the Interim Order, and to adhere to the procedures established therein may result in the loss of all rights thereunder.

The Court hearing the application for the Final Order has the discretion to alter the Dissent Rights described herein based on the evidence presented at such hearing.

Pursuant to the Interim Order, each Registered Shareholder may exercise Dissent Rights under Sections 237 to 247 of the BCBCA as modified by the Interim Order or the Final Order in respect of the Arrangement. Shareholders who duly exercise such Dissent Rights and who:

(a) are ultimately determined to be entitled to be paid fair value for the Common Shares in respect of which they have exercised Dissent Rights will be deemed to have transferred such Common Shares to the Purchaser for cancellation immediately prior to the Effective Time, and the Purchaser shall fund such payment using its own assets; or

(b) are ultimately not entitled, for any reason, to be paid fair value for the Common Shares in respect of which they have exercised Dissent Rights will be deemed to have participated in the Arrangement on the same basis as a Shareholder that has not exercised Dissent Rights, and shall only be entitled to receive the Consideration,

but in no case will the Purchaser, the Company, or any other person be required to recognize such Dissenting Shareholders as Shareholders after the cancellation of the Dissenting Shares, which cancellation is to occur at the Effective Time, and each Dissenting Shareholder will cease to be entitled to the rights of an Shareholder in respect of the Dissenting Shares in relation to which such Dissenting Shareholder has exercised Dissent Rights and the central securities register will be amended to reflect that such former holder is no longer the holder of such Common Shares as and from the Effective Time. Persons who are Beneficial Shareholders who wish to dissent with respect to their Common Shares should be aware that only Registered Shareholders are entitled to dissent with respect to them. A Registered Shareholder such as an intermediary who holds Common Shares as nominee for Beneficial Shareholders, some of whom wish to dissent, must exercise Dissent Rights on behalf of such Beneficial Shareholders with respect to the Common Shares held for such Beneficial Shareholders. In such case, the Notice of Dissent (as defined below) should set forth the number of Common Shares it covers.

Pursuant to Section 238 of the BCBCA, the Interim Order and the Plan of Arrangement, every Registered Shareholder who dissents from the Arrangement Resolution in compliance with Sections 237 to 247 of the BCBCA will be entitled to be paid by the Purchaser the fair value of the Common Shares held by such Dissenting Shareholder determined as at the point in time immediately before the passing of the Arrangement Resolution.

A Dissenting Shareholder must dissent with respect to all Common Shares in which the holder owns a beneficial interest. A Registered Shareholder who wishes to dissent must deliver written notice of dissent (a "**Notice of Dissent**") to the Company, Suite 605, 40 University Avenue, Toronto, Ontario M5J 1T1 Attention: Vice President, Legal and General Counsel by 10:00 a.m. (Eastern Time) on March 6, 2019, and such Notice of Dissent must strictly comply with the requirements of Section 242 of the BCBCA. Any failure by a Shareholder to fully comply may result in the loss of that holder's Dissent Rights. Beneficial Shareholders who wish to exercise Dissent Rights must arrange for the Registered Shareholder holding their Common Shares to deliver the Notice of Dissent.

It is a condition to the Purchaser's obligation to complete the Arrangement that Dissent Rights not having been exercised in respect of more than 5% of the Common Shares.

The delivery of a Notice of Dissent does not deprive a Dissenting Shareholder of the right to vote at the Meeting on the Arrangement Resolution; however, a Dissenting Shareholder is not entitled to exercise the Dissent Rights with respect to any of his or her Common Shares if the Dissenting Shareholder votes in favour of the Arrangement Resolution. A vote against the Arrangement Resolution, whether in person or by proxy, does not constitute a Notice of Dissent.

A Dissenting Shareholder must prepare a separate Notice of Dissent for him or herself, if dissenting on his or her own behalf, and for each other person who beneficially owns Common Shares registered in the Dissenting Shareholder's name and on whose behalf the Dissenting Shareholder is dissenting; and must dissent with respect to all of the Common Shares registered in his or her name beneficially owned by the Beneficial Shareholder on whose behalf he or she is dissenting. The Notice of Dissent must set out the number of Common Shares in respect of which the Notice of Dissent is to be sent (the "Notice Shares") and: (a) if such Common Shares constitute all of the Common Shares of which the Dissenting Shareholder is the registered and beneficial owner, a statement to that effect; (b) if such Common Shares constitute all of the Common Shares of which the Dissenting Shareholder is both the registered and beneficial owner but the Dissenting Shareholder owns additional Common Shares beneficially, a statement to that effect and the names of the Registered Shareholders, the number of Common Shares held by such registered owners and a statement that written Notices of Dissent has or will be sent with respect to such Common Shares; or (c) if the Dissent Rights are being exercised by a registered owner who is not the beneficial owner of such Common Shares, a statement to that effect and the name of the beneficial owner and a statement that the registered owner is dissenting with respect to all Common Shares of the beneficial owner registered in such registered owner's name.

If the Arrangement Resolution is approved by the Securityholders by special resolution and if the Company notifies the Dissenting Shareholders of its intention to act upon the Arrangement Resolution, the Dissenting Shareholder is then required within one month after the Company gives such notice, to send to the Company, the certificates representing the Notice Shares and a written statement that requires the Company to purchase all of the Notice Shares. If the Dissent Right is being exercised by the Dissenting Shareholder on behalf of a Beneficial Shareholder who is not the Dissenting Shareholder, a statement signed by the beneficial owner is required which sets out whether the beneficial owner is the beneficial owner of other Common Shares and if so, (i) the names of the registered owners of such Common Shares; (ii) the number of such Common Shares; and (iii) that dissent is being exercised in respect of all of such Common Shares. Upon delivery of these documents, the Dissenting Shareholder is deemed to have sold his or her Common Shares and the Company is deemed to have purchased them. Once the Dissenting Shareholder has done this, the Dissenting Shareholder may not vote or exercise any shareholder rights in respect of the Notice Shares.

The Dissenting Shareholder and the Company may agree on the payout value of the Notice Shares; otherwise, either party may apply to the Court to determine the fair value of the Notice Shares or apply for an order that value be established by arbitration or by reference to the registrar or a referee of the Court. After a determination of the payout value of the Notice Shares, the Company must then promptly pay that amount to the Dissenting Shareholder.

A Dissenting Shareholder loses his or her Dissent Right if, before full payment is made for the Notice Shares, the Company abandons the corporate action that has given rise to the Dissent Right (namely, the Arrangement), a court permanently enjoins the action, or the Dissenting Shareholder withdraws the Notice of Dissent with the Company's consent. When these events occur, the Company must return the share certificates to the Dissenting Shareholder and the Dissenting Shareholder regains the ability to vote and exercise shareholder rights.

The discussion above is only a summary of the Dissent Rights, which are technical and complex. A Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of Sections 237 to 247 of the BCBCA as modified by the Interim Order. Persons who are non-registered holders of Common Shares registered in the name of an intermediary such as a broker, custodian, nominee, other intermediary, or in some other name, who wish to dissent should be aware that only the registered owner of such Common Shares is entitled to dissent.

The Company suggests that any Shareholder wishing to avail himself or herself of the Dissent Rights seek his or her own legal advice as failure to comply strictly with the applicable provisions of the BCBCA and the Interim Order may prejudice the availability of such Dissent Rights. Dissenting Shareholders should note that the exercise of Dissent Rights can be a complex, time-consuming and expensive process.

If a Dissenting Shareholder fails to strictly comply with the requirements of the Dissent Rights set out in the Interim Order, it will lose its Dissent Rights, the Company will return to the Dissenting Shareholder the certificates representing the Notice Shares that were delivered the Company, if any, and if the Arrangement is completed, that Dissenting Shareholder will be deemed to have participated in the Arrangement on the same terms as a Shareholder.

If a Dissenting Shareholder strictly complies with the foregoing requirements of the Dissent Rights, but the Arrangement is not completed, the Company will return to the Dissenting Shareholder the certificates delivered to the Company by the Dissenting Shareholder, if any.

MI 61-101

The Company is a reporting issuer (or its equivalent) in Alberta and British Columbia and, accordingly, is subject to MI 61-101. MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among security holders, generally requiring enhanced disclosure, approval by a majority of security holders excluding interested parties and/or, in certain instances, independent valuations and approval and oversight of the transaction by a special committee of independent directors. The protections of MI 61-101 generally apply to "business combinations" (as defined in MI 61-101) that terminate the interests of security holders without their consent.

MI 61-101 provides that, in certain circumstances, where a "related party" (as defined in MI 61-101) of an issuer is entitled to receive a "collateral benefit" (as defined in MI 61-101) in connection with an arrangement transaction (such as the Arrangement), such transaction may be considered a "business combination" for the purposes of MI 61-101 and subject to minority approval requirements.

A "collateral benefit", as defined in MI 61-101, includes any benefit that a related party of the Company (which includes the directors and Senior Officers of the Company) is entitled to receive, directly or indirectly, as a consequence of the Arrangement, including, without limitation, an increase in salary, a lump sum payment, a payment for surrendering securities or other enhancement in benefits related to past or future services as an employee, director or consultant of the Company. However, such a benefit will not constitute a "collateral benefit" provided that certain conditions are satisfied.

Under MI 61-101, a benefit received by a related party of the Company is not considered to be a "collateral benefit" if the benefit is received solely in connection with the related party's services as an employee, director or consultant of the Company or an affiliated entity and (i) the benefit is not conferred for the purpose, in whole or in part, of increasing the value of the consideration paid to the related party for securities relinquished under the Arrangement, (ii) the conferring of the benefit is not, by its terms, conditional on the related party supporting the Arrangement in any manner, (iii) full particulars of the benefit are disclosed in disclosure document for the transaction, and (iv) either (A) at the time the Arrangement was agreed to, the related party and its associated entities beneficially owned or exercised control or direction over less than 1% of the outstanding Common Shares, or (B) (x) the related party discloses to an independent committee of the Company the amount of consideration that the related party expects it will be beneficially entitled to receive, under the terms of the Arrangement, in exchange for the Common Shares beneficially owned by the related party, (y) the independent committee, acting in good faith, determines that the value of the benefit, net of any offsetting costs to the related party, is less than 5% of the value referred to in (B) (x), and (z) the independent committee's determination is disclosed in this Circular.

Certain of the directors and Senior Officers of the Company hold Options. If the Arrangement is completed, the vesting of all Options is to be accelerated and such directors and Senior Officers holding Options are entitled to receive cash payments in respect thereof at the Effective Time. In addition, employment agreements with certain Senior Officers provide that, if that Senior Officer's employment is terminated within a specified period of time in connection with a "change of control" of the Company, the Senior Officer would be entitled to receive compensation and Mr. Stalker is entitled to a transaction bonus conditional on closing of the Arrangement. See "The Arrangement — Interests of Certain Persons in the Arrangement". The accelerated vesting of Options, the

compensation payable pursuant to the employment agreements and the transaction bonus to Mr. Stalker may be considered to be "collateral benefits" received by the applicable directors and Senior Officers of the Company for the purposes of MI 61-101.

Stephen Dattels, Executive Chairman of the Company, is receiving a benefit in connection with the Arrangement as a result of the payment in respect of his Options and change of control payment, and he beneficially owns or exercises control or direction over more than 1% of the Common Shares (calculated in accordance with the provisions of MI 61-101). Mr. Dattels has disclosed to an independent committee of the Board that the value of his benefits from the consideration he will receive in respect of his Options and change of control payment under the Arrangement (totalling approximately $314,093.75 (converting his change of control payment of US$187,500 to $248,793.75 based on the USD/CAD exchange rate on January 14, 2019 of 1.3269)) is approximately 3.69% of the value of the Consideration (totalling approximately $8,521,622) that he expects to be beneficially entitled to receive under the terms of the Arrangement in exchange for his Common Shares. The independent committee, acting in good faith, has determined that the value of Mr. Dattels' benefits is indeed less than 5% of the value of the Consideration receivable by him under the Arrangement. Accordingly, Mr. Dattels is deemed to not be receiving any "collateral benefit" (as defined under MI 61-101).

Ian Stalker, President and Chief Executive Officer of the Company beneficially owns or exercises control or direction over more than 1% of the Common Shares (calculated in accordance with the provisions of MI 61-101) and will receive benefits from the consideration he will receive in respect of his Options, change of control payment under his employment contract and a transaction bonus (totalling approximately $1,681,187.50 (converting his change of control payment of US$375,000 to $497,587.50 based on the exchange rate on January 14, 2019 of 1.3269). Accordingly, the payments Mr. Stalker will receive as a result of the completion of the Arrangement constitutes a collateral benefit under MI 61-101. In this regard, any Common Shares beneficially owned, or over which control or direction is exercised, directly or indirectly, by Mr. Stalker must be excluded for purposes of determining whether minority approval of the Arrangement Resolution has been obtained. As of the Record Date, Mr. Stalker holds, or exercised control or direction over, directly or indirectly 250,000 Common Shares, 3,000,000 Options and 125,000 Warrants. As a result, a total of 250,000 Common Shares will be excluded from the "minority approval" vote conducted pursuant to MI 61-101.

The Company is not required to obtain a formal valuation under MI 61-101 as no "interested party" (as defined in MI 61-101) of the Company is, as a consequence of the Arrangement, directly or indirectly acquiring the Company or its business and neither the Arrangement nor the transactions contemplated thereunder is a "related party transaction" for which the Company would be required to obtain a formal valuation. In any event, the Company is not listed on a "specified market".

To the knowledge of the directors and Senior Officers of the Company, after reasonable enquiry, there have been no prior valuations (as defined in MI 61-101) prepared in respect of the Company within the 24 months preceding the date of this Circular.

See "The Arrangement — Interests of Certain Persons in the Arrangement" for detailed information regarding the benefits and other payments to be received by each of the directors and Senior Officers in connection with the Arrangement.

Stock Exchange Delisting and Reporting Issuer Status

The Common Shares will be delisted from the TSX-V and the Frankfurt Stock Exchange as soon as practicable following the completion of the Arrangement. Following the Effective Date, it is expected that the Purchaser will cause the Company to apply to cease to be a reporting issuer under the securities legislation of each of the provinces in Canada under which it is currently a reporting issuer (or equivalent) or take or cause to be taken such other measures as may be appropriate to ensure that the Company is not required to prepare and file continuous disclosure documents.

THE ARRANGEMENT AGREEMENT

The Arrangement will be carried out pursuant to the Arrangement Agreement and the Plan of Arrangement. The following is a summary of the principal terms of the Arrangement Agreement, including the Plan of Arrangement. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which is incorporated by reference herein and has been filed by the Company under its SEDAR profile at www.sedar.com and to the Plan of Arrangement, which is attached hereto as Appendix B. Capitalized terms used but not otherwise defined herein have the meanings set out in the Arrangement Agreement and the Plan of Arrangement.

Mutual Covenants Regarding the Arrangement

Each of the Parties has given usual and customary mutual covenants for an agreement of the nature of the Arrangement Agreement, including, among other things, a mutual covenant to use all of their respective commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to their respective obligations under the Arrangement Agreement, to take all steps set forth in the Interim Order and Final Order applicable to them, to co-operate with the other Party in connection with the Arrangement Agreement, to effect all necessary registrations, filing and submissions of information required by Governmental Entities from it related to the Arrangement or the transaction contemplated by the Arrangement Agreement, to use its reasonable best efforts to obtain and maintain the Regulatory Approvals, including the required Regulatory Approvals, to take all other action, or cause to be done, all things necessary, proper or advisable under applicable laws to consummate the Arrangement.

Covenants of the Company

The Company has given, in favour of the Purchaser, usual and customary covenants for an agreement of the nature of the Arrangement Agreement, including, among other things, a covenant to obtain and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements or amendments that are necessary under the material contracts to permit the consummation of the transactions contemplated by the Arrangement Agreement; to carry and cause its Subsidiaries to carry on business in the ordinary course of business and in accordance with Laws and its Authorizations, and the Company shall use commercially reasonable efforts to maintain and preserve its and its Subsidiaries' business organization, assets, properties, Authorizations, employees, goodwill and business relationships with suppliers, partners and other Persons with which the Company or any of its Subsidiaries has business relations, a covenant to, upon request of the Purchaser, (i) perform such reorganizations of its corporate structure, capital structure, business, operations and assets or such other transactions as the Purchaser may request, acting reasonably (each a "**Pre-Acquisition Reorganization**"), and (ii) cooperate with the Purchaser and its advisors to determine the nature of the Pre-Acquisition Reorganizations that might be undertaken and the manner in which they would most effectively be undertaken.

Covenants of the Purchaser

The Purchaser has given, in favour of the Company, usual and customary covenants for an agreement of the nature of the Arrangement Agreement, including, among other things, a covenant to promptly notify the Company of any filing, actions, suits, claims investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting it in connection with the Arrangement, a covenant to provide the Company with notice of any proposed Pre-Acquisition Reorganization, a covenant to cover all costs and expenses (including any Taxes being imposed, reasonable legal and accounting expenses of the Company and its Subsidiaries) associated with any Pre-Acquisition Reorganization to be carried out at its request.

Covenants of the Company Regarding Non-Solicitation

The Company has provided certain non-solicitation covenants (the "**Non-Solicitation Covenants**") in favour of the Purchaser, as set forth below.

1. Except as expressly provided in the Arrangement Agreement, the Company and its Subsidiaries shall not, directly or indirectly, through any affiliate, officer, director, employee, consultant, representative (including any

financial, legal or other adviser) or agent of the Company or of any of its Subsidiaries (collectively "**Representatives**"), or otherwise, and shall not permit any such Person to:

(a) solicit, assist, initiate, knowingly encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Company or any subsidiary) any inquiry, proposal or offer that constitutes or would reasonably be expected to lead to, an Acquisition Proposal;

(b) enter into or otherwise engage or participate in any discussions or negotiations with any person (other than with the Purchaser or its Representatives) regarding any inquiry, proposal or offer that constitutes or would reasonably be expected to lead to, an Acquisition Proposal, it being acknowledged and agreed that the Company may communicate with any Person for the purposes of advising them of the restrictions imposed by the Arrangement Agreement, clarifying the terms of any proposal or advising such Person that their proposal does not constitute a Superior Proposal and is not reasonably expected to constitute or lead to a Superior Proposal; or

(c) make a Change in Recommendation;

2. The Company shall, and shall cause its Subsidiaries and its Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiation, or other activities with any Person (other than the Purchaser) with respect to any inquiry, proposal or offer that constitutes, or could reasonably be expected to constitute or lead to, an Acquisition Proposal, and, without limiting the generality of the foregoing, the Company shall:

   (a) immediately discontinue access to and disclosure of all information, including any data room and any confidential information, properties, facilities, books and records of the Company or any of its Subsidiaries (excluding disclosure in the Ordinary Course to employees and service providers to the Company and its Subsidiaries, provided such disclosure could not reasonably be expected to encourage or lead to an Acquisition Proposal); and

   (b) within two (2) Business Days of the date hereof, request, and exercise all rights it has to require (i) the return or destruction of all copies of any confidential information regarding the Company or any of its Subsidiaries provided to any Person other than the Purchaser or its Representatives; and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding the Company or any of its Subsidiaries, to the extent that such information has not previously been returned or destroyed, using its reasonable commercial efforts to ensure that such requests are fully complied with in accordance with the terms of such rights or entitlements.

3. The Company represents and warrants that neither the Company, its Subsidiaries nor any of their respective Representatives has waived any confidentiality, standstill or similar agreement or restriction to which the Company or any of its Subsidiaries is a party, and covenants and agrees that (i) the Company shall take all necessary action to enforce each confidentiality, standstill, use, business purpose or similar agreement or restriction to which the Company or any of its Subsidiaries is a party, and (ii) neither the Company, any of its Subsidiaries nor any of their respective Representatives will, without the prior written consent of the Purchaser (which may be withheld or delayed in the Purchaser's sole and absolute discretion), release any Person from, or waive, amend, suspend or otherwise modify such Person's obligations respecting the Company or any of its Subsidiaries, under any confidentiality, standstill, use, business purpose or similar agreement or restriction to which the Company or any of its Subsidiaries is a party, it being acknowledged and agreed that the automatic termination of any confidentiality, standstill, use, business purpose or similar provision of any such agreement or restrictions as a result of the entering into and announcement of the Arrangement Agreement by the Company pursuant to the express terms of any such agreement or restrictions shall not be a violation of the terms of the Arrangement Agreement.

4. If after the date of the Arrangement Agreement, the Company or any of its Subsidiaries or any of their respective Representatives, receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes or could reasonably be expected to constitute or lead to an Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to the Company or any of its Subsidiaries, including but not limited to information, access, or disclosure relating to the properties, facilities, books or records of the Company or any of its Subsidiaries (but excluding any requests from employees or Ordinary Course service providers to the Company and its Subsidiaries, provided such requests could not

reasonably be expected to encourage or lead to an Acquisition Proposal), the Company shall immediately notify the Purchaser, at first orally, and then promptly, and in any event, within 24 hours in writing, of such Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions, the identity of all Persons making the Acquisition Proposal, inquiry, proposal, offer or request, and shall provide the Purchaser with copies of all documents, correspondence or other material received in respect of, from or on behalf of any such Person and such other details of such Acquisition Proposal, inquiry, proposal, offer or request as the Purchaser may request.

5. The Company shall keep the Purchaser fully informed on a current basis of the status of material developments and (to the extent permitted by the Arrangement Agreement) negotiations with respect to any Acquisition Proposal, inquiry, proposal, offer or request, including any changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request and shall provide to the Purchaser copies of all material or substantive correspondence if in writing or electronic form, and if not in writing or electronic form, a description of the material terms of such correspondence, sent or communicated by or to the Company in respect of such Acquisition Proposal, inquiry, proposal, offer or request.

6. Notwithstanding the foregoing, the Company shall not be required to disclose the identity of the Person making the Acquisition Proposal and may redact, acting reasonably, other information that would identify the Person making the Acquisition Proposal if the Company is subject to an obligation of confidentiality to such Person (which was entered into prior to the date of the Exclusivity Agreement) which prohibits such disclosure.

If at any time prior to obtaining the Required Securityholder Approval, the Company receives an unsolicited written Acquisition Proposal, the Company may engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal and may provide copies of, access to or disclosure of confidential information, properties, facilities, books or records of the Company or its Subsidiaries to such Person, if and only if:

(a) the Board first determines in good faith, after consultation with its financial advisors and its legal counsel, that such Acquisition Proposal constitutes or could reasonably be expected to lead to or result in a Superior Proposal;

(b) such person was not restricted from making such Acquisition Proposal pursuant to an existing confidentiality, standstill, non-disclosure, use, business purpose or similar restriction with the Company or any of its Subsidiaries;

(c) the Company has been, and continues to be, in compliance with its obligations under the Non-Solicitation Covenants of the Arrangement Agreement;

(d) the Company enters into a confidentiality agreement with such person substantially in the same form as the confidentiality agreement entered into by the Company and the Purchaser and provides the Purchaser with a true, complete and final executed copy of such confidentiality agreement; and

(e) the Company promptly provides the Purchaser with any non-public information concerning the Company and its Subsidiaries provided to such other Person which was not previously provided to the Purchaser.

7. If the Company receives an Acquisition Proposal that constitutes a Superior Proposal prior to obtaining the Required Securityholder Approval, the Board may, subject to compliance with the Termination sections of the Arrangement Agreement, enter into a definitive agreement with respect to such Superior Proposal, if and only if:

(a) the person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing confidentiality, standstill, non-disclosure, use, business purpose or similar restriction;

(b) the Company has been, and continues to be, in compliance with its obligations under the Non-Solicitation Covenants of the Arrangement Agreement;

(c) the Company has delivered to the Purchaser a written notice of the determination of the Board that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Board to enter into a definitive agreement with respect to such Superior Proposal, together with a written notice from the Board regarding the value and financial terms that the Board, in consultation with its financial advisors, has determined should be ascribed to any non-cash consideration offered under such Acquisition Proposal (the "**Superior Proposal Notice**");

(d) the Company has provided the Purchaser a copy of the proposed definitive agreement for the Superior Proposal (including any financing commitments or other documents in possession of the Company containing material terms and conditions of such Superior Proposal);

(e) at least five (5) Business Days (the "**Matching Period**") have elapsed from the date that is the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received a copy of the proposed definitive agreement for the Superior Proposal (including any financing commitments or other documents in possession of the Company containing materials terms and conditions of such Superior Proposal) from the Company;

(f) during any Matching Period, the Purchaser has had the opportunity (but not the obligation) to offer to amend the Arrangement Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;

(g) after the Matching Period, the Board has determined in good faith (i) after consultation with its outside legal counsel and financial advisors, that such Acquisition Proposal continues to constitute a Superior Proposal and (ii) after consultation with its outside legal counsel, that the failure of the Board to enter into a definitive agreement with respect to such Superior Proposal would be inconsistent with its fiduciary duties; and

(h) the Company concurrently terminates the Arrangement Agreement pursuant to the Termination provisions of the Arrangement Agreement and prior to or concurrently with such termination pays the Termination Fee pursuant to the Arrangement Agreement.

8. During the Matching Period, or such longer period as the Company may approve for such purpose: (a) the Board shall review any offer made by the Purchaser under item 7(f) above to amend the terms of the Arrangement Agreement and the Arrangement in good faith in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (b) if such determination is made by the Board, the Company shall, and shall cause its Representatives to, negotiate in good faith with the Purchaser and its representatives to make such amendments to the terms of the Arrangement Agreement and the Arrangement as would enable the Purchaser to proceed with the transactions contemplated by the Arrangement Agreement on such amended terms. If the Board determines that such Acquisition Proposal would cease to be a Superior Proposal, the Company shall promptly so advise the Purchaser and the Company and the Purchaser shall amend the Arrangement Agreement to reflect such offer made by the Purchaser, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.

9. Each successive amendment or modification to any Superior Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Company Shareholders or other material terms or conditions thereof shall constitute a new Acquisition Proposal for the purposes of the Arrangement Agreement, and the Purchaser shall be afforded a new five (5) Business Day Matching Period from the later of the date on which the Purchaser received the Superior Proposal Notice and the date on which the Purchaser received a copy of the proposed definitive agreement for the new Superior Proposal (including any financing commitments or other documents in possession of the Company containing materials terms and conditions of such new Superior Proposal) from the Company.

10. The Board shall promptly reaffirm the Board Recommendation by press release after any Acquisition Proposal which is not determined to be a Superior Proposal is publicly announced or the Board determines that a proposed amendment to the terms of the Arrangement Agreement as contemplated under item 8 above would result in an Acquisition Proposal no longer being a Superior Proposal. The Company shall provide the Purchaser and its counsel with a reasonable opportunity to review and comment on the form and content of any such press release and shall give reasonable consideration to any comments of the Purchaser.

11. If the Company Meeting is scheduled to occur during a Matching Period, the Company shall either proceed with or shall postpone or adjourn the Company Meeting, as directed by the Purchaser, to a date that is not more than ten (10) Business Days after the scheduled date of the Company Meeting, but in any event to a date that is not less than five (5) Business Days prior to the Outside Date.

Representations and Warranties

Each of the Company and the Purchaser made certain customary representations and warranties in the Arrangement Agreement, including representations and warranties related to their due organization and qualification and authorization to enter into the Arrangement Agreement and carry out its obligations thereunder. In addition, the Company and the Purchaser have each made certain representations and warranties particular to such Party including, in the case of the Company, representations and warranties in respect of the Company's business, operations and assets. The Purchaser has represented and warranted to the Company that sufficient funds are available to pay the aggregate Consideration payable by the Purchaser pursuant to the Arrangement and the Arrangement Agreement.

Conditions of Closing

Mutual Conditions

The Arrangement Agreement provides that the respective obligations of the Parties to complete the Arrangement are subject to the fulfillment of the following conditions on or before the Effective Time:

1. the Arrangement Resolution has been approved and adopted by the Securityholders at the Meeting in accordance with the Interim Order and Laws.
2. the Interim Order and the Final Order have each been obtained on terms consistent with the Arrangement Agreement, and have not been set aside or modified in a manner unacceptable to either the Company or the Purchaser, each acting reasonably, on appeal or otherwise.
3. no law is in effect that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company or the Purchaser from consummating the Arrangement.

Additional Conditions Precedent to the Obligations of the Purchaser

The Arrangement Agreement provides that the obligations of the Purchaser to complete the Arrangement are subject to the fulfillment of a number of additional conditions, each of which is for the benefit of the Purchaser:

1. The representations and warranties of the Company set forth in Paragraph (1) [Organization and Qualification], Paragraph (2) [Corporate Authorization], Paragraph (3) [Execution and Binding Obligation], Paragraph (4) [Governmental Authorization], Paragraph (5) [No Conflict/Non-Contravention], Paragraph (6) [Capitalization], Paragraph (7) [Subsidiaries], Paragraph (17) [Compliance with Laws], Paragraph (19) [Authorizations], Paragraph (20) [Interest in Properties], Paragraph (30) [Environmental Matters], Paragraph (31)(f) [Change in Control Payments], Paragraph (34) [Restrictions on Business] and Paragraph (38) [Brokers] of Schedule C of the Arrangement Agreement were true and correct as of the date of the Arrangement Agreement and are true and correct as of the Effective Time in all material respects (except the representations and warranties of the Company set forth in Paragraph (6) [Capitalization] shall be true and correct as of the date of the Arrangement Agreement and as of the Effective Time other than for *de minimis* inaccuracies), and all other representations and warranties of the Company set forth in the Arrangement Agreement were true and correct as of the date of the Arrangement Agreement and are true and correct as of the Effective Time in all respects, except where any failure or failures of such representations and warranties to be so true and correct would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect (and, for this purpose, any reference to "**material**", "**Material Adverse Effect**" or other concepts of materiality in such representations and warranties shall be disregarded), in each case, except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date, and the Company has delivered a certificate confirming same to the Purchaser, executed by two senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.
2. The Company has fulfilled or complied in all material respects with each of the covenants of the Company contained in the Arrangement Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and the Company has delivered a certificate confirming same to the Purchaser, executed by two (2) senior

officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.

3. there is no legal action or proceeding (whether, for greater certainty, by a Governmental Entity or any other person) pending or threatened that is reasonably likely to:

   (a) cease trade, enjoin, prohibit, or impose any limitations, damages or conditions on the Purchaser's ability to acquire, hold, or exercise full rights of ownership over any Common Shares, including the right to vote the Common Shares;

   (b) seek to obtain from the Company or the Purchaser any material damages directly or indirectly in connection with the Arrangement or the transactions contemplated by the Arrangement Agreement;

   (c) restrain, enjoin, prohibit or impose any material limitation or conditions on, the ownership or operation by the Purchaser of any material portion of the business or assets of the Company and its subsidiaries (taken as a whole) or, except as a consequence of the Regulatory Approvals (without derogating from the rights of the Purchaser under the Arrangement Agreement), compel the Purchaser to dispose of or hold separate any material portion of the business or assets of the Company and its subsidiaries (taken as a whole) as a result of the Arrangement; or

   (d) prevent or materially delay the consummation of the Arrangement, or if the Arrangement is consummated, have a Material Adverse Effect.

4. Each Regulatory Approval and all other third party consents, waivers, permits, orders and approvals that are necessary to consummate the transactions contemplated by the Arrangement Agreement and the failure of which to obtain, individually or in the aggregate, would be reasonably expected to have a material adverse impact in respect of the Company and its Subsidiaries or the Purchaser and its Subsidiaries, shall have been given or obtained on terms acceptable to the Purchaser, acting reasonably, and each such Regulatory Approval, consent, waiver, permit, order or approval is validly subsisting and in full force and effect and has not been modified.

5. Dissent Rights have not been validly exercised with respect to more than 5% of the issued and outstanding Common Shares.

6. Each of the Contracts listed in Section 6.2(6) of the Company Disclosure Letter shall be terminated effective as of the Effective Date without cost and without further liability to the Company or any of its Subsidiaries.

7. A Material Adverse Effect has not occurred and is continuing.

Additional Conditions Precedent to the Obligations of the Company

The Company is not required to complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Date, which conditions are for the exclusive benefit of the Company and may only be waived, in whole or in part, by the Company in its sole discretion:

1. the representations and warranties of the Purchaser set forth in the Arrangement Agreement which are qualified by references to materiality were true and correct as of the date of the Arrangement Agreement and are true and correct as of the Effective Time in all respects (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date) and all other representations and warranties of the Purchaser set forth in the Arrangement Agreement were true and correct as of the date of the Arrangement Agreement and are true and correct as of the Effective Time in all material respects (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date), in each case, except to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would not materially impede the completion of the Arrangement, and the Purchaser has delivered a certificate confirming same to the Company, executed by two senior officers of the Purchaser (without personal liability) addressed to the Company and dated the Effective Date.

2. The Purchaser has fulfilled or complied in all material respects with each of the covenants of the Purchaser contained in the Arrangement Agreement to be fulfilled or complied with by it on or prior to the Effective Time, except where the failure to fulfill or comply with such covenants would not, individually or in the aggregate,

materially impede completion of the Arrangement, and the Purchaser has delivered a certificate confirming same to the Company, executed by two (2) senior officers of the Purchaser (without personal liability) addressed to the Company and dated the Effective Date.

Termination of Arrangement Agreement

The Arrangement Agreement may be terminated prior to the Effective Time by:

1. the mutual written agreement of the Parties; or
2. either the Company or the Purchaser if:
   (a) the Required Securityholders Approval is not obtained at the Company Meeting in accordance with the Interim Order; or
   (b) after the date of the Arrangement Agreement, any law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise prohibits or enjoins the Company or the Purchaser from consummating the Arrangement, and such law has, if applicable, become final and non-appealable; or
   (c) the Effective Time does not occur on or prior to the Outside Date, provided that a Party may not terminate the Arrangement Agreement pursuant to this item 2(c) if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under the Arrangement Agreement; or
3. the Company if:
   (a) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser under the Arrangement Agreement occurs that would cause any condition in Section 6.3(1) [Purchaser Reps and Warranties Condition] or Section 6.3(2) [Purchaser Covenants Condition] of the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of the Arrangement Agreement, provided that the Company is not then in breach of the Arrangement Agreement so as to cause any condition in Section 6.2(1) [Company Reps and Warranties Condition] or Section 6.2(2) [Company Covenants Condition] of the Arrangement Agreement not to be satisfied; or
   (b) prior to obtaining the Required Securityholders Approval, the Board authorizes the Company to enter into a written agreement (other than a confidentiality agreement permitted by the Arrangement Agreement) with respect to a Superior Proposal in accordance with the provisions of the Arrangement Agreement and that prior to or concurrent with such termination the Company pays the Termination Fee;
4. the Purchaser if:
   (a) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company under the Arrangement Agreement occurs that would cause any condition in Section 6.2(1) [Company Reps and Warranties Condition] or Section 6.2(2) [Company Covenants Condition] of the Arrangement Agreement not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with the terms of the Arrangement Agreement, provided that the Purchaser is not then in breach of the Arrangement Agreement so as to cause any condition in Section 6.3(1) [Purchaser Reps and Warranties Condition] or Section 6.3(2) [Purchaser Covenants Condition] of the Arrangement Agreement not to be satisfied; or
   (b) the Board makes a Change in Recommendation, or the Company breaches Article 5 of the Arrangement Agreement in any material respect; or
   (c) any event occurs as a result of which the condition set forth in Section 6.2(5) [Dissent Rights Condition] of the Arrangement Agreement is not capable of being satisfied by the Outside Date; or
   (d) a Material Adverse Effect has occurred and is continuing.

The Party desiring to terminate the Arrangement Agreement shall give written notice of such termination to the other Party in accordance with the termination provisions of the Arrangement Agreement, specifying in reasonable detail the basis for such Party's exercise of its termination right.

In the event of termination, the Arrangement Agreement shall forthwith become void and of no further force or effect without liability of any Party to any other Party to the Arrangement Agreement, except as expressly provided in the Arrangement Agreement.

Termination Fee in Favour of the Purchaser

The Arrangement Agreement specifies that the Company shall pay the Purchaser a termination fee of $4,486,000 (the "**Termination Fee**"), as liquidated damages, upon termination of the Arrangement Agreement:

1. by the Purchaser, pursuant to item 4(b) under "Termination of Arrangement Agreement";
2. by the Company, pursuant to item 4(a) under "Termination of Arrangement Agreement";
3. by the Company or the Purchaser pursuant to item 2(a), or pursuant to item 2(c) or pursuant to item 4(a) due to a willful breach by the Company, under "Termination of Arrangement Agreement" if:
    (a) prior to such termination, an Acquisition Proposal is made or publicly announced or otherwise publicly disclosed by any Person (other than the Purchaser) or any Person (other than the Purchaser) shall have publicly announced an intention to make an Acquisition Proposal; and
    (b) within 365 days following the date of such termination (A) an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i) above) is consummated or effected, or (B) the Company or one or more of its Subsidiaries, directly or indirectly, in one or more transactions, enters into a contract in respect of an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in clause (i) above) and such Acquisition Proposal is later consummated or effected (whether or not within 365 days after such termination).

For the purposes of the discussion above, the term "Acquisition Proposal" has the meaning described under "Glossary of Terms", except that references to "20% or more" are deemed to be references to "50% or more".

Amendment

Pursuant to the Arrangement Agreement, the Arrangement Agreement and the Plan of Arrangement may, before or after the holding of the Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, without further notice to or authorization on the part of the Securityholders, and any such amendment may, subject to the Interim Order and Final Order and applicable laws, without limitation: (i) change the time for performance of any of the obligations or acts of the Parties; (ii) modify any representation or warranty contained in the Arrangement Agreement or in any document delivered pursuant to the Arrangement Agreement; (iii) modify any of the covenants contained in the Arrangement Agreement and waive or modify performance of any of the obligations of the Parties; and/or (iv) modify any mutual conditions contained in the Arrangement Agreement.

Expenses

Except as expressly otherwise provided in the Arrangement Agreement, all out-of-pocket third party transaction expenses incurred in connection with the Arrangement Agreement and the Plan of Arrangement and the transactions contemplated hereunder and thereunder, including all costs, expenses and fees of a Party incurred prior to or after the Effective Time in connection with, or incidental to, the Plan of Arrangement, shall be paid by the Party incurring such expenses, whether or not the Arrangement is consummated.

INFORMATION CONCERNING THE COMPANY

General

The Company is a lithium exploration and development company that has a portfolio of prospective lithium rich salars in Northern Argentina. The Company completed a qualifying transaction on February 22, 2017 by way of a reverse take-over and its Common Shares commenced trading on the TSX-V under the symbol "LSC" on February 28, 2017. The Company's key assets are the tenements that it owns or controls located in the provinces of Salta and Jujuy, Argentina. The Company's three material projects include (i) Pozuelos-Pastos Grandes Project, located in the Province of Salta; (ii) Salar de Salinas Grandes, located in both the Provinces of Salta and Jujuy; and (iii) Salar de Rio Grande, located in the Province of Salta. The Company holds a land package portfolio totaling approximately 300,000 hectares.

The Company's head office is at 40 University Avenue, Suite 605, Toronto, ON, M5J 1T1 and its registered office is at 1800-510 West Georgia Street, Vancouver, BC, V6B 0M3.

Description of Common Share Capital

The Company is authorized to issue an unlimited number of Common Shares without par value. The holders of Common Shares are entitled to receive notice of, and to attend, all meeting of Shareholders of the Company and shall have one vote for each Common Share held at all meetings of Shareholders of the Company. The holders of Common Shares are entitled to (a) receive any dividend as and when declared by the Board, out of the assets of the Company properly applicable to payment of dividends, in such amount and in such form as the Board may from time to time determine, and (b) receive the remaining property of the Company in the event of any liquidation, dissolution or winding up of the Company.

Trading in Common Shares

The Common Shares are currently listed on the TSX-V and the Frankfurt Stock Exchange under the symbols "LSC" and "8LS" respectively. The Common Shares will be delisted from the TSX-V and the Frankfurt Stock Exchange as soon as practicable following the completion of the Arrangement. See "The Arrangement – Stock Exchange Delisting and Reporting Issuer Status".

The following table summarizes the monthly range of high and low prices per Common Share on the TSX-V during the twelve-month period preceding the date of this Circular, according to the Bloomberg database:

Month	High ($)	Low ($)	Volume
February 2019 (through to February 4)	0.65	0.65	67,692
January 2019	0.69	0.59	3,715,140
December 2018	0.57	0.35	1,491,210
November 2018	0.55	0.41	2,033,120
October 2018	0.64	0.32	3,823,640
September 2019	0.41	0.33	1,491,170
August 2018	0.68	0.40	1,559,200
July 2018	0.77	0.59	1,863,970
June 2018	0.91	0.71	1,606,070
May 2018	0.87	0.73	922,580
April 2018	0.88	0.70	2,373,760
March 2018	1.28	1.04	2,041,690
February 2018	1.37	1.21	2,308,880

On January 14, 2019, the last trading day on which the Common Shares traded prior to the Company's announcement that it had entered into the Arrangement Agreement, the closing price of the Common Shares on the TSX-V was $0.63.

Intentions with Respect to the Arrangement

Each of the directors and Senior Officers of the Company have entered into a Voting and Support Agreement with the Purchaser pursuant to which they have agreed to vote or cause to be voted all of the securities of the Company held or controlled by them in favour of the Arrangement Resolution. See "The Arrangement – Voting and Support Agreements".

Material Changes in the Affairs of the Company

To the knowledge of the directors and Senior Officers of the Company and except as publicly disclosed or otherwise described in this Circular, there are no plans or proposals for material changes in the affairs of the Company.

Previous Purchases and Sales

No Common Shares or other securities of the Company have been purchased or sold by the Company during the 12-month period preceding the date of this Circular other than as described under "Previous Distributions" below.

Previous Distributions

Excluding Common Shares distributed pursuant to the exercise of Options, Warrants or other securities with conversion rights, no Common Shares have been distributed during the twelve-month period preceding the date of this Circular other than as set forth below:

Date	Description	Number of Securities	Details
October 25, 2018	Grant of Options	7,800,000	Exercise price $0.40
October 2, 2018	Rights Offering	19,816,847 Common Shares and 9,908,421 Warrants	Gross proceeds: $7,926,738.80

Dividend Policy

The Company has not declared or paid any dividends on the Common Shares.

Expenses

The estimated fees, costs and expenses of the Company in connection with the Arrangement, including, without limitation, fees of the financial advisor, filing fees, legal and accounting fees and printing and mailing costs are not expected to exceed approximately $2 million.

INFORMATION CONCERNING THE PURCHASER

The Purchaser is a leading oil and gas private company in Latin America, with presence in three continents and operations in five countries: Argentina, Angola, Bolivia, Colombia and Perú. The Purchaser is also positioned as an important protagonist in unconventional reservoirs in Argentina, which makes it a key global player in this strategic resource. The Purchaser is a corporation existing under the laws of the Netherlands.

RISK FACTORS

Securityholders should carefully consider the following risks related to the Arrangement. Additional risks and uncertainties, including those currently unknown to or considered immaterial by the Company, may also adversely affect the Arrangement. The following risk factors are not a definitive list of all risk factors associated with the Arrangement.

Risks Relating to the Arrangement

Completion of the Arrangement is subject to the satisfaction or waiver of several conditions

The completion of the Arrangement is subject to a number of conditions precedent, some of which are outside of the control of the Parties, including receipt of Required Securityholder Approval, the granting of the Final Order and the satisfaction of customary closing conditions. There can be no certainty, nor can the Parties provide any assurance, that all conditions precedent to the Arrangement will be satisfied or waived, nor can there be any certainty of the timing of their satisfaction or waiver. If the Arrangement is not completed for any reason, there are risks that the announcement of the Arrangement and the dedication of substantial resources of the Company to the completion thereof could have a negative impact on the Company's current business relationships (including with future and prospective employees, suppliers and joint venture partners) and could have a material adverse effect on the current and future operations, financial condition and prospects of the Company. In addition, failure to complete the Arrangement for any reason could materially negatively impact the market price of the Common Shares.

The Arrangement Agreement may be terminated

The Arrangement Agreement may be terminated by the Company or the Purchaser in certain circumstances. Accordingly, there is no certainty, nor can the Company provide any assurance, that the Arrangement Agreement will not be terminated by the Company or the Purchaser before the completion of the Arrangement. Failure to complete the Arrangement could materially negatively impact the market price of the Common Shares. If the Arrangement Agreement is terminated, there is no assurance that the Board will be able to find a party willing to pay an equivalent or greater price for the Common Shares than the price to be paid pursuant to the terms of the Arrangement Agreement.

The Company will incur costs and may have to pay the Termination Fee

Certain costs relating to the Arrangement, such as legal, accounting and financial advisory fees, must be paid by the Company even if the Arrangement is not completed. If the Arrangement is not completed for certain reasons, the Company may be required to pay the Termination Fee to the Purchaser, the result of which could have a material adverse effect on the Company's financial position and results of operations and its ability to fund growth prospects and current operations. In addition, the Termination Fee may discourage other parties from making an Acquisition Proposal, even if such a transaction could provide better value to Securityholders than the Arrangement.

Even if the Arrangement Agreement is terminated without payment of the Termination Fee, the Company may, in the future, be required to pay the Termination Fee in certain circumstances

Under the Arrangement Agreement, the Company may be required to pay the Termination Fee to the Purchaser at a date subsequent to the termination of the Arrangement Agreement if the Arrangement Agreement is terminated in certain circumstances and (i) prior to the Meeting, a bona fide Acquisition Proposal is made or publicly announced by any Person, (ii) such Acquisition Proposal has not expired or been publicly withdrawn at least five (5) Business Days prior to the Meeting, and (iii) within 12 months following the date of such termination (A) an Acquisition Proposal is consummated or (B) the Company enters into a contract in respect of an Acquisition Proposal and such Acquisition Proposal is later consummated. For purposes of the foregoing, the term "Acquisition Proposal" shall have the meaning assigned to such term in "Glossary of Terms" in this Circular, except that references to "20% or more" shall be deemed to be references to "50% or more". See "The Arrangement Agreement —Termination Fees and Expenses".

Required Securityholder Approval

The Arrangement requires that the Arrangement Resolution be approved with the Required Securityholder Approval. There can be no certainty, nor can the Company provide any assurance, that Required Securityholder Approval will be obtained. If such approval is not obtained and the Arrangement is not completed, the market price of the Common Shares may decline to the extent that the current market price reflects a market assumption that the Arrangement will be completed. If the Arrangement is not completed and the Board decides to seek another arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or greater

price for the Common Shares, Options and Warrants than the applicable price to be paid pursuant to the Arrangement.

Interests of certain Persons in the Arrangement

Certain directors and Senior Officers of the Company may have interests in the Arrangement that may be different from, or in addition to, the interests of Securityholders generally, including, without limitation, those interests discussed under the heading "The Arrangement — Interests of Certain Persons in the Arrangement". In considering the recommendation of the Board to vote in favour of the Arrangement Resolution, Securityholders should consider these interests.

Rights of Securityholders after the Arrangement

Following the completion of the Arrangement, Securityholders will no longer have an interest in the Company. If the value of the Company's assets or business, prior, at or after the Effective Date, exceeds the implied value of the Company under the Arrangement, the Securityholders will not be entitled to additional consideration for their Common Shares, Options or Warrants.

Shareholders will no longer hold an interest in the Company following the Arrangement

Following the Arrangement, Shareholders will no longer hold any of the Common Shares and Shareholders will forego any future increase in value that might result from future growth and the potential achievement of the Company's long-term plans.

Risks Relating to the Company

If the Arrangement is not completed, the Company will continue to face the risks that it currently faces with respect to its affairs, business and operations and future prospects. Such risk factors are set forth and described in the Company's Annual MD&A for the period ended August 31, 2018 which is available under the Company's profile on SEDAR at www.sedar.com.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the principal Canadian federal income tax considerations in respect of the Arrangement generally applicable to a Shareholder who, for purposes of the Tax Act, and at all relevant times, deals at arm's length with each of the Company and the Purchaser and is not affiliated with the Company or the Purchaser, and disposes of such Common Shares under the Arrangement (a "**Holder**").

This summary is based on the current provisions of the Tax Act and the administrative practices and policies of the Canada Revenue Agency made publicly available in writing prior to the date hereof. This summary also takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "**Tax Proposals**") and assumes that all Tax Proposals will be enacted in the form proposed. However, there can be no assurance that the Tax Proposals will be enacted in their current form, or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except for the Tax Proposals, does not take into account or anticipate any changes in law or administrative practice or policies, whether by legislative, regulatory, administrative or judicial decision or action, nor does it take into account or consider other federal or any provincial, territorial or foreign tax considerations, which may differ significantly from the Canadian federal income tax considerations described herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder. This summary is not exhaustive of all Canadian federal income tax considerations. Consequently, Shareholders are urged to consult their own tax advisors for advice regarding the income tax consequences to them of disposing of their Common Shares under the Arrangement, having regard to their own particular circumstances, and any other consequences to them of such transactions under Canadian federal, provincial, local and foreign tax laws. This summary does not address the tax treatment of

Options and Warrants under the Arrangement. Optionholders and Warrantholders should consult with their own tax advisors in this regard.

Holders Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is resident or deemed to be resident in Canada and holds its Common Shares as capital property (a "**Resident Holder**").

Common Shares will generally be considered to be capital property to a Holder unless the Holder holds such Common Shares in the course of carrying on a business or the Holder acquired such Common Shares in a transaction or transactions considered to be an adventure or concern in the nature of trade. Certain Holders whose Common Shares might not otherwise be considered capital property may, in certain circumstances, make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have the Common Shares and all other "Canadian securities" as defined in the Tax Act owned by such Holder in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property. Holders should consult with their own tax advisors if they contemplate making such an election.

This summary is not applicable to: (a) a Resident Holder that is a "financial institution" (for the purposes of the "mark-to-market" rules) or a "specified financial institution", each as defined in the Tax Act; (b) a Resident Holder an interest in which would be a "tax shelter investment" within the meaning of the Tax Act; (c) a Resident Holder whose "functional currency" for the purposes of the Tax Act is the currency of a country other than Canada; or (d) a Resident Holder that has entered into a "derivative forward agreement" in respect of its Common Shares.

Amalgamation of the Company and Subco

Pursuant to the Arrangement, the Company and Subco will complete a tax-deferred amalgamation pursuant to section 87 of the Tax Act. No gain or loss will be realized by a Resident Holder in connection with the amalgamation.

Disposition of Shares under the Arrangement

Under the Arrangement, Resident Holders (other than Resident Holders who are Dissenting Shareholders) will transfer their Common Shares to the Purchaser in consideration for a cash payment of $0.6612 per Common Share, and will realize a capital gain (or a capital loss) equal to the amount by which the aggregate cash payment exceeds (or is less than) the aggregate of the adjusted cost base to the Resident Holder of such Common Shares and any reasonable costs of disposition. The taxation of capital gains and capital losses is discussed below under the heading "Capital Gains and Capital Losses".

Dissenting Resident Holders of Common Shares

A Resident Holder who is a Dissenting Common Shareholder (a "**Dissenting Resident Holder**") will be deemed to have transferred such Dissenting Resident Holder's Common Shares to the Purchaser, and will be entitled to receive a payment from the Purchaser of an amount equal to the fair value of the Dissenting Resident Holder's Shares.

A Dissenting Resident Holder who is entitled to be paid the fair value of their Common Shares by the Purchaser will realize a capital gain (or capital loss) to the extent that such payment (other than any portion thereof that is interest awarded by a court) exceeds (or is less than) the aggregate of the adjusted cost base of the Common Shares to the Dissenting Resident Holder and any reasonable costs of the disposition. See "Capital Gains and Capital Losses". A Dissenting Resident Holder will be required to include in computing its income any interest awarded by a court in connection with the Arrangement.

Capital Gains and Capital Losses

Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "**taxable capital gain**") realized in such taxation year. Subject to and in accordance

with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an "**allowable capital loss**") realized in a taxation year from taxable capital gains realized by the Resident Holder in the year. Allowable capital losses in excess of taxable capital gains may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and in the circumstances described in the Tax Act.

In the case of a Resident Holder that is a corporation, trust or partnership, the amount of any capital loss otherwise resulting from the disposition of Common Shares may be reduced by the amount of dividends previously received or deemed to be received to the extent and under the circumstances prescribed in the Tax Act. Capital gains realized by individuals and certain trusts may give rise to a liability for alternative minimum tax under the Tax Act.

Additional Refundable Tax

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

Holders Not Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is not and has not been a resident or deemed to be a resident of Canada, does not use or hold, and is not deemed to use or hold, Common Shares in connection with carrying on a business in Canada, and holds its Common Shares as capital property (a "**Non-Resident Holder**"). Special rules, which are not discussed in this summary, apply to a non-resident that is an insurer carrying on business in Canada and elsewhere.

Amalgamation of the Company and Subco

A Non-Resident Holder will not be subject to Canadian income tax in connection with the amalgamation of the Company and Subco. If a Non-Resident Holder's Shares are "taxable Canadian property" to such holder for the purposes of the Tax Act immediately before the amalgamation, the Non-Resident Holder's Shares will be deemed to be taxable Canadian property after the amalgamation.

Disposition of Common Shares under the Arrangement

A Non-Resident Holder will not be subject to tax under the Tax Act on any capital gain, or entitled to deduct any capital loss, realized on the disposition of Common Shares to the Purchaser under the Arrangement unless such Common Shares constitute "taxable Canadian property" to the Non-Resident Holder and do not constitute "treaty-protected property".

Provided that the Common Shares are listed on a designated stock exchange (which includes the TSX-V) at a particular time, such Common Shares will not constitute taxable Canadian property to a Non-Resident Holder at such time unless, at any time during the sixty-month period that ends at that time: (a) (i) the Non-Resident Holder, (ii) Persons with whom the Non-Resident Holder does not deal at arm's length, (iii) partnerships in which the Non-Resident Holder or any Person described in (ii) holds an interest directly or indirectly through one or more partnerships, or (iv) the Non-Resident Holder together with all Persons described in (ii) and (iii), owned 25% or more of the Common Shares; and (b) more than 50% of the fair market value of the Common Shares was derived, directly or indirectly from one or any combination of real or immovable property situated in Canada, "Canadian resource properties" (as defined in the Tax Act), "timber resource properties" (as defined in the Tax Act), or options or interests in respect of such property, whether or not such property exists. Notwithstanding the foregoing, in certain circumstances set out in the Tax Act, Common Shares which are not otherwise taxable Canadian property could be deemed to be taxable Canadian property.

Even if such Common Shares are taxable Canadian property to a Non-Resident Holder, a taxable capital gain resulting from the disposition of such Common Shares will not be included in computing the Non-Resident Holder's income for the purposes of the Tax Act if the Common Shares constitute "treaty-protected property". Common

Shares owned by a Non-Resident Holder will generally be treaty-protected property if the gain from the disposition of such Common Shares would, because of an applicable income tax treaty, be exempt from tax under the Tax Act. If the Common Shares constitute taxable Canadian property but not treaty-protected property to a particular Non-Resident Holder, the tax consequences as described under "Disposition of Common Shares under the Arrangement" and "Capital Gains and Capital Losses" under "Holders Resident in Canada" will generally apply. A Non-Resident Holder who disposes of taxable Canadian property that is not treaty-protected property must file a Canadian income tax return for the year in which the disposition occurs, regardless of whether the Non-Resident Holder is liable for Canadian tax on any gain realized as a result.

Dissenting Non-Resident Holders

A Non-Resident Holder of Common Shares who dissents from the Arrangement (a "**Dissenting Non-Resident Holder**") will be deemed to have transferred such Dissenting Non-Resident Holder's Shares to the Purchaser, and will be entitled to receive a payment from the Purchaser of an amount equal to the fair value of the Dissenting Non-Resident Holder's Shares.

Dissenting Non-Resident Holders will generally be subject to the same treatment described under "Disposition of Common Shares under the Arrangement".

Any interest paid or deemed to be paid to a Dissenting Non-Resident Holder will not be subject to Canadian withholding tax.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed under "The Arrangement-Interests of Certain Persons in the Arrangement" in this Circular, no informed person of the Company (e.g. directors and executive officers of the Company and Persons beneficially owning or controlling or directing voting securities of the Company or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company), or any Associate or Affiliate of any informed person, has had any material interest in any transaction, or proposed transaction, which has materially affected or would materially affect the Company or any of its subsidiaries since the commencement of the most recently completed financial year of the Company.

AUDITORS

KPMG LLP is the auditor of the Company and is independent of the Company within the meanings of the Rules of Professional Conduct of the Institute of Chartered Accounts of Ontario. KPMG LLP was first appointed as auditor of the Company in 2016.

OTHER INFORMATION AND MATTERS

There is no information or matter not disclosed in this Circular but known to the Company that would be reasonably expected to affect the decision of the Shareholders to vote for or against the Arrangement Resolution.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Financial information is provided in the Company's audited consolidated Financial Statements and MD&A for its most recently completed financial year which are filed on SEDAR. In addition, copies of the Company's annual financial statements and MD&A and this Circular may be obtained upon request to the Company at Suite 605, 40 University Avenue, Toronto, Ontario M5J 1T1, Attention: Vice President, Legal and General Counsel.

APPROVAL OF THE BOARD OF DIRECTORS

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

DATED this 4th day of February, 2019

BY ORDER OF THE BOARD OF DIRECTORS

"Stephen Dattels"

STEPHEN DATTELS
Executive Chairman

CONSENT OF BMO NESBITT BURNS INC.

To: The Board of Directors of LSC Lithium Corporation.

We consent to the inclusion in the management information circular of LSC Lithium Corporation ("LSC") dated February 4, 2019 (the "Circular") of our fairness opinion dated January 14, 2019, a summary of our fairness opinion and references to our firm name and our fairness opinion in the Circular.

In providing such consent, we do not intend that any person other the Board of Directors of LSC be entitled to rely on our fairness opinion dated January 14, 2019.

"*BMO Nesbitt Burns Inc.*"

Toronto, Ontario

February 4, 2019