

None of the Canadian securities regulatory authorities nor the United States Securities and Exchange Commission nor any state securities commission has approved or disapproved of the proposed arrangement involving Lithium Chile Inc. and Kairos Metals Corp., or passed upon the merits or fairness of the arrangement or upon the adequacy or accuracy of the information contained in this notice of special meeting and management proxy circular. Any representation to the contrary is a criminal offence.



PLAN OF ARRANGEMENT INVOLVING

LITHIUM CHILE INC.

-and -

KAIROS METALS CORP.

-and -

SHAREHOLDERS OF LITHIUM CHILE INC.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE OF APPLICATION TO THE COURT OF QUEEN'S BENCH

MANAGEMENT INFORMATION CIRCULAR

March 26, 2018

These materials are important and require your immediate attention. The matters referred to in these materials require holders of common shares (the "**LITH Shareholders**") in the capital of Lithium Chile Inc. ("**LITH**") to make important decisions. If you are in doubt as to how to make such decisions please contact your financial, legal, tax or other professional advisors. The Board of Directors of LITH unanimously recommends that LITH Shareholders vote in favour of the plan of arrangement described in this management information circular at the Special Meeting of LITH Shareholders.

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ENCLOSURES

FORM OF PROXY



LETTER TO SHAREHOLDERS

March 26, 2018

Dear Shareholder:

You are invited to attend the special meeting (the "**Meeting**") of the holders (collectively, the "**LITH Shareholders**") of common shares (the "**LITH Shares**") in the capital of Lithium Chile Inc. ("**LITH**" or the "**Corporation**") to be held at the offices of Burstall Winger Zammit LLP, Suite 1600, 333 - 7th Avenue S.W., Calgary, Alberta, on Friday, April 27, 2018 at 10:00 a.m. (Calgary time).

At the Meeting, the LITH Shareholders will be asked, among other things, to consider, and, if thought advisable, approve a proposed plan of arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) involving, among other things, the reduction of the stated capital account maintained for the LITH Shares and the distribution of common shares (the "**SpinCo Shares**") in the capital of Kairos Metals Corp. ("**SpinCo**"), currently a wholly-owned subsidiary of the Corporation, to the LITH Shareholders on the basis of one (1) SpinCo Share for every (4) LITH Shares held.

SpinCo will hold the Corporation's interests in its copper, gold and silver properties in Chile.

The board of directors of the Corporation (the "**Board**") believes that the creation of two separate growth-oriented public mining companies, one focused on exploiting the Corporation's high-grade lithium deposits in Chile and the other focused on exploiting the Corporation's Chilean copper, gold and silver properties, will enhance their respective business operations, provide LITH Shareholders with additional investment choices and flexibility, and unlock the value of the Corporation's copper, gold and silver properties.

The Board unanimously determined, based upon such factors considered by the Board to be relevant, that the Arrangement is fair to the LITH Shareholders and is in the best interests of the Corporation.

The Board unanimously recommends that LITH Shareholders vote IN FAVOUR of the Arrangement

For the Arrangement to proceed, the special resolution to approve the Arrangement (the "**Arrangement Resolution**") must be approved by not less than 66 $\frac{2}{3}$ % of the votes cast by LITH Shareholders, represented either in person or by proxy at the Meeting, voting together as a single class.

It is anticipated that the Arrangement will be completed on or about May 8, 2018, if the LITH Shareholders approve the Arrangement Resolution at the Meeting and, subject to the satisfaction or waiver of certain conditions including, but not limited to, the receipt of required regulatory approvals and other conditions typical for this type of transaction, and approval of the Arrangement by the Court of Queen's Bench of Alberta.

It is important that your LITH Shares be represented at the Meeting. Whether or not you are able to attend, we urge you to complete the enclosed form of proxy and return them in the envelope provided to the attention of Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, Facsimile: 1-866-249-7775, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the commencement of the Meeting or any adjournment or postponement thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his sole discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

Also included with this letter, in addition to the form of proxy, is a notice of the special meeting and a management information circular of LITH dated March 26, 2018 (the "**Circular**").

The Circular contains a detailed description of the Arrangement, as well as detailed information regarding LITH and SpinCo. Please give this material your careful consideration and, if you require assistance, consult your financial, legal, tax or other professional advisors. If you are unable to attend the Meeting in person, please complete and deliver the applicable form of proxy which is enclosed in order to ensure your representation at the Meeting.

Yours very truly,

"Steven Cochrane"

Steven Cochrane

President and Chief Executive Officer

**NOTICE OF SPECIAL MEETING OF
SHAREHOLDERS OF LITHIUM CHILE INC.
TO BE HELD FRIDAY, APRIL 27, 2018**

NOTICE IS HEREBY GIVEN that, pursuant to an order (the "**Interim Order**") of the Court of Queen's Bench of Alberta (the "**Court**") dated March 28, 2018, a special meeting (the "**Meeting**") of the holders (collectively, the "**LITH Shareholders**") of common shares (the "**LITH Shares**") in the capital of Lithium Chile Inc. ("**LITH**") will be held at the offices of Burstall Winger Zammit LLP, Suite 1600, 333 - 7th Avenue S.W., Calgary, Alberta, on Friday, April 27, 2018 at 10:00 a.m. (Calgary time) for the following purposes:

- (a) to consider and, if thought advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**"), the full text of which is set forth in Schedule "A" to the Corporation's information circular dated March 26, 2018 (the "**Circular**"), to approve a plan of arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) ("**ABCA**"), all as more particularly described in the Circular; and
- (b) to transact such further and other business as may properly be brought before the Meeting or any adjournment or postponement thereof.

The nature of the business to be transacted at the Meeting and the specific details regarding the Arrangement are described in further detail in the Circular.

The LITH Shareholders will be entitled to one vote at the Meeting for each LITH Share held. The Arrangement Resolution must be approved by not less than 66 $\frac{2}{3}$ % of the votes cast by LITH Shareholders, represented either in person or by proxy at the Meeting, voting together as a single class.

The board of directors of LITH has set the close of business on March 8, 2018 (the "**Record Date**") as the record date for determining LITH Shareholders who are entitled to receive notice of and vote at the Meeting or any adjournment or postponement thereof. Each LITH Share entitled to be voted at the Meeting will entitle the holder to one vote at the Meeting in respect of the Arrangement Resolution and any other matters to be considered at the Meeting. Only LITH Shareholders whose names have been entered in the registers for the LITH Shares on the close of business on the Record Date will be entitled to receive notice of and to vote at the Meeting. Holders of LITH Shares who acquire LITH Shares after the Record Date will not be entitled to vote such LITH Shares at the Meeting unless, after the Record Date, a holder of record transfers his or her LITH Shares and the transferee, upon producing properly endorsed certificates or DRS Advice evidencing such LITH Shares or otherwise establishing that he or she owns such LITH Shares, requests at least ten (10) days before the Meeting that the transferee's name be included in the list of LITH Shareholders entitled to vote, in which case such transferee shall be entitled to vote such LITH Shares at the Meeting.

Whether or not you intend to attend the Meeting, you are requested to complete, sign, date and return the enclosed form of proxy either in the enclosed addressed envelope to the attention of Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or by Facsimile: 1-866-249-7775, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the commencement of the Meeting or any adjournment or postponement thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his sole discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

Pursuant to the Interim Order, registered LITH Shareholders have the right to dissent with respect to the Arrangement Resolution and, if the Arrangement Resolution becomes effective, to be paid the fair value of their LITH Shares in accordance with the provisions of Section 191 of the ABCA, as modified by the Interim Order. A registered LITH Shareholder wishing to exercise a right of dissent with respect to the Arrangement must send a written objection to the Arrangement Resolution to LITH, which written objection must be received by LITH, c/o its counsel Burstall Winger Zammit LLP, 1600, 333 - 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, Attention: Sabina Shah, by 5:00 p.m. (Calgary time) on April 25, 2018, or the Business Day that is two Business Days immediately preceding the date of any adjournment or postponement of the Meeting. A LITH Shareholder's right to dissent is

more particularly described in the Circular, including in the Interim Order and in the text of Section 191 of the ABCA, which are set forth in Schedules "C" and "D", respectively, to the Circular.

Failure to strictly comply with the requirements set forth in Section 191 of the ABCA, as modified by the Interim Order, may result in the loss of any right of dissent. Persons who are beneficial owners of LITH Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent should be aware that only the registered holders of LITH Shares are entitled to dissent. Accordingly, a beneficial owner of LITH Shares desiring to exercise this right must make arrangements for the LITH Shares beneficially owned by such holder to be registered in the beneficial owner's name prior to the time the written objection to the Arrangement Resolution is required to be received by LITH or, alternatively, make arrangements for the registered holder of such LITH Shares to dissent on the beneficial owners' behalf. It is strongly recommended that any LITH Shareholder wishing to dissent seek independent legal advice, as failure to comply strictly with the provisions of the ABCA, as modified by the Interim Order, may prejudice such LITH Shareholder's right to dissent. See "*Dissent Rights*" in the Circular for further information regarding the right to dissent.

DATED at Calgary, Alberta, this 26th day of March, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS
OF LITHIUM CHILE INC.**

"Steven Cochrane"

Steven Cochrane
President and Chief Executive Officer

GLOSSARY OF TERMS

Unless the context otherwise requires, when used in this Circular, including the Summary Information hereof, the following terms shall have the meanings set forth below. Further, capitalized terms used herein that are not defined in this Circular, including the Summary Information thereof, have the meanings given to them in the Arrangement Agreement, a copy of which is attached hereto as Schedule "B".

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended including the regulations promulgated thereunder;

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

"**Applicable Laws**" means applicable laws (including, without limitation, common law), statutes, by-laws, published rules, regulations, published directives, instructions, orders, ordinances, protocols, codes, guidelines, treaties, policies, notices, directions, decrees, judgments, awards or other requirements having the force of law, in each case of any Governmental Entity;

"**Arrangement**" means the arrangement under the provisions of Section 193 of the ABCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the provisions of the Plan of Arrangement or made at the direction of the Court in the Final Order;

"**Arrangement Agreement**" means the arrangement agreement dated March 22, 2018, entered into between LITH and SpinCo with respect to the Arrangement, attached hereto at Schedule "B";

"**Arrangement Resolution**" means the special resolution of LITH Shareholders to approve the Arrangement to be presented to the LITH Shareholders at the Meeting substantially in the form attached hereto at Schedule "A";

"**Articles of Arrangement**" means the articles of arrangement of LITH in respect of the Arrangement required under Subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been granted giving effect to the Arrangement;

"**Beneficial Shareholder**" means LITH Shareholders who hold their LITH Shares through an intermediary such as a bank, trust company, securities broker, trustee or other nominee or who otherwise do not hold their LITH Shares in their own name;

"**Broadridge**" means Broadridge Financial Solutions, Inc.;

"**Business Day**" means any day, other than a Saturday, Sunday or statutory holiday in Calgary, Alberta;

"**Certificate of Arrangement**" means the certificate or proof of filing to be issued by the Registrar pursuant to Subsection 193(11) or Subsection 193(12) of the ABCA in respect of the Articles of Arrangement giving effect to the Arrangement;

"**CGS Claims**" means the Corporation's prospective copper, gold and silver claims in Chile on the Corporation's properties known as "Salvadora" (which includes the Salvadora Property), "La Fortuna", "Nancagua", "Carmona", "Apolo" and "Sancarron";

"**CGS Claims Purchase Price**" means US\$1,600,000;

"**Circular**" means this management information circular of LITH, together with all schedules hereto to be mailed or otherwise distributed by LITH to the LITH Shareholders or such other securityholders of LITH as may be required pursuant to the Interim Order in connection with the Meeting;

"**Court**" means the Court of Queen's Bench of Alberta;

"**Dissent Rights**" means the right of a registered LITH Shareholder to dissent to the Arrangement Resolution and to be paid the fair value of all of the LITH Shares which the LITH Shareholder holds in respect of which the holder

dissents, all in accordance with Section 191 of the ABCA, as modified by Section 5.1 of the Plan of Arrangement and the Interim Order;

"Dissenting Shareholders" means registered LITH Shareholders, who validly exercise, and have not withdrawn, Dissent Rights at the Effective Time;

"Distribution Record Date" means the close of business on the last trading day on the TSXV immediately prior to the Effective Date, which Distribution Record Date is currently expected to be on or about May 8, 2018, or such other date as the LITH Board may determine;

"Effective Date" means the date the Arrangement becomes effective pursuant to the ABCA, being the date shown on the Certificate of Arrangement;

"Effective Time" means the time at which the Arrangement becomes effective on the Effective Date pursuant to the ABCA;

"Final Order" means the final order of the Court approving the Arrangement pursuant to Subsection 193(9)(a) of the ABCA, in a form acceptable to LITH, as contemplated by the Arrangement Agreement, as such order may be amended by the Court (with the consent of both LITH) 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 LITH) on appeal;

"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, commissioner, minister, cabinet, governor in council, 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;

"IFRS" means Canadian generally accepted accounting principles for publicly accountable enterprises, being International Financial Reporting Standards as adopted by the Canadian Accounting Standards Board;

"Initial Exploration Program" means a two phase exploration program to be conducted on the Salvadora Property as recommended in the Technical Report. Phase 1 contemplates geophysical and IP surveying estimated to cost approximately US\$290,000. Phase 2 is conditional upon receiving satisfactory results from Phase 1 of the exploration program and involves a drilling program of up to 2,800 meters which is estimated to cost up to approximately US\$710,000 for a total of up to US\$1,000,000 for Phases 1 and 2. These expenditures are to be funded by the Intercompany Loan;

"Intercompany Loan" means the advance to be made by LITH to SpinCo in the amount of US\$1,100,000;

"Interim Order" means the interim order of the Court under Subsection 193(4) of the ABCA in a form acceptable to LITH, as contemplated by Section 4.2 of the Arrangement Agreement providing for, among other things, the calling and holding of the Meeting, as such order may be amended by the Court (with the consent of LITH);

"ITA" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), including the regulations promulgated thereunder, all as amended from time to time;

"Law" means, with respect to any Person, any and all applicable law (statutory, civil, 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 (or are applied as if they have) the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended;

"LITH" or the **"Corporation"** means Lithium Chile Inc., a corporation continued under the ABCA;

"LITH Board" means the board of directors of LITH as constituted from time to time;

"**LITH Option Plan**" means the stock option plan of LITH, as constituted on the date hereof;

"**LITH Options**" means stock options of LITH entitling the holders thereof to purchase LITH Shares from treasury pursuant to the LITH Option Plan;

"**LITH Shareholders**" means, collectively, the holders of LITH Shares;

"**LITH Shares**" means the common shares in the capital of LITH;

"**Lithium Claims**" means the Corporation's prospective lithium brine claims in Chile;

"**MD&A**" means the management's discussion and analysis of operating and financial results;

"**Meeting**" means the special meeting of LITH Shareholders to be held at 10:00 a.m. (Calgary time) on Friday, April 27, 2018 at the offices of Burstall Winger Zammit LLP, Suite 1600, 333 - 7th Avenue S.W., Calgary, Alberta, to consider the Arrangement Resolution attached hereto as Schedule "A", and to transact such other business as may properly be brought before such meeting and any adjournment(s) or postponement(s) of such meeting;

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

"**Minera Kairos**" means Compañía Minera Kairos Chile Limitada, the wholly-owned Chilean subsidiary of LITH;

"**NI 43-101**" means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;

"**NI 54-101**" means National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer*;

"**Person**" includes any individual, partnership, limited partnership, limited liability partnership, joint venture, association, body corporate, corporation, company, unincorporated association, limited liability company, unlimited liability company, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status;

"**Plan of Arrangement**" means the plan of arrangement substantially in the form set forth in Schedule "A" to the Arrangement Agreement and any amendments, variations or supplements hereto made in accordance with the terms thereof or the Arrangement Agreement or made at the direction of the Court in the Final Order, with the consent of LITH;

"**Registrar**" means the Registrar of Corporations for the Province of Alberta duly appointed under Section 263 of the ABCA;

"**Regulatory Approvals**" means all sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under any Applicable Laws that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities required in connection with the Plan of Arrangement other than those (i) sanctions, rulings, consents, orders, exemptions, permits and other approvals, the failure of which to obtain individually or in the aggregate, would not reasonably be expected to materially impede or delay the completion of the Arrangement; and (ii) sanctions, rulings, consents, orders, exemptions, permits and other approvals required solely in connection with any pre-acquisition reorganization;

"**Salvadora Property**" means the group of 31 exploration concessions and two overlapping exploitation concessions totaling 8,100 hectares in the Province of Chañaral, Chile, owned by SpinCo's Chilean subsidiary which was the subject of the Technical Report;

"**San Lorenzo**" means Compañía Minera San Lorenzo Limitada, the wholly-owned Chilean subsidiary of SpinCo;

"San Lorenzo Promissory Note" means a promissory note issued by San Lorenzo to Minera Kairos in the amount of US\$1,600,000 as payment of the CGS Claims Purchase Price;

"Securities Act" means the *Securities Act*, R.S.A. 2000, c. S-4, as amended;

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

"SEDAR" means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators, accessible at www.sedar.com;

"SpinCo" means Kairos Metals Corp., a corporation incorporated under the ABCA and a wholly-owned subsidiary of LITH;

"SpinCo Board" means the board of directors of SpinCo as constituted from time to time;

"SpinCo Option Plan" means the proposed stock option plan of SpinCo, attached as Appendix "IV" to Schedule "E";

"SpinCo Options" means stock options of SpinCo entitling the holders thereof to purchase SpinCo Shares from treasury pursuant to the SpinCo Option Plan;

"SpinCo Promissory Note" means a promissory note issued by SpinCo to LITH in the amount of US\$1,150,000;

"SpinCo Shares" means common shares in the capital of SpinCo;

"Subsidiary" means, with respect to a Person, any entity, whether incorporated or unincorporated: (i) of which such Person or any other Subsidiary of such Person is a general partner; or (ii) at least a majority of the securities or other interests of which having by their terms ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such Person and/or by any one or more of its Subsidiaries; and shall include any body corporate, partnership, joint venture or other entity over which it exercises direction or control. For purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise;

"Tax" or "Taxes" means (i) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (ii) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (i) above or this clause (ii); (iii) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (iv) any liability for the payment of any amounts of the type described in clauses (i) or (ii) as a result of any express or implied obligation to indemnify any other Person or as a result of being a transferee or successor in interest to any party;

"Taxing Authority" means, with respect to any Tax, the Governmental Entity or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such entity or subdivision, including any Governmental Entity or agency that imposes, or is charged with collecting, social security or similar charges or premiums;

"Technical Report" means the technical report dated January 20, 2018 which was prepared by Eric Hanson, P. Geo and Qualified Person as defined in NI 43-101. The Technical Report describes the Salvadora Property, updates

exploration efforts conducted on the Salvadora Property and recommends a two phase exploration program to be conducted on the Salvadora Property at an estimated total cost of US\$1,000,000 for both Phase 1 and 2;

"**Transfer Agent**" means the registrar and transfer agent of the LITH Shares, Computershare Trust Company of Canada;

"**TSXV**" 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; and

"**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.

CIRCULAR

Introduction

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of LITH for use at the Meeting and any adjournments or postponements 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.

All summaries of, and references to, the Plan of Arrangement in this Circular are qualified in their entirety by reference to the complete text of the Plan of Arrangement, a copy of which is attached as Schedule "A" to the Arrangement Agreement which is attached as Schedule "B" hereto. **You are urged to carefully read the full text of the Plan of Arrangement.**

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth under "**Glossary of Terms**".

Forward-looking Statements

This Circular and the Schedules attached hereto contain forward-looking information and forward-looking statements. All statements other than statements of historical fact contained in this Circular are forward-looking statements, including, without limitation, statements regarding the closing of the Arrangement, the timing of the Final Order and the Effective Date of the Arrangement, treatment under government regulatory regimes, including receipt of any Regulatory Approvals, treatment of LITH Shareholders under tax laws, benefits of the Arrangement, future financial position, business strategy, projected budgets, projected costs and plans and objectives of or involving LITH or SpinCo. LITH Shareholders can identify many, but not all, of these statements by looking for words such as "believe", "expects", "will", "intends", "projects", "anticipates", "estimates", "continues" or similar words or the negative thereof.

There can be no assurance that the plans, intentions or expectations upon which these forward-looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions, including the terms of the Arrangement Agreement and those discussed elsewhere in this Circular. Although LITH believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Some of the risks which could affect future results and could cause results to differ materially from those expressed in the forward-looking statements contained herein include: the inability of LITH to obtain the required consents, permits or approvals including, but not limited to, Court approval, the approval of the LITH Shareholders and any other Regulatory Approvals, risks inherent in the mining industry; the risk that actual results will vary from the results forecasted and such variations may be material and the additional risks set out under the heading "*Risk Factors*" in Schedule "E" attached hereto.

The information contained under the heading "*Risk Factors*" in Schedule "E" attached hereto, identifies additional factors that could affect the operating results and performance of LITH and SpinCo. We urge you to carefully consider those factors.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Circular are made as of the date of this Circular and LITH undertakes no obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise, unless so required by Applicable Laws.

Information for Non-Canadian Resident Shareholders

LITH Shareholders who are resident in (or citizens of) jurisdictions other than Canada should consult their advisors with respect to the consequences of the Arrangement, including any foreign tax consequences and any associated filing requirements.

REPORTING CURRENCY AND FINANCIAL INFORMATION

Except as otherwise indicated in this Circular, references to "Canadian dollars", "Cdn" or "C\$" are to the currency of Canada and references to "U.S. dollars", "USD" or "US\$" are to the currency of the United States.

All financial statements and financial data derived therefrom included or incorporated by reference in this Circular pertaining to LITH and SpinCo have been prepared in accordance with IFRS, including the unaudited *pro forma* financial statements.

NOTICE REGARDING INFORMATION

Information in this Circular is given as at March 26, 2018 unless otherwise indicated and except for information contained in the documents incorporated herein by reference, which is given as at the respective dates stated therein.

No person is authorized to give any information or make any representation not contained or incorporated by reference in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized. This Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or proxy solicitation. Neither delivery of this circular nor any distribution of the securities referred to in this Circular will, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Circular.

SUMMARY INFORMATION

The following is a summary of certain information contained elsewhere in this Circular, including the Schedules hereto, and is qualified in its entirety by reference to the more detailed information contained or referred to elsewhere in this Circular or in the Schedules hereto. Terms with initial capital letters used in this summary are defined in the "Glossary of Terms".

The Meeting

The Meeting will be held at the offices of Burstall Winger Zammit LLP, Suite 1600, 333 - 7th Avenue S.W., Calgary, Alberta, on Friday, April 27, 2018 at 10:00 a.m. (Calgary time) for the purposes set forth in the accompanying Notice of Meeting. At the Meeting, LITH Shareholders will be asked to consider the Arrangement Resolution.

See "*Matters to be Considered at the Meeting*".

The LITH Board has set the close of business on March 8, 2018 as the Record Date for determining LITH Shareholders who are entitled to receive notice of and vote at the Meeting or any adjournment or postponement thereof. The LITH Shares will vote together as a single class at the Meeting and each LITH Shareholder shall be entitled to one vote for each LITH Share held by such holder at the Meeting in respect of the Arrangement Resolution and any other matters to be considered at the Meeting.

The Arrangement

The purpose of the Arrangement and the related transactions is to reorganize LITH into two separate growth-oriented public mining companies: (a) LITH, which will remain listed on the TSXV, focused on exploiting the Corporation's high-grade lithium deposits in Chile; and (b) SpinCo, a reporting issuer that will be focused on exploiting the Corporation's Chilean copper, gold and silver properties that contain the CGS Claims. The Arrangement would result in, among other things, participating LITH Shareholders holding, immediately following completion of the Arrangement, all of the outstanding SpinCo Shares in proportion to their holdings of LITH Shares at the Effective Time. For a summary of the steps of the Arrangement and related transactions, see the section entitled "*The Arrangement – Details of the Arrangement*".

Reasons and Benefits of the Arrangement

The LITH Board believes that the separation of LITH's copper, gold and silver exploration and development business from its lithium exploration and development business into two separate companies will provide a number of benefits to LITH, SpinCo and the LITH Shareholders, including: providing LITH Shareholders with enhanced value by creating independent investment opportunities in a growth-oriented copper, gold and silver mining company and a growth-oriented pure play lithium company, which management of LITH expects will unlock the value of the Corporation's CGS Claims; providing Shareholders with 100% ownership of each company at the closing of the Arrangement; providing each company with a sharper business focus, enabling them to pursue independent business and financing strategies best suited to their respective business plans; enabling investors, analysts and other stakeholders or potential stakeholders to more accurately compare and evaluate each company; enabling each company to pursue independent growth and capital allocation strategies. The reorganization is intended to occur on a tax-deferred basis for LITH Shareholders resident in Canada who hold their LITH Shares as capital property.

The foregoing summary of what was considered by the LITH Board is not intended to be exhaustive of all the factors that were considered in arriving at a conclusion and making the recommendation described herein. The LITH Board used their own knowledge of the business, financial conditions, and prospects of LITH and SpinCo. See "*The Arrangement – Reasons and Benefits of the Arrangement*".

Recommendation of the LITH Board

The LITH Board unanimously determined, based upon such factors considered by the LITH Board to be relevant that: (i) the Arrangement is fair to the LITH Shareholders; (ii) it will recommend that LITH Shareholders vote in favour of the Arrangement Resolution; and (iii) the Arrangement and entry into of the Arrangement Agreement are

in the best interests of LITH and the LITH Shareholders. See "*The Arrangement Recommendation of the LITH Board*",

The LITH Board realizes that there are risks associated with the Arrangement, including that some of the potential benefits set forth above may not be realized or that there may be significant costs associated with realizing such benefits. The LITH Board believes that the factors in favour of the Arrangement outweigh the risks and potential disadvantages, although there can be no assurance in this regard. See "*Risk Factors*" in Schedule "E".

Fairness of the Arrangement

The Arrangement was determined to be fair to the LITH Shareholders by the LITH Board based upon the following factors, among others:

- the procedures by which the Arrangement will be approved, including the requirement for at least 66⅔% Shareholder approval at the Meeting, and approval by the Court after a hearing at which the fairness of the Arrangement will be considered;
- each LITH Shareholder at the Effective Time will participate in the Arrangement such that each Shareholder will hold, upon completion of the Arrangement, the same proportionate interest in LITH and SpinCo that such Shareholder held in LITH immediately prior to the Arrangement; and
- the continued listing of the LITH Shares on the TSXV will continue to provide liquidity to LITH Shareholders.

See further details under the section entitled "*The Arrangement – Fairness of the Arrangement*".

Details of the Arrangement

The following is a summary of the material terms of the Arrangement Agreement and the Plan of Arrangement and is subject to, and qualified in its entirety by, the full text of the Arrangement Agreement attached as Schedule "B" hereto and the Plan of Arrangement set forth in Exhibit 1 to the Arrangement Agreement.

Pursuant to the Arrangement, commencing at the Effective Time, the following shall occur and shall be deemed to occur, except as otherwise expressly provided in the Plan of Arrangement:

- (a) the stated capital account maintained in respect of the LITH Shares will be reduced by an amount equal to the fair market value of the SpinCo Shares, estimated to be \$1,200 or such other estimated amount as determined by the Board of Directors; and
- (b) LITH will distribute to the LITH Shareholders one (1) SpinCo Share for each four (4) LITH Shares held by a LITH Shareholder.

See "*The Arrangement – Details of the Arrangement*".

Procedure for the Arrangement to Become Effective

The Arrangement is proposed to be carried out pursuant to Section 193 of the ABCA. The following procedural steps must be taken in order for the Arrangement to become effective:

- (a) the Arrangement must be approved by not less than 66⅔% of the aggregate votes validly cast by LITH Shareholders voting together as a single class at the Meeting in the manner set forth in the Interim Order;
- (b) the Court must grant the Final Order approving the Arrangement;

- (c) all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement must be satisfied or waived by the appropriate Party; and
- (d) the Final Order, the Articles of Arrangement and related documents, in the form prescribed by the ABCA, must be filed with the Registrar.

See "*Procedure for the Arrangement to Become Effective - Procedural Steps*".

Shareholder Approval

The number of votes required to pass the Arrangement Resolution shall be not less than 66⅔% of the aggregate votes validly cast by the LITH Shareholders who are in person or represented by proxy at the Meeting and voting together as a single class.

See "*Procedure for the Arrangement to Become Effective - Shareholder Approval*" and "*Matters to be Considered at the Meeting*".

Court Approval

On March 28, 2018, LITH obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. The Interim Order is attached as Schedule "C" hereto.

Implementation of the Arrangement requires the satisfaction of several conditions and the approval of the Court. An application for the Final Order approving the Arrangement is expected to be made on May 7, 2018 at 2:00 p.m. (Calgary time), or as soon thereafter as counsel may be heard, at the Calgary Courts Centre, 601 - 5th Street S.W., Calgary, Alberta if the Arrangement is approved by the requisite majority of LITH Shareholders at the Meeting. On the application, the Court will consider the fairness of the terms and conditions of the Arrangement.

See "*Procedure for the Arrangement to Become Effective - Court Approval*".

Regulatory Matters

It is a condition to the implementation of the Arrangement that all of the requisite Regulatory Approvals be obtained.

See "*Procedure for the Arrangement to Become Effective - Regulatory Matters*".

Stock Exchange Listing

The outstanding LITH Shares are listed and posted for trading on the TSXV under the symbol "LITH". On December 18, 2017, the last trading day prior to the date of the announcement of the proposed Arrangement, the closing price of the LITH Shares on the TSXV was \$1.15. On March 23, 2018, the last trading day prior to the date of this Circular, the closing price of the LITH Shares on the TSXV was \$0.86.

SpinCo will be a reporting issuer but the SpinCo Shares are not listed or posted for trading on any stock exchange or dealer network, and there is consequently no market for the SpinCo Shares.

The TSXV has conditionally approved the Arrangement subject to LITH fulfilling all of the requirements of the TSXV.

LITH Following the Arrangement

Following completion of the Arrangement, LITH will continue to operate as a growth-oriented lithium exploration mining company. The LITH Shares will continue to trade on the TSXV under the symbol "LITH".

SpinCo Following the Arrangement

SpinCo will be a new stand-alone company and will be a reporting issuer in the same jurisdictions as LITH. SpinCo will hold the Corporation's current CGS Claims, including but not limited to the Salvadora Property, and is expected to operate as a growth-oriented precious metals mining company.

For a detailed description of SpinCo following the completion of the Arrangement, see Schedule "E".

Selected Unaudited Pro-Forma Consolidated Financial Information for SpinCo

The following selected unaudited pro-forma financial information for SpinCo is based on the assumptions described in the notes to SpinCo's unaudited pro-forma condensed statement of financial position as at February 28, 2018. See Appendix "III" to Schedule "E", which has been prepared based on the assumptions that, among other things, the Arrangement occurred on February 28, 2018.

| | As at February 28, 2018 (unaudited pro-forma) |
|--|--|
| Cash | \$1,467,040 |
| Exploration and Evaluation Properties – Mineral Properties | \$2,198,500 |
| Total Assets | \$3,665,540 |
| Promissory Notes | \$3,664,500 |
| Share Capital | \$1,040 |
| Total Liabilities and Shareholders' Equity | \$3,665,540 |

Summary of Canadian Federal Income Tax Considerations

This Circular contains a summary of certain Canadian federal income tax considerations generally applicable to certain LITH Shareholders who, under the Arrangement, acquire one or more SpinCo Shares. See the discussion under the section entitled "*Tax Considerations to LITH Shareholders*". LITH Shareholders should consult their own tax advisors for advice with respect to the Canadian income tax consequences to them in respect of the Arrangement.

Tax Considerations in Other Jurisdictions

This Circular does not address any tax considerations of the Arrangement other than certain Canadian federal income tax considerations. LITH Shareholders who are resident in (or citizens of) jurisdictions other than Canada should consult their tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements, in such jurisdictions. See the discussion under the section entitled "*Tax Considerations in Other Jurisdictions*". LITH Shareholders should also consult their own tax advisors regarding provincial, state, local or territorial tax considerations of the Arrangement.

Timing

Subject to satisfaction or waiver of all conditions precedent to the Arrangement as set forth in the Arrangement Agreement, the Arrangement will become effective upon the filing with the Registrar of the Articles of Arrangement, including a copy of the Final Order, together with such other materials as may be required by the Registrar. LITH's objective is to have the Effective Date occur on or about May 8, 2018. The Effective Date could be delayed, however, for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order. **The Arrangement Agreement may be terminated by either Party if the Effective Time has not occurred on or prior to May 31, 2018.** See "*Timing*".

Distribution of SpinCo Share Certificates

The Transfer Agent will distribute the SpinCo Shares to the LITH Shareholders as soon as possible after the Effective Date.

Dissent Rights

Pursuant to the Interim Order, registered LITH Shareholders have the right to dissent with respect to the Arrangement Resolution by providing a written objection to the Arrangement Resolution to LITH, c/o Burstall Winger Zammit LLP, 1600, 333 - 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, Attention: Sabina Shah, by 5:00 p.m. (Calgary time) on April 25, 2018 or the Business Day that is two Business Days immediately preceding the date of any adjournment or postponement of the Meeting.

In the event the Arrangement becomes effective, each registered LITH Shareholder who properly dissents and becomes a Dissenting Shareholder will be entitled to be paid by LITH the fair value of the LITH Shares in respect of which such holder dissents in accordance with Section 191 of the ABCA, as modified by the Plan of Arrangement and the Interim Order. A LITH Shareholder who votes for the Arrangement shall not be entitled to dissent.

A Dissenting Shareholder may dissent only with respect to all of the LITH Shares held by such Dissenting Shareholder or on behalf of any one beneficial owner and registered in the name of the Dissenting Shareholder. See Schedules "C" and "D" hereto for a copy of the Interim Order and the provisions of Section 191 of the ABCA, respectively.

The statutory provisions covering the right of dissent are technical and complex. **Failure to strictly comply with such requirements set forth in Section 191 of the ABCA, as modified by the Plan of Arrangement and the Interim Order, may result in the loss of any right of dissent.**

The Arrangement Agreement provides that, unless otherwise waived by LITH, it is a condition to the completion of the Arrangement that the aggregate number of LITH Shares held by those LITH Shareholders who have validly exercised and not withdrawn Dissent Rights shall not exceed 1% of the aggregate number of LITH Shares outstanding as of the Effective Time. See "*Dissent Rights*".

Securities Laws Matters

The SpinCo Shares to be distributed to LITH Shareholders pursuant to the Arrangement will be distributed pursuant to exemptions from the registration and prospectus requirements contained in applicable Securities Laws in Canada. Under applicable Securities Laws, the SpinCo Shares may be resold in Canada without hold period restrictions, provided that the sale is not a "control distribution" as defined by applicable Securities Laws, no unusual effort is made to prepare the market or create a demand for the SpinCo Shares, no extraordinary commission or consideration is paid in respect of the sale and, if the selling holder of the SpinCo Shares is an insider or officer of SpinCo, such holder has no reasonable grounds to believe that SpinCo is in default of Securities Laws.

See further details under the section entitled "*Securities Laws Matters*".

Risk Factors

There are risks associated with the completion of the Arrangement.

Some of these risks include that the Arrangement Agreement may be terminated in certain circumstances, in which case the fair market value of the LITH Shares may be adversely affected and that the closing of the Arrangement is conditional on, among other things, the receipt of consents and approvals from Governmental Entities that could delay completion of the Arrangement. See "*Risk Factors*" in Schedule "E" hereto.

GENERAL PROXY MATTERS

Solicitation of Proxies

This Circular is provided in connection with the solicitation of proxies by the management of LITH for use at the Meeting and the associated costs thereof will be borne by LITH. LITH will bear the costs incurred in the preparation and mailing of the form of proxy, notice of special meeting and this Circular. While no arrangements have been made to date by LITH, LITH may contract for the distribution and solicitation of proxies for the Meeting. The costs incurred by LITH in soliciting proxies will be paid by LITH. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of LITH (who will not be specifically remunerated therefore).

The Meeting is being called pursuant to the Interim Order of the Court to seek the requisite approval of LITH Shareholders to the Arrangement in accordance with Section 193 of the ABCA. See "*The Arrangement*" and "*Matters to be Considered at the Meeting*".

Appointment and Revocation of Proxies

Accompanying this Circular is the form of proxy for holders of LITH Shares. **The persons named in the enclosed form of proxy are directors and/or officers of LITH. A LITH Shareholder has the right to appoint a person (who need not be a LITH Shareholder) other than the persons designated in the form of proxy provided by LITH to represent the LITH Shareholder at the Meeting.** To exercise this right, the LITH Shareholder should strike out the names of management designees in the enclosed form of proxy and insert the name of the desired representative in the blank space provided in the form of proxy or submit another appropriate form of proxy. In order to be effective, a proxy must be forwarded so as to reach, or be deposited with Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, Facsimile: 1-866-249-7775, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the Meeting or any adjournment or postponement thereof or may be accepted by the Chairman of the Meeting prior to the commencement of the Meeting. The proxy shall be in writing and executed by the LITH Shareholder or such LITH Shareholder's attorney authorized in writing, or if such LITH Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney.

In addition to revocation in any other manner permitted by law, a LITH Shareholder may revoke a proxy: (a) by instrument in writing executed by the LITH Shareholder or such LITH Shareholder's attorney authorized in writing or if the LITH Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof, duly authorized, and deposited either with Computershare Trust Company of Canada, acting as scrutineers, at the office of Computershare Trust Company of Canada designated in the Notice of Meeting to LITH Shareholders and the Circular not later than 10:00 a.m. (Calgary time) on the Business Day preceding the day of the Meeting (or any adjournment thereof) or with the Chairman on the day of the Meeting (or any adjournment or postponement thereof); (b) by a duly executed and deposited proxy bearing a later date or time than the date or time of the proxy being revoked; or (c) as permitted by law.

Proxy Voting

The LITH Shares represented by an effective proxy will be voted in accordance with the instructions specified therein. **Where no choice is specified, the LITH Shares will be voted in favour of the approval of the Arrangement Resolution (and other matters validly put forward at the Meeting).** The enclosed forms of proxy confer discretionary authority in respect of amendments or variations to matters identified in the Notice of Meeting to LITH Shareholders and with respect to other matters which may properly come before the Meeting or any adjournment or postponement thereof. As of the date hereof, management of LITH knows of no amendments, variations or other matters to come before the Meeting; however, if any other matter properly comes before the Meeting, the accompanying forms of proxy will be voted on such matter in accordance with the best judgment of the person(s) voting the proxies.

LITH Shareholders may also use the internet site at www.investorvote.com or call 1-866-732-VOTE (8683) to transmit their voting instructions. LITH Shareholders should have the form(s) of proxy in hand when they access the website and will be prompted to enter their Control Number, which is located on the forms of proxy. If LITH

Shareholders vote by internet, their vote must be received not later than 9:00 a.m. (Calgary time) on April 25, 2018 or 48 hours prior to the time of any adjournment or postponement of the Meeting. **The website may be used to appoint a proxy holder to attend and vote on a LITH Shareholder's behalf at the Meeting and to convey a LITH Shareholder's voting instructions. Please note that if a LITH Shareholder appoints a proxy holder and submits their voting instructions and subsequently wishes to change his or her appointment, a LITH Shareholder may resubmit his or her proxy and/or voting direction, prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previous proxies submitted will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.**

In order to approve a motion proposed at the Meeting a majority of greater than 50% of the votes cast will be required (an "ordinary resolution") unless the motion requires a "special resolution" in which case a majority of 66 $\frac{2}{3}$ % of the votes cast will be required.

Advice to Beneficial Holders of LITH Shares

The information set forth in this section is of significant importance to many LITH Shareholders, as a substantial number of LITH Shareholders do not hold their LITH Securities in their own name. LITH Shareholders who do not hold their LITH Shares in their own name (the "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose names appear on the records of LITH as the registered holders of LITH Shares can be recognized and acted upon at the Meeting. If LITH Shares are listed in an account statement provided to a securityholder by a broker, then, in almost all cases, those LITH Shares will not be registered in the Beneficial Shareholder's name on the records of LITH. Such LITH Shares will more likely be registered under the name of the Beneficial Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the nominee of The Canadian Depositary for Securities Limited, which acts as depositary for many Canadian brokerage firms). LITH Shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents and nominees are prohibited from voting LITH Shares for the broker's clients. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their LITH Shares are communicated to the appropriate person.

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of securityholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their LITH Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is identical to the form of proxy provided to registered LITH Shareholders. However, its purpose is limited to instructing the registered LITH Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers delegate responsibility for obtaining instructions from clients to Broadridge. Broadridge typically prepares a Voting Instruction Form ("**VIF**") and mails the VIF to the Beneficial Shareholders and asks Beneficial Shareholders to return the VIF to Broadridge. Often Beneficial Shareholders are provided with a toll-free telephone number or a website address through either of which their LITH Shares can be voted. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of LITH Shares to be represented at the Meeting. A Beneficial Shareholder receiving a VIF from Broadridge cannot use that VIF to vote LITH Shares directly at the Meeting. The VIF must be returned to Broadridge well in advance of the Meeting in order to have the LITH Shares voted at the Meeting. If you have any questions respecting the voting of LITH Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

Beneficial Shareholders who have not objected to their intermediary disclosing certain ownership information about themselves to LITH are referred to as non-objecting beneficial owners or "**NOBOs**". Those Beneficial Shareholders who have objected to their intermediary disclosing ownership information about themselves to LITH are referred to as objecting beneficial owners or "**OBOs**".

Pursuant to NI 54-101, LITH has distributed copies of proxy-related materials in connection with this Meeting (including this Circular) indirectly to all Beneficial Shareholders. LITH is not relying on the notice and access delivery procedures outlined in NI 54-101 to distribute copies of the proxy related materials in connection with the Meeting.

LITH will not 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. Accordingly, an OBO will not receive copies of the proxy-related materials and related documents unless the OBO's intermediary assumes the costs of delivery.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting LITH Shares registered in the name of his or her broker (or an agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote the LITH Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their LITH Shares as proxyholder for the registered LITH Shareholder, should enter their own names in the blank space on the VIF provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

Voting Securities of LITH and Principal Holders thereof

As at the Record Date, there are 100,655,461 LITH Shares issued and outstanding, all of which for the purposes of the Meeting will be entitled to vote. Pursuant to the Interim Order, each LITH Share carries the right to one (1) vote at the Meeting. The LITH Shares will vote together as a single class.

The Record Date is the close of business on March 8, 2018. Only LITH Shareholders whose names have been entered in the registers of the holders of LITH Shares on the close of business on the Record Date will be entitled to receive notice of and to vote the LITH Shares; provided that, to the extent that a LITH Shareholder transfers ownership of any LITH Shares after the Record Date and the transferee of those LITH Shares establishes ownership of such LITH Shares and demands, no later than ten (10) days before the Meeting, to be included in the list of LITH Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote such LITH Shares at the Meeting.

To the knowledge of the directors and officers of LITH, as of the date hereof, no person or company beneficially owns, or exercises control or direction over, directly or indirectly, more than 10% of the voting rights attached to all of the outstanding LITH Shares of any one class, other than as set forth below:

| Name and Municipality of Residence | Number of LITH Shares | Percentage of LITH Shares⁽¹⁾ |
|---|------------------------------|--|
| Al Kroontje Calgary, Alberta | 11,247,000 | 11.17% ⁽¹⁾ |

Note:

(1) On a non-diluted basis based on an aggregate of 100,655,461 LITH Shares being issued and outstanding as of the date hereof.

Procedure and Votes Required

The Interim Order provides that each holder of LITH Shares at the close of business on the Record Date will be entitled to receive notice of, to attend and to vote at the Meeting.

Pursuant to the Interim Order:

- (a) the only persons entitled to notice of the Meeting shall be the LITH Shareholders as set out in the registers of LITH in respect of the LITH Shares on the Record Date and the directors and auditors of LITH;
- (b) the only persons entitled to vote on the Arrangement Resolution at the Meeting shall be, whether present in person or represented by proxy, the LITH Shareholders as set out in the registers of LITH in respect of the LITH Shares on the Record Date;

- (c) the LITH Shares shall vote together as a single class and each LITH Share entitled to vote at the Meeting will entitle the holder to one vote at the Meeting in respect of the Arrangement Resolution;
- (d) in order for the Arrangement to become effective, the requisite majority for approval of the Arrangement Resolution shall be, subject to further order of the Court, not less than 66⅔% of the votes cast by the LITH Shareholders who are present in person or represented by proxy at the Meeting and voting together as a single class;
- (e) the quorum required at the Meeting will be at least two (2) LITH Shareholders present in person, or represented by proxy, at the opening of the Meeting, and holding or representing not less than 10% of the LITH Shares entitled to be voted at the Meeting; and
- (f) if a quorum is not present at the opening of the Meeting, the LITH Shareholder(s) present or represented may adjourn the meeting to a fixed time and place but may not transact any other business until a quorum is present.

Notwithstanding that the Arrangement Resolution has been passed by the LITH Shareholders or that the Arrangement has been approved by the Court, the directors of LITH are authorized and empowered, at their discretion, without further notice to or approval of the LITH Shareholders: (i) to amend, modify, supplement or terminate the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement and approved by the Court; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement, at any time prior to the issuance of the certificate giving effect to the Arrangement. See Schedule "A" to this Circular for the full text of the Arrangement Resolution.

THE ARRANGEMENT

General

The purpose of the Arrangement is to reorganize LITH and its assets and operations into two separate companies: LITH and SpinCo. Upon the Arrangement becoming effective, the stated capital account maintained in respect to the LITH Shares will be reduced by an amount equal to the fair market value of the SpinCo Shares and LITH Shareholders of record as of the close of business on the Distribution Record Date will become shareholders in both companies and will receive one (1) SpinCo Share for each four (4) LITH Shares held by such LITH Shareholders on such date.

On or about December 19, 2017, the LITH Board announced the exploration of a potential "spin out" transaction of the Corporation's CGS Claims into a separate company from LITH in an effort to maximize shareholder value. The Arrangement has been proposed in order to facilitate the proposed "spin out" transaction. LITH will continue to hold and explore the Corporation's Lithium Claims. Prior to or concurrent with the completion of the Arrangement, LITH will transfer USD\$1,100,000 in cash to SpinCo to fund SpinCo's Initial Exploration Program and for general working capital purposes through the Intercompany Loan. Prior to the completion of the Arrangement, Minera Kairos, LITH's wholly-owned Chilean subsidiary, and San Lorenzo, SpinCo's wholly-owned subsidiary, shall complete the transactions contemplated in the Mineral Claims Purchase and Sale Agreement. See "*Corporate Structure*".

Reasons and Benefits of the Arrangement

The LITH Board believes that the separation of LITH's copper, gold and silver exploration and development business from its lithium exploration and development business will provide a number of benefits to LITH, SpinCo and the LITH Shareholders, including:

- providing LITH Shareholders with enhanced value by creating independent investment opportunities in a growth-oriented copper, gold and silver mining company and a pure-play lithium mining company, which management of LITH expects will unlock the value of the Corporation's copper, gold and silver properties;

- providing LITH Shareholders with 100% ownership of each company at the closing of the Arrangement;
- providing each company with a sharper business focus, enabling them to pursue independent business and financing strategies best suited to their respective business plans;
- enabling investors, analysts and other stakeholders or potential stakeholders to more accurately compare and evaluate each company;
- enabling each company to pursue independent growth and capital allocation strategies; and
- allowing the reorganization to occur on a tax-deferred basis for LITH Shareholders resident in Canada who hold their LITH Shares as capital property.

The foregoing summary of what was considered by the LITH Board is not intended to be exhaustive of all the factors that were considered in arriving at a conclusion and making the recommendation described herein. The LITH Board used their own knowledge of the business, financial conditions, and prospects of LITH and SpinCo. Given the numerous factors that were considered in connection with evaluating the Arrangement, it was not practical to quantify or assign relative weight to specific facts relied upon by the LITH Board in reaching its conclusions and recommendations. In addition, individual members of the LITH Board may have given different weight to different factors. The conclusions and recommendations of the LITH Board were arrived at after giving consideration to the totality of the information and factors involved.

Recommendation of the LITH Board

The LITH Board unanimously determined, based upon such factors considered by the LITH Board to be relevant, that: (i) the Arrangement is fair to the LITH Shareholders; (ii) it will recommend that LITH Shareholders vote in favour of the Arrangement Resolution; and (iii) the Arrangement and entry into of the Arrangement Agreement are in the best interests of LITH and the LITH Shareholders.

The LITH Board realizes that there are risks associated with the Arrangement, including that some of the potential benefits set forth above may not be realized or that there may be significant costs associated with realizing such benefits. The LITH Board believes that the factors in favour of the Arrangement outweigh the risks and potential disadvantages, although there can be no assurance in this regard. See "Risk Factors" in Schedule "E".

Fairness of the Arrangement

The Arrangement was determined to be fair to the LITH Shareholders by the LITH Board based upon the following factors, among others:

- the procedures by which the Arrangement will be approved, including the requirement for at least 66 $\frac{2}{3}$ % LITH Shareholder approval at the Meeting, and approval by the Court after a hearing at which fairness will be considered;
- each LITH Shareholder, as at the Effective Time, will participate in the Arrangement such that each LITH Shareholder, upon completion of the Arrangement will continue to hold the same proportionate interest in LITH and SpinCo that such LITH Shareholder held in LITH prior to the completion of the Arrangement;
- the continued listing of the LITH Shares on the TSXV will not reduce liquidity available to the LITH Shareholders; and
- SpinCo will be a reporting issuer in the same jurisdictions as LITH.

Details of the Arrangement

The following is a summary of the material terms of the Arrangement Agreement and the Plan of Arrangement and is subject to, and qualified in its entirety by, the full text of the Arrangement Agreement which is attached as Schedule "B" hereto and the Plan of Arrangement which is attached as Exhibit 1 to the Arrangement Agreement.

Pursuant to the Arrangement, commencing at the Effective Time, the following shall occur and shall be deemed to occur, except as otherwise expressly provided in the Plan of Arrangement:

- (a) the stated capital account maintained in respect of the LITH Shares will be reduced by an amount equal to the fair market value of the SpinCo Shares, estimated to be \$1,200 or such other estimated amount as determined by the Board of Directors; and
- (b) LITH will distribute to the LITH Shareholders one (1) SpinCo Share for each four (4) LITH Shares held by a LITH Shareholder.

Authority of the LITH Board

By passing the Arrangement Resolution, the LITH Shareholders will also be giving authority to the LITH Board to use its judgment to proceed with and cause LITH to complete the Arrangement or to abandon the Arrangement without any requirement to seek or obtain any further approval of the LITH Shareholders.

The Arrangement Resolution also provides that the terms of the Plan of the Arrangement may be amended by the LITH Board before or after the Meeting without further notice to LITH Shareholders, unless directed by the Court. Although the LITH Board has no current intention to amend the terms of the Plan of Arrangement, it is possible that the LITH Board may determine that certain amendments are appropriate, necessary or desirable.

The Arrangement Agreement

General

The Arrangement will be effected pursuant to the terms of the Plan of Arrangement and the Arrangement Agreement. The Arrangement Agreement contains covenants, representations and warranties of LITH and SpinCo, and various conditions precedent.

Unless all of such conditions are satisfied or waived by the party for whose benefit such conditions exist, to the extent they may be capable of waiver, the Arrangement will not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis, or at all.

The following is a summary of certain provisions of the Arrangement Agreement and is qualified in its entirety by the full text of the Arrangement Agreement, a copy of which is attached as Schedule "B" hereto. LITH Shareholders are urged to read the Arrangement Agreement in its entirety.

Mutual Conditions Precedent

The obligations of the parties to complete the transactions contemplated by the Arrangement Agreement, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of each of the following conditions precedent:

- (a) the Interim Order shall have been granted in form and substance satisfactory to LITH;
- (b) the Arrangement Resolution, with or without amendment, shall have been approved and adopted at the LITH Meeting by the LITH Shareholders;
- (c) the Final Order shall have been obtained in form and substance satisfactory to LITH;

- (d) the TSXV shall have conditionally approved the Arrangement;
- (e) all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders required or necessary or desirable for the completion of the transactions provided for in the Arrangement Agreement and the Plan of Arrangement shall have been obtained or received from the Persons, authorities or bodies having jurisdiction in the circumstances each in form acceptable to LITH;
- (f) the closing of the Mineral Claims Purchase and Sale Agreement;
- (g) the funding of the Intercompany Loan;
- (h) the issuance of the SpinCo Promissory Note;
- (i) notices of dissent shall not have been delivered by LITH Shareholders holding greater than 1% of the outstanding LITH Shares; and
- (j) the Arrangement Agreement shall not have been terminated.

For the complete text of the applicable provisions, see Section 5.1 of the Arrangement Agreement.

PROCEDURE FOR THE ARRANGEMENT TO BECOME EFFECTIVE

Procedural Steps

The Arrangement is proposed to be carried out pursuant to Section 193 of the ABCA. The following procedural steps must be taken in order for the Arrangement to become effective:

- (a) the Arrangement must be approved by not less than 66 $\frac{2}{3}$ % of the aggregate votes validly cast by the LITH Shareholders voting together as a single class at the Meeting in the manner set forth in the Interim Order;
- (b) the Court must grant the Final Order approving the Arrangement;
- (c) all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate party, including receipt of all Regulatory Approvals;
- (d) the TSXV shall have conditionally approved the Arrangement; and
- (e) the Final Order, the Articles of Arrangement and related documents, in the form prescribed by the ABCA, must be filed with the Registrar.

There is no assurance that the conditions set out in the Arrangement Agreement will be satisfied or waived on a timely basis or at all.

Upon the conditions precedent set forth in the Arrangement Agreement being fulfilled or waived, LITH intends to file a copy of the Final Order and the Articles of Arrangement with the Registrar under the ABCA, together with such other materials as may be required by the Registrar, in order to cause the Registrar to issue a certificate to give effect to the Arrangement.

Shareholder Approval

At the Meeting, LITH Shareholders will be asked to consider, and if deemed advisable, approve the Arrangement Resolution. Approval of the Arrangement Resolution requires the affirmative vote of not less than 66 $\frac{2}{3}$ % of the votes validly cast by LITH Shareholders, represented either in person or by proxy at the Meeting, voting together as a single class.

It is the intention of the persons named in the enclosed form of proxy, if not expressly directed to the contrary in such form of proxy, to vote such proxy in favour of the Arrangement Resolution set forth in Schedule "A" to this Circular.

Notwithstanding the foregoing, the Arrangement Resolution proposed for consideration by the LITH Shareholders authorizes the LITH Board, without further notice to or approval of such LITH Shareholders, subject to the terms of the Arrangement Agreement and the Interim Order, to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement and approved by the Court and, subject to the terms of the Arrangement Agreement, to not proceed with the Arrangement. See Schedule "A" to this Circular for the full text of the Arrangement Resolution.

Court Approval

Interim Order

On March 28, 2018, LITH obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. The Interim Order is attached as Schedule "C" to this Circular.

Final Order

The Arrangement requires Court approval. Subject to the terms of the Arrangement Agreement, if the Arrangement Resolution is approved at the Meeting, LITH will make an application to the Court for the Final Order at the Court House, 601 - 5th Street, S.W., Calgary, Alberta, Canada, on May 7, 2018 at 2:00 p.m. (Calgary time) or as soon thereafter as counsel may be heard if the Arrangement is approved by the requisite majority of LITH Shareholders at the Meeting. The Notice of Application for the Final Order accompanies this Circular. At the application the Court will be requested to approve the Arrangement and to consider, among other things, the fairness of the Arrangement.

Any LITH Shareholder, or other interested party desiring to support or oppose the Application with respect to the Arrangement, may appear at the hearing in person or by counsel for that purpose, subject to filing with the Court and serving on LITH on or before 12:00 p.m. (Calgary time) on May 2, 2018, a notice of intention to appear setting out their address for service and indicating whether they intend to support or oppose the Application or make submissions, together with any evidence or materials which are to be presented to the Court. Service of such notice on LITH is required to be effected by service upon the solicitors for LITH: Burstall Winger Zammit LLP, 1600, 333 - 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, Attention: Spencer Chimuk.

LITH has been advised by its counsel that the Court has broad discretion under the ABCA when making orders with respect to the Arrangement and that the Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the Arrangement to the LITH Shareholders and any other interested party as the Court determines appropriate. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court may determine appropriate. LITH may determine not to proceed with the Arrangement in the event that any amendment ordered by the Court is not satisfactory to LITH.

Regulatory Matters

Other than the conditional approval of the TSXV for the Arrangement, which was received on March 23, 2018, LITH is not aware of any material regulatory approval or other action by any Governmental Entity that would be required to be obtained prior to the Effective Date. If any filings or consents are required, such filings or consents will be sought but these additional requirements could delay the Effective Date or prevent the completion of the Arrangement.

Distribution of SpinCo Certificates

The Transfer Agent will distribute the SpinCo Shares to the LITH Shareholders as soon as possible after the Effective Date.

Treatment of Fractional SpinCo Shares

No fractional SpinCo Shares will be issued to LITH Shareholders pursuant to the Arrangement. In the event that a LITH Shareholder would otherwise be entitled to a fractional SpinCo Share pursuant to the Arrangement, the number of SpinCo Shares issued to such LITH Shareholder will be rounded up to the nearest whole number of SpinCo Shares if the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the nearest whole number of SpinCo Shares if the fractional entitlement is less than 0.5. In calculating such fractional interests, all LITH Shares registered in the name of or beneficially held by such LITH Shareholder shall be aggregated.

INTERESTS OF CERTAIN PERSONS IN THE ARRANGEMENT

Certain directors and officers of LITH have interests in the transactions contemplated by the Arrangement that may be different from, and/or in addition to, the interests of LITH Shareholders generally. The LITH Board was aware of these potential interests and considered them, along with other matters, in reaching its decision to approve the Arrangement and to recommend that LITH Shareholders vote in favour of the Arrangement Resolution. Except as described below, to the knowledge of LITH, the directors, officers, employees and consultants of LITH have no material interest in the Arrangement that differs from the interests of LITH Shareholders generally.

Al Kroontje, Steven Cochrane, Terrance Walker and Jana Lillies, directors and/or officers of LITH, have been appointed directors and/or officers of SpinCo. See "Schedule "E" - Directors and Executive Officers".

SECURITIES LAWS MATTERS

Resale of SpinCo Shares

The SpinCo Shares to be distributed to LITH Shareholders pursuant to the Arrangement will be distributed pursuant to exemptions from the registration and prospectus requirements contained in applicable Securities Laws in Canada. Under applicable Securities Laws, the SpinCo Shares may be resold in Canada without hold period restrictions, provided that the sale is not a "control distribution" as defined by applicable Securities Laws, no unusual effort is made to prepare the market or create a demand for the SpinCo Shares, no extraordinary commission or consideration is paid in respect of the sale and, if the selling holder of the SpinCo Shares is an insider or officer of SpinCo, such holder has no reasonable grounds to believe that SpinCo is in default of Securities Laws.

The foregoing discussion is only a general overview of the requirements of Canadian Securities Laws for the resale of the SpinCo Shares received upon completion of the Arrangement. All holders of SpinCo Shares are urged to consult with their own legal counsel to ensure that any resale of their SpinCo Shares complies with applicable securities legislation.

Status of LITH Shares on the TSXV

The LITH Shares are currently listed on the TSXV under the symbol "LITH" and shall continue to be listed on the TSXV under the symbol "LITH" after the closing of the Arrangement.

MI 61-101

As a TSXV listed issuer, LITH is subject to the requirements of MI 61-101. MI 61-101 regulates certain related party transactions to ensure equality of treatment among security holders and may require enhanced disclosure, approval by a simple majority of security holders (excluding interested or related parties), and, in certain circumstances, independent valuations and/or approval and oversight of the transaction by a special committee of independent directors. The provisions of MI 61-101 may apply to, among other transactions, Business Combinations (as such term is defined in MI 61-101) which may terminate the interests of security holders without their consent in circumstances, or to Related Party Transactions (as such term is defined in MI 61-101) where, at the time the transaction is agreed to, a Related Party (as such term is defined in MI 61-101) of the issuer is a party to the transaction. The provisions of MI 61-101 do not apply to the Arrangement. The Arrangement is not a Business Combination under MI 61-101. While the Arrangement may be considered to be a Related Party Transaction under

MI 61-101, the instrument does not apply to Related Party Transactions that are solely between an issuer such as LITH and its wholly-owned subsidiary, SpinCo.

LEGAL DEVELOPMENTS

Section 193 of the ABCA provides that, where it is impracticable for a corporation to effect an arrangement under any other provision of the ABCA, a corporation may apply to the Court for an order approving the arrangement proposed by such corporation. Pursuant to this section of the ABCA, such an application will be made by LITH for approval of the Arrangement. There have been a number of judicial decisions considering this section and its application; however, there have not been, to the knowledge of LITH, any recent significant decisions which would apply in this instance.

LITH Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.

DISSENT RIGHTS

The ABCA does not contain a provision requiring LITH to purchase LITH Shares from LITH Shareholders who dissent from the Arrangement. However, pursuant to the terms of the Interim Order and the Plan of Arrangement, LITH has granted the LITH Shareholders who object to the Arrangement Resolution the right to dissent in respect of the Arrangement. **The following description of the Dissent Rights to which registered LITH Shareholders are entitled is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of such Dissenting Shareholder's LITH Shares and is qualified in its entirety by the reference to the full text of the Interim Order, Plan of Arrangement and the text of Section 191 of the ABCA, which are attached to this Circular as Schedule "C", Exhibit I to Schedule "B" and Schedule "D", respectively.**

A registered LITH Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of the ABCA, as modified by the Plan of Arrangement and by the Interim Order. Failure to adhere to the procedures established therein may result in the loss of all rights thereunder. Accordingly, each registered LITH Shareholder who might desire to exercise Dissent Rights should consult their own legal advisor.

A 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. Registered LITH Shareholders are entitled, in addition to any other right such LITH Shareholder may have, to dissent and to be paid by LITH the fair value of the LITH Shares held by such LITH Shareholder in respect of which such LITH Shareholder dissents, determined as of the close of business on the last Business Day before the day on which the Arrangement Resolution from which such LITH Shareholder dissents was approved. **A registered LITH Shareholder may dissent only with respect to all of the LITH Shares held by such LITH Shareholder or on behalf of any one beneficial owner and registered in the LITH Shareholder's name. Only registered LITH Shareholders may dissent. Persons who are beneficial owners of LITH Shares registered in the name of a broker, dealer, bank, trust company or other nominee who wish to dissent, should be aware that they may only do so through the registered owner of such LITH Shares. A registered LITH Shareholder, such as a broker, who holds LITH Shares as nominee for beneficial holders, some of whom wish to dissent, must exercise Dissent Rights on behalf of such beneficial owners with respect to all of the LITH Shares held for such beneficial owners. In such case, the demand for dissent should set forth the number of LITH Shares covered by it.**

Dissenting Shareholders must provide a written objection to the Arrangement Resolution to LITH c/o Burstall Winger Zammit LLP, 1600, 333 - 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, Attention: Sabina Shah, by 5:00 p.m. (Calgary time) on April 25, 2018 or the Business Day that is two Business Days immediately preceding the date of any adjournment or postponement of the Meeting. **No LITH Shareholder who has voted in favour of the Arrangement Resolution shall be entitled to dissent with respect to the Arrangement.**

An application may be made to the Court by LITH or by a Dissenting Shareholder after the adoption of the Arrangement Resolution to fix the fair value of the Dissenting Shareholder's LITH Shares. If such an application to the Court is made by LITH or a Dissenting Shareholder, LITH must, unless the Court otherwise orders, send to each

Dissenting Shareholder a written offer to pay the Dissenting Shareholder an amount considered by the LITH Board to be the fair value of the LITH Shares. The offer, unless the Court otherwise orders, will be sent to each Dissenting Shareholder at least ten (10) days before the date on which the application is returnable, if LITH is the applicant, or within ten (10) days after LITH is served with notice of the application, if a Dissenting Shareholder is the applicant. The offer will be made on the same terms to each Dissenting Shareholder and will be accompanied by a statement showing how the fair value was determined.

A Dissenting Shareholder may make an agreement with LITH for the purchase of such Dissenting Shareholder's LITH Shares in the amount of the offer made by LITH, or otherwise, at any time before the Court pronounces an order fixing the fair value of the LITH Shares.

A Dissenting Shareholder will not be required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application or appraisal. On the application, the Court will make an order fixing the fair value of the LITH Shares of all Dissenting Shareholders who are parties to the application, giving judgment in that amount against LITH and in favour of each of those Dissenting Shareholders, and fixing the time within which LITH must pay that amount payable to the Dissenting Shareholders. The Court may, in its discretion, allow a reasonable rate of interest on the amount payable to each Dissenting Shareholder calculated from the date on which the Dissenting Shareholder ceases to have any rights as a LITH Shareholder, until the date of payment.

On the Arrangement becoming effective, or upon the making of an agreement between LITH and the Dissenting Shareholder as to the payment to be made to the Dissenting Shareholder, or upon the pronouncement of a Court order, whichever first occurs, the Dissenting Shareholder will cease to have any rights as a LITH Shareholder other than the right to be paid the fair value of such holder's LITH Shares in the amount agreed upon or in the amount of the judgment, as the case may be. Until one of these events occurs, the Dissenting Shareholder may withdraw the Dissenting Shareholder's dissent, or if the Arrangement has not yet become effective, LITH may rescind the Arrangement Resolution, and in either event, the dissent and appraisal proceedings in respect of that Dissenting Shareholder will be discontinued.

LITH will not make a payment to a Dissenting Shareholder if there are reasonable grounds for believing that LITH is or would after the payment be unable to pay its liabilities as they become due, or that the realizable value of the assets of LITH would thereby be less than the aggregate of its liabilities. In such event, LITH will notify each Dissenting Shareholder that it is unable lawfully to pay Dissenting Shareholders for their LITH Shares, in which case the Dissenting Shareholder may, by written notice to LITH within thirty (30) days after receipt of such notice, withdraw such holder's written objection, in which case the holder shall be deemed to have participated in the Arrangement as a LITH Shareholder. If the Dissenting Shareholder does not withdraw such holder's written objection, such Dissenting Shareholder retains status as a claimant against LITH to be paid as soon as LITH is lawfully entitled to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of LITH but in priority to its shareholders.

All LITH Shares held by Dissenting Shareholders who exercise their Dissent Rights will be deemed to be transferred to LITH and cancelled as of the Effective Time in exchange for the fair value thereof or will, if such Dissenting Shareholders ultimately are not so entitled to be paid the fair value thereof, be treated as if the holder had participated in the Arrangement on the same basis as a non-dissenting LITH Shareholder and had elected to receive the SpinCo Shares on the same basis as every other non-dissenting LITH Shareholder.

The above summary does not purport to provide a comprehensive statement of the procedures to be followed by Dissenting Shareholders who seek payment of the fair value of their LITH Shares. Section 191 of the ABCA, other than as modified by the Plan of Arrangement and the Interim Order, requires adherence to the procedures established therein and failure to do so may result in the loss of all rights thereunder. **Accordingly, LITH Shareholders who might desire to exercise Dissent Rights should carefully consider and comply with the provisions of Section 191 of the ABCA, the full text of which is set out in Schedule "D" to this Circular and consult their own legal advisor.**

The Arrangement Agreement provides that, unless otherwise waived by LITH, it is a condition to the completion of the Arrangement that the aggregate number of LITH Shares held by those LITH Shareholders

who have validly exercised and not withdrawn Dissent Rights shall not exceed 1% of the aggregate number of LITH Shares outstanding as of the Effective Time.

TAX CONSIDERATIONS TO LITH SHAREHOLDERS

In the opinion of Burstall Winger Zammit LLP, tax counsel ("**Tax Counsel**") to LITH, the following summary fairly describes, as of the date of this Circular, the principal Canadian federal income tax considerations generally applicable under the ITA to a beneficial LITH Shareholder who, for purposes of the ITA: (i) holds such LITH Shares, and will hold any SpinCo Shares received under the Arrangement, as capital property; (ii) deals at arm's length with LITH and SpinCo; and (iii) is not "affiliated" with either LITH or SpinCo for the purposes of the ITA (a "**Holder**").

LITH Shares and SpinCo Shares will generally be considered to be capital property to a Holder unless such securities are held by the Holder in the course of carrying on a business of buying and selling securities, or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based upon the current provisions of the ITA and Tax Counsel's understanding of the current administrative practices and assessing policies of the Canada Revenue Agency (the "**CRA**"). This summary also takes into account all specific proposals to amend the ITA (the "**Proposed Amendments**") announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and assumes that all Proposed Amendments will be enacted in the form proposed. There can be no assurance that the Proposed Amendments will be enacted in the form proposed or at all. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action or decision, nor does it take into account other federal or any provincial, territorial or foreign income tax considerations, which may differ from the Canadian federal income tax considerations discussed below. An advance income tax ruling will not be sought from the CRA in respect of the Arrangement.

This summary is not applicable to a Holder: (i) that is a "financial institution" as defined in the ITA for the purposes of the "mark-to-market property" rules contained in the ITA; (ii) that is a "specified financial institution" or "restricted financial institution" as defined in the ITA; (iii) who has acquired LITH Shares on the exercise of a LITH Option; (iv) an interest in which is, or whose LITH Shares are, a "tax shelter investment" as defined in the ITA; (v) to who has made a "functional currency" reporting election under section 261 of the ITA apply; or (vi) that has entered, or will enter, into a "derivative forward agreement", as defined in the ITA, with respect to the LITH Shares or SpinCo Shares. Such Holders should consult their own tax advisors.

THIS SUMMARY IS OF A GENERAL NATURE ONLY AND IS NOT, AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR HOLDER AND NO REPRESENTATIONS WITH RESPECT TO THE TAX CONSEQUENCES TO ANY PARTICULAR HOLDER ARE MADE. THIS SUMMARY IS NOT EXHAUSTIVE OF ALL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS. ACCORDINGLY, HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS HAVING REGARD TO THEIR OWN PARTICULAR CIRCUMSTANCES.

Holders Resident in Canada

The following portion of this summary applies to a Holder who, at all relevant times is or is deemed to be resident in Canada for purposes of the ITA (a "**Resident Holder**").

Certain Resident Holders whose LITH Shares or SpinCo Shares might not otherwise be capital property may, in certain circumstances, be entitled to make an irrevocable election under subsection 39(4) of the ITA to have such shares, and every other "Canadian security" as defined in the ITA 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. **Any Resident Holder contemplating making a subsection 39(4) election should consult their tax advisor for advice as to whether the election is available or advisable in their particular circumstances.**

Reduction of Stated Capital

LITH has informed Tax Counsel that in its opinion, the aggregate fair market value of the SpinCo Shares to be distributed by LITH is estimated to be \$1,200, and as such will not exceed the "paid-up capital" (as defined in the ITA) of the LITH Shares immediately before the Effective Date.

Pursuant to the ITA, the distribution of the SpinCo Shares on the reduction of the stated capital of the LITH Shares by LITH will not give rise to immediate income tax consequences under the ITA and no deemed dividend will be deemed to arise to the LITH Shareholders as the amount of such distribution will not exceed the "paid-up capital" (for income tax purposes) of such LITH Shares. However, the adjusted cost base ("**ACB**") of such LITH Shares to the LITH Shareholders thereof will be reduced pro rata by an amount equal to the amount of such distribution per LITH Share.

Dividends on LITH Shares and SpinCo Shares

A Resident Holder who is an individual and who is deemed to receive a dividend on its LITH Shares or who receives a dividend paid on its SpinCo Shares will be required to include in income such dividend, and will be subject to the normal gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit applicable to any dividends that may be designated by LITH or SpinCo, as the case may be, as "eligible dividends", as defined in the ITA.

A Resident Holder that is a corporation will be required to include in income any dividend received or deemed to be received on its LITH Shares or that it receives or is deemed to receive on its SpinCo Shares, and generally will be entitled to deduct an equivalent amount in computing its taxable income. A "private corporation" as defined in the ITA or a "subject corporation" as defined in the ITA may be liable under Part IV of the ITA to pay a refundable tax of 38 $\frac{1}{3}$ % on any dividend that it receives or is deemed to receive on its LITH Shares or SpinCo Shares to the extent that the dividend is deductible in computing the corporation's taxable income.

Disposition of SpinCo Shares

A Resident Holder that disposes or is deemed to dispose of a SpinCo Share in a taxation year will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the SpinCo Share exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder of such share, determined immediately before the disposition, and any reasonable costs of disposition. The Resident Holder will be required to include any resulting taxable capital gain in income, or be entitled to deduct any resulting allowable capital loss, in accordance with the usual rules applicable to capital gains and capital losses. See "Holders Resident in Canada - Taxation of Capital Gains and Capital Losses".

Taxation of Capital Gains and Capital Losses

Generally, a Resident Holder will be 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 by it in that year. A Resident Holder will generally be 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 that year. Allowable capital losses in excess of taxable capital gains for a taxation year may be carried back to any of the three preceding taxation years or carried forward to any subsequent taxation year and deducted against net taxable capital gains realized in such years, subject to the detailed rules contained in the ITA.

A capital loss realized on the disposition of a SpinCo Share by a Resident Holder that is a corporation may, to the extent and under the circumstances specified by the ITA, be reduced by the amount of dividends received or deemed to have been received by the corporation on such SpinCo Shares (or on a share for which such SpinCo Share is substituted or exchanged). Similar rules may apply where SpinCo Shares are owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. Resident Holders to whom these rules may be relevant should consult their own advisors.

Alternative Minimum Tax on Resident Holders who are Individuals

A capital gain realized, or a dividend received, by a Resident Holder who is an individual (including certain trusts and estates) may give rise to liability for alternative minimum tax under the ITA.

Additional Refundable Tax on Canadian-Controlled Private Corporations

A Resident Holder that is a "Canadian-controlled private corporation" as defined in the ITA may be required to pay an additional 10% refundable tax on certain investment income, including certain amounts in respect of net taxable capital gains, dividends or deemed dividends and interest.

Eligibility for Investment

SpinCo Shares will not be a qualified investment under the ITA for a trust governed by a registered retirement savings account, registered retirement income fund, registered education savings plan, registered disability savings plan or a tax-free savings account (each a "**Registered Plan**") or a deferred profit sharing plan, at any particular time, unless and until the SpinCo Shares are listed on a "designated stock exchange" (which currently includes the TSX and the TSXV).

If the SpinCo Shares become a "qualified investment" for a Registered Plan, the holder or annuitant of such Registered Plan, as the case may be, will be subject to a penalty tax as set out in the ITA if the SpinCo Shares are a "prohibited investment" for the purposes of a Registered Plan. The SpinCo Shares will not be a prohibited investment for a Registered Plan provided the holder or annuitant thereof, as the case may be, (i) deals at arm's length with SpinCo for purposes of the ITA, and (ii) does not have a "significant interest" (as defined in subsection 207.01(4) of the ITA) in SpinCo. In addition, the SpinCo Shares will not be a "prohibited investment" for a Registered Plan if such shares are "excluded property" as defined in the ITA for trusts governed by such Registered Plan. Resident Holders who intend to hold SpinCo Shares in a Registered Plan in the future are advised to consult their own tax advisors.

Dissenting Resident Holders

A Resident Holder who dissents in respect of the Arrangement (a "**Resident Dissenter**") and who is entitled to receive payment from LITH equal to the fair value of the Resident Dissenter's LITH Shares will be considered to have disposed of the LITH Shares for proceeds of disposition equal to the amount received by the Resident Dissenter, less the amount of any interest awarded by a court, as the case may be. A Resident Dissenter generally will be deemed to have received a dividend equal to the amount by which such proceeds exceed the paid-up capital of such shares, and such deemed dividend will reduce the proceeds of disposition for purposes of computing any capital gain (or a capital loss) on the disposition of such LITH Shares. The tax treatment accorded to any deemed dividend is discussed above under the heading, "Holders Resident in Canada - Dividends on LITH Shares and SpinCo Shares".

A Resident Dissenter will also realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of such LITH Shares, as reduced by the amount of any deemed dividend as discussed above, exceed (or are less than) the adjusted cost base of such shares immediately before the disposition and any reasonable costs of disposition. The tax treatment of capital gains and capital losses (including the potential reduction of a capital loss due to the receipt of a deemed dividend) is discussed above under the heading, "Holders Resident in Canada - Taxation of Capital Gains and Capital Losses".

Interest awarded by a court to a Resident Dissenter will be included in the Resident Dissenter's income for a particular taxation year to the extent the amount is received or receivable in that year, depending upon the method regularly followed by the Resident Dissenter in computing income. Where the Resident Dissenter is a corporation, partnership or, subject to certain exceptions, a trust, the Resident Dissenter must include in income for a taxation year the amount of interest that accrues to it before the end of the taxation year, or becomes receivable or is received before the end of the year (to the extent not included in income for a preceding taxation year). **Resident Dissenters who are contemplating exercising their dissent rights should consult their own tax advisors.**

Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, for the purposes of the Tax Act and at all relevant times, is not, and is not deemed to be, resident in Canada and does not use or hold, and is not deemed to use or hold, the Securities in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). This portion of the summary is also not applicable to a Non-Resident Holder that is an insurer carrying on an insurance business in Canada and elsewhere or an "authorized foreign bank" as defined in the Tax Act. Such Non-Resident Holders should consult their own tax advisors with respect to their particular circumstances in their country of residence.

Reduction of Stated Capital

The income tax consequences to Non-Resident Holders of the stated capital reduction are the same as those discussed above under the heading "Holders Resident in Canada - Reduction of Stated Capital".

Dividends on LITH Shares or SpinCo Shares

Any dividends paid or credited, or deemed to be paid or credited, on the LITH Shares or the SpinCo Shares to a Non-Resident Holder will be subject to Canadian withholding tax at the rate of 25% of the gross amount of the dividend or deemed dividend unless the rate is reduced under the provisions of an applicable income tax convention, to which the Non-Resident Holder is entitled to the benefits of, between Canada and the Non-Resident Holder's country of residence.

Disposition of LITH Shares and SpinCo Shares

A Non-Resident Holder will only be taxable in Canada on the disposition or deemed disposition of LITH Shares or SpinCo Share if such shares constitute "taxable Canadian property" to such Non-Resident Holder. Unless a Non-Resident Holder owned 25% or more of the LITH Shares at any time in the prior 60 month period, the LITH Shares will not constitute "taxable Canadian property" to a Non-Resident Holder because not more than 50% of the value of the LITH Shares relates to real or immovable property situated in Canada, Canadian resource properties, timber resource properties, or options thereon. The SpinCo Shares will not constitute "taxable Canadian property" to a Non-Resident Holder because at any time in the prior 60 month period not more than 50% of the value of the SpinCo Shares relates to real or immovable property situated in Canada, Canadian resource properties, timber resource properties, or options thereon.

Provided that the LITH Shares or SpinCo Shares does not constitute "taxable Canadian property" to a particular Non-Resident Holder, such Non-Resident Holder will not be subject to tax under the Tax Act in respect of any capital gain realized and will not be entitled to recognize any capital loss incurred by such Non-Resident Holder on the disposition by the Non-Resident Holder of such shares.

Dissenting Non-Resident Holders

A Non-Resident Holder who dissents in respect of the Arrangement (a "**Non-Resident Dissenter**") and who is entitled to receive payment from LITH equal to the fair value of the Non-Resident Dissenter's LITH Shares will be considered to have disposed of the LITH Shares for proceeds of disposition equal to the amount received by the Resident Dissenter, less the amount of any interest awarded by a court, as the case may be. A Non-Resident Dissenter generally will be deemed to have received a dividend equal to the amount by which such proceeds exceed the paid-up capital of such LITH Shares and such deemed dividend will reduce the proceeds of disposition for purposes of computing any capital gain (or a capital loss) on the disposition of such LITH Shares. The tax treatment accorded to any deemed dividend is discussed above under the heading, "Holders Not Resident in Canada - Dividends on LITH Shares and SpinCo Shares". Any capital gain will generally not be taxable to the Non-Resident Dissenter as discussed above under "Holders Not Resident in Canada - Disposition of LITH Shares and SpinCo Shares".

TAX CONSIDERATIONS IN OTHER JURISDICTIONS

This Circular does not address any tax considerations of the Arrangement other than certain Canadian federal income tax considerations. LITH Shareholders who are resident in (or citizens of) jurisdictions other than Canada should consult their own tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements in such jurisdictions. LITH Shareholders should also consult their own tax advisors regarding provincial, state, local or territorial tax considerations of the Arrangement.

TIMING

If the Meeting is held as scheduled and is not adjourned or postponed, the Arrangement Resolution is approved by the requisite majority, and all other necessary conditions specified in the Arrangement Agreement are satisfied or waived (including receipt of the all Regulatory Approvals, and approval of the Arrangement by the Court of Queen's Bench of Alberta), LITH will apply for the Final Order approving the Arrangement on May 7, 2018. If the Final Order is obtained on May 7, 2018 in form and substance satisfactory to LITH and all other conditions set forth in the Arrangement Agreement are satisfied or waived, LITH expects the Effective Date to occur on or about May 8, 2018. It is not possible, however, to state with certainty when the Effective Date will occur.

The Arrangement will become effective upon the filing with the Registrar of the Articles of Arrangement and a copy of the Final Order, together with such other materials as may be required by the Registrar, and the issuance by the Registrar of a proof of filing of Articles of Arrangement.

LITH's objective is to have the Effective Date occur on or as soon as practicable after receipt of the Final Order. The Effective Date could be delayed, however, for a number of reasons, including an objection before the Court at the hearing of the application for the Final Order.

STOCK EXCHANGE LISTINGS

The outstanding LITH Shares are listed and posted for trading on the TSXV under the symbol "LITH". On December 18, 2017, the last trading day prior to the date of the announcement of the proposed Arrangement, the closing price of the LITH Shares on the TSXV was \$1.15. On March 23, 2018, the last trading day prior to the date of this Circular, the closing price of the LITH Shares on the TSXV was \$0.86.

The TSXV has conditionally approved the Arrangement subject to LITH fulfilling all of the requirements of the TSXV.

INTEREST OF EXPERTS

Certain legal matters relating to the Arrangement are to be passed upon by Burstall Winger Zammit LLP, on behalf of LITH and SpinCo. As at the date hereof, the partners and associates of Burstall Winger Zammit LLP beneficially own, directly or indirectly, less than 1% of the outstanding LITH Shares and less than 1% of the outstanding SpinCo Shares.

Certain audit reports contained herein and contained in the documents incorporated by reference herein have been prepared by MNP LLP, Chartered Professional Accountants. MNP LLP, Chartered Professional Accountants, have advised that they are independent with respect to LITH and SpinCo within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and application legislation or regulations.

The summary of the Salvadora Property disclosed under the heading "Description of the Salvadora Property" in Schedule "E" attached hereto was taken by consent from the Technical Report, which was prepared in compliance with the requirements of NI 43-101 by Eric Hanson, P. Geo, and is dated January 20, 2018. Mr. Hanson is considered independent of LITH and SpinCo. A copy of the Technical Report may be viewed upon written request to LITH, or on LITH's profile at www.sedar.com.

LITH FOLLOWING THE ARRANGEMENT

Following completion of the Arrangement, LITH will continue to operate as a growth-oriented lithium exploration mining company.

LITH is a "reporting issuer" within the meaning of the Securities Act in the provinces of British Columbia and Alberta and the LITH Shares are listed for trading on the TSXV under the symbol "LITH".

The head office and registered office of LITH is located at Suite 900, 903 – 8th Avenue SW, Calgary, Alberta, T2P 0P7.

SPINCO FOLLOWING THE ARRANGEMENT

SpinCo will be a new stand-alone company and will be a reporting issuer in the same jurisdictions as LITH. However, there is no market through which the SpinCo Shares may be sold and SpinCo has not applied to any stock exchange to list the SpinCo Shares. SpinCo will hold the Corporation's CGS Claims, including but not limited to the Salvadora Property, and is expected to operate as a growth-oriented precious metals mining company.

The head office and registered office of SpinCo is located at Suite 900, 903 – 8th Avenue SW, Calgary, Alberta, T2P 0P7.

See Schedule "E" to this Circular, "*SpinCo Following the Arrangement*".

ARRANGEMENT RESOLUTION

At the Meeting, LITH Shareholders will be asked to consider the Arrangement Resolution in the form attached as Schedule "A" of this Circular. LITH Shareholders are urged to review the various sections of this Circular when considering the Arrangement Resolution.

The Arrangement Resolution must be approved by not less than 66⅔% of the votes cast by LITH Shareholders, represented either present in person or by proxy at the Meeting, voting together as a single class.

Unless otherwise directed, the persons named in the accompanying form of proxy for the Meeting intend to vote in favour of the Arrangement Resolution.

ENFORCEABILITY OF CIVIL LIABILITIES

The enforcement by LITH Shareholders of civil liabilities under U.S. Securities Laws may be affected adversely by the fact that LITH and SpinCo are organized under the laws of Alberta, a jurisdiction outside the United States, that their officers and the directors are residents of countries other than the United States, that the experts named in this Circular are residents of countries other than the United States, and that all or a substantial portion of the assets of LITH and SpinCo and such persons are located outside the United States. It may be difficult or impossible for LITH Shareholders to effect service of process within the United States upon LITH or SpinCo, their respective directors, officers and experts who are not residents of the United States or to realize against them upon judgments of courts of the United States predicated upon civil liability under U.S. Securities Laws. There is some doubt as to the enforceability in Canada against LITH or SpinCo or any of their respective directors, officers or experts who are not residents of the United States in original actions or in actions for enforcement of judgments of United States courts, of liabilities predicated solely upon U.S. Securities Laws.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed under "*Interests of Certain Persons in the Arrangement*", no informed person of LITH, or any associate or affiliate of any informed person, has had any material interest, direct or indirect, in any transaction, or proposed transaction, which has materially affected or would materially affect LITH since the commencement of the most recently completed financial year of LITH.

OTHER MATTERS

Management of LITH knows of no amendments, variations or other matters to come before the Meeting, other than the matters referred to in the Notice of Meeting; however, if any other matter properly comes before the Meeting, the accompanying forms of proxy will be voted on such matter in accordance with the best judgement of the person(s) voting the proxy.

SCHEDULE "A"

ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") of Lithium Chile Inc. ("**LITH**") and involving Kairos Metals Corp. ("**SpinCo**") and the shareholders of LITH, as more particularly described and set forth in the Circular of LITH dated March 26, 2018 and the Arrangement Agreement, as defined below, and all transactions contemplated thereby, are hereby authorized, approved and adopted.
2. The plan of arrangement, as it may be or has been amended, involving LITH (the "**Plan of Arrangement**"), the full text of which is set out in Exhibit 1 to the arrangement agreement dated as of March 22, 2018 between LITH and SpinCo (the "**Arrangement Agreement**"), is hereby authorized, approved and adopted.
3. The Arrangement Agreement is hereby ratified and approved.
4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by any or all of the securityholders of LITH or that the Arrangement has been approved by the Court of Queen's Bench of Alberta (the "**Court**"), the directors of LITH are hereby authorized and empowered, at their discretion, without further notice to or approval of the securityholders of LITH (i) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement and approved by the Court, and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.
5. Any officer or director of LITH is hereby authorized and directed for and on behalf of LITH to make an application to the Court for an order approving the Arrangement and to deliver to the Registrar the Articles of Arrangement, a certified copy of the Final Order (both as defined in the Arrangement Agreement) and to execute and, if appropriate, deliver such other documents as are necessary or desirable to the Registrar pursuant to the ABCA in accordance with the Arrangement Agreement.
6. Any officer or director of LITH is hereby authorized and directed for and on behalf of LITH to execute or cause to be executed and to deliver or cause to be delivered, all such other documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full force and effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE "B"

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is dated as of the 22nd day of March, 2018.

BETWEEN:

LITHIUM CHILE INC., a corporation existing under the *Business Corporations Act* (Alberta)

("LITH")

AND:

KAIROS METALS CORP., a corporation existing under the *Business Corporations Act* (Alberta)

("SpinCo")

WHEREAS:

(A) LITH is the registered and beneficial owner of all of the issued and outstanding SpinCo Shares;

(B) LITH and SpinCo wish to proceed with a corporate restructuring by way of a statutory arrangement under the ABCA, pursuant to which LITH and SpinCo will participate in a series of transactions whereby, among other things, LITH will reduce the stated capital account maintained in respect of the LITH Shares and distribute the SpinCo Shares such that the holders of LITH Shares (other than Dissenting Shareholders) will become holders of SpinCo Shares and LITH will cease to hold any SpinCo Shares;

(C) LITH proposes to convene a meeting of the LITH Shareholders to consider the Arrangement pursuant Section 193 of the ABCA, on the terms and conditions set forth in the Plan of Arrangement attached as Exhibit I hereto; and

(D) Each of the parties to this Agreement has agreed to participate in and support the Arrangement.

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

ARTICLE 1

DEFINITIONS, INTERPRETATION AND EXHIBIT

1.1 Definitions. In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms shall have the following meanings:

- (a) "**ABCA**" means the Business Corporations Act, R. S. A., 2000, c. B-Q, as amended;
- (b) "**Agreement**" means this arrangement agreement, including the exhibits attached hereto as the same may be supplemented or amended from time to time;
- (c) "**Arrangement**" means the arrangement pursuant to the Arrangement Provisions of this Agreement and the Plan of Arrangement;
- (d) "**Arrangement Provisions**" means the provisions set forth in Section 193 of the ABCA;

- (e) "**Arrangement Resolution**" means the special resolution of the LITH Shareholders to approve the Arrangement, as required by the Interim Order and the ABCA;
- (f) "**Board of Directors**" means the current and existing board of directors of LITH;
- (g) "**Business Day**" means a day which is not a Saturday, Sunday or statutory holiday in Calgary, Alberta;
- (h) "**CGS Claims**" means LITH's prospective copper, gold and silver claims in Chile on properties known as "Salvadora" (which includes the Salvadora Property), "La Fortuna", "Nancagua", "Carmona", "Apolo" and "San Carron" held by Minera Kairos, a Chilean formed limited liability company owned by LITH;
- (i) "**Constating Documents**" means, in respect of each of LITH and SpinCo, their Articles of Incorporation, as amended, pursuant to the provisions of the ABCA;
- (j) "**Court**" means the Court of Queen's Bench of Alberta;
- (k) "**Dissent Rights**" means the right of a registered LITH Shareholder to dissent from the Arrangement Resolution in accordance with the provisions of the ABCA, and the Interim Order, and to be paid the fair value of the LITH Shares in respect of which the holder dissents;
- (l) "**Distribution**" means the proposed distribution in kind of that number of SpinCo Shares to be distributed to LITH Shareholders on the basis of one (1) SpinCo Share for every four (4) LITH Shares;
- (m) "**Distribution Record Date**" means the record date for the Distribution, which is proposed to be set after Court approval of the Arrangement, in conjunction with the approval of the TSXV;
- (n) "**Effective Date**" shall be the date the Arrangement becomes effective pursuant to the ABCA, being the date shown on the Certificate of Arrangement;
- (o) "**Final Order**" means the final order of the Court approving the Arrangement;
- (p) "**Information Circular**" means the management information circular of LITH, including all schedules thereto, to be sent to the LITH Shareholders in connection with the LITH Meeting, together with any amendments or supplements thereto;
- (q) "**Intercompany Loan**" means the loan of US\$1,100,000 to be made from LITH to SpinCo;
- (r) "**Interim Order**" means the interim order of the Court providing advice and directions in connection with the LITH Meeting and the Arrangement;
- (s) "**LITH Meeting**" means the special meeting of the LITH Shareholders and any adjournment(s) or postponement(s) thereof to be held to, among other things, consider and, if deemed advisable, approve the Arrangement;
- (t) "**LITH Shareholder**" means a holder of LITH Shares;
- (u) "**LITH Shares**" means the issued and outstanding common shares of LITH as the same are constituted on the date hereof;
- (v) "**LITH Stock Option Plan**" means the existing stock option plan of LITH, as updated and amended from time to time;

- (w) **"Mineral Claims Purchase and Sale Agreement"** means the mineral claims purchase and sale agreement made as of March 9, 2018 whereby San Lorenzo, a Chilean formed limited liability company owned by SpinCo, will acquire the CGS Claims from Minera Kairos, a Chilean formed limited liability company owned by LITH;
- (x) **"party"** means either LITH or SpinCo and **"parties"** means, collectively, LITH and SpinCo;
- (y) **"Person"** means and includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, a trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof;
- (z) **"Plan of Arrangement"** means the plan of arrangement attached to this Agreement as Exhibit I, as the same may be amended from time to time;
- (aa) **"Promissory Note"** means the promissory note issued by SpinCo to LITH in the amount of US\$1,150,000 evidencing the Intercompany Loan and SpinCo's agreed share of the costs of the Arrangement of US\$50,000, which note has a two year term and which will bear interest at a rate of two percent (2%) per year;
- (bb) **"Registrar"** means the Registrar of Corporations for the Province of Alberta duly appointed under Section 263 of the ABCA;
- (cc) **"SpinCo Options"** means share purchase options to be issued pursuant to the SpinCo Stock Option Plan;
- (dd) **"SpinCo Shares"** means all of the issued and outstanding common shares of SpinCo;
- (ee) **"SpinCo Stock Option Plan"** means the stock option plan to be adopted by SpinCo in accordance with Section 4.3 of this Agreement on substantially similar terms as the LITH Stock Option Plan and as may otherwise be modified, amended or restated as more particularly set forth in the Information Circular; and
- (ff) **"TSXV"** means the TSX Venture Exchange Inc.

1.2 Currency. All amounts of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.

1.3 Interpretation Not Affected by Headings. The division of this Agreement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of the provisions of this Agreement. The terms "this Agreement", "hereof", "herein", "hereunder" and similar expressions refer to this Agreement and the exhibits hereto as a whole and not to any particular article, section, subsection, paragraph or subparagraph hereof and include any agreement or instrument supplementary or ancillary hereto.

1.4 Number and Gender. In this Agreement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing the use of either gender shall include both genders and neuter and words importing persons shall include firms and corporations.

1.5 Date for any Action. In the event that any date on which any action is required to be taken hereunder by LITH or SpinCo is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.6 Meaning. Words and phrases used herein and defined in the ABCA shall have the same meaning herein as in the ABCA unless the context otherwise requires.

1.7 Exhibits. Attached hereto and deemed to be incorporated into and form part of this Agreement as Exhibit I is the Plan of Arrangement.

ARTICLE 2 ARRANGEMENT

2.1 Arrangement. The parties agree to effect the Arrangement pursuant to the Arrangement Provisions on the terms and subject to the conditions contained in this Agreement and the Plan of Arrangement.

2.2 Effective Date of Arrangement. The Arrangement shall become effective on the Effective Date as set out in the Plan of Arrangement.

2.3 Commitment to Effect. Subject to termination of this Agreement pursuant to Article 6 hereof, the parties shall each use all reasonable efforts and do all things reasonably required to cause the Plan of Arrangement to become effective by no later than May 15, 2018, or by such other date as LITH and SpinCo may determine, and in conjunction therewith to cause the conditions described in Section 5.1 to be complied with prior to the Effective Date. Without limiting the generality of the foregoing, the parties shall proceed forthwith to apply for the Interim Order and LITH shall call the LITH Meeting and mail the Information Circular to the LITH Shareholders.

2.4 Filing of Final Order. Subject to the rights of termination contained in Article 6 hereof, upon the LITH Shareholders approving the Arrangement by special resolution in accordance with the provisions of the Interim Order and the ABCA, LITH obtaining the Final Order and the other conditions contained in Article 5 hereof being complied with or waived, LITH on its behalf and on behalf of SpinCo shall file with the Registrar:

- (a) the records and information required by the Registrar pursuant to the Arrangement Provisions; and
- (b) a copy of the Final Order.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties. Each of the parties hereby represents and warrants to the other party that:

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

ARTICLE 4 COVENANTS

4.1 Covenants. Each of the parties covenants with the other that it will do and perform all such acts and things, and execute and deliver all such agreements, assurances, notices and other documents and instruments, as may reasonably be required to facilitate the carrying out of the intent and purpose of this Agreement.

4.2 Interim Order and Final Order. The parties acknowledge that LITH will apply to and obtain from the Court, pursuant to the Arrangement Provisions, the Interim Order providing for, among other things, the calling and holding of the LITH Meeting for the purpose of considering and, if deemed advisable, approving and adopting the Arrangement Resolution. The parties each covenant and agree that if the approval of the Arrangement by the LITH Shareholders as set out in Section 5.1(b) hereof is obtained, LITH will thereafter (subject to the exercise of any discretionary authority granted to LITH's directors) take the necessary actions to submit the Arrangement to the Court for approval and apply for the Final Order and, subject to compliance with any of the other conditions provided for in Article 5 hereof and to the rights of termination contained in Article 6 hereof, file the material described in Section 2.4 with the Registrar.

4.3 SpinCo Stock Option Plan. In connection with, but prior to, the Arrangement, SpinCo shall adopt the SpinCo Stock Option Plan, which shall be substantially in the form attached to the Information Circular.

ARTICLE 5 CONDITIONS

5.1 Conditions Precedent. The respective obligations of the parties to complete the transactions contemplated by this Agreement shall be subject to the satisfaction of the following conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to LITH;
- (b) the Arrangement Resolution, with or without amendment, shall have been approved and adopted at the LITH Meeting by the LITH Shareholders in accordance with the Arrangement Provisions, the Constatng Documents of LITH, the Interim Order and the requirements of any applicable regulatory authorities;
- (c) the Final Order shall have been obtained in form and substance satisfactory to each of LITH and SpinCo;
- (d) the TSXV shall have conditionally approved the Arrangement;
- (e) all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders required or necessary or desirable for the completion of the transactions provided for in this Agreement and the Plan of Arrangement shall have been obtained or received from the Persons, authorities or bodies having jurisdiction in the circumstances each in form acceptable to LITH;
- (f) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and the Plan of Arrangement;
- (g) no law, regulation or policy shall have been proposed, enacted, promulgated or applied which interferes or is inconsistent with the completion of the Arrangement and Plan of Arrangement, including any material change to the income tax laws of Canada or Chile, which would reasonably be expected to have a material adverse effect on any of LITH, the LITH Shareholders or SpinCo if the Arrangement is completed;
- (h) the closing of the Mineral Claims Purchase and Sale Agreement;

- (i) the funding of the Intercompany Loan;
- (j) the issuance of the Promissory Note;
- (k) notices of dissent pursuant to Article 5 of the Plan of Arrangement shall not have been delivered by LITH Shareholders holding greater than 1% of the outstanding LITH Shares; and
- (l) this Agreement shall not have been terminated under Article 6 hereof.

Except for the conditions set forth in Sections 5.1(a), (b), (c), (d) and (l), which may not be waived, any of the other conditions in this Section 5.1 may be waived by either LITH or SpinCo in their discretion.

5.2 Pre-Closing. Unless this Agreement is terminated earlier pursuant to the provisions hereof, the parties shall meet at the offices of Burstall Winger Zammit LLP, Suite 1600, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, at 10:00 a.m. on the Business Day immediately preceding the Effective Date, or at such other location or at such other time or on such other date as they may mutually agree, and each of them shall deliver to the other of them:

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

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

5.4 Merger of Representations, Warranties and Covenants. The representations and warranties in Section 3.1 shall be conclusively deemed to be correct as of the Effective Date and the covenants in Section 4.1 hereof shall be conclusively deemed to have been complied with in all respects as of the Effective Date, and each shall accordingly merge in and not survive past the Effective Date.

ARTICLE 6 AMENDMENT AND TERMINATION

6.1 Amendment. Subject to any mandatory applicable restrictions under the Arrangement Provisions or the Final Order, this Agreement, including the Plan of Arrangement, may at any time and from time to time before or after the holding of the LITH Meeting, but prior to the Effective Date, be amended by the written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of the LITH Shareholders.

6.2 Termination. Subject to Section 6.3, this Agreement may at any time before or after the holding of the LITH Meeting, and before or after the granting of the Final Order, but in each case prior to the Effective Date, be terminated by direction of the Board of Directors of LITH without further action on the part of the LITH Shareholders and nothing expressed or implied herein or in the Plan of Arrangement shall be construed as fettering the absolute discretion by the Board of Directors of LITH to elect to terminate this Agreement and discontinue efforts to effect the Arrangement for whatever reasons it may consider appropriate.

6.3 Cessation of Right. The right of LITH or SpinCo or any other party to amend or terminate the Plan of Arrangement pursuant to Section 6.1 and Section 6.2 shall be extinguished upon the occurrence of the Effective Date.

**ARTICLE 7
GENERAL**

7.1 Notices. All notices which may or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be delivered or sent by facsimile or email, addressed as follows:

(a) in the case of LITH:

900, 903 - 8th Avenue S.W.
Calgary, Alberta T2P 0P7

Attention: Steven Cochrane
Email: steve@lithiumchile.ca

(b) in the case of Kairos:

900, 903 - 8th Avenue S.W.
Calgary, Alberta T2P 0P7

Attention: Al Kroontje
Email: al@kasten.ca

(c) in each case with a copy to:

Burstall Winger Zammit LLP
Suite 1600, 333 – 7th Avenue S.W.
Calgary, Alberta T2P 2Z1

Attention: Dale Burstall
Email: dale@burstall.com

7.2 Assignment. Neither of the parties may assign its rights or obligations under this Agreement or the Arrangement without the prior written consent of the other.

7.3 Binding Effect. This Agreement and the Arrangement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

7.4 Waiver. Any waiver or release of the provisions of this Agreement, to be effective, must be in writing and executed by the party granting such waiver or release.

7.5 Governing Law. This Agreement shall be governed by and be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

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

7.7 Expenses. All expenses incurred by a party in connection with this Agreement, the Arrangement and the transactions contemplated hereby and thereby shall be borne by the party that incurred the expense or as otherwise mutually agreed by the parties.

7.8 Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements, understandings, negotiations, and discussions, whether oral or written, of the parties.

7.9 Time is of the Essence. Time is of the essence of this Agreement.

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

LITHIUM CHILE INC.

Per: (signed) "Steven Cochrane"
Authorized Signatory

KAIROS METALS CORP.

Per: (signed) "Al Kroontje"
Authorized Signatory

EXHIBIT I

TO THE ARRANGEMENT AGREEMENT DATED AS OF THE 22ND DAY OF MARCH, 2018 BETWEEN LITHIUM CHILE INC. AND KAIROS METALS CORP.

PLAN OF ARRANGEMENT UNDER SECTION 193 OF THE BUSINESS CORPORATIONS ACT (ALBERTA)

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1 Definitions. In this plan of arrangement, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms shall have the following meanings:

- (a) "**ABCA**" means the Business Corporations Act, R. S. A., 2000, c. B-Q, as amended;
- (b) "**Arrangement**" means the arrangement pursuant to Section 193 of the ABCA, on the terms and conditions set forth in this Plan of Arrangement, as supplemented, modified or amended;
- (c) "**Arrangement Agreement**" means the arrangement agreement dated as of March 22, 2018, between LITH and SpinCo, as may be supplemented or amended from time to time;
- (d) "**Board of Directors**" means the current and existing board of directors of LITH;
- (e) "**Business Day**" means a day which is not a Saturday, Sunday or statutory holiday in Calgary, Alberta;
- (f) "**Court**" means the Court of Queen's Bench of Alberta;
- (g) "**Dissent Rights**" means the rights of dissent granted in favour of registered holders of LITH Shares in accordance with Article 5 of this Plan of Arrangement;
- (h) "**Dissenting Shareholder**" means a registered holder of LITH Shares who dissents in respect of the Arrangement in strict compliance with the Dissent Procedures and who has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;
- (i) "**Dissident Procedures**" means the rules pertaining to the exercise of Dissent Rights as set forth in the Interim Order and in Article 5 of this Plan of Arrangement;
- (j) "**Distribution Record Date**" means the close of business on the Business Day immediately preceding the Effective Date for the purpose of determining the LITH Shareholders entitled to receive SpinCo Shares under the Arrangement or such other date as the Board of Directors may select;
- (k) "**Effective Date**" means the date the Arrangement becomes effective under the ABCA, being the date shown on the proof of filing to be issued by the Registrar in respect of the Articles of Arrangement;
- (l) "**Effective Time**" means 12:01 a.m. on the Effective Date or such other time on the Effective Date as agreed to in writing by LITH and SpinCo;
- (m) "**Final Order**" means the final order of the Court approving the Arrangement;

- (n) **"Interim Order"** means the interim order of the Court providing advice and directions in connection with the LITH Meeting and the Arrangement;
- (o) **"LITH"** or the **"Company"** means Lithium Chile Inc., a corporation existing under the ABCA;
- (p) **"LITH Meeting"** means the annual and special meeting of the LITH Shareholders and any adjournments thereof to be held to, among other things, consider and, if deemed advisable, approve the Arrangement;
- (q) **"LITH Shareholders"** means holders of LITH Shares;
- (r) **"LITH Shares"** means the voting common shares without par value which LITH is authorized to issue as the same are constituted on the date hereof;
- (s) **"Plan of Arrangement"** means this plan of arrangement, as the same may be amended from time to time;
- (t) **"Registrar"** means the Registrar of Companies under the ABCA;
- (u) **"SpinCo"** means Kairos Metals Corp., a company existing under the ABCA;
- (v) **"SpinCo Shareholder"** means a holder of SpinCo Shares;
- (w) **"SpinCo Shares"** means the no par value shares which SpinCo is authorized to issue as the same are constituted on the date hereof;
- (x) **"SpinCo Stock Option Plan"** means the stock option plan adopted by SpinCo, in substantially the form set forth in the management information circular of LITH, to be sent to LITH Shareholders in connection with the LITH Meeting;
- (y) **"Tax Act"** means the *Income Tax Act* (Canada), R.S.C. 1985 (5th Supp.) c.1, as amended;
- (z) **"Transfer Agent"** means Computershare Trust Company of Canada at its principal office in Calgary, Alberta; and
- (aa) **"TSXV"** means the TSX Venture Exchange Inc.

1.2 Interpretation Not Affected by Headings. The division of this Plan of Arrangement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. Unless otherwise specifically indicated, the terms "this Plan of Arrangement", "hereof", "hereunder" and similar expressions refer to this Plan of Arrangement as a whole and not to any particular article, section, subsection, paragraph or subparagraph and include any agreement or instrument supplementary or ancillary hereto.

1.3 Number and Gender. Unless the context otherwise requires, words importing the singular number only shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter and words importing persons shall include firms and corporations.

1.4 Meaning. Words and phrases used herein and defined in the ABCA shall have the same meaning herein as in the ABCA, unless the context otherwise requires.

1.5 Date for any Action. If any date on which any action is required to be taken under this Plan of Arrangement is not a Business Day, such action shall be required to be taken on the next succeeding Business Day.

1.6 Governing Law. This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

**ARTICLE 2
ARRANGEMENT AGREEMENT**

2.1 Arrangement Agreement. This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.

2.2 Arrangement Effectiveness. The Arrangement and this Plan of Arrangement shall become final and conclusively binding on LITH, the LITH Shareholders (including Dissenting Shareholders) and SpinCo Shareholders at the Effective Time without any further act or formality as required on the part of any person, except as expressly provided herein.

**ARTICLE 3
THE ARRANGEMENT**

3.1 The Arrangement. Commencing at the Effective Time, the following shall occur and be deemed to occur in the following chronological order without further act or formality notwithstanding anything contained in the provisions attaching to any of the securities of LITH or SpinCo, but subject to the provisions of Article 5:

- (a) the stated capital account maintained in respect of the LITH Shares will be reduced by an amount equal to the fair market value of the SpinCo Shares, estimated to be \$1,200 or such other estimated amount as determined by the Board of Directors; and
- (b) LITH will distribute to the LITH Shareholders one (1) SpinCo Share for each four (4) LITH Shares held by a LITH Shareholder.

3.2 Deemed Fully Paid and Non-Assessable Shares. All SpinCo Shares issued pursuant hereto shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the ABCA.

3.3 No Fractional Shares. Notwithstanding any other provision of this Arrangement, no fractional SpinCo Shares shall be distributed to the LITH Shareholders and, as a result, the number of SpinCo Shares issued to such LITH Shareholder will be rounded up to the nearest whole number of SpinCo Shares if the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the nearest whole number of SpinCo Shares if the fractional entitlement is less than 0.5. In calculating such fractional interests, all LITH Shares registered in the name of or beneficially owned by such LITH Shareholder shall be aggregated.

3.4 Distribution Record Date. In Section 3.1(b) the reference to a LITH Shareholder shall mean a person who is a LITH Shareholder on the Distribution Record Date, subject to the provisions of Article 5.

3.5 Supplementary Actions. Notwithstanding that the transactions and events set out in Section 3.1 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of LITH and SpinCo shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in Section 3.1, including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefor, any necessary additions to or deletions from share registers, and agreements for stock options.

3.6 No Liens. Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any liens, restrictions, adverse claims or other claims of third parties of any kind.

**ARTICLE 4
CERTIFICATES**

4.1 SpinCo Share Certificates. As soon as practicable following the Effective Date, SpinCo shall deliver or cause to be delivered to the Transfer Agent certificates representing the SpinCo Shares required to be issued to registered holders of LITH Shares as at immediately prior to the Effective Time in accordance with the provisions of

Section 3.1(b) of this Plan of Arrangement, which certificates shall be held by the Transfer Agent as agent and nominee for such holders for distribution thereto in accordance with the provisions of Section 6.1 hereof.

4.2 Interim Period. Any LITH Shares traded after the Distribution Record Date shall not carry any rights to receive SpinCo Shares.

ARTICLE 5 RIGHTS OF DISSENT

5.1 Dissent Right. Registered holders of LITH Shares may exercise Dissent Rights with respect to their LITH Shares in connection with the Arrangement and pursuant to the Interim Order in the manner set forth in the Dissent Procedures, as they may be amended by the Interim Order, Final Order or any other order of the Court, and provided that such dissenting LITH Shareholder delivers a written notice of dissent to LITH at least two Business Days before the day of the Meeting or any adjournment or postponement thereof.

5.2 Dealing with Dissenting Shares. LITH Shareholders who duly exercise Dissent Rights with respect to their Dissenting Shares and who:

- (a) are ultimately entitled to be paid fair value for their LITH Shares shall be deemed to have transferred their LITH Shares to LITH for cancellation as of the Effective Time; or
- (b) for any reason are ultimately not entitled to be paid for their LITH Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting LITH Shareholder and shall receive SpinCo Shares on the same basis as every other non-dissenting LITH Shareholder.

5.3 Reservation of SpinCo Shares. If a LITH Shareholder exercises Dissent Rights, LITH shall, on the Effective Date, set aside and not distribute that portion of the SpinCo Shares which is attributable to the LITH Shares for which Dissent Rights have been exercised. If the dissenting LITH Shareholder is ultimately not entitled to be paid for their Dissenting Shares, LITH shall distribute to such LITH Shareholder his or her pro rata portion of the SpinCo Shares. If a LITH Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, then LITH shall retain the portion of the SpinCo Shares attributable to such LITH Shareholder and such shares will be dealt with as determined by the Board of Directors of LITH in its discretion.

ARTICLE 6 DELIVERY OF SHARES

6.1 Delivery of Shares. Upon delivery to the Transfer Agent of such documents and instruments as the Transfer Agent may reasonably require, each LITH Shareholder shall be entitled to receive, and the Transfer Agent shall deliver to such holder following the Effective Time, a certificate representing the SpinCo Shares that such holder is entitled to receive in accordance with Section 3.1 hereof.

6.2 Paramountcy. From and after the Effective Time: (i) this Plan of Arrangement shall take precedence and priority over any and all LITH Shares issued prior to the Effective Time; and (ii) the rights and obligations of the registered holders of LITH Shares and of LITH, SpinCo, the Transfer Agent and any transfer agent or other Transfer Agent therefor, shall be solely as provided for in this Plan of Arrangement.

ARTICLE 7 AMENDMENTS & WITHDRAWAL

7.1 Amendments. LITH, in its sole discretion, reserves the right to amend, modify and/or supplement this Plan of Arrangement from time to time at any time prior to the Effective Time provided that any such amendment, modification or supplement must be contained in a written document that is filed with the Court and, if made following the Meeting, approved by the Court.

7.2 Amendments Made Prior to or at the Meeting. Any amendment, modification or supplement to this Plan of Arrangement may be proposed by LITH at any time prior to or at the Meeting with or without any prior notice or

communication, and if so proposed and accepted by the LITH Shareholders voting at the Meeting, shall become part of this Plan of Arrangement for all purposes.

7.3 Amendments Made After the Meeting. Any amendment, modification or supplement to this Plan of Arrangement may be proposed by LITH after the Meeting but prior to the Effective Time and any such amendment, modification or supplement which is approved by the Court following the Meeting shall be effective and shall become part of the Plan of Arrangement for all purposes. Notwithstanding the foregoing, any amendment, modification or supplement to this Plan of Arrangement may be made following the granting of the Final Order unilaterally by LITH, provided that it concerns a matter which, in the reasonable opinion of LITH, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any holder of LITH Shares or SpinCo Shares.

7.4 Withdrawal. Notwithstanding any prior approvals by the Court or by LITH Shareholders, the Board of Directors may decide not to proceed with the Arrangement and to revoke the Arrangement Resolution at any time prior to the Effective Time, without further approval of the Court or the LITH Shareholders.

SCHEDULE "C"
INTERIM ORDER
(see attached)

COURT FILE NUMBER 1801-04112
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT LITHIUM CHILE INC.



**IN THE MATTER OF SECTION 193 OF THE
BUSINESS CORPORATIONS ACT, R.S.A.,
2000, C. B-9, AS AMENDED**

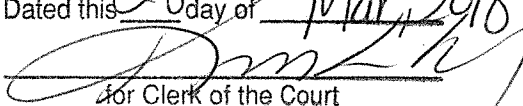
**AND IN THE MATTER OF A PROPOSED
ARRANGEMENT INVOLVING LITHIUM
CHILE INC., ITS SHAREHOLDERS, AND
KAIROS METALS CORP.**

DOCUMENT
ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF PARTY
FILING THIS DOCUMENT

INTERIM ORDER
BURSTALL WINGER ZAMMIT LLP
Suite 1600, 333-7th Avenue SW
Calgary, AB T2P 2Z1

Attn: Spencer Chimuk
Ph: 403-513-2639
Fax: 403-266-6016
chimuk@burstall.com
File: 40342

I hereby certify this to be a true copy of
the original Order

Dated this 28 day of Mar, 2018

for Clerk of the Court

DATE ON WHICH ORDER WAS PRONOUNCED: March 28, 2018

NAME OF JUSTICE WHO MADE THIS ORDER: Associate Chief Justice J.D. Rooke

UPON the application (the "**Application**") of Lithium Chile Inc. ("**LITH**") for an Order under Section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "**ABCA**");

AND UPON reading the said Application and the Affidavit of Jana Lillies, Corporate Secretary of LITH, sworn March 23, 2018, and the documents referred to therein (collectively, the "**Lillies Affidavit**");

AND UPON hearing submissions of counsel for LITH;

AND UPON noting that for the purposes of this Order, the capitalized terms used but not defined in this Order shall have the meanings attributed to them in the draft management information circular of LITH (the "**Information Circular**"), which is attached as **Exhibit "A"** to the Lillies Affidavit;

IT IS HEREBY ORDERED AND DECLARED THAT:

Declaration of Arrangement

1. The proposed plan of arrangement (the "**Plan of Arrangement**") involving LITH, Kairos Metals Corp. ("**SpinCo**") and the holders of LITH Shares (the "**LITH Shareholders**"), all as outlined in the Lillies Affidavit, is an "arrangement" (the "**Arrangement**") under the definition thereof contained in the ABCA, and LITH and SpinCo may proceed with the Arrangement, as described in the Lillies Affidavit.

Declaration of Fairness

2. The terms and conditions of the Arrangement, and the procedures relating thereto, are fair and reasonable, substantively and procedurally, to the LITH Shareholders.

Notice of Meeting

3. LITH shall convene a special meeting (the "**Meeting**") of the LITH Shareholders, on or about April 27, 2018, at 10:00 a.m. or as soon thereafter as the Meeting can reasonably be held to consider and, if thought advisable, approve, with or without variation, a special resolution (the "**Arrangement Resolution**") of the LITH Shareholders approving the Arrangement, as contemplated by the arrangement agreement between LITH and SpinCo dated March 22, 2018 (the "**Arrangement Agreement**") and attached as **Schedule "B"** to the Information Circular which is attached as **Exhibit "A"** to the Lillies Affidavit.
4. Pursuant to Section 193 of the ABCA, the Meeting shall be called and held in accordance with the provisions of the ABCA, the articles and the by-laws of LITH in effect at the relevant time, and the Information Circular, subject to the express provisions of this Interim Order and any further Order of this Court in effect at the relevant time. To the extent there is any discrepancy between this Interim Order, the ABCA and the articles or bylaws of LITH, the terms of this Interim Order shall govern.
5. Only registered LITH Shareholders ("**Registered LITH Shareholders**") whose names have been entered in LITH's register of holders of LITH Shares on the close of business on the record date of March 8, 2018 (the "**Record Date**") shall be entitled to receive notice of and to vote the LITH Shares shown opposite such Registered LITH Shareholder's name at the Meeting, provided that, to the extent that a Registered LITH Shareholder transfers ownership of any LITH Shares after the Record Date and the transferee of those LITH Shares establishes ownership thereof and requests, not later than ten (10) days before the Meeting, to be included in the list of LITH

Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote such LITH Shares at the Meeting.

6. LITH shall mail, by pre-paid ordinary mail, or by delivery in person, by direct courier or by expedited parcel post, at the expense of LITH, the Notice of Special Meeting, Notice of Application, Information Circular and the instrument of proxy in respect of the Arrangement (collectively, the "**Meeting Materials**") substantially in the form attached to the Lillies Affidavit, to the registered LITH Shareholders at the addresses of each such LITH Shareholder recorded in the register of LITH Shareholders at the close of business on the Record Date, and to the directors and auditors of LITH. As provided in the ABCA, the Meeting Materials will be mailed at least 21 days prior to the date of the Meeting, excluding the date of mailing, but including the date of the Meeting, to all registered LITH Shareholders. In the case of non-registered LITH Shareholders, service of the Meeting Materials shall be given in accordance with LITH's securities law obligations under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators. Such mailing, or other delivery, shall constitute good and sufficient service of the Meeting Materials.
7. The Meeting Materials shall be deemed to have been received, in the case of mailing, on the day such Meeting Materials are delivered to the post office, and in the case of delivery by person, by courier or by expedited parcel post, upon receipt at the intended recipient's address.
8. The accidental omission to give notice of the Meeting, or the non-receipt of such notice by one or more of the persons specified in paragraph 6 hereof, shall not invalidate any resolution passed or proceedings taken at the Meeting.

Chairman and Quorum

9. The chairman of the Meeting shall be the Chief Executive Officer of LITH, or in the absence of the Chief Executive Officer, an executive officer or director of LITH.
10. A quorum required at the Meeting will be at least two LITH Shareholders present in person, or represented by proxy, at the opening of the Meeting, and holding in person or representing in the aggregate not less than 10% of the LITH Shares entitled to be voted at the Meeting.
11. If a quorum is not so present at the opening of the Meeting, the LITH Shareholder(s) present or represented may adjourn the Meeting to a fixed time and place but may not transact any other business other than as provided in the by-laws of LITH or the ABCA until a quorum is present.
12. The Meeting may be adjourned or postponed by LITH without the need for further approval from the Court.

Approval of Arrangement Resolution

13. The Registered LITH Shareholders shall be the only persons entitled to vote on the Arrangement Resolution. Each LITH Shareholder will be entitled to one vote for each LITH Share held.
14. In order for the Arrangement to become effective, the requisite majority for approval of the Arrangement Resolution shall be, subject to further order of this Honourable Court, not less than 66⅔% of the votes cast by the LITH Shareholders present in person or represented by proxy and entitled to vote at the Meeting, voting together as one class on the basis of one vote per LITH Share.
15. LITH is authorized to make such amendments, revisions or supplements to the Meeting Materials as LITH may determine to be necessary or desirable, provided that such amendments, revisions or supplements are made in accordance with and in the manner contemplated by the Arrangement Agreement. The Arrangement, as described in the Meeting Materials, as so amended, revised or supplemented shall be deemed to be the Arrangement submitted to the Meeting and the subject of the Arrangement Resolution, without need to return to this Court to amend this Interim Order.
16. If any amendments, revisions or supplements as aforesaid result in material changes to the Information Circular (the "**Additional Information**") between the date of the Interim Order and the date of the Meeting, which change, if known prior to mailing of the Information Circular, would have been included in the Information Circular, then LITH shall advise the LITH Shareholders of such Additional Information, by disseminating a news release through a newswire service approved by the TSX Venture Exchange ("**News Release**"), and filing a copy of the News Release under LITH's issuer profile through the System for Electronic Document Analysis and Retrieval under National Instrument 13-101 – *System for Electronic Document Analysis and Retrieval (SEDAR)* of the Canadian Securities Administrators, and provided that the News Release describes the applicable Additional Information in reasonable detail, then, other than dissemination of the News Release as aforesaid, LITH shall not be required to deliver an amendment to the Information Circular to LITH Shareholders or otherwise give notice to the LITH Shareholders of the applicable Additional Information.

Dissent Rights

17. The registered LITH Shareholders on the Record Date are accorded the right of dissent with respect to the Arrangement Resolution in accordance with the provisions of Section 191 of the ABCA. In order to exercise such right of dissent under section 191 of the ABCA:

- (a) a written objection to the Arrangement Resolution from a dissenting LITH Shareholder (collectively, a "**Dissenting Shareholder**") be received by Burstall Winger Zammit LLP, 1600, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, Attention: Sabina Shah by 5:00 p.m. (Calgary time) on or before April 25, 2018 or the date that is two Business Days immediately preceding the date of the Meeting in the event of any adjournment or postponement of the Meeting;
 - (b) a Dissenting Shareholder shall not have voted any of its LITH Shares at the Meeting, either in person or by proxy, in favour of the Arrangement Resolution;
 - (c) a Dissenting Shareholder may dissent only with respect to all of the LITH Shares, as applicable, held by it;
 - (d) the fair value of the LITH Shares shall be determined as of the close of business on the last business day before the day on which the Arrangement Resolution is approved by the LITH Shareholders, and shall be paid to any validly Dissenting Shareholders by LITH as contemplated by the Plan of Arrangement and this Interim Order;
 - (e) a vote against the Arrangement Resolution or an abstention shall not constitute the written objection required in subparagraph 17(a); and
 - (f) a Dissenting Shareholder exercising its Dissent Rights shall have otherwise complied with the requirements of Section 191 of the ABCA, as modified by the Plan of Arrangement, this Interim Order and the Final Order.
18. To the extent the provisions of Section 191 of the ABCA are inconsistent with Article 5 of the Plan of Arrangement, the provisions of Article 5 of the Plan of Arrangement shall apply.
19. Subject to any further order of this Honourable Court, the rights available to the LITH Shareholders under the ABCA and the Plan of Arrangement to dissent from the Arrangement Resolution shall constitute full and sufficient rights of dissent for the LITH Shareholders with respect to the Arrangement Resolution.
20. Notice to the LITH Shareholders of their right of dissent with respect to the Arrangement Resolution and to receive, subject to the provisions of the ABCA and the Plan of Arrangement, the fair value of the consideration which a Dissenting Shareholder is entitled pursuant to the Arrangement shall be given by including information with respect to this right in the Information Circular to be sent to LITH Shareholders in accordance with paragraph 6 of this Interim Order.

Final Application

21. Subject to further order of this Court, upon approval of the Arrangement Resolution at the Meeting in the manner set forth in this Interim Order, LITH may proceed with an application for approval of the Arrangement, which application (the "**Final Application**") shall be heard by this Honourable Court at the Court Centre, 601-5th Street S.W., in the City of Calgary, on Monday, May 7, 2018 at 2:00 p.m., or at such other time or date as the Court may hear the application. Subject to a Final Order in this proceeding and proof of filing the requisite Arrangement documentation under the ABCA, LITH, SpinCo and all LITH Shareholders will be bound by the Arrangement in accordance with its terms.

Service

22. The mailing of the Meeting Materials referred to in paragraph 6 herein shall constitute good and sufficient service in respect of those materials upon all persons who are entitled to receive such notice pursuant to this Interim Order and no other form of service need be made and no other materials need to be served on such persons in respect of those proceedings, and service of the Lillies Affidavit, is dispensed with.
23. Any LITH Shareholder or any other interested party may appear on the Final Application, provided that such holder or person shall file with this Honourable Court and serve on the solicitors for LITH on or before 12:00 p.m. (Calgary time) on May 2, 2018, a Notice of Intention to Appear setting out the address for service in respect of such holder or person and indicating whether such holder or person intends to support or oppose the Final Application or make submissions, together with any evidence or materials which are to be presented to this Honourable Court, such Notice of Intention to Appear to be effected by delivery together with any evidence or materials, at the address set forth below.

Burstall Winger Zammit LLP
Barristers & Solicitors
1600, 333 - 7th Avenue S.W.
Calgary, Alberta T2P 2Z1
Attention: Spencer Chimuk

24. In the event the Final Application is adjourned or is scheduled to be heard at a time or date other than May 7, 2018, at 2:00 p.m., only those persons who have filed and served a Notice of Intention to Appear in accordance with paragraph 23 of this Order shall be served with notice of the adjourned time or date.

Priority and Variance

25. In the event of a conflict between the provisions of the ABCA and the terms of this Interim Order, the terms of this Interim Order shall prevail.
26. LITH shall be entitled at any time to seek leave to vary this Interim Order, upon such terms and upon the giving of such notice, as the Court may direct.

General

27. The time for filing and service of the Application and the Lillies Affidavit is hereby abridged pursuant to Rule 13.5(2) of the Alberta *Rules of Court* and deemed good and sufficient by this declaration herein.
28. There shall be no costs payable for entering this Interim Order.

A.C.  Justice of the Court of Queen's Bench of Alberta

SCHEDULE "D"

SECTION 191 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

- 191(1) Subject to sections 192 and 242, a holder of shares of any class of a corporation may dissent if the corporation resolves to
- (a) amend its articles under section 173 or 174 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,
 - (b) amend its articles under section 173 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,
 - (b.1) amend its articles under section 173 to add or remove an express statement establishing the unlimited liability of shareholders as set out in section 15.2(1),
 - (c) amalgamate with another corporation, otherwise than under section 184 or 187,
 - (d) be continued under the laws of another jurisdiction under section 189, or
 - (e) sell, lease or exchange all or substantially all its property under section 190.
- (2) A holder of shares of any class or series of shares entitled to vote under section 176, other than section 176(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.
- (3) In addition to any other right the shareholder may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by the shareholder in respect of which the shareholder dissents, determined as of the close of business on the last business day before the day on which the resolution from which the shareholder dissents was adopted.
- (4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by the shareholder or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.
- (5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)
- (a) at or before any meeting of shareholders at which the resolution is to be voted on, or
 - (b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of the shareholder's right to dissent, within a reasonable time after the shareholder learns that the resolution was adopted and of the shareholder's right to dissent.
- (6) An application may be made to the Court after the adoption of a resolution referred to in subsection (1) or (2),
- (a) by the corporation, or
 - (b) by a shareholder if the shareholder has sent an objection to the corporation under subsection (5)
- to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section, or to fix the time at which a shareholder of an unlimited liability corporation who dissents

under this section ceases to become liable for any new liability, act or default of the unlimited liability corporation.

- (7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay the shareholder an amount considered by the directors to be the fair value of the shares.
- (8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder
 - (a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or
 - (b) within 10 days after the corporation is served with a copy of the application, if a shareholder is the applicant.
- (9) Every offer made under subsection (7) shall
 - (a) be made on the same terms, and
 - (b) contain or be accompanied with a statement showing how the fair value was determined.
- (10) A dissenting shareholder may make an agreement with the corporation for the purchase of the shareholder's shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.
- (11) A dissenting shareholder
 - (a) is not required to give security for costs in respect of an application under subsection (6), and
 - (b) except in special circumstances must not be required to pay the costs of the application or appraisal.
- (12) In connection with an application under subsection (6), the Court may give directions for
 - (a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,
 - (b) the trial of issues and interlocutory matters, including pleadings and questioning under Part 5 of the *Alberta Rules of Court*,
 - (c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,
 - (d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,
 - (e) the appointment and payment of independent appraisers, and the procedures to be followed by them,
 - (f) the service of documents, and
 - (g) the burden of proof on the parties.
- (13) On an application under subsection (6), the Court shall make an order

- (a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,
 - (b) giving judgment in that amount against the corporation and in favour of each of those dissenting shareholders,
 - (c) fixing the time within which the corporation must pay that amount to a shareholder, and
 - (d) fixing the time at which a dissenting shareholder of an unlimited liability corporation ceases to become liable for any new liability, act or default of the unlimited liability corporation.
- (14) On
- (a) the action approved by the resolution from which the shareholder dissents becoming effective,
 - (b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for the shareholder's shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or
 - (c) the pronouncement of an order under subsection (13),
- whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of the shareholder's shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.
- (15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).
- (16) Until one of the events mentioned in subsection (14) occurs,
- (a) the shareholder may withdraw the shareholder's dissent, or
 - (b) the corporation may rescind the resolution,
- and in either event proceedings under this section shall be discontinued.
- (17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.
- (18) If subsection (20) applies, the corporation shall, within 10 days after
- (a) the pronouncement of an order under subsection (13), or
 - (b) the making of an agreement between the shareholder and the corporation as to the payment to be made for the shareholder's shares,
- notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.
- (19) Notwithstanding that a judgment has been given in favour of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw the shareholder's notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to the shareholder's full rights as a shareholder, failing which the shareholder retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

- (20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that
- (a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or
 - (b) the realizable value of the corporation's assets would by reason of the payment be less than the aggregate of its liabilities.

SCHEDULE "E"

SPINCO FOLLOWING THE ARRANGEMENT

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NOTICE TO READER

Capitalized terms used in this Schedule "E" and not otherwise defined herein shall have the meanings ascribed thereto in the Glossary of Terms contained in the Circular to which this Schedule "E" is attached. Throughout this Schedule "E" a foreign exchange rate of \$0.75 has been used to convert Canadian Dollars ("Cdn\$") to United States Dollars ("US\$").

FORWARD-LOOKING STATEMENTS

This Schedule "E" includes and incorporates statements that are prospective in nature that constitute forward-looking information and/or forward-looking statements within the meaning of applicable securities laws (collectively, "forward-looking statements"). Forward-looking statements include, but are not limited to, statements concerning the completion and proposed terms of, and matters relating to, the Arrangement and the expected timing related thereto, the tax treatment of the Arrangement, the expected operations, financial results and condition of SpinCo following the Arrangement, SpinCo's future objectives and strategies to achieve those objectives, including, the future prospects of SpinCo as an independent company, any market created for SpinCo's securities, the estimated cash flow, capitalization and adequacy thereof for SpinCo following the Arrangement, the expected benefits of the Arrangement to, and resulting treatment of, shareholders of SpinCo ("**SpinCo Shareholders**") and the holders of options, the anticipated effects of the Arrangement, the estimated costs of the Arrangement, the satisfaction of the conditions to consummate the Arrangement, the expected terms of SpinCo's funding arrangements, anticipated exploration timelines for the Salvadora Property, as well as other statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "expect", "intend", "estimate", "anticipate", "believe", "should", "plans" or "continue", or similar expressions suggesting future outcomes or events.

Forward-looking statements reflect management's current beliefs, expectations and assumptions and are based on information currently available to management, management's historical experience, perception of trends and current business conditions, expected future developments and other factors which management considers appropriate. With respect to the forward-looking statements included in or incorporated into this Schedule "E", SpinCo has made certain assumptions with respect to, among other things, the anticipated approval of the Arrangements by LITH Shareholders and the Court, the anticipated receipt of any required regulatory approvals and consents (including the final approval of the TSXV), the expectation that each of LITH and SpinCo will comply with the terms and conditions of the Arrangement Agreement, the expectation that no event, change or other circumstance will occur that could give rise to the termination of the Arrangement Agreement, that no unforeseen changes in the legislative and operating framework for SpinCo will occur, that SpinCo will meet its future objectives and priorities, that SpinCo will have access to adequate capital to fund its future projects and plans, that SpinCo's future projects and plans will proceed as anticipated, as well as assumptions concerning general economic and industry growth rates, commodity prices, currency exchange and interest rates and competitive intensity.

Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the future circumstances, outcomes or results anticipated or implied by such forward-looking statements will occur or that plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve known and unknown risks and uncertainties and other factors that could cause actual results to differ materially from those contemplated by such statements. Factors that could cause such differences include, but are not limited to: conditions precedent or approvals required for the Arrangement not being obtained; the potential benefits of the Arrangement not being realized; the potential for the combined trading prices of the LITH Shares and the SpinCo Shares after the Arrangement being less than the trading price of LITH Shares immediately prior to the Arrangement; there being no established market for the SpinCo Shares; the potential inability or unwillingness of current LITH Shareholders to hold LITH Shares and/or SpinCo Shares following the Arrangement; LITH's ability to delay or amend the implementation of all or part of the Arrangement or to proceed with the Arrangement even if certain consents and approvals are not obtained on a timely basis; future factors that may arise making it inadvisable to proceed with, or advisable to delay, all or part of the Arrangement; the reduced diversity of LITH and SpinCo as separate companies; the costs related to the Arrangement that must be paid even if the Arrangement is not completed; and general business and economic uncertainties and adverse market conditions; risks related to SpinCo's status as an independent public company following the Arrangement; and risks related to the achievement of SpinCo's business objectives, including the acquisition of any additional mineral leases or other

interests. For a further description of these and other factors that could cause actual results to differ materially from the forward-looking statements included in or incorporated into this Schedule "E", see the risk factors discussed under the heading "Risk Factors" in this Schedule "E" and under the heading "Risk Factors" in the Circular, as well as the risks factors included in LITH's management's discussion and analysis for the year ended December 31, 2016 and as described from time to time in the reports and disclosure documents filed by LITH and SpinCo with the Canadian securities regulatory agencies and commissions. This list is not exhaustive of the factors that may impact SpinCo's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on SpinCo's forward-looking statements. As a result of the foregoing and other factors, there can be no assurance that actual results will be consistent with these forward-looking statements.

All forward-looking statements included in and incorporated into this Schedule "E" are qualified by these cautionary statements. The forward-looking statements contained herein are made as of the date of the Circular and except as required by applicable law, LITH and SpinCo undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Readers are cautioned that the actual results achieved will vary from the information provided herein and that such variations may be material. Consequently, there are no representations by LITH or SpinCo that actual results achieved will be the same in whole or in part as those set out in the forward-looking statements. Reference should also be made to the section entitled "Forward-Looking Information" in the Circular.

CORPORATE STRUCTURE

Name, address and incorporation

SpinCo was incorporated on January 15, 2018 under the ABCA.

The head and registered office of SpinCo is Suite 900, 903 - 8th Avenue S.W., Calgary, Alberta, T2P 0P7.

Pre-Arrangement Transactions

Since the incorporation of SpinCo by its parent company, LITH, the two corporate entities together with their Chilean subsidiaries have completed certain transactions and have entered into the Mineral Claims Purchase and Sale Agreement (the "**Transfer Transactions**") which will give effect to the transfer of the CGS Claims held within LITH's wholly-owned Chilean subsidiary, Minera Kairos into SpinCo's wholly-owned Chilean subsidiary, San Lorenzo. Each of the CGS Claims to be transferred are considered by LITH's management to be prospective for copper, gold or silver accumulations. None of the Lithium Claims held by the Corporation's subsidiary Minera Kairos, that management of LITH considers prospective for lithium, will be transferred to San Lorenzo and shall remain in Minera Kairos. Upon completion of the Transfer Transactions, the Lithium Claims will continue to be held within Minera Kairos while all of the CGS Claims will be held within San Lorenzo. Until the Arrangement has been completed, SpinCo will continue to be a wholly-owned subsidiary of LITH. After completion of the Arrangement, SpinCo will be an independent Canadian reporting issuer initially owned by the LITH Shareholders on the Effective Date. The Transfer Transactions are summarized as follows:

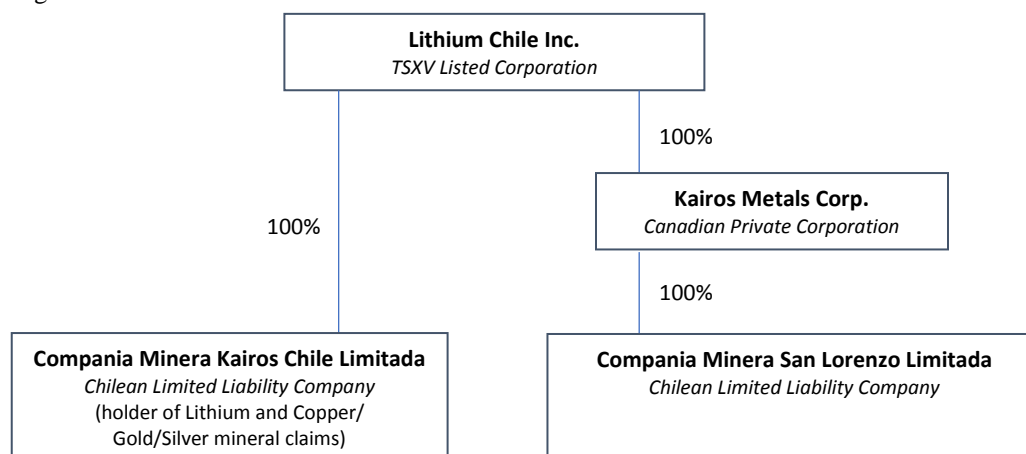
- 1) On January 15, 2018, SpinCo issued 24,185,063 SpinCo Shares to LITH, being an amount equal to one-quarter (¼) of the then issued and outstanding LITH Shares.
- 2) On March 8, 2018, Minera Kairos transferred 100% of its ownership of San Lorenzo to SpinCo for the sum of \$1.00. San Lorenzo owned no assets, including no mineral claims, on the date of ownership transfer nor had San Lorenzo carried on any business activities prior to the date of the ownership transfer. The transfer of ownership of San Lorenzo was completed in Chile by Minera Kairos' legal representatives in La Serena, Chile and registered in the Chilean corporate registry on March 8, 2018.
- 3) On March 9, 2018, Minera Kairos, as Vendor, and San Lorenzo, as Purchaser, entered into the Mineral Claims Purchase and Sale Agreement whereby San Lorenzo will acquire 100% of Minera Kairos' ownership interests in the CGS Claims for the CGS Claims Purchase Price. Closing of the Mineral Claims Purchase and Sale Agreement is subject to satisfaction of certain conditions precedent, the most significant of which is LITH having obtained approval from the LITH Shareholders for the Arrangement.

In addition to the Transfer Transactions described above, the following additional transactions will take place in order to give full effect to the overall terms of the Arrangement. Completion of these additional transactions is conditional upon LITH and SpinCo having satisfied certain conditions precedent, the most significant of which is LITH having obtained LITH Shareholder approval for the Arrangement. Additional conditions precedent include:

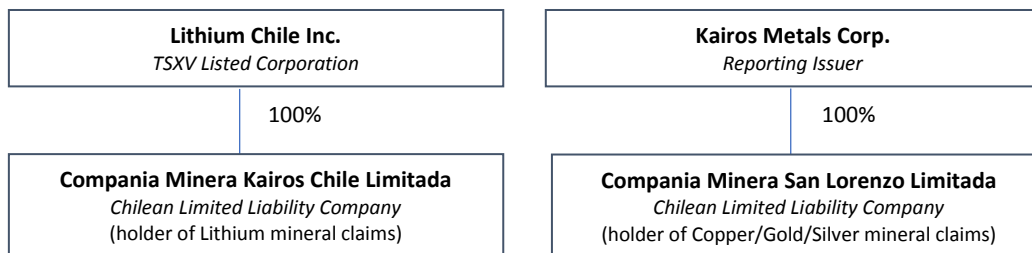
- 1) Minera Kairos and San Lorenzo will close the Mineral Claims Purchase and Sale Agreement;
- 2) LITH will provide funding to SpinCo in the amount of US\$1,100,000 in the form of the Intercompany Loan. The proceeds from the Intercompany Loan will be used to fund general and administrative costs in the amount of US\$100,000 and will provide funds in the amount of US\$1,000,000 to fund the Initial Exploration Program. The Intercompany Loan and SpinCo's agreed upon share of the costs of the Arrangement of US\$50,000 will be evidenced by the SpinCo Promissory Note. The SpinCo Promissory Note will accrue interest at a rate of two (2%) percent per year, calculated annually and be repayable two (2) years from the date of issuance;
- 3) San Lorenzo will issue the San Lorenzo Promissory Note to Minera Kairos as payment of the CGS Claims Purchase Price. The San Lorenzo Promissory note will accrue interest at a rate of two (2%) percent per year, calculated annually and be repayable two (2) years from the date of issuance; and
- 4) As a result of closings of a private placement by LITH on February 16, 2018, March 2, 2018 and March 28, 2018, LITH issued an additional 2,812,200, 720,000 and 134,000 LITH Shares, respectively. Subsequent to these three closings of the private placement, LITH does not intend to cause the issuance of any additional LITH Shares prior to the LITH Shareholder Meeting, other than pursuant to the exercise of existing stock options or warrants. SpinCo will, immediately prior to the Effective Time, issue for nominal consideration that number of SpinCo Shares such that the issued and outstanding SpinCo Shares at the Effective Time will be equal to one-quarter (¼) of the number of the then issued and outstanding LITH Shares so that LITH Shareholders will receive exactly one (1) SpinCo Share for every four (4) LITH Shares held by such LITH Shareholders at the Effective Time, subject only to rounding for fractional shares as described in the Circular to which this Schedule "E" is attached.

Intercorporate Relationship

The following diagram summarizes the ownership of, and intercorporate relationship between each of LITH, SpinCo, Minera Kairos and San Lorenzo prior to completion of the Mineral Claims Purchase and Sale Agreement and the Arrangement:



The following diagram summarizes the ownership of, and intercorporate relationship between each of LITH, SpinCo, Minera Kairos and San Lorenzo after completion of the Arrangement.



BUSINESS OF SPINCO

Overview

On January 15, 2018, LITH formed Kairos Metals Corp. with the goal of creating a new corporation which will focus on the exploration and development of LITH's CGS Claims. The CGS Claims were held in LITH's wholly-owned Chilean subsidiary, Minera Kairos, a Chilean based "Limitada" or "Limited Liability Company". The CGS Claims consist of 28,104 hectares located in Regions 3, 4 and 7 of northern Chile.

History

San Lorenzo was initially formed by Minera Kairos as a 100% owned Chilean subsidiary. Minera Kairos transferred 100% ownership of San Lorenzo to SpinCo on March 8, 2018. Registration of the transfer was documented in the Chilean corporate registry on March 8, 2018. San Lorenzo had not owned any assets (including no mineral claims) nor had it carried on any business activities, prior to the transfer of ownership from Minera Kairos to SpinCo. Minera Kairos entered into the Mineral Claims Purchase and Sale Agreement on March 9, 2018 which contemplates the transfer of Minera Kairos' 100% ownership in the CGS Claims to San Lorenzo for the CGS Claims Purchase Price of US\$1,600,000. Closing of the Mineral Claims Purchase and Sale Agreement is subject to satisfaction of the conditions precedent contained in the Mineral Claims Purchase and Sale Agreement, the most significant of which is LITH having obtained approval from the LITH Shareholders for the Arrangement.

Strategy

As of the date hereof, SpinCo has 24,185,063 SpinCo Shares issued and outstanding, all of which have been issued to LITH. In order to maintain a 4:1 dividend ratio, SpinCo will issue, for nominal consideration immediately prior to the Effective Time, that number of SpinCo Shares such that the number of issued and outstanding SpinCo Shares shall be exactly one-quarter (1/4) of the number of shares of LITH that are issued and outstanding after giving effect to any share issuances that occur between the date hereof and the Effective Date.

If the Arrangement is approved by the LITH Shareholders, LITH will distribute the SpinCo Shares at the Effective Time to the LITH Shareholders of record on the Record Date on a 4:1 basis so that the LITH Shareholders will receive one (1) SpinCo Share for every four (4) LITH Shares held by LITH Shareholders.

SpinCo intends to expend the majority of the funds provided by the Intercompany Loan to conduct the first phase of the Initial Exploration Program as recommended by an updated technical report prepared on the Salvadora Property. Dependent upon having received satisfactory results from Phase 1 of the Initial Exploration Program, SpinCo intends to continue to Phase 2 of the Initial Exploration Program. A minority of the funds from the Intercompany Loan will be utilized for general working capital purposes and SpinCo may expend funds on exploration of Nancagua, another of its prospective copper, gold and silver properties.

DESCRIPTION OF THE SALVADORA PROPERTY

Qualified Person

LITH commissioned an updated technical report on its Salvadora Property (the "**Technical Report**") to update the previous technical report prepared on the Salvadora Property which was dated April 12, 2013 (the "**Previous Salvadora Report**"). The Previous Salvadora Report was filed by LITH on SEDAR on January 20, 2014 and may be viewed at www.sedar.com. The Technical Report was prepared in compliance with the requirements of NI 43-101, by Eric Hanson, P. Geo, and is dated January 20, 2018. Mr. Hanson, an independent Consulting Geologist, has more than 16 years of exploration geology experience gained in Canada, South Africa, Namibia, Senegal, Uganda, Portugal, Brazil, Argentina, Bolivia, Mexico, and Chile. This experience includes field work conducted on the Salvadora property for both Polar Star Mining Corporation ("**POLAR**") and Minera Kairos. Mr. Hanson is a "qualified person" as that term is defined in NI 43-101.

The Technical Report was prepared on a "property of merit" basis and as such, it did not, and was not intended to, establish a resource or reserve estimate for the Salvadora Property. All disclosure in this section relating to the Salvadora Property of a scientific or technical nature is based on the Technical Report. The Technical Report is available for review at LITH's profile at www.sedar.com.

Property Description and Location

The Salvadora Property consists of 31 exploration concessions arranged in two groups and 2 overlapping exploitation concessions and totaling 8,100 hectares that are owned 100% by Minera Kairos. Minera Kairos is a wholly-owned subsidiary of LITH. The Salvadora Property exploration concessions form part of the CGS Claims to be transferred to San Lorenzo prior to the completion of the Arrangement.

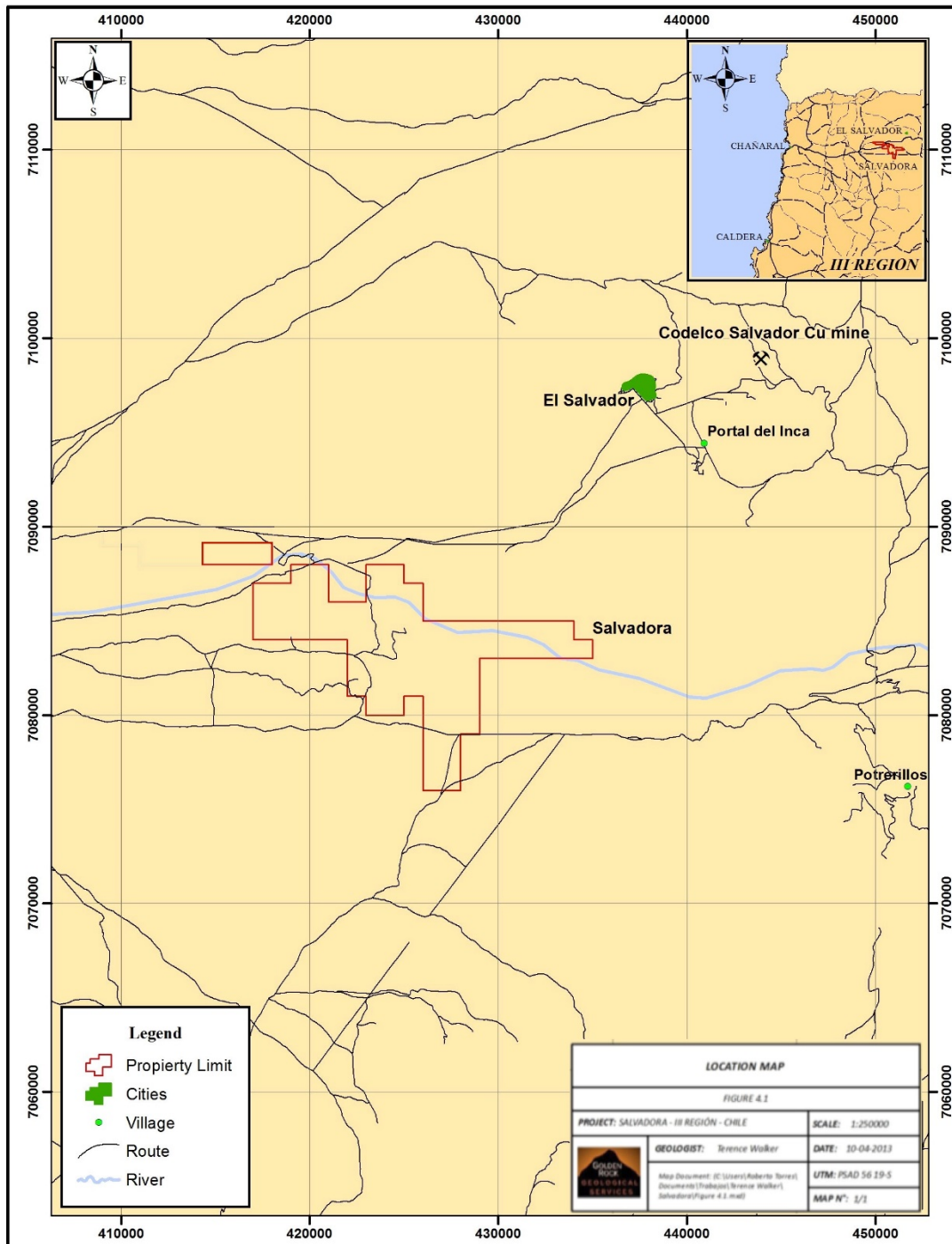
The Salvadora Property is an early staged copper-gold exploration property located within the El Salvador sector of the Domeyko Fault Zone, 25 kilometers east of the village of Diego de Almagro, in the Province of Chañaral, III Region, Chile and 20 km southeast of Corporación del Cobre's ("**Codelco**") El Salvador copper mine and 25 km west of Codelco's Potrerillos copper smelter.

Its central Universal Transverse Mercator (PSAD 56, Zone 19-S) coordinates are: 7,805,000N, 425,000E (Figure 4.1).

The nearest population center is the village of Diego de Almagro, which is located about 25 kilometres east of the Salvadora Property, on the road connecting Chañaral and the Chile-Argentina border. The property is readily accessible by paved and good gravel roads from Diego de Almagro.

The author is unaware of any significant factors or risks that may affect access to the site, title, or the right or ability to perform work on the Salvadora Property.

Figure 4.1 - Salvadora Property Location Map



Claims and Ownership

The Salvadora V 1 to 10, Salvadora IV 11 to 30 and Salvadora IV 35 exploration concessions and the Salvadora 16 1 al 60 and Salvadora 19 1 al 100 exploitation concessions are 100% owned by Minera Kairos which is currently a wholly-owned Chilean subsidiary LITH.

The 33 mineral concessions comprising the Salvadora Property are listed below in Table 4.1 and shown in Figure 4.2.

Table 4.1 - Salvadora Property Claim List

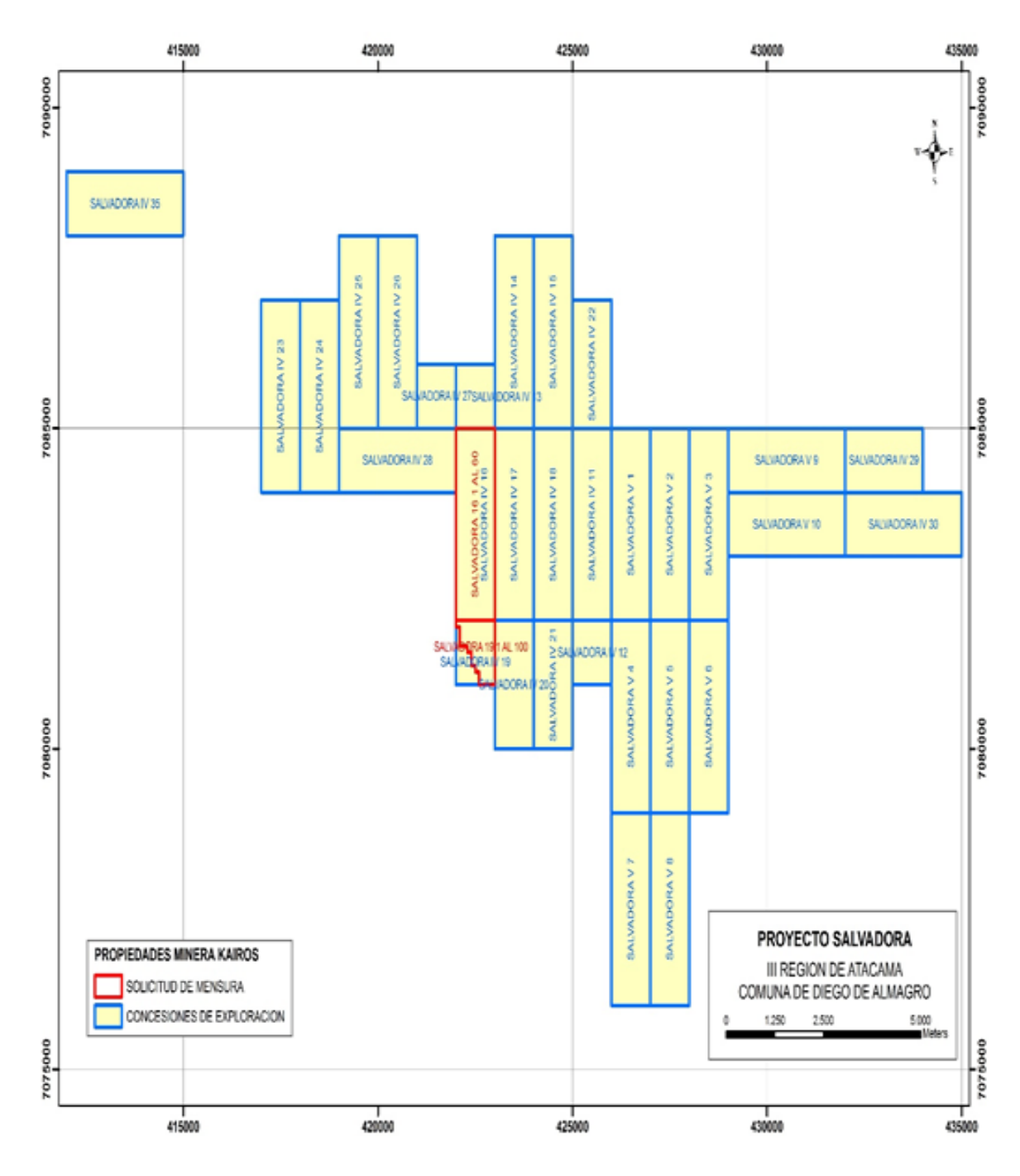
| Claim Name | Claim Type | Grant Date | Expire Date | Hectares |
|-----------------------|-------------------------|-------------------|--------------------|-----------------|
| Salvadora V 1 | Exploration Concession | 12/09/2017 | 11/09/2019 | 300 |
| Salvadora V 2 | Exploration Concession | 12/09/2017 | 11/09/2019 | 300 |
| Salvadora V 3 | Exploration Concession | 12/09/2017 | 11/09/2019 | 300 |
| Salvadora V 4 | Exploration Concession | 12/09/2017 | 11/09/2019 | 300 |
| Salvadora V 5 | Exploration Concession | 12/09/2017 | 11/09/2019 | 300 |
| Salvadora V 6 | Exploration Concession | 12/09/2017 | 11/09/2019 | 300 |
| Salvadora V 7 | Exploration Concession | 12/09/2017 | 11/09/2019 | 300 |
| Salvadora V 8 | Exploration Concession | 12/09/2017 | 11/09/2019 | 300 |
| Salvadora V 9 | Exploration Concession | 12/09/2017 | 11/09/2019 | 300 |
| Salvadora V 10 | Exploration Concession | 12/09/2017 | 11/09/2019 | 300 |
| Salvadora IV 11 | Exploration Concession | 07/09/2016 | 06/19/0218 | 300 |
| Salvadora IV 12 | Exploration Concession | 07/09/2016 | 06/19/0218 | 100 |
| Salvadora IV 13 | Exploration Concession | 07/09/2016 | 06/19/0218 | 100 |
| Salvadora IV 14 | Exploration Concession | 07/09/2016 | 06/19/0218 | 300 |
| Salvadora IV 15 | Exploration Concession | 07/09/2016 | 06/19/0218 | 300 |
| Salvadora IV 16 | Exploration Concession | 07/09/2016 | 06/19/0218 | 300 |
| Salvadora III 17 | Exploration Concession | 07/09/2016 | 06/19/0218 | 300 |
| Salvadora IV 18 | Exploration Concession | 07/09/2016 | 06/19/0218 | 300 |
| Salvadora IV 19 | Exploration Concession | 07/09/2016 | 06/19/0218 | 100 |
| Salvadora IV 20 | Exploration Concession | 07/09/2016 | 06/19/0218 | 200 |
| Salvadora IV 21 | Exploration Concession | 07/09/2016 | 06/19/0218 | 200 |
| Salvadora IV 22 | Exploration Concession | 07/09/2016 | 06/19/0218 | 200 |
| Salvadora IV 23 | Exploration Concession | 07/09/2016 | 06/19/0218 | 300 |
| Salvadora IV 24 | Exploration Concession | 07/09/2016 | 06/19/0218 | 300 |
| Salvadora IV 25 | Exploration Concession | 07/09/2016 | 06/19/0218 | 300 |
| Salvadora IV 26 | Exploration Concession | 07/09/2016 | 06/19/0218 | 300 |
| Salvadora IV 27 | Exploration Concession | 07/09/2016 | 06/19/0218 | 100 |
| Salvadora IV 28 | Exploration Concession | 07/09/2016 | 06/19/0218 | 300 |
| Salvadora IV 29 | Exploration Concession | 07/09/2016 | 06/19/0218 | 200 |
| Salvadora IV 30 | Exploration Concession | 07/09/2016 | 06/19/0218 | 300 |
| Salvadora IV 35 | Exploration Concession | 07/09/2016 | 06/19/0218 | 300 |
| Salvadora 16 1 al 60 | Exploitation Concession | 27/06/2017 | 26/06/2019 | 300 |
| Salvadora 19 I al 100 | Exploitation Concession | 27/06/2017 | 26/06/2019 | 69 |

Claim Status

The author has not researched the ownership information of the Salvadora Property claim title documents, as these are mostly legal in nature. However, based on a review of these documents provided by independent land manager

Raul Alquinta, all the claims have been processed correctly and are current and up to date with their annual fees. All the claims are free and clean of third party surface rights.

Figure 4.2 - Salvadora Property Claim Location Map



Mineral Claims and Mining Property Rights in Chile

In accordance with Chilean mining legislation, there are two types of mining concessions in Chile, exploration concessions and exploitation concessions. The principal characteristics of each are the following:

Exploration Concessions – The titleholder of an exploration concession has the right to carry out all types of mining exploration activities within the area of the concession. Exploration concessions can overlap or be granted over the same area of land however, only the titleholder with the earliest dated exploration concession over a particular area can exercise the rights granted by the exploration concession.

For each exploration concession, the titleholder must pay an annual fee of approximately US\$1.5 per hectare to the Chilean Treasury. Exploration concessions have durations of two years. At the end of this period, they may either be renewed as an exploration concession for two further years in which case at least 50% of the surface area must be renounced, or be converted totally or partially into exploitation concessions.

A titleholder with the earliest dated exploration concession has preferential rights to exploitation concessions in the area covered by the exploration concession over and above any third parties with or without later dated exploration concessions covering all or part of that area. However, the titleholder must oppose any applications made by third parties for overlapping exploitation concessions within the area for the exploration concession to it to remain valid.

Exploitation Concessions – The titleholder of an exploitation concession is granted the right to explore and exploit the minerals located within the area of the concession and to take ownership of the minerals that are extracted. Exploitation concessions cannot overlap or be granted over the same area of land.

Exploitation concessions are of indefinite duration and an annual fee is payable to the Chilean Treasury in relation to each exploitation concession of approximately US\$7.5 per hectare.

Where a titleholder of an exploration concession has applied to convert the exploration concession into an exploitation concession, the application for the exploitation concession and the exploitation concession itself is backdated to the date of the exploration concession.

A titleholder to an exploitation concession must apply to annul or cancel any exploitation concessions that overlap with the area covered by its exploitation concession within a specific time period in order for the exploitation concession to remain valid.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Salvadora Property is located in Region III, 25 kilometres by road east of the village of Diego de Almagro and approximately 800 kilometres north of Santiago, Chile.

Access to the area is by the dirt road to Sierra Caballo Muerto (10 kilometres), which heads southeast from the Chañaral – Potrerillos road (C-13), 15 kilometres east of Diego de Almagro to the center of the property. The Salvadora Property is accessible year-round by road from Diego de Almagro. Driving time is in the order of 45 minutes.

The local climate is generally semi-arid with summer temperatures of from 10°C to over 25°C and in winter temperatures from a few degrees below 0°C to 15°C. Rainfall is very sparse however; during some exceptional years, there are light rainfalls during June and July.

The Salvadora Property is located within a rolling up-land plateau region of the pre-Cordillera de Domeyko at elevations ranging between 1,400 and 2,100 metres, which is locally dissected by large dry creeks (quebradas) that can give rise locally to rough terrain.

Process water is available in Quebrada del Salado (Rio de la Sal), which cuts through the northwest quadrant the property. Three-phase high-tension electrical power is also available at this point. The historic mining towns of El Salvador and Diego de Almagro, with a readily available experienced mining work force, are respectively 10 kilometres to the north and 30 kilometres to the west of the Salvadora Property.

History

During the period November 2008 to November 2011, POLAR, a Toronto, Ontario based mineral exploration company then listed on the Toronto Stock Exchange, completed reconnaissance geological mapping, stream sediment and residual soil geochemical and prospecting surveys in bulk of what is now the eastern half of the Salvador Property.

The author is not aware of the results of any systematic exploration in the Salvador Property area prior to POLAR's exploration activities. However, three prior reverse circulation drill holes were drilled on the Salvador Property on the north central and northeast edges of the CMZ.

The mineralized structure zones, such as La Golondrina, La Capitana, San David, Sin Codicia, La Blanca, La Fortuna, Tres Amigos, Feliz Retiro and Arco de Oro of the Sierra Caballo Muerto however have been extensively mined on a small scale for gold, silver and copper since the 1930's.

When POLAR staff first visited the property in November 2008, about 3000 tons per month of 3% copper ore was being extracted from the Tres Amigos mine however; by late 2009 the mine had ceased production.

Geological Setting and Mineralization

Regional Geology

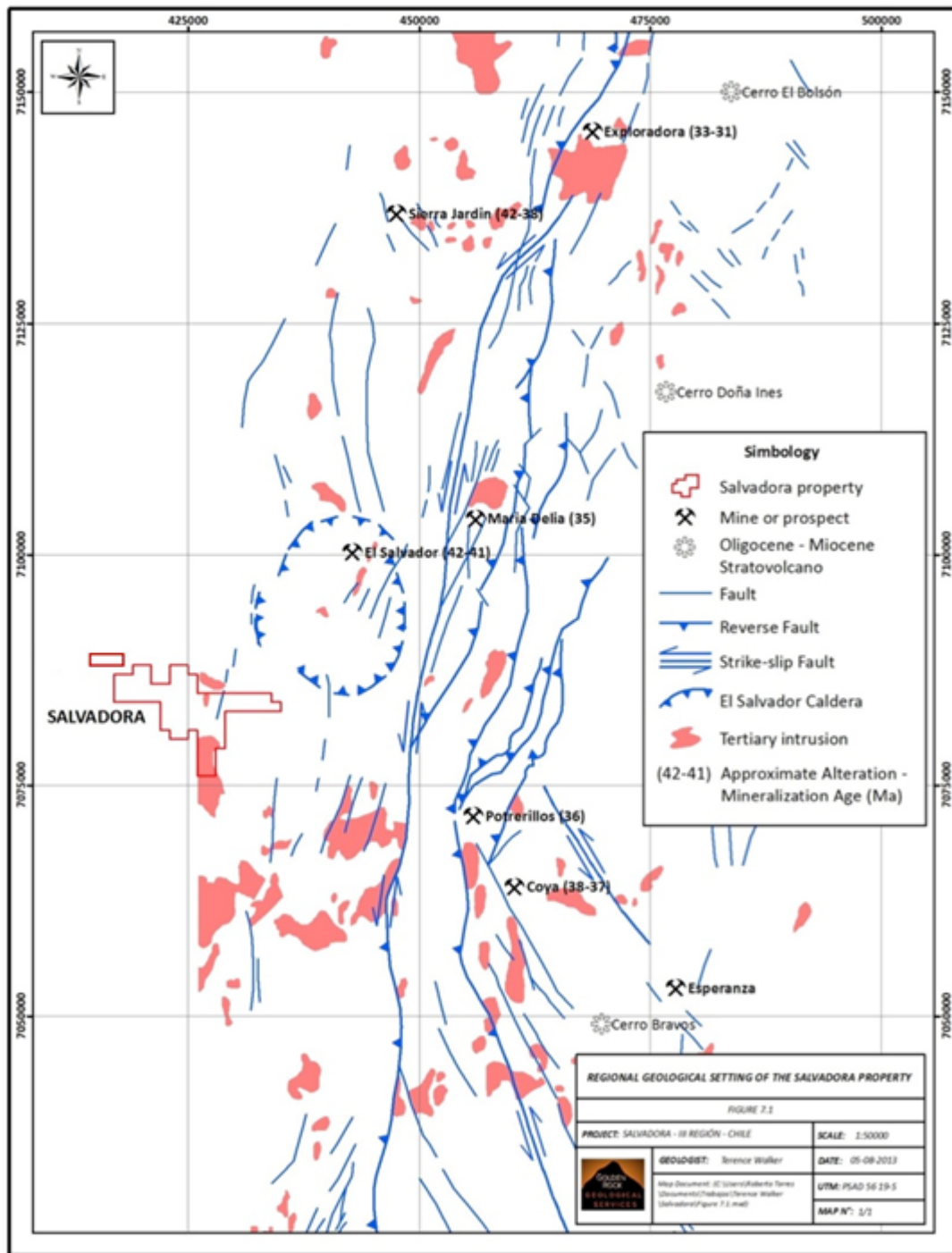
The Salvador Property lies 25 kilometres southwest of the El Salvador porphyry copper-gold deposit within the El Salvador region, which occupies an important sector of the middle Eocene to early Oligocene porphyry copper belt of northern Chile (Figure 7.1). Exploration and production from the El Salvador and Potrerillos deposits and the Sierra Jardin, Exploradora, Maria Dalia and Coya prospects indicates that the porphyry copper systems of El Salvador region are enriched in gold (>0.1 g/t Au) when compared with the gold-poor nature of the typical Chilean molybdenum-rich (>0.02% Mo) porphyry copper deposits.

The Salvador Property is situated about 20-25 kilometres west of the Sierra Castillo fault, which represents the southern extension of the Domeyko fault system with which giant porphyry copper deposits such as Chuquicamata, Escondida and Collahuasi are closely related. In the El Salvador region, the Sierra Castillo fault separates two lithotectonic domains. The western domain includes the volcanic and lesser sedimentary rocks that filled a Jurassic to Cretaceous inter-arc basin, which was deformed during the late Cretaceous to Palaeocene and covered by early Tertiary volcanic rocks, including calderas like those described in the El Salvador porphyry copper district. The eastern domain consists mainly of Jurassic marine sedimentary rocks, which were deformed to produce north-south orientated fold-thrust belts during the Late Cretaceous to early Oligocene.

The porphyry systems in the El Salvador region are related to stocks emplaced during two discrete periods: 45 - 40 Ma (El Salvador, Serra Jardin) and 37 - 31 Ma (Exploradora, Maria Dalia, Potrerillos, Coya). Late Cretaceous to early Tertiary volcanic sequences west of the Sierra Castillo fault host the older systems. Their emplacement was controlled by the 60 million year old caldera at El Salvador or by central vent volcanic edifices with ages of 55 to 48 million years at Sierra Jardin. The younger porphyry systems, located east of the Sierra Castillo fault or within it, are structurally controlled by jogs (Exploradora), splays (Maria Delia), reverse faults (Potrerillos) or transfer faults (Coya). Hence the larger deposits, El Salvador (11.3 million metric tons (Mt) of contained copper and approx. 100 metric tons (t) of contained gold) and Potrerillos (5.8 Mt of contained copper and approx. 100 t of contained gold) were formed at different times and under different structural conditions.

Most of the copper produced to date at El Salvador came from the Quebrada Turquesa area, where the ore was formed during cooling of granodiorite porphyry stocks dated at 42 - 41 Ma. Hydrothermal alteration centered on these stocks is characterised by a central zone of potassic alteration with chalcopyrite-bornite mineralization, accompanied by anhydrite and magnetite, that grades laterally and vertically into zones with higher sulphide contents associated with quartz-sericite alteration. The system is capped by a late-stage, pyrite-rich, advanced argillic zone, the roots of which are exposed in the higher parts of Cerro Indio Muerto, representing the basal remnants of a lithocap.

Figure 7.1 - Regional Structural and Intrusive Setting of the Salvadora Property (after Riviera et.al 2004)



Property Geology

The Salvadora Property is situated within the western lithotectonic domain of the El Salvador region about 20-25 kilometres west of the Sierra Castillo fault (Figure 7.1). The property covers a generally flat lying to gently northwest dipping sequence of stratified volcanic and volcano-clastic rocks of dominantly andesitic composition belonging to the Upper Cretaceous Llanta Formation. The Llanta Formation rocks appear to be the sub-area deposits formed by two large central vent volcanic edifices. On the eastern most claims in the CBZ area the Llanta

Formation is overlain by an inter-bedded sequence of andesitic to dacitic flows and fragmentals capped by rhyolite flows and ignimbrites which belong to the Mid-Upper Paleocene El Salvador Formation. Locally Upper Cretaceous – Eocene sub-volcanic porphyritic stocks, plugs, sills and dykes of monzonitic, dacitic and rhyolitic composition intrude both the Llanta and El Salvador Formations. The more acid of these intrusive bodies are similar in character to the mineralising porphyries of the El Salvador porphyry copper-gold deposits.

The porphyritic felsic stocks and plugs are clustered around the northeast and southwest flanks of the CME and northeast flank of the CMW volcanic edifices of this report that dominates the central sector of the Salvadora Property. These centers are the loci of several prominent argillic alteration zones; CMN and CMS on the west and south flanks respectively of the CME edifice and 24K on the northeast flank of the CMW edifice (Figure 7.2). In addition, the largest appear in part to be related to keystone or ring fault collapse associated with magma retreat and late stage egress of hydrothermal fluids into the stratified andesitic volcanic pile. Sub-volcanic porphyritic plugs, sills and dykes of dacitic to rhyolitic composition invade the collapse related ring and keystone faults. These acid intrusive bodies pervasively alter both the andesitic and rhyolitic units they invade, especially at CBZ.

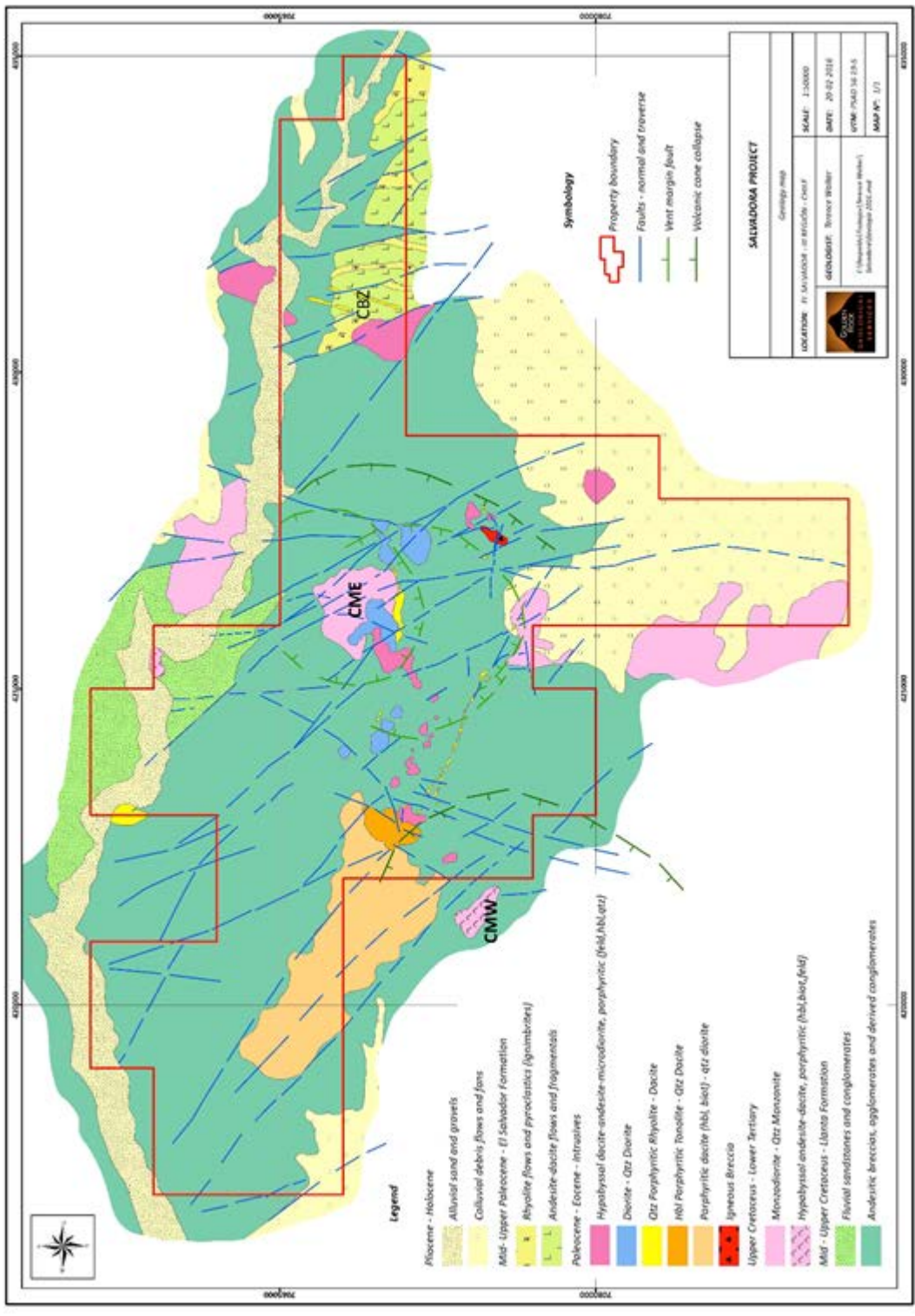
Several strong NW to NNE trending fault zones cut the stratified volcanic pile and are the loci of high grade Cu-Au-Ag-Pb-Zn mineralisation and hydrothermal alteration. The most persistent and most extensively exploited of these mineralized zones are clustered within two NW to SE trending, 1.5 - 2 km wide and 5 - 8 km belts which cross the east flank of the CMW and center of the CME vent complexes. The largest mines on the property, Sin Codicia and Tres Amigos are located in the northwest quadrant of the later zone.

Several prominent circular to NW-SE elongate alteration zones occur in the central and the eastern sectors of the property. The more circular zones appear to be related to post-volcanic collapse structures in the stratified Cretaceous andesitic rocks. Younger Late Cretaceous to Eocene rhyolitic tuffs and flows are preserved within these collapse features. Sub-volcanic porphyritic plugs, sills and dykes of dacitic to rhyolitic composition invade the collapse related ring, keystone and the NW-SE normal faults that localise these alteration zones.

The acid intrusive bodies pervasively alter both the andesitic and/or rhyolitic units they invade, especially in the central CMZ and eastern most CBZ. The NNW-N trending Tres Amigos structure also appears to form the western boundary of an intrusive cored central vent volcanic edifice exposed along the south side of Quebrada del Salado.

The western and south-western most the Salvadora Property claims cover in part altered volcanic rocks on the east flank of the CMW volcanic edifice along which a 2-kilometre-wide accurate belt of Au-Cu veins, the Capitana - Arco de Oro mining district, is developed. These veins are similar to those at Tres Amigos and also occur within collapse related ring, keystone and the NW-SE normal faults in andesitic pyroclastic and quartz diorite intrusive rocks.

Figure 7.2 - Generalised Salvadora Property Geology Map



Mineralization and Alteration

Mineralization; exposed mainly in artisanal workings of the TAZ, SCZ and CAZ mines and others throughout the Salvadora Property (Figure 7.3) is composed principle of the oxides of iron; hematite, goethite, limonite and the

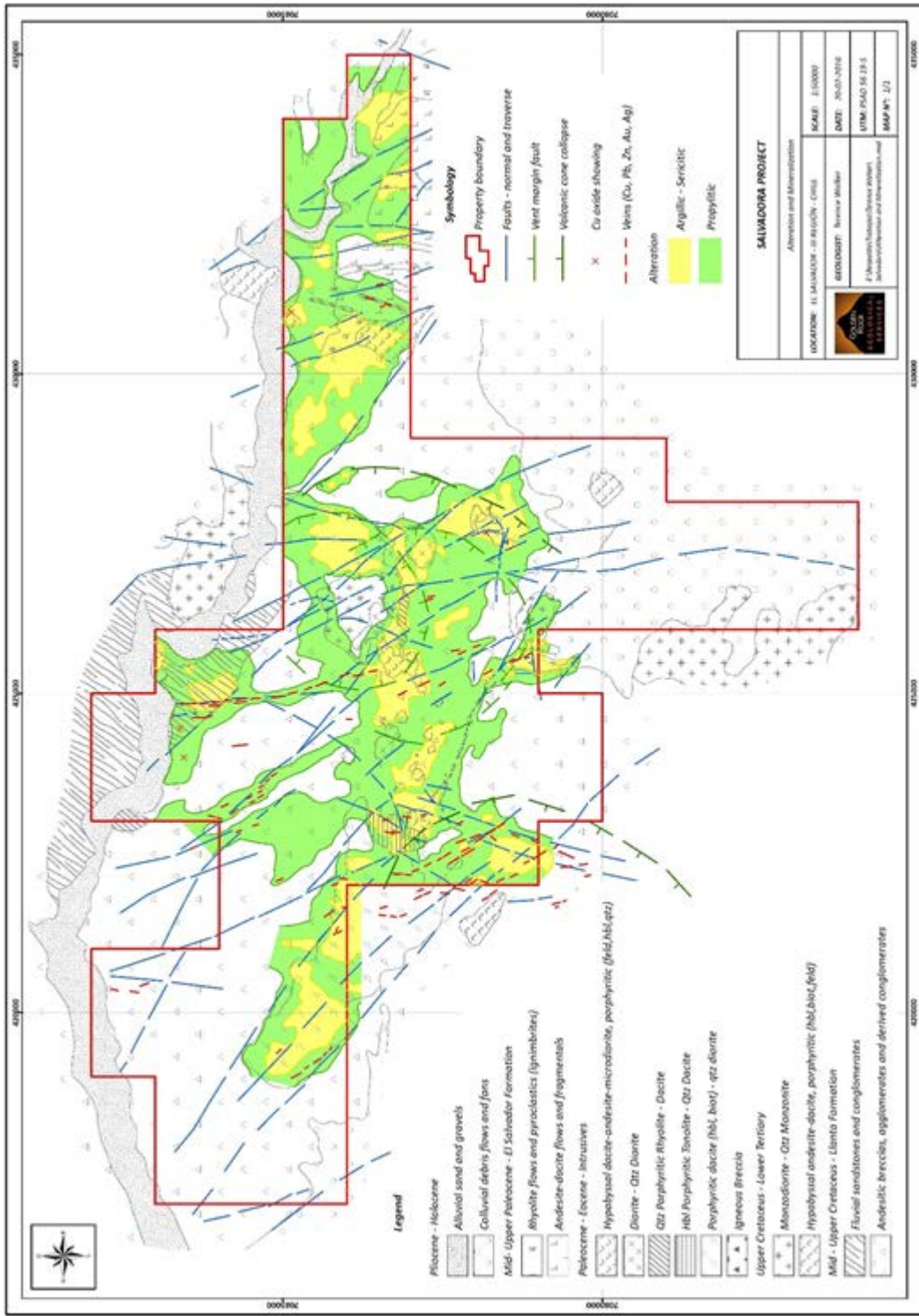
oxides of copper; chrysocolla, brochantite, copper wad and copper pitch. These minerals occur as coatings on joints, fracture fillings, disseminations, semi-massive patches and veins plus coatings and replacements of primary sulphides.

Dumps from some of the deeper mine shafts demonstrate that the primary mineralization consists mainly of chalcopyrite, bornite, galena and sphalerite with minor pyrite and magnetite. The primary mineralisation occurs as disseminations, veinlets and sulphide patches in a matrix of quartz, carbonate and barite.

Alteration within the mineralized structure zones essentially consists of sericite and clay minerals. Peripheral to the structures the host rocks are extensively epidotized and are generally pale greenish yellow to green-gray in color.

Mineralisation exposed on surface at CBZ and CMZ is similar to that mentioned above i.e. the oxides of iron; hematite, goethite, limonite and the oxides of copper; chrysocolla, brochantite, copper wad and copper pitch. Alteration is essentially intense argillic; composed of pervasive kaolinite-alunite plus patchy silicification and propylitic; composed essentially of chlorite, epidote and carbonate.

Figure 7.3 - Mineralisation and Alteration



Deposit Types

The polymetallic auriferous and argentiferous vein systems on the Salvadora Property developed under high-level mesothermal conditions. Copper, lead and zinc mineralization; principally chalcopyrite, galena and sphalerite generally occur in banded quartz, carbonate, barite veins, multi-episodic breccias and stockworks.

The genesis of these deposits is still being developed as work advances however, regionally veins of this type occur peripheral to the nearby porphyry copper systems such as El Salvador, Sierra Jardin and Potrerillos. The surface oxide copper mineralisation and associated alteration patterns detected in and around the CBZ and CMZ alteration systems also show similarities to those associated with the El Salvador and Sierra Jardin porphyry copper systems.

Exploration

During 2008 to 2012 POLAR staff completed a first pass reconnaissance geological mapping, prospecting, reconnaissance stream sediment and residual soil surveys covering the eastern two thirds of the current claim area. These surveys were concentrated in the TAZ, SCZ and CAZ sectors but also outlined in part the CMZ and CBZ alteration systems.

The 2014 and 2015 Minera Kairos geological mapping, rock and soil sampling programs and reconnaissance IP surveys focused on the CMZ resulted in the identification of three partially overlapping 1.5 – 2.5 km² centers of porphyry copper style argillic-phyllitic alteration with local coincident moderate to strong copper-gold rock, soil and drainage anomalies. Several strong high contrast chargeability anomalies with associated moderate resistivity highs underlie all three centers. Drill cuttings from the bottom 70 metres of pre-POLAR drill hole RC1 cut copper-gold bearing porphyry style mineralisation assaying 0.148-0.502% Cu and 0.06-0.19 g/t Au.

Rock chip samples collected at this time from old surface mine workings within the TAZ, SCZ and structure zones, returned assays ranging from lows of 0.444% Cu and 0.141 g/t Au over 2.1 metres to highs of 15.45% Cu and 2.14 g/t Au over 1.8 metres. The soil surveys of these zones indicated the presence of large copper (gold) anomalies with copper values ranging from 300 to over 6,000 ppm (0.6%), two 0.5 and 0.8 km² sectors of which averaged 2,800 ppm (0.28%) and 2,000 ppm (0.2%) respectively. Outcrop and float samples of vein and stockwork mineralisation from these areas returned values of 0.3 to 5.6% copper and 0.174 to 2.88 g/t gold.

In addition, copper and gold soil anomalies ranging from 300 to 900 ppm and 0.025 to 0.846 g/t respectively were identified with and east of the CAZ gold-copper mine trend. Outcrop and float samples of vein mineralisation from this area returned values ranging from 0.125 to 8.32% copper and 0.050 to 154.5 g/t gold.

Thereafter, during October and November, 2016, Minera Kairos conducted a 5-hole reconnaissance drilling program which is described in Section 10 of the Technical Report.

Geology and Prospecting

The POLAR reconnaissance geological mapping and prospecting covered the bulk of eastern two thirds of the current claim area however; the rock-sampling program was generally concentrated along the Sin Codicia and Tres Amigos Mine structures, within the TAZ, SCZ and CAZ. Most of the known surface copper-gold showings and old workings occur within these areas. The subsequent Minera Kairos surveys in the CMZ, TAZ and CAZ were in-fill and check surveys to determine the characteristics of these zones. The geological survey observations are fully described in Section 7.2 of the Technical Report and presented in Figure 7.2.

During the geological mapping and prospecting programs, a total of 372 composite grab, rock chip, litho-geochemical and RC chip samples from mineralized and altered outcroppings, veins, mine dumps and drill hole RC1 were collected. Significant assays i.e. Cu >0.1%, Au >0.1 g/t, Ag > 5 g/t, Pb > 0.1% and Zn >0.1% returned from the rock chip samples range from lows of 0.117% Cu, 0.133 g/t Au, 5.7 g/t Ag, 0.122% Pb and 0.115% Zn to highs of 15.45% Cu, 154.5 g/t Au, 898 g/t Ag, 7.48% Pb and 3.44% Zn (Table 9.1). Most of the significant rock chip samples came from mines and showings within either the TAZ or CAZ.

Sample locations were recorded on hand held GPS units and marked in the field with high visibility red paint. The samples were bagged and sealed in the field and then shipped to ALS Patagonia Laboratories, Coquimbo, and/or

Copiapó, Chile, where they were analysed for gold by fire assay pre-concentration, Atomic Adsorption ("AA") finish and 48 other elements, including silver, by the Inductively Coupled Argon Plasma ("ICP") technique following Agua Regia digestion.

Table 9.1 - Significant Rock Sample Locations and Cu, Au, Ag, Pb, Zn Assays

| Sample | Zone | Type | Metres | Cu ppm | Au g/t | Ag g/t | Pb ppm | Zn ppm |
|--------|------|-----------|--------|--------|--------|--------|--------|--------|
| SAL13 | CMZ | Chip | 1.5 | 284 | 1.365 | 6.64 | 938 | 348 |
| SAL14 | TAZ | Chip | 1.8 | 5330 | 0.867 | 22.10 | 1250 | 395 |
| SAL15 | TAZ | Chip | 1.5 | 148500 | 1.045 | 286.00 | 2110 | 26700 |
| SAL16 | TAZ | Chip | 2.1 | 4440 | 0.141 | 8.39 | 1220 | 894 |
| SAL17 | TAZ | Chip | 2.5 | 8660 | 0.580 | 29.60 | 3770 | 7270 |
| SAL18 | TAZ | Chip | 1.2 | 351 | 0.133 | 9.41 | 8130 | 30050 |
| SAL19 | CMZ | Comp Chip | 3 x 3 | 269 | 0.105 | 0.37 | 66.8 | 170 |
| SAL20 | CMZ | Comp Chip | 3 x 3 | 706 | 0.226 | 5.70 | 87.6 | 64 |
| SAL22 | CMZ | Comp Chip | 3 x 3 | 247 | 0.106 | 2.74 | 146 | 120 |
| SAL30 | CMZ | Chip | 2.3 | 1170 | 2.460 | 17.70 | 8380 | 3410 |
| SAL32 | CMZ | Comp Chip | 3 x 3 | 241 | 0.874 | 37.10 | 76.3 | 86 |
| SAL34 | CMZ | Chip | 1.8 | 154500 | 2.140 | 41.30 | 1840 | 1145 |
| 1116 | TAZ | Grab | | 4860 | 0.127 | 9.26 | 12450 | 16600 |
| 1117 | TAZ | Grab | | 2880 | 0.023 | 6.06 | 948 | 3430 |
| 1118 | TAZ | Dump Grab | | 23800 | 0.028 | 9.51 | 2250 | 5580 |
| 1119 | TAZ | Dump Grab | | 20100 | 0.103 | 87.10 | 24600 | 16500 |
| 1120 | CMZ | Chip | 0.4 | 503 | 1.785 | 81.80 | 28400 | 770 |
| 1121 | CMZ | Chip | 0.4 | 489 | 0.805 | 61.50 | 27800 | 2330 |
| 1122 | CMZ | Grab | | 220 | 0.116 | 26.90 | 3670 | 929 |
| 1123 | CMZ | Chip | 1.1 | 313 | 0.182 | 95.50 | 9860 | 618 |
| 1124 | CMZ | Grab | | 281 | 0.638 | 48.00 | 37900 | 666 |
| 1125 | CMZ | Chip | 1.0 | 324 | 0.470 | 116.00 | 113000 | 2130 |
| 1187 | CBZ | Grab | | 6300 | 0.016 | 9.11 | 10.3 | 14 |
| 1188 | CAZ | Dump Grab | | 21800 | 0.146 | 131.00 | 1180 | 4560 |
| 1189 | CAZ | Dump Grab | | 35600 | 0.255 | 22.40 | 2310 | 7050 |
| 1190 | CAZ | Dump Grab | | 26700 | 0.114 | 9.61 | 2000 | 13300 |
| 1191 | CAZ | Dump Grab | | 23400 | 0.388 | 19.25 | 2950 | 10900 |
| 1192 | CAZ | Dump Grab | | 37300 | 1.010 | 46.60 | 20400 | 21900 |
| 1193 | CAZ | Grab | | 12450 | 0.500 | 69.70 | 3190 | 8210 |
| 1194 | CAZ | Dump Grab | | 12500 | 1.480 | 118.00 | 17500 | 119000 |
| 1195 | CAZ | Dump Grab | | 31700 | 0.961 | 139.00 | 9690 | 9980 |
| 1196 | CAZ | Grab | | 8800 | 0.303 | 216.00 | 56100 | 9090 |
| 1197 | CAZ | Chip | 0.5 | 16550 | 0.296 | 153.00 | 16200 | 7930 |
| 1198 | CAZ | Dump Grab | | 43200 | 1.225 | 219.00 | 8420 | 23400 |
| 1199 | CAZ | Chip | 0.5 | 4790 | 0.642 | 26.30 | 13050 | 12700 |
| 1633 | CMZ | Chip | 2.0 | 7770 | 0.141 | 0.51 | 3.6 | 58 |
| 1634 | CMZ | Chip | 2.0 | 15550 | 0.281 | 5.73 | 20.1 | 65 |

| Sample | Zone | Type | Metres | Cu ppm | Au g/t | Ag g/t | Pb ppm | Zn ppm |
|--------|------|-----------|--------|--------|--------|--------|--------|--------|
| 1722 | CAZ | Chip | 1.3 | 914 | 154.50 | 18.15 | 232 | 1130 |
| 1723 | CAZ | Chip | 1.0 | 1070 | 2.530 | 5.50 | 491 | 1060 |
| 1724 | CAZ | Chip | 1.5 | 468 | 1.165 | 4.08 | 452 | 1260 |
| 1725 | CAZ | Chip | 1.5 | 2130 | 3.720 | 4.62 | 135.5 | 376 |
| 1788 | TAZ | Dump Grab | | 19950 | 0.153 | 9.52 | 8220 | 15000 |
| 1789 | TAZ | Dump Grab | | 19350 | 0.337 | 38.30 | 8930 | 58500 |
| 1790 | TAZ | Dump Grab | | 17950 | 3.010 | 65.30 | 1680 | 4830 |
| 1791 | TAZ | Chip | 0.5 | 2950 | 0.053 | 57.30 | 3740 | 14550 |
| 1792 | TAZ | Grab | | 11650 | 0.241 | 57.00 | 288 | 954 |
| 1793 | TAZ | Dump Grab | | 23300 | 0.234 | 61.30 | 101.5 | 1890 |
| 1794 | TAZ | Comp Grab | 3 x 3 | 6670 | <0.005 | 0.58 | 19.2 | 35 |
| 1795 | TAZ | Chip | 0.7 | 16150 | 0.296 | 44.40 | 3620 | 6510 |
| 1797 | TAZ | Grab | | 14450 | 0.245 | 29.90 | 4770 | 3920 |
| 1798 | TAZ | Comp Grab | 3 x 3 | 5300 | 0.286 | 12.80 | 2400 | 3400 |
| 1799 | TAZ | Dump Grab | | 22900 | 0.195 | 98.00 | 39400 | 4230 |
| 1800 | CMZ | Chip | 1.0 | 6300 | 0.435 | 29.80 | 4130 | 4450 |
| 1901 | CAZ | Comp Grab | 3 x 3 | 612 | 1.175 | 3.44 | 1180 | 817 |
| 1902 | CAZ | Dump Grab | | 19900 | 2.450 | 23.70 | 1075 | 2890 |
| 1903 | CAZ | Dump Grab | | 232 | 0.902 | 3.67 | 229 | 512 |
| 1904 | CAZ | Chip | 0.8 | 32100 | 0.776 | 8.97 | 2570 | 8710 |
| 5920 | TAZ | Dump Grab | | 32900 | 0.053 | 2.20 | 158 | 140 |
| 5922 | TAZ | Dump Grab | | 47200 | 1.900 | 118.00 | 12350 | 905 |
| 5923 | CAZ | Dump Grab | | 17500 | 0.070 | 3.64 | 244 | 1820 |
| 5924 | CAZ | Comp Grab | 3 x 3 | 593 | 0.351 | 3.95 | 307 | 102 |
| 5925 | CAZ | Comp Grab | 3 x 3 | 458 | 1.725 | 10.25 | 59.8 | 194 |
| 5926 | CAZ | Comp Grab | 3 x 3 | 136 | 0.821 | 1.90 | 404 | 101 |
| 5927 | CAZ | Comp Grab | 3 x 3 | 274 | 0.755 | 7.73 | 404 | 27 |
| 5928 | CAZ | Comp Grab | 3 x 3 | 192 | 0.195 | 1.75 | 394 | 34 |
| 5930 | CAZ | Chip | 1.2 | 178 | 0.972 | 2.71 | 58.6 | 28 |
| 5931 | CAZ | Comp Grab | 3 x 3 | 738 | 0.980 | 3.12 | 159 | 861 |
| 5932 | CAZ | Dump Grab | | 688 | 7.130 | 61.30 | 52.2 | 67 |
| 5933 | CAZ | Dump Grab | | 27600 | 1.165 | 1.29 | 40 | 87 |
| 5934 | CAZ | Dump Grab | | 925 | 0.331 | 4.87 | 428 | 3910 |
| 5935 | CAZ | Chip | 0.5 | 19950 | 0.087 | 13.10 | 1010 | 4270 |
| 5936 | CAZ | Dump Grab | | 41200 | 13.15 | 13.15 | 2050 | 36200 |
| 5937 | CAZ | Comp Grab | 3 x 3 | 2590 | 0.117 | 37.30 | 1515 | 491 |
| 5940 | CAZ | Chip | 1.0 | 3470 | 0.424 | 8.71 | 655 | 1450 |
| 5941 | CAZ | Comp Grab | 3 x 3 | 377 | 0.215 | 7.08 | 411 | 551 |
| 5942 | CAZ | Chip | 1.0 | 26300 | 0.201 | 5.54 | 334 | 3140 |
| 5945 | CAZ | Comp Grab | 3 x 3 | 143 | 2.360 | 4.98 | 1245 | 155 |
| 5946 | CAZ | Dump Grab | | 702 | 1.255 | 17.40 | 228 | 236 |

| Sample | Zone | Type | Metres | Cu ppm | Au g/t | Ag g/t | Pb ppm | Zn ppm |
|--------|------|------------|--------|--------|--------|--------|--------|--------|
| 5948 | CAZ | Float Grab | | 126 | 0.891 | 4.05 | 76.2 | 261 |
| 5950 | CAZ | Dump Grab | | 679 | 2.200 | 1.68 | 363 | 212 |
| 5951 | CAZ | Chip | 1.0 | 480 | 25.900 | 6.78 | 423 | 72 |
| 5952 | CAZ | Comp Grab | 3 x 3 | 2330 | 1.620 | 8.21 | 642 | 399 |
| 5953 | CAZ | Comp Grab | 3 x 3 | 1020 | 4.550 | 6.87 | 394 | 1380 |
| 5955 | CAZ | Comp Grab | 3 x 3 | 846 | 1.145 | 8.80 | 1030 | 60 |
| 5956 | CAZ | Chip | 1.5 | 391 | 0.512 | 1.71 | 108.5 | 174 |
| 5960 | CAZ | Comp Grab | 3 x 3 | 397 | 0.419 | 2.49 | 257 | 201 |
| 5961 | CAZ | Grab | | 183 | 0.136 | 6.88 | 208 | 17 |
| 5963 | CAZ | Dump Grab | | 530 | 1.000 | 1.00 | 196 | 170 |
| 5964 | CAZ | Dump Grab | | 813 | 4.040 | 0.79 | 244 | 193 |
| 5965 | CAZ | Comp Grab | 3 x 3 | 415 | 0.235 | 0.70 | 212 | 201 |
| 5966 | CAZ | Comp Grab | 3 x 3 | 263 | 8.080 | 7.92 | 205 | 371 |
| 5967 | CAZ | Chip | 0.7 | 869 | 0.550 | 1.96 | 212 | 494 |
| 5968 | CAZ | Chip | 1.0 | 1840 | 1.145 | 13.50 | 586 | 1600 |
| 5970 | CAZ | Chip | 0.6 | 161 | 0.453 | 2.96 | 137.5 | 586 |
| 5971 | CAZ | Comp Grab | 3 x 3 | 492 | 0.121 | 2.29 | 452 | 1380 |
| 5973 | CAZ | Comp Grab | 3 x 3 | 270 | 4.480 | 7.50 | 5570 | 626 |
| 5974 | CAZ | Dump Grab | | 18500 | 0.127 | 25.00 | 846 | 458 |
| 5975 | CAZ | Dump Grab | | 83200 | 6.470 | 84.50 | 51200 | 58500 |
| 5976 | SCZ | Chip | 0.6 | 30100 | 0.768 | 248.00 | 30600 | 1440 |
| 5977 | SCZ | Chip | 1.3 | 5950 | 0.292 | 19.85 | 2380 | 4360 |
| 5978 | SCZ | Chip | 1.0 | 22800 | 0.072 | 110.00 | 226 | 1960 |
| 5979 | TAZ | Chip | 1.5 | 8060 | 0.213 | 11.95 | 14500 | 9300 |
| 5980 | SCZ | Chip | 0.75 | 316 | 0.316 | 8.42 | 2430 | 648 |
| 5981 | SCZ | Dump Grab | | 31400 | 3.570 | 9.41 | 4840 | 97400 |
| 5982 | SCZ | Dump Grab | | 49200 | 4.140 | 133.00 | 36700 | 84100 |
| 5983 | SCZ | Dump Grab | | 999 | 0.061 | 3.56 | 14750 | 37800 |
| 5984 | SCZ | Dump Grab | | 2290 | 0.024 | 1.18 | 19950 | 23600 |
| 5985 | SCZ | Dump Grab | | 1925 | 0.500 | 14.65 | 30900 | 88800 |
| 5987 | CAZ | Dump Grab | | 3640 | 0.249 | 82.60 | 24600 | 17000 |
| 5988 | CAZ | Dump Grab | | 4010 | 1.270 | 395.00 | 81700 | 53200 |
| 5989 | CAZ | Dump Grab | | 25100 | 0.016 | 21.50 | 132.5 | 210 |
| 5990 | CAZ | Dump Grab | | 1185 | 0.231 | 31.50 | 3280 | 947 |
| 5991 | CAZ | Comp Grab | 3 x 3 | 2770 | 0.117 | 5.38 | 1625 | 5380 |
| 5993 | SCZ | Comp Grab | 3 x 3 | 1090 | 0.627 | 12.15 | 583 | 322 |
| 5994 | SCZ | Comp Grab | 3 x 3 | 994 | 0.149 | 5.43 | 1840 | 883 |
| 5995 | SCZ | Chip | 0.6 | 2020 | 0.231 | 17.25 | 16450 | 1140 |
| 5996 | SCZ | Comp Grab | 3 x 3 | 1935 | 0.114 | 1.57 | 1595 | 618 |
| 5997 | SCZ | Dump Grab | | 18600 | 3.290 | 179.00 | 45500 | 114500 |
| 5998 | SCZ | Dump Grab | | 1255 | 0.924 | 23.10 | 28500 | 134500 |

| Sample | Zone | Type | Metres | Cu ppm | Au g/t | Ag g/t | Pb ppm | Zn ppm |
|--------|------|-----------|--------|--------|--------|--------|--------|--------|
| 5999 | SCZ | Chip | 0.8 | 26100 | 2.880 | 247.00 | 4220 | 15350 |
| 6000 | SCZ | Comp Grab | 3 x 3 | 646 | 0.039 | 3.76 | 4810 | 5300 |
| 7736 | CMZ | Chip | 1.5 | 440 | 0.282 | 3.25 | 4960 | 4020 |
| 7737 | CMZ | Grab | | 363 | 0.587 | 42.00 | 21100 | 31300 |
| 7738 | CMZ | Chip | 0.8 | 1060 | 5.090 | 13.15 | 7460 | 3220 |
| 7739 | TAZ | Chip | 2.0 | 16100 | 0.200 | 26.60 | 2470 | 1660 |
| 7741 | SCZ | Chip | 2.0 | 7170 | 0.696 | 10.15 | 23600 | 27100 |
| 9047 | TAZ | Chip | 1.3 | 360 | 0.197 | 8.46 | 2520 | 484 |
| 9048 | CMZ | Chip | 1.5 | 123 | 1.095 | 30.70 | 222 | 67 |
| 9050 | CMZ | Grab | | 2750 | 0.495 | 347.00 | 28700 | 753 |
| 9052 | CMZ | Dump Grab | | 10950 | 0.049 | 3.00 | 89.9 | 39 |
| 9053 | CMZ | Dump Grab | | 32100 | 1.290 | 8.11 | 141 | 735 |
| 9054 | CMZ | Comp Chip | 3 x 3 | 626 | 0.221 | 1.01 | 435 | 402 |
| 9061 | CBZ | O/C Grab | | 35700 | 0.016 | 32.00 | 16.4 | 76 |
| 9062 | CBZ | O/C Grab | | 14300 | 0.012 | 7.54 | 17.5 | 24 |
| 9063 | CMZ | Chip | 0.3 | 27700 | 0.423 | 33.20 | 16.6 | 31 |
| 9652 | CMZ | Chip | 0.6 | 14100 | 0.055 | 11.80 | 6490 | 28100 |
| 9853 | CAZ | Grab | | 1250 | 0.343 | 43.90 | 20000 | 23000 |
| 9859 | CAZ | Comp Grab | 3 x 3 | 2840 | 0.020 | 2.75 | 233 | 1600 |
| 9862 | TAZ | Grab | | 12250 | 1.150 | 156.00 | 82300 | 26700 |
| 9863 | TAZ | Chip | 0.3 | 2210 | 0.185 | 89.70 | 1840 | 1220 |
| 9865 | TAZ | Chip | 0.8 | 1000 | 0.011 | 1.95 | 1270 | 291 |
| 9866 | TAZ | Comp Grab | 3 x 3 | 3130 | 0.124 | 11.50 | 1150 | 185 |
| 9867 | TAZ | Comp Grab | 3 x 3 | 7060 | 0.095 | 9.48 | 2110 | 1560 |
| 9868 | TAZ | Dump Grab | | 13700 | 0.032 | 8.30 | 577 | 6270 |
| 9869 | TAZ | Dump Grab | | 34600 | 0.306 | 79.10 | 7340 | 9980 |
| 9870 | SCZ | Chip | 0.3 | 121 | 0.029 | 1.82 | 1780 | 4470 |
| 9871 | SCZ | Grab | | 4040 | 1.010 | 5.76 | 3510 | 7890 |
| 9872 | SCZ | Grab | | 9110 | 0.501 | 77.30 | 61600 | 17550 |
| 9874 | TAZ | Dump Grab | | 14750 | 0.099 | 20.00 | 41900 | 12900 |
| 9875 | CMZ | Grab | | 1250 | 0.052 | 5.58 | 825 | 446 |
| 9876 | CAZ | Chip | 1.0 | 860 | 0.130 | 2.83 | 1080 | 2120 |
| 1912 | TAZ | Comp Grab | 3 x 3 | 1270 | 0.058 | 3.69 | 2150 | 1580 |
| 1913 | TAZ | Slag Grab | | 3390 | 0.174 | 0.97 | 734 | 233 |
| 1915 | TAZ | Grab | | 2460 | 0.214 | 10.30 | 2420 | 1370 |
| 1916 | TAZ | Chip | 1.0 | 13600 | 0.483 | 152.00 | 2980 | 16200 |
| 1917 | TAZ | Chip | 1.1 | 6560 | 1.055 | 53.00 | 3180 | 21800 |
| 1919 | TAZ | Dump Grab | | 15550 | 0.446 | 75.30 | 1070 | 13850 |
| 1920 | TAZ | Chip | 2.5 | 15300 | 1.000 | 20.70 | 4600 | 3470 |
| 1921 | TAZ | Dump Grab | | 32000 | 0.823 | 294.00 | 72100 | 69100 |
| 1922 | TAZ | Grab | | 6880 | 2.050 | 80.10 | 4090 | 4080 |

| Sample | Zone | Type | Metres | Cu ppm | Au g/t | Ag g/t | Pb ppm | Zn ppm |
|--------|------|-----------|--------|--------|--------|--------|--------|--------|
| 1923 | TAZ | Chip | 1.0 | 2470 | 2.650 | 898.00 | 74800 | 7750 |
| 1924 | TAZ | Grab | | 14800 | 0.132 | 16.10 | 14400 | 12800 |
| 1925 | TAZ | Dump Grab | | 54300 | 0.491 | 16.55 | 11800 | 3320 |
| 1926 | TAZ | Grab | | 10850 | 0.431 | 23.00 | 3010 | 753 |
| 1928 | CMZ | Dump Grab | | 34700 | 0.565 | 43.90 | 3530 | 2810 |
| 1934 | SCZ | Chip | 0.3 | 722 | 0.039 | 7.18 | 8910 | 3990 |
| 1935 | SCZ | Dump Grab | | 34900 | 39.10 | 48.00 | 4850 | 1220 |
| 1936 | SCZ | Chip | 0.6 | 2720 | 0.082 | 4.74 | 1750 | 702 |
| 1937 | SCZ | Grab | | 1120 | 0.071 | 2.71 | 5920 | 16650 |
| 1938 | SCZ | Grab | | 729 | 0.053 | 23.30 | 50400 | 1410 |
| 1940 | SCZ | Chip | 0.6 | 1450 | 0.843 | 1.11 | 2540 | 461 |
| 1941 | SCZ | Chip | 0.6 | 358 | 0.132 | 7.54 | 291 | 80 |
| 1942 | CAZ | Chip | 1.0 | 17250 | 1.440 | 28.70 | 26500 | 34400 |
| 1943 | CAZ | Chip | 1.0 | 2820 | 1.275 | 59.70 | 31900 | 17300 |
| 7811 | SCZ | Comp Grab | 3 x 3 | 235 | 0.035 | 1.26 | 3410 | 1570 |
| 7812 | SCZ | Chip | 0.4 | 15550 | 0.042 | 191.00 | 3040 | 544 |
| 7816 | SCZ | Grab | | 8090 | 1.370 | 193.00 | 44200 | 39200 |
| 7817 | SCZ | Dump Grab | | 34700 | 0.053 | 11.55 | 194.5 | 202 |
| 12517 | SCZ | Chip | 1.1 | 67 | 0.159 | 0.159 | 109 | 791 |
| 12518 | SCZ | Chip | 1.2 | 499 | 0.05 | 0.05 | 568 | 1840 |
| 12555 | SCZ | Chip | 1.2 | 896 | 0.248 | 0.248 | 2420 | 6820 |
| 12556 | SCZ | Chip | 1.4 | 289 | 2.152 | 2.152 | 2250 | 3300 |
| 12557 | SCZ | Chip | 1.2 | 423 | 0.110 | 0.110 | 130 | 842 |
| 12559 | SCZ | Chip | 0.9 | 144 | 0.570 | 0.570 | 317 | 845 |
| 12560 | SCZ | Chip | 1.4 | 800 | 0.190 | 0.190 | 178 | 1050 |
| 12561 | SCZ | Chip | 0.9 | 134 | 0.290 | 0.290 | 786 | 3410 |
| 12562 | SCZ | Chip | 1.0 | 367 | 0.435 | 0.435 | 15400 | 3370 |
| 12563 | SCZ | Chip | 1.1 | 653 | 0.490 | 0.490 | 755 | 2240 |
| 12564 | SCZ | Chip | 2.0 | 347 | 0.180 | 0.180 | 535 | 2310 |
| 12565 | SCZ | Chip | 1.7 | 512 | 0.259 | 0.259 | 980 | 4010 |
| 12583 | SCZ | Chip | 1.0 | 572 | 0.061 | 0.061 | 3090 | 4020 |
| 12587 | SCZ | Chip | 0.9 | 337 | 0.013 | 0.013 | 831 | 2590 |
| 12589 | SCZ | Chip | 1.3 | 2870 | 0.202 | 0.202 | 20800 | 25200 |
| 12592 | SCZ | Chip | 1.1 | 903 | 0.02 | 0.02 | 1250 | 1760 |
| 12596 | TAZ | Chip | 1.1 | 8660 | 0.005 | 0.005 | 15 | 3000 |
| 12597 | TAZ | Chip | 0.8 | 13050 | 0.130 | 0.130 | 95 | 2290 |
| 12598 | TAZ | Chip | 0.8 | 26300 | 0.107 | 0.107 | 251 | 198 |
| 12599 | TAZ | Chip | 0.9 | 28600 | 0.219 | 0.219 | 717 | 918 |
| 12494 | SCZ | Chip | 1.3 | 3740 | 0.195 | 38.9 | 12050 | 18950 |
| 12495 | SCZ | Chip | 1.4 | 258 | 0.037 | 0.9 | 719 | 1930 |
| 12497 | SCZ | Chip | 1.5 | 313 | 0.565 | 6.9 | 40100 | 8840 |

| Sample | Zone | Type | Metres | Cu ppm | Au g/t | Ag g/t | Pb ppm | Zn ppm |
|--------|------|-------------|--------|--------|--------|--------|--------|--------|
| 12498 | SCZ | Chip | 1.6 | 339 | 0.067 | 1.3 | 1020 | 1980 |
| 12499 | SCZ | Chip | 1.1 | 62 | 0.007 | <0.2 | 52 | 760 |
| 12500 | SCZ | Chip | 0.6 | 1040 | 0.348 | 19.6 | 8720 | 22500 |
| 12501 | SCZ | Chip | 1.6 | 668 | 0.251 | 8 | 5290 | 2970 |
| 12502 | SCZ | Chip | 1.4 | 244 | 0.009 | 0.6 | 72 | 660 |
| 12503 | SCZ | Chip | 1.6 | 1020 | 1.235 | 26.5 | 16350 | 15600 |
| 12504 | SCZ | Chip | 1.3 | 2570 | 0.121 | 8.5 | 1090 | 5210 |
| 12505 | SCZ | Chip | 1.9 | 9090 | 3.380 | 74.1 | 4070 | 21200 |
| 12506 | SCZ | Chip | 1.4 | 1350 | 0.058 | 7.6 | 2290 | 7260 |
| 12510 | SCZ | Chip | 1.4 | 610 | 0.011 | 0.9 | 1470 | 2390 |
| 12511 | SCZ | Chip | 1.1 | 1120 | 0.041 | 4.4 | 1800 | 3080 |
| 12512 | SCZ | Chip | 1.0 | 2360 | 0.186 | 12.9 | 1390 | 6110 |
| 12513 | SCZ | Chip | 1.9 | 11500 | 6.740 | 12.9 | 17500 | 43000 |
| 12514 | SCZ | Chip | 1.0 | 2010 | 1.385 | 18.8 | 6160 | 7790 |
| 12515 | SCZ | Chip | 1.0 | 782 | 0.019 | 1.1 | 220 | 984 |
| 11393 | CBZ | Chip | 1.2 | 539 | 0.291 | 0.3 | 44 | 71 |
| 11397 | CBZ | Chip | 1.2 | 120 | 0.100 | 0.2 | 34 | 69 |
| 11406 | CBZ | Chip | 1.1 | 530 | 0.100 | 0.2 | 70 | 220 |
| 986B | CAZ | Chip | 1.3 | 1700 | 21.600 | 16.5 | 1530 | 1850 |
| 986C | CAZ | Chip | 1.2 | 457 | 0.236 | 1.4 | 317 | 556 |
| 987C | CAZ | Chip | 1.1 | 1660 | 0.973 | 5.6 | 661 | 1290 |
| 988B | CAZ | Chip | 1.3 | 357 | 0.313 | 0.5 | 145 | 122 |
| 988C | CAZ | Chip | 1.5 | 640 | 10.100 | 1.9 | 547 | 119 |
| 989C | CAZ | Chip | 1.6 | 138 | 0.014 | 0.2 | 15 | 270 |
| 992B | CAZ | Chip | 1.2 | 84 | 0.140 | 3.7 | 522 | 788 |
| 992C | CAZ | Chip | 2.0 | 203 | 0.643 | 9.7 | 407 | 1980 |
| 993B | CAZ | Chip | 2.0 | 250 | 0.782 | 11 | 310 | 1290 |
| 11279 | CMZ | Comp Grab | 3.0 | 1165 | 0.065 | 0.8 | 26 | 12 |
| 11435 | CMZ | Comp Grab | 5.0 | 1555 | 0.005 | <0.2 | 10 | 26 |
| 11443 | CMZ | Comp Grab | 5.0 | 1698 | 0.006 | <0.2 | 14 | 7 |
| 11447 | CMZ | Comp Chip | 5.0 | 1735 | 0.011 | 0.7 | 6 | 10 |
| 11477 | CMZ | Chip | 1.0 | 1411 | 0.008 | <0.2 | 18 | 11 |
| 11501 | CMZ | Comp Grab | 5.0 | 652 | 0.101 | <0.2 | 11 | 9 |
| 11513 | CMZ | RC cuttings | 10.0 | 1480 | 0.06 | <0.2 | 16 | 110 |
| 11515 | CMZ | RC cuttings | 10.0 | 1810 | 0.07 | <0.2 | 15 | 94 |
| 11517 | CMZ | RC cuttings | 10.0 | 1490 | 0.06 | <0.2 | 11 | 83 |
| 11519 | CMZ | RC cuttings | 10.0 | 1730 | 0.10 | <0.2 | 22 | 97 |
| 11523 | CMZ | RC cuttings | 10.0 | 5020 | 0.19 | 0.5 | 13 | 84 |
| 11529 | CMZ | RC cuttings | 10.0 | 1525 | 0.11 | 0.5 | 38 | 301 |
| 11545 | CMZ | Comp Chip | 2.0 | 1249 | 0.065 | 0.3 | 73 | 18 |
| 11565 | CMZ | RC cuttings | 3.0 | 2150 | 0.12 | <0.2 | 17 | 69 |

| Sample | Zone | Type | Metres | Cu ppm | Au g/t | Ag g/t | Pb ppm | Zn ppm |
|--------|------|-------------|--------|--------|--------|--------|--------|--------|
| 11567 | CMZ | Comp Grab | 5.0 | 350 | 0.484 | <0.2 | 26 | 5 |
| 11569 | CMZ | Chip | 2.0 | 290 | 0.24 | 0.2 | 34 | 27 |
| 11571 | CMZ | RC cuttings | 10.0 | 1920 | 0.07 | <0.2 | 19 | 74 |
| 11573 | CMZ | Comp Chip | 5.0 | 396 | 0.079 | 22.8 | 8920 | 3380 |
| 11609 | CMZ | Comp Chip | 20.0 | 474 | 0.103 | 0.2 | 40 | 17 |
| 11629 | CMZ | Comp Chip | 10.0 | 430 | 0.107 | 0.3 | 8 | 18 |

Caballo Muerto Zone

During January-June 2015 detailed geological mapping and rock sampling programs were completed by Minera Kairos personnel and in the CMZ. The CMZ is a 12 km², NW-SE elongate zone of hydrothermal alteration covering the west and southeast flanks of the CME volcanic edifice in the south-central sector of the Salvadora Property.

The zone generally covers an area of low rounded and talus covered hills and intervening dry gravel filled valleys. Hence outcrop density is low and in generally geological contacts and alteration zone boundaries can only be inferred.

Alteration Zonation and Mineralization

The principle alteration type throughout the zone is intense propylitization consisting of the strong replacement of mafic wall-rock minerals by epidote, chlorite and iron carbonate.

Within this zone are three partially overlapping 1.5 – 2.5 km² centers of moderate argillic-phyllitic to intense pervasive argillic-hematitic alteration; 24K, CMN and CMS that include local areas of silicification (Figure 9.1.1.1).

The alteration style in these three centers is commonly found in base-metal porphyry systems around and above their central zones of Cu +/- Au, Mo enrichment.

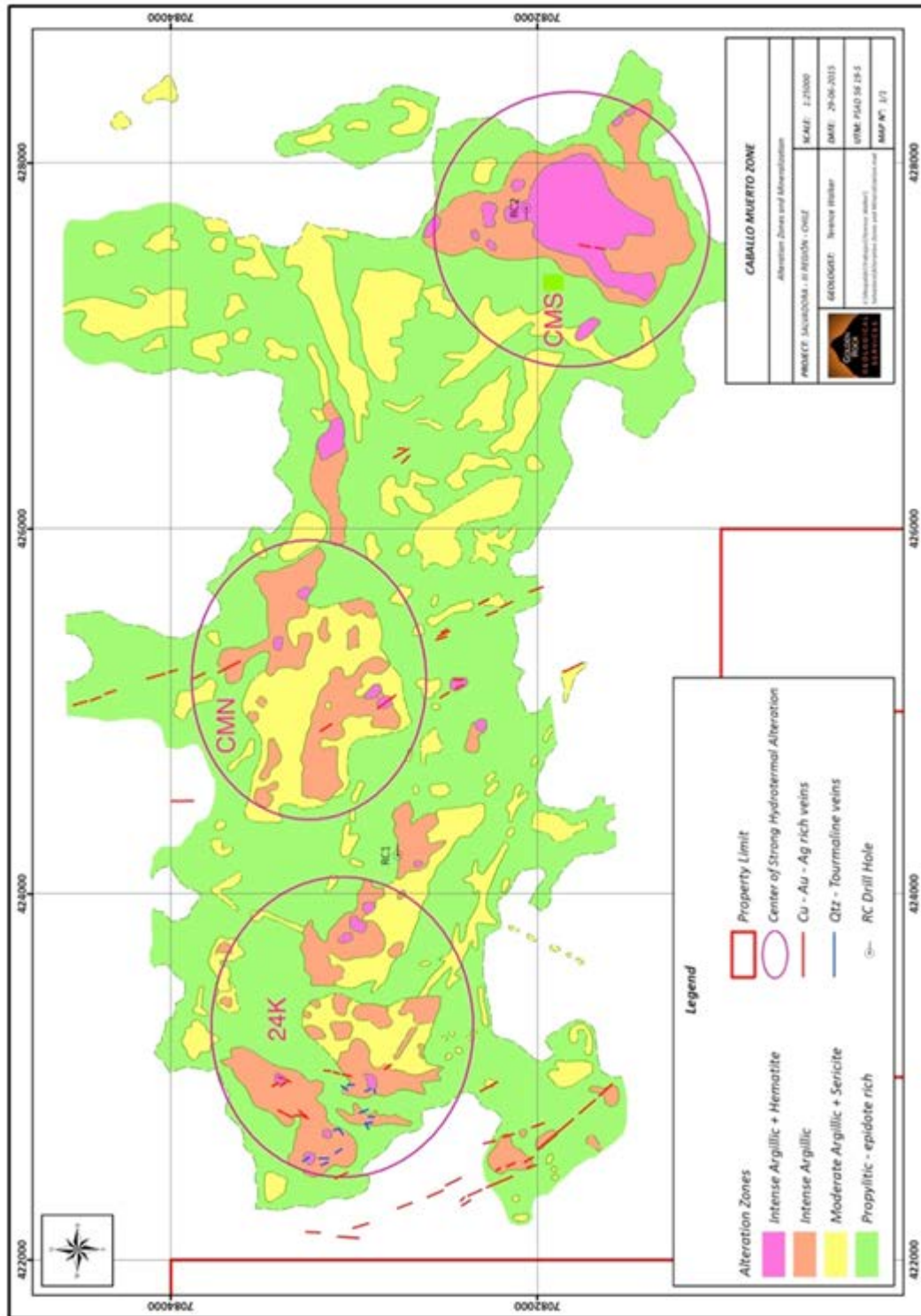
A strong structural control is evident in the pronounced NW – SE elongate internal alteration patterns and the base-metal and precious metal bearing veins found in these three centers. Banded quartz-tourmaline and auriferous and chalcopyrite bearing quartz-potassium feldspar vein float and outcrop is also common throughout the west half of 24K. The style and mineral content of these veins also indicates proximity to the core Cu-Au zone of a porphyry system.

The central trend of NW-SE faults also appears to be the locus of a series of Eocene hypabyssal porphyritic plugs, sills and dykes of dacitic, dioritic and rhyolitic composition that together with the faults appear to localize the centers of argillic-phyllitic alteration.

The largest of these intrusive bodies, the 24K porphyry on the NW flank of the 24K center is host to numerous quartz-tourmaline breccia veins and banded quartz-chalcopyrite veins typical of the inner phyllic to outer potassic zones of porphyry base-metal systems that host most of the higher-grade copper, copper-gold zones.

Intrusive breccia bodies containing fragments of copper mineralized porphyry, indicators of higher levels in a porphyry system, and banded quartz-sulphide veins occur associated with intensely argillically altered and hematized porphyritic dacite plugs in the core of the CMS center.

Figure 9.1.1.1 - CMZ Alteration and Mineralization



Geochemistry

Reconnaissance Drainage Survey

The drainage geochemical sampling program consisted of two phases: a) a small orientation survey in the Sin Codicia-Tres Amigos area to confirm the local usefulness of this technique and establish optimum sampling density parameters and b) property wide coverage to identify copper enriched areas for detailed follow up exploration.

During the property wide survey, a total of 292 silt samples were collected from primary and secondary drainage channels approximately 10 metres above confluences, to achieve a sampling density of no less than 5 samples per square kilometer of catchment area.

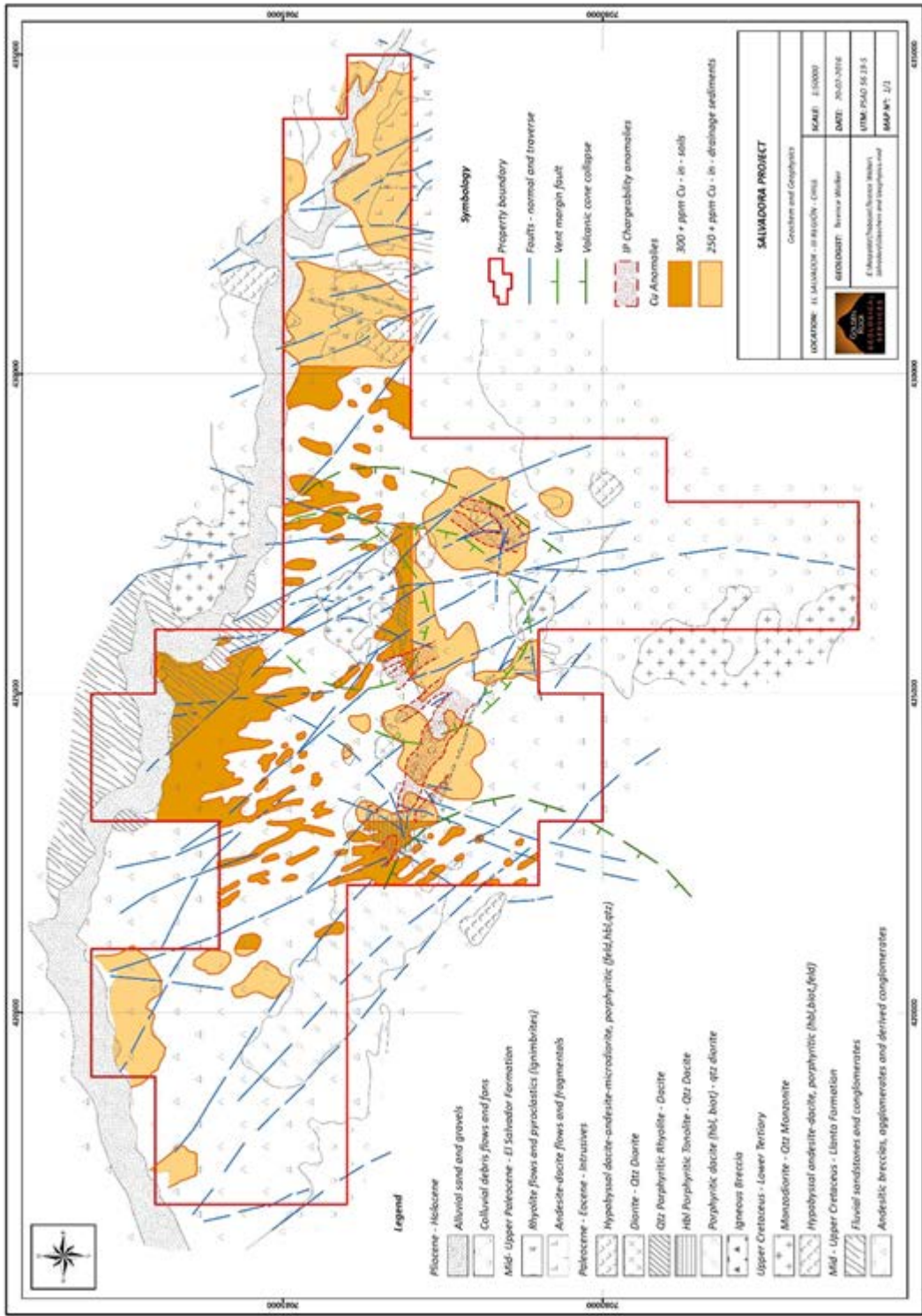
Sample stations were defined using hand held GPS units and flagged using high visibility plastic flagging tape.

All the silt samples were taken from the most recently active part of the drainage channel, placed in kraft paper bags, sealed and shipped to the ALS laboratory in Coquimbo, Chile for drying, processing and analysis.

At ALS, the -80-mesh size fraction was analysed for Au using 30g sub-samples, fire assay fusion and AA analysis plus forty-eight other elements, including silver, by ICP analysis following hot four-acid digestion. The survey results indicate that Cu values of 300 ppm or more and to a lesser extent Au values of 20 ppb or more in silt samples can be useful in delineating areas of metal enrichment and alteration.

The reconnaissance drainage survey indicated that the NW, SW and SE flanks of CME and the E flank of the CMW volcanic edifices are moderately enrichment in copper with values ranging from 300 to 860 ppm. The detailed drainage survey of the CBZ area indicates that this zone is the center of a strong copper (+/- Mo, Au) anomaly with copper values ranging from 300 to 1740 ppm (Figure 9.2.1).

Figure 9.2.1 - Copper Drainage and Soil Anomaly Locations



Residual Soil Survey

The soil geochemical sampling programs were more restricted being concentrated in the TAZ, SCZ and the CAZ trend. The principal objective of these surveys was also two-fold: a) confirm the local usefulness of this technique in locating the extensions of known vein systems and b) identifying new blind veins.

In total 2192 soil samples were collected at 50 - 100 metres intervals along 200 metres spaced E-W orientated grid lines. Lines and sample stations were defined using hand held GPS units and flagged using high visibility plastic flagging tape.

The soil profile in this area is essentially none-existent, consisting of a variable thickness of wind blow sand and silt on top of a weakly iron-enriched "c" zone and weathered bedrock. All the soil samples were taken from below the winnowed layer, placed in kraft paper bags, sealed and shipped to the ALS laboratory in Coquimbo, Chile for drying, processing and analysis.

At ALS, the -80-mesh size fraction was analysed for Au using 30g sub-samples, fire assay fusion and AA analysis plus forty-eight other elements, including silver, by ICP analysis following hot four-acid digestion. As with the silt surveys, Cu and to a lesser extent Au results from the soil geochemical surveys indicate that these two elements can be useful indicators of the proximal presence of blind mineralized veins or extensions of known veins. Copper, in values of 300 ppm or more, on both sectors suggest the presence of new veins and possible more widespread disseminated mineralisation.

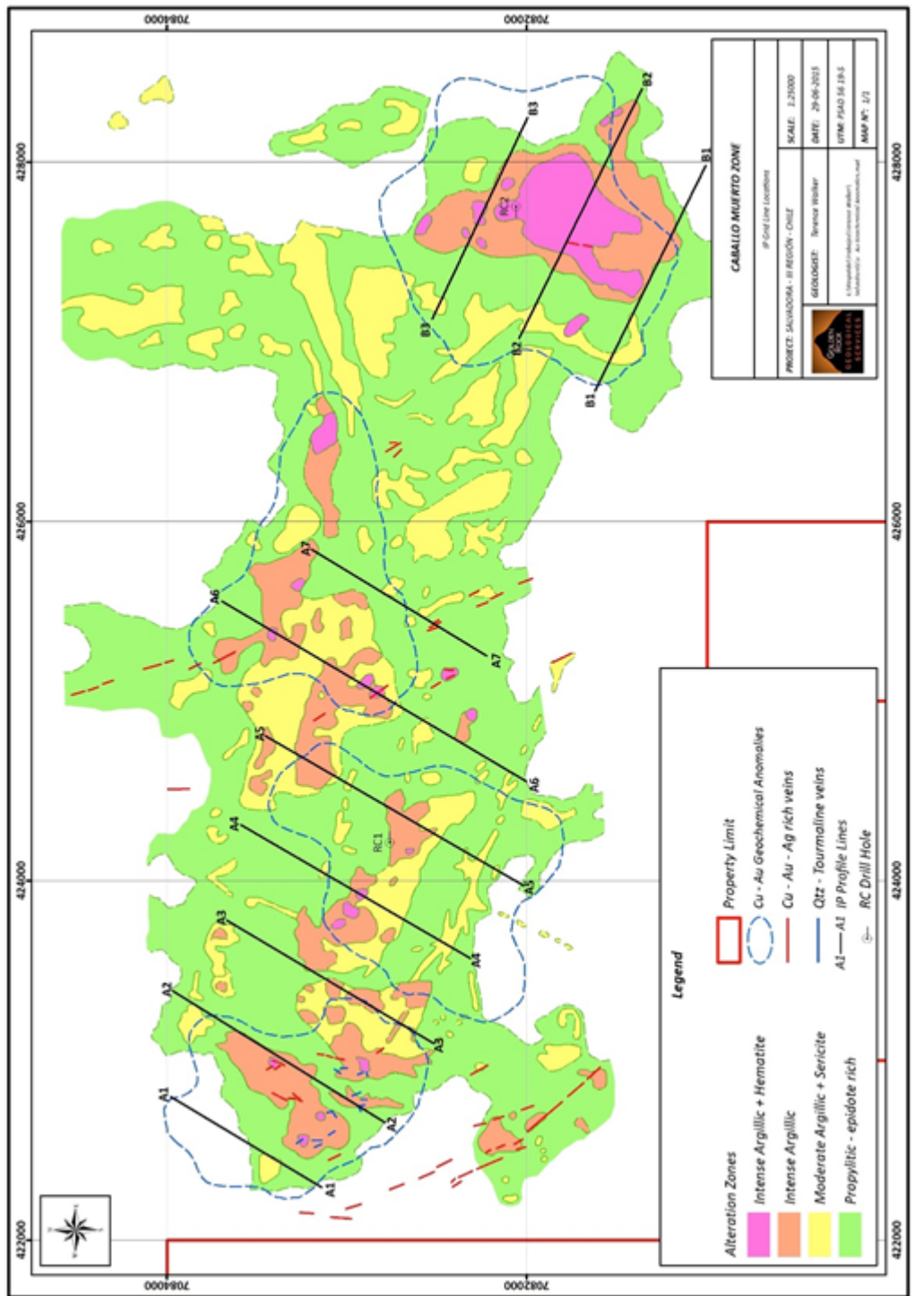
The soil surveys of the TAZ and SCZ indicated the presence of large copper (gold) anomalies (Figure 9.2.1) with copper values ranging from 300 to over 6,000 ppm (0.6%), two 0.5 and 0.8 km² sectors of which averaged 2,800 ppm (0.28%) and 2,000 ppm (0.2%) respectively. Outcrop and float samples of vein and stockwork mineralisation from these areas returned values of 0.3 to 5.6% copper and 0.174 to 2.88 g/t gold.

In addition, copper and gold soil anomalies ranging from 300 to 900 ppm and 0.025 to 0.846 g/t respectively were identified with and east of the CAZ gold-copper mine trend. Outcrop and float samples of vein mineralisation from this area returned values ranging from 0.125 to 8.32% copper and 0.050 to 154.5 g/t gold.

Geophysical Surveys

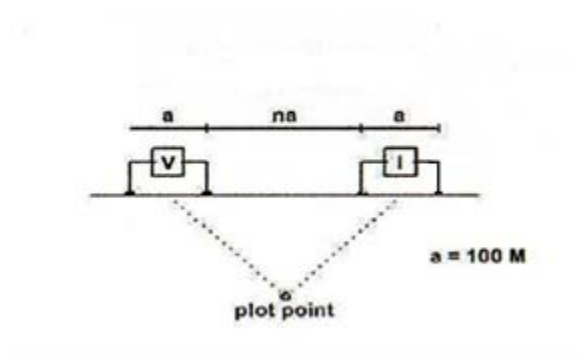
During late July and early August, GeoExploraciones on behalf of Minera Kairos completed two reconnaissance dipole-dipole Time Domain IP surveys totalling 14.5-line kilometres covering the 24K-CMW and CMS alteration zones (Figure 9.3).

Figure 9.3 - Reconnaissance IP Line Locations



The IP data was acquired with the dipole-dipole electrode array (Figure 9.3.1) and a fixed 100-metre receiver ("V") - current ("I") or dipole ("a") spacing expanded through five separations ("na" = 1 to 6) to investigate depth continuity of the anomalies. A time-domain waveform with a frequency of 0.125 Hz (2 seconds) was employed. Ten, 500 metre spaced; lines totalling 14.5 kilometres were surveyed in this manner.

Figure 9.3.1 - Diagrammatic Representation of the IP Dipole-Dipole Electrode Array



The instruments used were; a Scintrex Mark VI-2 transmitter, a Scintrex IPR12 six channel receiver and a 1 kW 400 Hz generator.

The data collected is presented primarily as a series of pseudo-sections displaying resistivity in ohm-m and IP effect or chargeability in mVolts/Volt. Subsequently this 'raw' data was inverted using Geosoft and the University of British Columbia, Canada GIF 2D computer program to produce a second set of "2D inverted" profiles which, theoretical, should be reflecting the presence of an actual body with similar geophysical characteristics as the program model.

The results from these surveys define several strong high contrast chargeability anomalies with associated moderate resistivity.

In the 24K-CMN zones, a large NW trending anomaly was detected along the central axis of the alteration zone, 500-600 metres wide, at least 2000 metres long and open to the SE (Figure 9.3.2). This anomaly lies within a similar trending structural zone along which small plug and dyke like bodies of hypabyssal feldspar-quartz porphyritic dacite to microdiorite have intruded and altered the host andesitic volcanic rocks. The local area soils are generally anomalous in copper (+/-gold) and locally Minera Kairos personnel found small showings of quartz-chalcopyrite veins and veinlet stock works plus black and green copper oxides (Figure 9.3.3).

Figure 9.3.2 - IP Chargeability Anomaly Locations

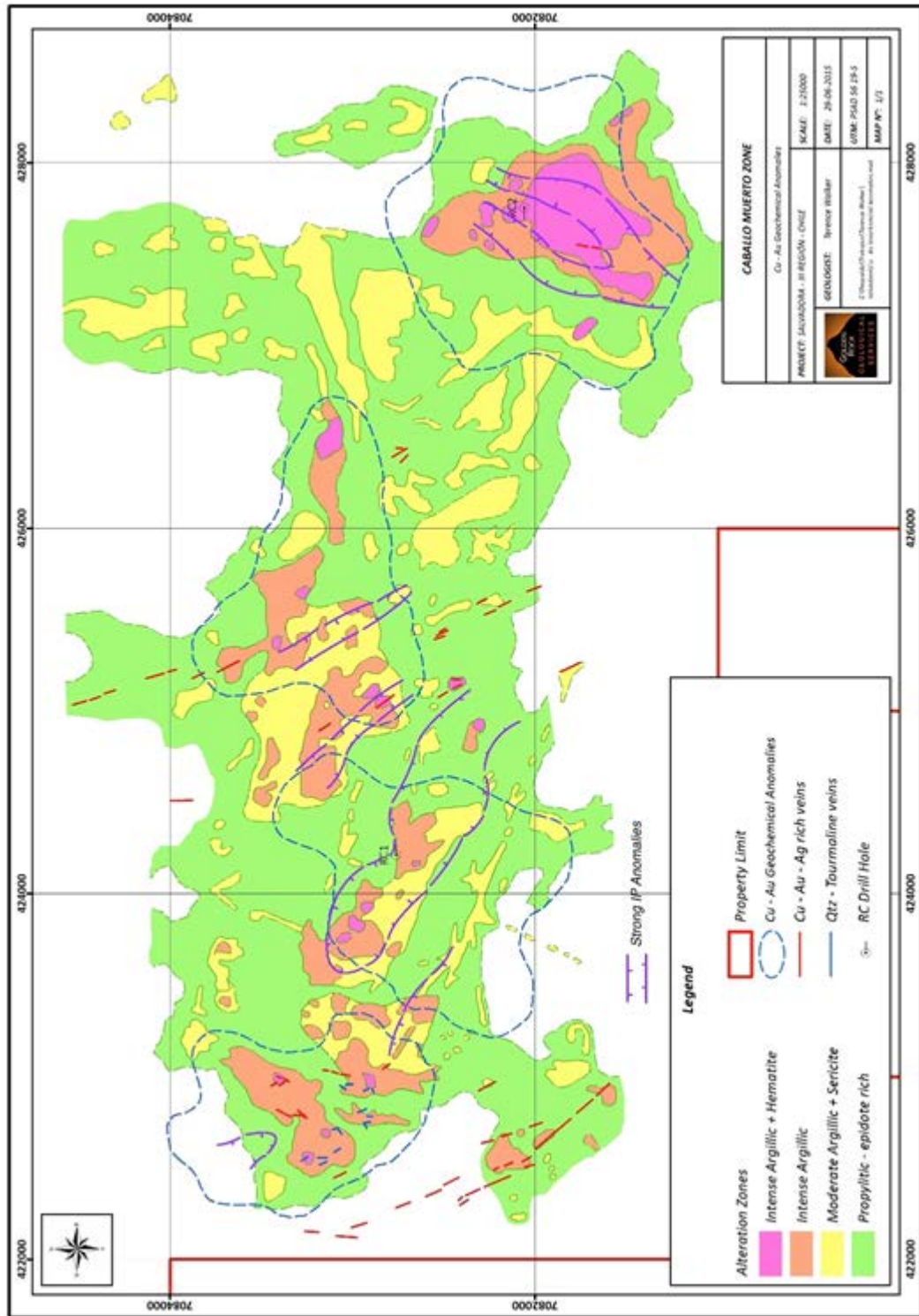
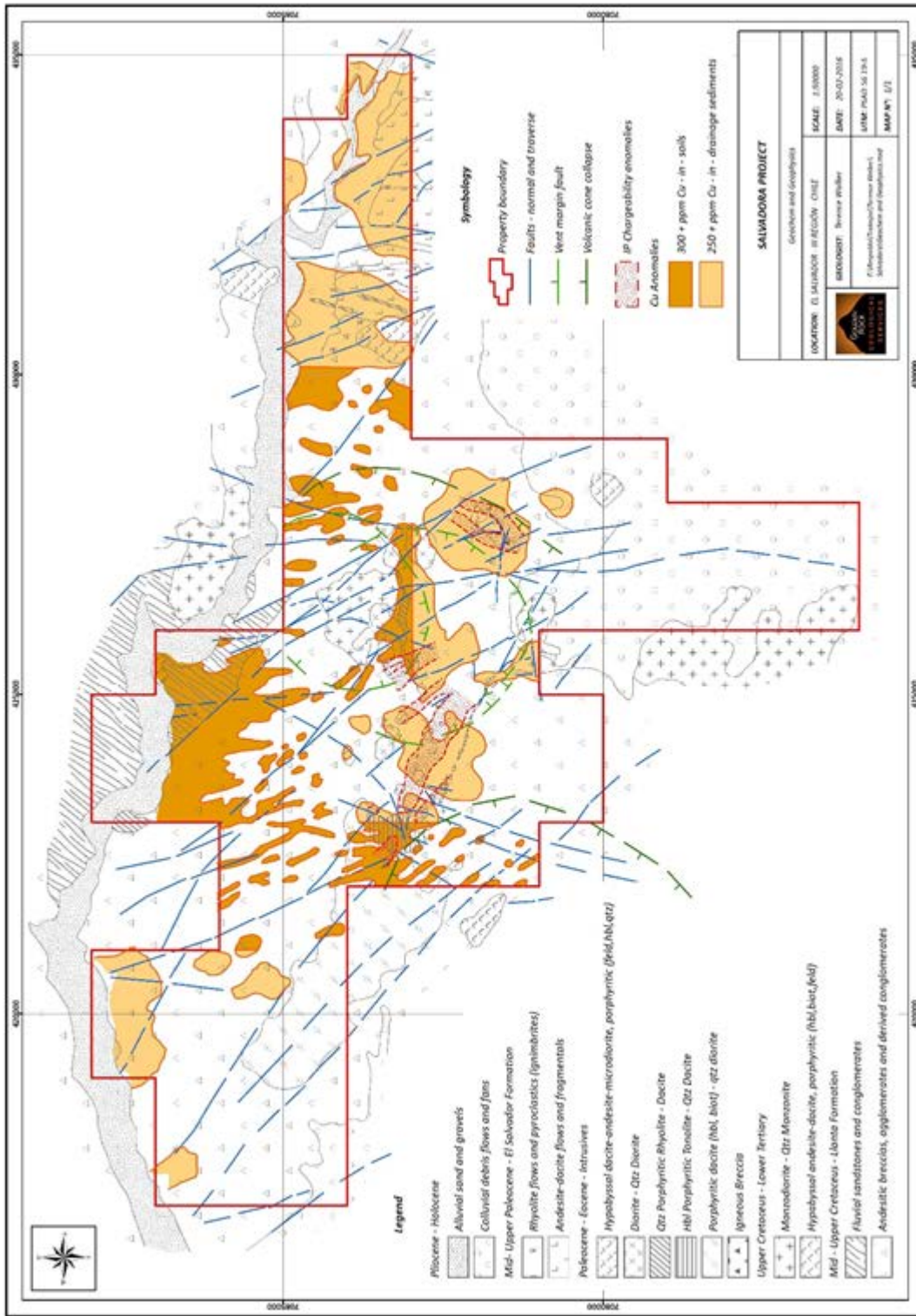


Figure 9.3.3 - Copper Geochemical and IP Chargeability Anomaly Locations



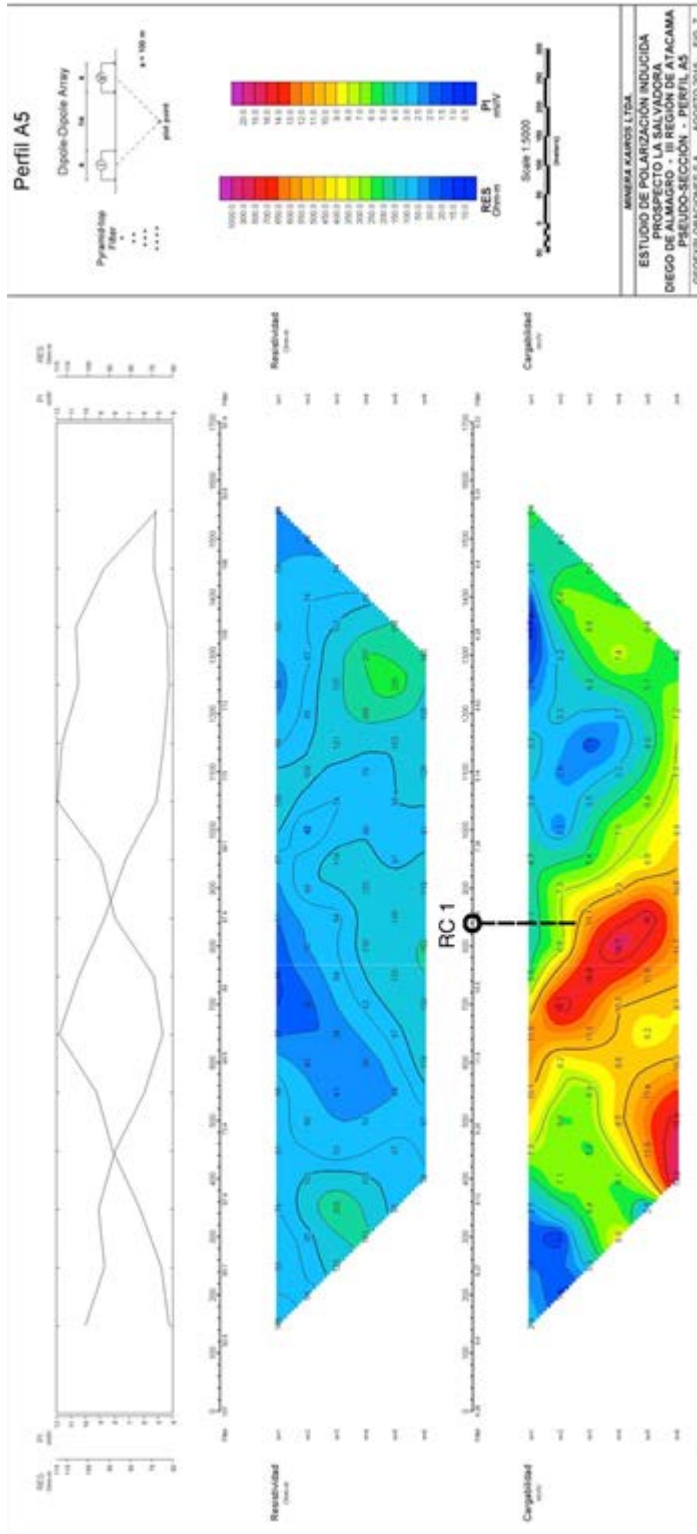
RC1 occurs about 150 metres from the NE flank of this anomaly. When projected in to the plane of the nearest IP profile A5 it appears that the bottom 30-40m of the hole may have touched the top of the chargeability anomaly which is open to depth below the 300m effective depth tested by the survey (Figure 9.3.4).

There are also three additional smaller open-ended anomalies. The two narrow NW-NNW trending anomalies NE of the main anomaly may reflect SE extensions of the Tres Amigos and Sin Codicia vein structures.

In the CMS zone chargeability values are generally lower than in the 24K-CMN zone however using the same background chargeability cut value several anomalous zones are identifiable. The main zone is a 1000 metre long, 200-500 metre wide, NE elongate annular zone flanking the main core of this alteration system and is open to the NE. At surface Minera Kairos personnel also found remnant black oxide copper minerals and copper-gold anomalous quartz-hematite veins.

The old drill hole RC2 is located within the barren core of this anomaly.

Figure 9.3.4 - IP Profile A5 Showing Projection of RC1



Survey Results

In total six priority target areas worthy of follow-up exploration were suggested by the exploration surveys completed to date; CBZ, 24K, CMN, CMS, TAZ and CAZ (Figure 9.4).

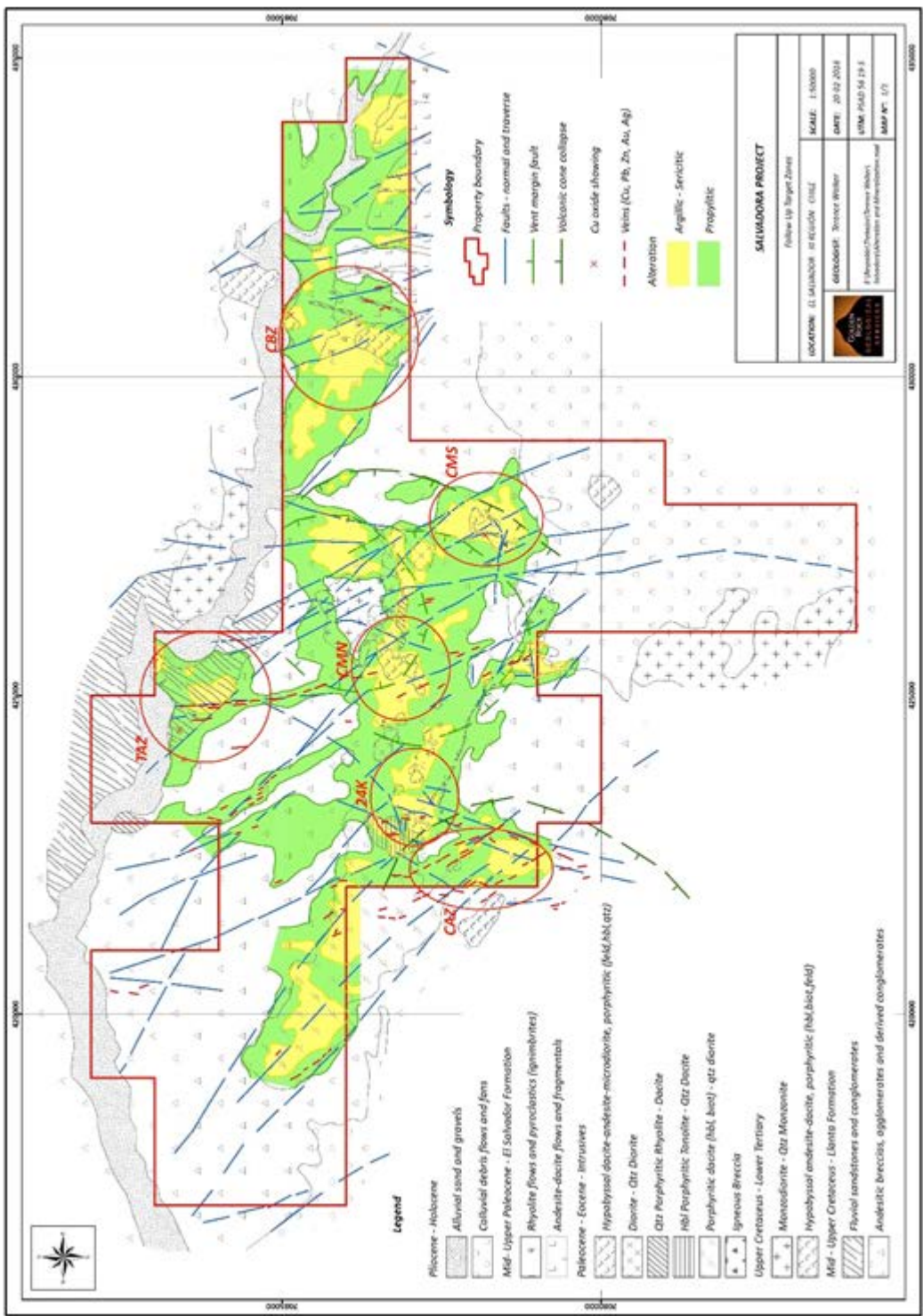
CBZ is a 5+ kilometre square area of porphyry copper style intense kaolinite-alunite, patchy silicification and propylitic alteration highly anomalous in Cu, Mo and Au developed within and around a keystone collapse structure on the northeast flank of a possible Paleocene caldera.

24K, CMN and CMS, occur within or adjacent to the altered volcanic and porphyritic intrusive rocks of the CMZ. CMZ is a zone of clay - sericite alteration and patchy silicification, highly anomalous in Cu (+/-Au) developed within and around a cluster of hypabyssal dacite-microdiorite porphyry plugs. A strong high contrast 500-600m wide, 2-kilometre-long open-ended IP chargeability anomaly underlies central and southeast part of this target group. Drill hole RC1 that bottomed in 70 metres grading 0.15-0.52% Cu and 0.1-0.17 g/t Au lies on the north flank of this IP chargeability anomaly.

TAZ is a 2.5 kilometre square area propylitic and argillic alteration highly anomalous in Cu, Au and Ag associated with structurally controlled poly-metallic vein systems.

CAZ is part of a 2 kilometre wide accurate belt of Cu-Au bearing veins developed in altered volcanic rocks on the east flank of the CMW vent complex.

Figure 9.4 - Follow Up Target Zone Locations



Drilling

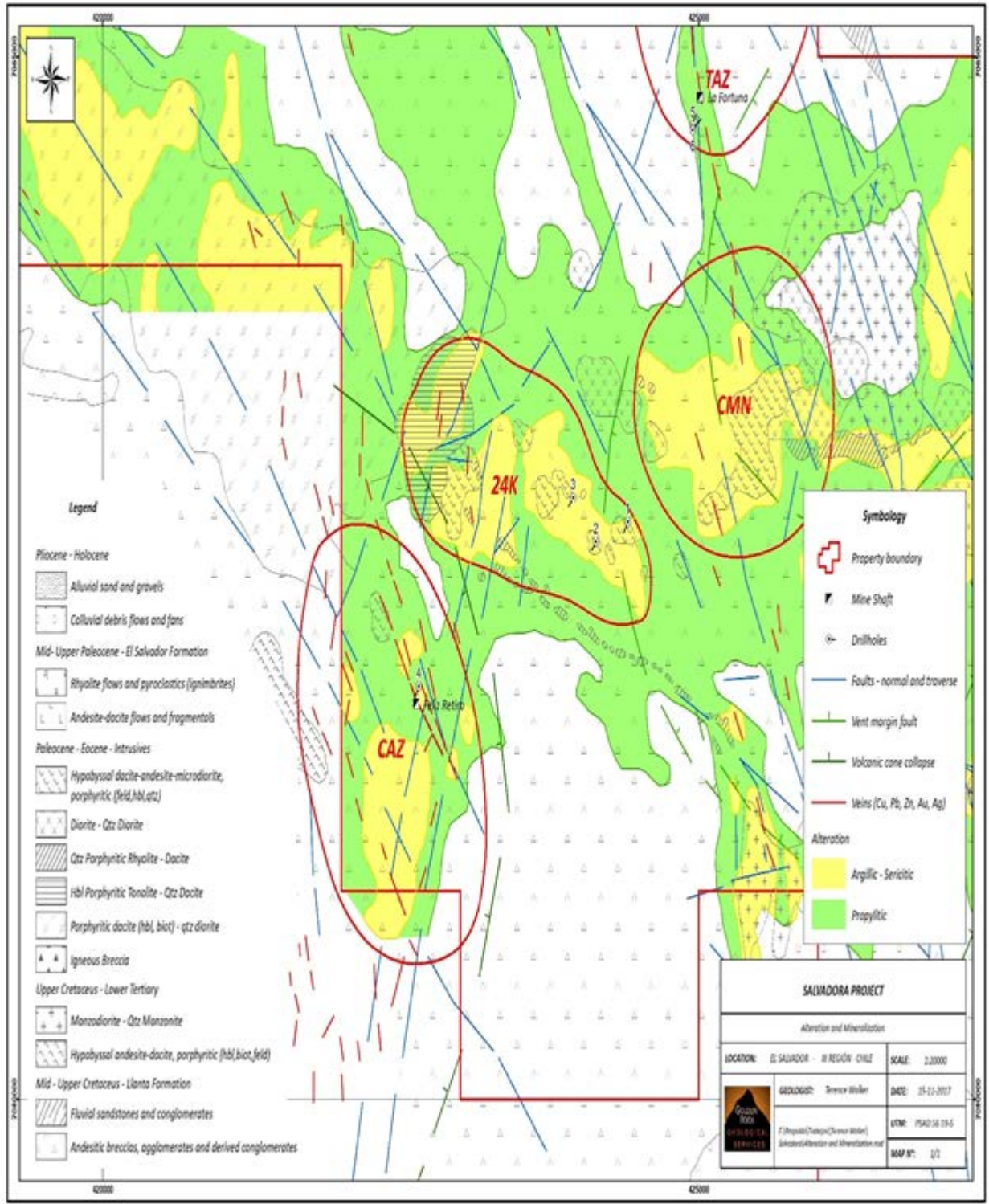
During September-October 2016, Big Bear Drilling, a La Serena, Chile based company completed, on behalf of Minera Kairos, a 6-hole 1190.2 meter reconnaissance diamond drilling program designed to test several IP targets on the SE flank of the 24K target zone and several of the stronger vein systems in the Feliz Retiro Mine zone in the CAZ and the La Fortuna Mine zone in the TAZ target zones (Table 10.1 and Figure 10.1).

During the drilling program Minera Kairos personnel using a diamond saw cut 389 samples from the drill core. Each sample consisting of one half to the relative core interval selected was bagged and sealed on site and delivered by Minera Kairos staff to the ALS prep-lab in Copiapó for processing. ALS shipped a 30g sub-sample pulp to their laboratory in Lima, Peru where they were analyzed for gold by fire assay pre-concentration, AA finish and 35 other elements, including silver, by the ICP technique following Agua Regia digestion.

Table 10.1 - 2016 Reconnaissance Diamond Drill Hole Locations

| Hole # | UTM E | UTM N | AZM | INC | EOH | SECTOR |
|-----------------------------|--------------|--------------|------------|------------|------------|---------------|
| SAL-01 | 424405 | 7082770 | 210 | -60 | 308.7 | CMZ |
| SAL-02 | 424135 | 7082675 | 210 | -60 | 250.0 | CMZ |
| SAL-03 | 423946 | 7082887 | 210 | -55 | 250.0 | CMZ |
| SAL-04 | 422650 | 7081980 | 230 | -70 | 138.0 | CAZ |
| SAL-05 | 424950 | 7084670 | 35 | -50 | 54.0 | TAZ |
| SAL-06 | 424950 | 7084650 | 55 | -60 | 189.5 | TAZ |
| Map Datum: PSAD 56 Zone 19J | | | | | | |

Figure 10.1 - 2016 Reconnaissance Drill Hole Locations



24K Drilling Results

Diamond drill holes SAL-01 to SAL-03 were drilled to investigate strong IP Chargeability anomalies underlying an area of strong surface leaching of the local andesitic pyroclastic and sub-volcanic porphyritic intrusive rocks and 250+ ppm copper drainage anomalies.

All three holes cut a 36 – 58 surface sections of leaching underlain by propylitically altered and pyrite rich pyroclastic rocks with traces of chalcopyrite. Significant assays range from 39m averaging 0.15% Cu and 0.09 g/t Au in SAL-01 to 35m averaging 0.23% Cu and 0.1 g/t Au in SAL-03.

CAZ and TAZ Drilling Results

The Feliz Retiro Mine zone is one of five 15-50 m wide anastomosing and bifurcating structurally controlled gold and silver rich systems that comprise the 300m wide by 6 km long historic high-grade Arco de Oro mine trend on the west half of the Salvadora Property. SAL-04 was drilled to test the depth extension of surface high grade oxide gold-silver mineralization grading 24.5 to 154 g/t Au over 1 metre true width encountered during surface sampling. SAL-04 cut exclusive oxide mineralization from 70 – 120m vertical depth with the main mine vein averaging 7.25 g/t Au, 9.2 g/t Ag and 0.29% Cu over 3 metres down hole (Table 10.2).

Insufficient data is available at this time to establish the relationship between the down hole and true width of the intercepts both SAL-04 and SAL-06.

The La Fortuna Mine zone is one of three 15-50 m wide structurally controlled copper, gold and silver rich systems that can be traced for over 4 kilometers across the NE quadrant of Salvadora property. SAL-05 and SAL-06 were drilled to test the depth extension of surface high grade oxide copper-gold mineralization grading 1.4% copper and 2.7g/t Au over 4.6 metres true width encountered during surface sampling. SAL-05 entered an open mine working at 50m down hole and had to be abandoned. SAL-06 however also encountered exclusive oxide mineralization from 40 – 70m vertical depth with the main mine vein averaging 5.71% Cu, 21.7 g/t Ag and 0.12 g/t Au over 6 metres down hole.

Table 10.2 - 2016 CAZ and TAZ Reconnaissance Diamond Drill Hole Results

| Zone | Hole # | From | To | Down Hole Width (m) | Cu | Au | Ag |
|---------------------|---------------|-------------|-----------|----------------------------|-----------|-----------|-----------|
| Feliz Retiro | SAL-04 | 95.0 | 127.0 | 32.0 | 0.32 | 1.66 | 2.3 |
| | including | 109.0 | 116.0 | 7.0 | 0.26 | 4.55 | 7.5 |
| | including | 111.0 | 114.0 | 3.0 | 0.29 | 7.25 | 9.2 |
| La Fortuna | SAL-06 | 36.0 | 70.0 | 34.0 | 1.48 | 0.22 | 8.5 |
| | including | 48.0 | 62.0 | 14.0 | 2.95 | 0.27 | 13.5 |
| | including | 48.0 | 54.0 | 6.0 | 5.71 | 0.12 | 21.7 |

Sample Preparation, Analysis and Security

The details of the sampling methods are included in previous sections 9.1 9.2 and 10.

All rock samples were collected by experienced POLAR and Minera Kairos personnel under the supervision of Eric Hanson, a senior geologist with over 15 years of experience sampling and exploring for mineral deposits in Latin America.

All samples were bagged and sealed on site and shipped directly to the ALS Patagonia laboratories in Copiapó or Coquimbo, Chile where they were prepared and analyzed for gold (30g sample) by fire assay pre-concentration AA finish and 37 other elements, including silver, by the ICP technique following Agua Regia digestion. ALS Patagonia is the Chilean branch of ALS, a well-regarded, independent, international commercial laboratory group certified as ISO 9001:2000 in North and South America.

It is the opinion of the author that the sample preparation, security, and analytical procedures used were adequate.

Data Verification

The author visited or was on site at the Salvadora Property during the course of most of the POLAR exploration programs and was also on site for most of the Minera Kairos follow-up exploration programs. During this time, the author, along with other senior staff, reviewed data management, geological interpretations and the approach and procedures implemented for a quality assurance program designed to ensure the reliability and trustworthiness of exploration data acquired.

In the opinion of the author of the Technical Report, the field procedures used by both POLAR and Minera Kairos project geologists and field technicians generally conform to industry best practices.

Thus far, the POLAR and Minera Kairos exploration programs at the Salvadora Property have been of a reconnaissance nature and no QA/QC samples have been submitted.

While the protocols and procedures for rock, soil and sediment sampling are in accordance with industry best practices, duplicates, blanks or certified reference materials have not been inserted into the laboratory sample stream.

The laboratories used for assaying the samples, ALS Patagonia in Copiapó Coquimbo, and Santiago, Chile and Lima, Peru are internationally certified laboratories.

Environmental Studies, Permitting, Social and Community Impact

Environmental Studies

Although limited production has historically taken place at the La Golondrina, La Capitana, San David, Sin Codicia, La Blanca, La Fortuna, Tres Amigos, Feliz Retiro and Arco de Oro group of mines, ore was transported off site to be processed at custom mills and there are no old process plants or tailings within the Salvadora Property claim area.

Permitting

The Salvadora Property is an undeveloped exploration property. Other than the review undertaken as part of the preparation of this report, POLAR and Minera Kairos have only performed exploration work, surface rock sampling, geochemistry and geophysical surveys and limited reconnaissance drilling on the property to date.

Under Chilean mining and environmental regulations if mineral exploration is at an early stage and no grid drilling will be performed, requiring major disturbance of the surface, no permits are required. The prior exploration at the Salvadora Property was early exploration as defined by Chilean regulations and hence required no permits.

The exploration programs and reconnaissance drilling planned by KAIROS for the next exploration stage at the Salvadora Property will not require significant preparation of surface areas, thus no environmental permits will be required for this work.

Social and Community Impact

The Salvadora Property area is not inhabited. The nearest villages are located 25 kilometres west of the property and exploration and historic mining activities to date have had no direct impact on these villages other than to provide opportunities for casual work.

Bare rounded hills separated by canyons called "quebradas" dominate the property landscape. This area is not suitable for agriculture.

Adjacent Properties

Codelco's El Salvador Mine property joins the northern boundary of the Salvadora Property. Since 1959 copper and gold have been and currently are being mined from large, 500 million ton plus, porphyry copper deposits on the

Codelco property. In common with the Salvadora Property, the El Salvador gold enriched copper porphyry deposits occur within the same package of Upper Cretaceous – Paleocene andesitic volcanic rock derived from local strato-volcanoes.

In detail, the El Salvador deposits are associated with younger Eocene porphyritic intrusive bodies along the margins of a large paleo-caldera. Similar intrusive rocks and associated porphyry style alteration and copper-gold mineralization have been identified by POLAR and KAIROS on the flanks of what appear to be similar paleo-calderas/central vent collapse features at the Salvadora Property.

While the author believes that exploration to date at the Salvadora Property suggests that copper-gold porphyry deposits similar to those at El Salvador may be found at the Salvadora Property. More exploration work needs to be done at the Salvadora Property to determine if this is the case or not.

Interpretation and Conclusions

Interpretation

In total six priority target areas worthy of follow-up exploration were suggested by the exploration surveys completed to date; CBZ, 24K, CMN, CMS, TAZ and CAZ.

CBZ is a 5+ kilometre square area of porphyry copper style intense kaolinite-alunite, patchy silicification and propylitic alteration highly anomalous in Cu, Mo and Au developed within and around a keystone collapse structure possibly on the northeast flank of a Paleocene caldera.

24K, CMN and CMS, occur within or adjacent to the altered volcanic and porphyritic intrusive rocks of the CMZ. CMZ is a zone of clay - sericite alteration and patchy silicification, highly anomalous in Cu (+/-Au) developed within and around a cluster of hypabyssal dacite-microdiorite porphyry plugs. A strong high contrast 500 – 600 metre wide and two kilometre long open-ended IP chargeability anomaly underlies the central and southeast parts of this target group. Drill hole RC1 that bottomed in 70 metres grading 0.15-0.52% Cu and 0.1-0.17 g/t Au lies on the north flank of this IP zone.

TAZ is a 2-3 kilometre square area propylitic and argillic alteration highly anomalous in Cu, Au and Ag associated with structurally controlled poly-metallic vein systems.

CAZ is part of a 2 kilometre wide accurate belt of Cu-Au bearing veins developed in altered volcanic rocks on the east flank of the CMW vent complex.

The results of the exploration surveys to date, including the identification of several the large porphyry like alteration zones, suggest that the Salvadora Property may contain multiple structurally and intrusive controlled mineral systems rich in copper and gold.

Conclusions

Based on the site visits and fieldwork at the Salvadora Property, the data review and interpretation, the author believes that the area holds good discovery potential for significantly copper and gold resources.

The prospecting, reconnaissance mapping, geochemical and geophysical surveys, the interpretation of satellite imagery and reconnaissance drilling completed to date indicate that the TAZ, SCZ and CAZ hold good discovery potential for further high-grade copper-gold mineralisation in the main structure zones.

In addition; the alteration type, it's distribution, the presence of sectors of copper-gold geochemical enrichment, base and precious metal bearing veins and stockworks, altered Tertiary hypabyssal porphyritic intrusives, copper-gold bearing intrusive breccias, the strong chargeability-moderate resistivity anomalies found to date, prior drill hole RC1 and Minera Kairos drill holes 3-5 within the CMZ, CSZ and CBZ indicate the presence of several Cu-Au bearing porphyry systems at the Salvadora Property.

Recommendations

The author of the Technical Report recommends that the CBZ, CMZ, CSZ, TAZ and CAZ targets are areas for near term follow-up advanced exploration programs, including but not limited to detailed geological, geochemical, additional dipole-dipole IP geophysical surveys and drilling to further delineate the copper-gold potential of the Salvadora Property.

Proposed Programs

A two-phase follow up program is proposed to further delineate the copper-gold potential of the Salvadora Property.

Phase 1 is designed to further explore the CBZ, CMZ, CSZ, TAZ and CAZ targets with a view to establishing drill targets.

The proposed Phase 1 exploration programs will involve;

- a) Detailed surface and underground mapping and rock sampling TAZ and CAZ structures and soil copper anomalies, reconnaissance TEM geophysical surveys,
- b) Grid soil geochemistry, geological mapping and reconnaissance IP geophysical surveys of the CBZ and,
- c) In fill IP lines between the existing reconnaissance survey lines to more clearly define the chargeable centers and lateral continuity within the 24K-CMN and CMS centers and extend the 24K-CMN survey grid to the SW.

Phase 2 is contingent on positive results from Phase 1. Phase 2 is designed to evaluate deposit type, potential size and the copper and gold grades and their distribution within priority targets established in Phase 1.

Proposed Phase 2 exploration programs could include IP surveys and reconnaissance drilling on priority targets generated in Phase I.

Estimated cost of the proposed exploration programs is US\$290,000 in Phase 1 and US\$710,000 in Phase 2 for a total of US\$1,000,000 and is further detailed below.

Proposed Budgets

Table 16.2 - Proposed 2018 Exploration Budget Details

Phase 1:

| Budget Item | US\$ Cost |
|--|-----------|
| a) TAZ and CAZ Geological Mapping and sampling | |
| Wages, Geologists and Field Assistants | 45000 |
| Travel, R&B, Camp and Field Supplies | 20000 |
| Assays, rock | 15000 |
| Contract TEM Surveys | 20000 |
| | |
| b) CBZ Geological Mapping, Geochemistry, Geophysics | |
| Wages, Geologists and Field Assistants | 45000 |
| Travel, R&B, Camp and Field Supplies | 20000 |
| Assays, rock and soil | 15000 |
| Contract IP Surveys | 25000 |
| | |
| c) 24K – CMN and CMS Geophysics | |
| Contract IP Surveys | 53000 |
| Wages, Geologist plus assistant (setup and supervision) | 5000 |
| Travel, R&B, Camp and Field Supplies | 2000 |
| | |
| Program Costs | 265000 |
| Contingencies | 25000 |
| | |
| Total Phase 1 Cost Estimate | 290000 |

Phase 2:

| Budget Item | US\$ Cost |
|---|-----------|
| a) TAZ, CAZ, & CBZ Geophysics Follow up of Phase 1 Targets | |
| Contract IP Surveys | 38000 |
| Wages, Geologist plus assistant (setup and supervision) | 5000 |
| Travel, R&B, Camp and Field Supplies | 2000 |
| | |
| b) Reconnaissance Drilling | |
| Diamond Drilling (2800m @ US\$150/m) | 420000 |
| Access, pad preparation | 45100 |
| Wages, Geologists and Field Assistants | 50000 |
| Travel, R&B, Camp and Field Supplies | 39000 |
| Assays | 46400 |
| | |
| Program Costs | 645500 |
| Contingencies | 64500 |
| | |
| Total Phase 2 Cost Estimate | 710000 |

Human Resources

A) Officers

At December 31, 2017, SpinCo had no employees. After completion of the Arrangement, it is expected that SpinCo will utilize the services of the following individuals to complete the Initial Exploration Program:

Interim President and Chief Executive Officer: Al J. Kroontje
 Chief Financial Officer and Corporate Secretary: Jana Lillies

While SpinCo intends to complete the Initial Exploration Program utilizing the above named officers, it is SpinCo's intention, based on results from Phases 1 and 2 of the Initial Exploration Program, to identify and retain additional officers to expand its management team.

B) Board of Directors

The initial SpinCo Board shall consist of the following individuals:

Al J. Kroontje
 Steven Cochrane
 Terence Walker

While SpinCo intends to complete the Initial Exploration Program with the oversight of the above-named Board of Directors, it is SpinCo's intention, based on results from Phases 1 and 2 of the Initial Exploration Program, to identify and propose additional nominees to its the Board of Directors.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

The following information is derived from the audited financial statement of SpinCo as at February 28, 2018:

| | |
|------------------------------|---------|
| Cash ⁽¹⁾ | \$1,000 |
| Share capital ⁽¹⁾ | \$1,000 |

Note:

- 1) On the date of incorporation, SpinCo issued 24,185,063 common shares for \$1,000 cash. SpinCo has had no operations since incorporation.

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

Available Funds

If the Arrangement is approved by LITH Shareholders, SpinCo will receive US\$1,100,000 from LITH in the form of the Intercompany Loan. Upon having received such funds, the estimated unaudited pro-forma working capital of SpinCo at February 28, 2018 is US\$1,101,000 (Cdn\$1,467,040) which includes the initial contribution of share capital of Cdn\$1000. Consequently, SpinCo will have approximately US\$1,101,000 (Cdn\$1,467,040) in working capital after the Arrangement has been completed.

The Intercompany Loan of US\$1,100,000 (Cdn\$1,466,000) held by SpinCo following the Arrangement plus an agreed upon amount of US\$50,000 (Cdn\$66,500) shall be owed as a debt to LITH in the form of the SpinCo Promissory Note. The CGS Claims Purchase Price of US\$1,600,000 (Cdn\$2,132,000) shall be paid by way of the San Lorenzo Promissory Note issued from San Lorenzo to Minera Kairos. The SpinCo Promissory Note and the San Lorenzo Promissory Note equal an aggregate of US\$2,750,000 (Cdn\$3,664,500), and they each bear interest at a rate of two (2%) percent per year, calculated annually and are due on the second anniversary of the date of issuance. The additional amount of US\$50,000 has been added to the amount of the SpinCo Promissory Note to reflect an agreed amount of costs of the Arrangement that shall be attributed to SpinCo.

Principal Purposes

The following table summarizes the expenditures anticipated by SpinCo required to achieve its business objectives during the 12 months following completion of the Arrangement:

| Principal Purpose ⁽¹⁾ – Canadian Dollars | Amount to be Expended |
|---|-------------------------------|
| Accounting and legal | \$36,000⁽²⁾ |

| Principal Purpose⁽¹⁾ – Canadian Dollars | Amount to be Expended |
|---|------------------------------|
| General office and rent | \$64,000 |
| Management fees | \$ nil⁽³⁾ |
| Unallocated general working capital | \$1,367,040 |
| Total | \$1,467,040 |

Notes:

- 1) No provision for the costs of the Arrangement have been provided for in the summary above as the amount of the SpinCo Promissory Note has been increased by an amount of US\$50,000 (Cdn\$66,500) to reflect SpinCo's agreed upon share of the expenses of the Arrangement.
- 2) Ms. Lillies has agreed to perform the services of Chief Financial Officer and Corporate Secretary of SpinCo for the agreed upon amount of Cdn\$3,000 per month until completion of the Initial Exploration Program. Ms. Lillies is currently the Corporate Secretary of, and provides consulting accounting services to, LITH.
- 3) Mr. Kroontje has agreed to perform the services of Interim President and Chief Executive Officer without compensation until the Initial Exploration Program has been completed. It is the intention of SpinCo to identify and retain additional officers and directors after the completion of the Initial Exploration Program. Mr. Kroontje is currently the Chairman of LITH.

SpinCo intends to spend the funds available to it as stated in the table above which provides funding in the amount of US\$1,000,000 (Cdn\$1,333,000) to complete the Initial Exploration Program. However, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary for SpinCo to achieve its objectives or to pursue other opportunities that management believes are in the interests of SpinCo. See "Risk Factors – Risks Relating to SpinCo's Business" in this Schedule "E".

Business Objectives, Strategy and Milestones

The primary business objectives for SpinCo over the next 12 months are to:

- 1) Complete the Initial Exploration Program;
- 2) Update the Technical Report to incorporate the results of the Initial Exploration Program;
- 3) Identify an alternate management team and expand the Board of Directors of SpinCo; and
- 4) Evaluate further funding requirements and secure such required additional funding.

PRO-FORMA CONSOLIDATED CAPITALIZATION

The following table sets for the consolidated capitalization of SpinCo as at February 28, 2018, adjusted to give effect to the Arrangement. You should read this table in conjunction with the SpinCo Pro-forma Financial Statements included in Appendix "III" to this Circular.

| Expressed in Canadian dollars | As at February 28, 2018 |
|--|--------------------------------|
| Promissory note, due to related party (USD\$2,750,000) | \$3,664,500 |
| Share capital | \$1,000 |
| Retained earnings | - |
| Shareholders' Equity | \$1,000 |
| | \$3,665,500 |

SUMMARY HISTORICAL AND PRO-FORMA CONSOLIDATED FINANCIAL INFORMATION

The audited financial statements for SpinCo are for the period from the date of incorporation on January 15, 2018 to February 28, 2018. SpinCo had no operations during this period.

The unaudited pro-forma statement of financial position for the period ended February 28, 2018 gives effect to the Arrangement as if it had occurred on February 28, 2018.

The summary audited and pro-forma financial information should be read in conjunction with the SpinCo Audited Financial Statements and the SpinCo Pro-forma Financial Statements, which are attached as Appendices "I" and "III", respectively, to this Circular.

The summary audited and pro-forma financial information has been prepared for illustrative purposes only and may not be indicative of the operating results or financial condition that would have been achieved if the Arrangement had been completed on the date or for the periods noted above, nor do they purport to project the results of operations or financial position for any future period or as of any future date. In addition to the pro-forma adjustments that comprise this pro-forma financial information, various other factors will have an effect on the financial condition and results of operations of SpinCo following the completion of the Arrangement. See "Risk Factors – Risks Relating to SpinCo's Business" in this Schedule "E".

SELECTED PRO-FORMA FINANCIAL INFORMATION

Selected pro-forma financial information is as follows:

| Expressed in Canadian dollars | As at February 28, 2018 |
|--|--------------------------------|
| Cash | \$1,467,040 |
| Exploration and evaluation properties – mineral properties | \$2,198,500 |
| | \$3,665,540 |
| Promissory notes due to related party (US\$2,750,000) | \$3,664,500 |
| Share capital | \$1,040 |
| | \$3,665,540 |

DESCRIPTION OF SHARE CAPITAL

The authorized share capital of SpinCo consists of an unlimited number of SpinCo Shares and an unlimited number of preferred shares, issuable in series. As at January 15, 2018, there were 24,185,063 SpinCo Shares outstanding. As at the date of this Circular, there are 24,185,063 SpinCo Shares and no preferred shares issued and outstanding.

Each SpinCo Share entitles the holder to receive notice of and attend all meetings of shareholders and to one vote at such meetings. SpinCo shareholders will be, at the discretion of the SpinCo Board and subject to applicable legal restrictions, entitled to receive any dividends declared by the SpinCo Board on SpinCo Shares. SpinCo shareholders will be entitled to share equally in any distribution of the assets of SpinCo upon the liquidation, dissolution, bankruptcy or winding-up of SpinCo or other distribution of its assets among the SpinCo shareholders for the purpose of winding-up its affairs.

The preferred shares of SpinCo are issuable in one or more series. The SpinCo Board is empowered to fix the number of preferred shares and the rights, privileges, restrictions and conditions to be attached to the preferred shares of each series. No preferred shares have been issued.

DIVIDENDS AND DISTRIBUTIONS

To date, SpinCo has not declared or paid any dividends or distributions on the SpinCo Shares. SpinCo does not anticipate that cash dividends or distributions will be paid on its SpinCo Shares in the foreseeable future. Any declaration and payment in the future of any cash dividends or distributions will be at the discretion of the SpinCo Board.

FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

SpinCo's financial statements for the period ended February 28, 2018 are attached to this Schedule "E" as Appendix "I".

SpinCo's MD&A for the period ended February 28, 2018 is attached to this Schedule "E" as Appendix "II".

OPTIONS TO PURCHASE SECURITIES

As of the date hereof, there are, and upon completion of the Arrangement there will be, no options to purchase SpinCo Shares issued and outstanding.

PRIOR SALES

SpinCo issued 24,185,063 SpinCo Shares to LITH at an aggregate price of \$1,000 upon the incorporation of SpinCo on January 15, 2018.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the knowledge of SpinCo, as of the date of the Circular, no securities of any class of securities of SpinCo are held in escrow or subject to contractual restrictions on transfer or are anticipated to be held in escrow or subject to contractual restrictions on transfer following the completion of the Arrangement.

PRINCIPAL SHAREHOLDERS

To the knowledge of management of LITH and SpinCo, no person, firm or company will beneficially own, control or direct, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to any class of voting securities of SpinCo immediately following the Effective Time other than as set below:

| <u>Name</u> | <u>Number of SpinCo Shares</u> | <u>Percentage of SpinCo Shares</u> |
|----------------|--------------------------------|------------------------------------|
| Al J. Kroontje | 2,811,750 | 11.48% ⁽¹⁾⁽²⁾ |

Notes:

- 1) On a non-diluted basis.
- 2) As of the date hereof and before the issuance of any additional securities of SpinCo.

DIRECTORS AND EXECUTIVE OFFICERS

The names, municipality of residence and positions with SpinCo of the individuals who will serve as the directors and executive officers of SpinCo after giving effect to the Arrangement are set out below:

| <u>Name and Residence</u> | <u>Position</u> | <u>Date Appointed</u> | <u>Number of SpinCo Shares Owned Directly or Indirectly⁽¹⁾</u> |
|------------------------------------|---|-----------------------|---|
| Al J. Kroontje Calgary, Alberta | Interim President, Chief Executive Officer and Director | January 15, 2018 | 2,811,750 |

| Name and Residence | Position | Date Appointed | Number of SpinCo Shares Owned Directly or Indirectly⁽¹⁾ |
|-------------------------------------|--|-----------------------|---|
| Jana Lillies Calgary, Alberta | Chief Financial Officer and Corporate Secretary | Proposed | 25,000 |
| Terence Walker La Serena, Chile | Director | January 15, 2018 | 1,750,000 |
| Steven Cochrane Calgary, Alberta | Director | January 15, 2018 | 808,250 |

Note:

- 1) After giving effect to the Arrangement.

Mr. Kroontje is a professional engineer with over 25 years of experience in the oil and gas industry who has also acted as a director, officer and audit committee member of numerous public companies. He is president of his private investment company DAC Financial Group (1997) Inc.

Mr. Cochrane is a former Vice President and Investment Advisor at Richardson GMP (and its predecessors) from 2003 until August 2017 and an investment advisor with National Bank Financial (and its predecessors) from 1985 to 2003.

Mr. Walker is Vice-President, Exploration of LITH and former Vice President, Exploration of POLAR from January 2008 to February 2012. Mr. Walker is a Professional Geologist based in La Serena, Chile who has been active in mineral exploration in Chile for the past 23 years.

The directors of SpinCo will thereafter be elected by the shareholders of SpinCo at each annual meeting of SpinCo shareholders, and will hold office until the next annual meeting of SpinCo, or until his or her success is duly elected or appointed, unless: (i) his or her office is earlier vacated in accordance with the constating documents of SpinCo; or (ii) he or she becomes disqualified to act as a director. The following table sets out for each member of management, the expected time that such individual expects to devote to SpinCo:

| Name | Estimated Proportion of Time Committed to SpinCo Until Completion of the Initial Exploration Program | Position | Has Signed a Non-Competition or Non-Disclosure Agreement? |
|----------------|---|---|--|
| Al J. Kroontje | 10% | Interim President, Chief Executive Officer and Director | No |
| Jana Lillies | 10% | Chief Financial Officer and Corporate Secretary | No |

Ownership of SpinCo Shares

Following the Effective Time, the directors and executive officers of SpinCo, as a group, will beneficially own, or control or direct, directly or indirectly, approximately 5,395,000 SpinCo Shares being approximately 21.7% of the issued and outstanding SpinCo Shares (on a non-fully diluted basis) immediately following the Effective Time.

Cease Trade Orders

Other than as disclosed herein, to the knowledge of management, no proposed director or executive officer of SpinCo is, as of the date of the Circular, or was, within the 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including LITH) that was the subject of a cease trade order, an order similar to a cease trade order or an order that denied access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued (i) while such person

was acting in that capacity, or (ii) after such person was acting in such capacity and which resulted from an event that occurred while that person was acting in such capacity.

Al J. Kroontje was a director of Cobalt Coal Ltd. ("**Cobalt**") from October 2009 until February 7, 2014. On October 5, 2012, the Alberta and British Columbia Securities Commissions issued cease trade orders as a result of Cobalt's failure to meet a deadline to file an updated technical report, compliant with NI 43-101 – Standards of Disclosure for Mineral Projects. The technical report was filed on the SEDAR website on November 15, 2012 and the commissions issued a full revocation on their respective trade orders on November 27, 2012.

Mr. Kroontje has been a director of Whitemud Resources Inc. ("**Whitemud**") since August, 2011. On December 3, 2010 the Alberta Securities Commission issued a cease trade order on Whitemud's securities for failure to file its interim unaudited financial statements, interim management's discussion and analysis, and certification of interim filings for the interim periods ended September 30, 2010. Similar orders were issued by the British Columbia Securities Commission on December 7, 2010, the Autorité des marchés financiers on December 7, 2010, the Ontario Securities Commission on December 8, 2010 and the Manitoba Securities Commission on January 21, 2011. The cease trade orders were subsequently revoked by the Alberta Securities Commission, the British Columbia Securities Commission, the Autorité des marchés financiers and the Ontario Securities Commission on April 3, 2013, and by the Manitoba Securities Commission on April 5, 2013. Mr. Kroontje was not involved with Whitemud when it failed to file the required continuous disclosure documents. Rather, he was involved in its restructuring and bringing Whitemud out of receivership.

Bankruptcies

Other than as disclosed herein, to the knowledge of management, no proposed director or executive officer of SpinCo, or shareholder holding a sufficient number of securities to affect materially the control of SpinCo is, as of the date of this Circular, or has been, within 10 years before the date hereof, a director or executive officer of any company that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

To the knowledge of management, no director or executive officer of SpinCo, or shareholder holding a sufficient number of securities to affect materially the control of SpinCo has, within the 10 years before the date of the Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Penalties or Sanctions

To the knowledge of management, no proposed director or executive officer of SpinCo, or shareholder holding a sufficient number of securities to affect materially the control of SpinCo has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of SpinCo will be subject in connection with the operations of SpinCo. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

EXECUTIVE COMPENSATION

To date, SpinCo has not carried on any active business. No compensation has been paid to date by SpinCo to its proposed executive officers.

Following completion of the Arrangement and completion of the Initial Exploration Program, it is anticipated that SpinCo will adopt a compensation structure for its executive officers that is appropriate for its size and the nature of its operations, while also providing an incentive for growth. SpinCo has arranged that the initial compensation structure reflects its intention to keep general and administrative costs low.

SpinCo has not established an annual retainer fee or meeting attendance fee for directors. However, SpinCo expects to reimburse directors for reasonable expenses incurred in the course of the performance of their duties as directors.

EQUITY COMPENSATION PLANS

SpinCo Option Plan

SpinCo has adopted a stock option plan that is identical to the LITH Option Plan. A summary of the SpinCo Option Plan is provided below, but is qualified in its entirety by the full text of the plan contained in Appendix "IV" attached hereto.

The SpinCo Board has adopted the SpinCo Option Plan which provides that the SpinCo Board may from time to time, in its discretion, grant to directors, officers, employees and consultants of SpinCo non-transferable options to purchase SpinCo Shares, provided that the number of SpinCo Shares reserved for issuance under the SpinCo Option Plan shall not exceed ten percent (10%) of the issued and outstanding SpinCo Shares. In addition, the number of SpinCo Shares reserved for issuance to any one person in a twelve (12) month period shall not exceed five percent (5%) of the issued and outstanding SpinCo Shares and the number of SpinCo Shares reserved for issuance to consultants or employees conducting Investor Relations Activities (as such term is defined in the policies of the TSXV) will not exceed 2% of the issued and outstanding SpinCo Shares in any twelve (12) month period.

SpinCo Options are exercisable for a period of up to ten (10) years. If the holder ceases to be a director, officer, employee or consultant of SpinCo by any reason other than death, such holder's options must also be exercised within a reasonable period to be set out in the applicable stock option agreement, subject to a maximum of one (1) year following the optionee ceasing to be a director, officer, employee or consultant (or 30 days in the case of an optionee providing Investor Relation Activities), or prior to the expiry of the option, whichever is earlier, provided the optionee was entitled to exercise the option at the time of cessation.

The exercise price per SpinCo Option shall be determined by the SpinCo Board, subject to applicable TSXV approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the TSXV. If prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant of SpinCo, or its subsidiary, the option of the holder shall be limited to the number of shares purchasable by him/her immediately prior to the time of his/her cessation of office or employment and he/she will have no right to purchase any other shares.

If an option is to expire during a period when the optionee is prohibited by SpinCo from trading in SpinCo Shares of SpinCo pursuant to its blackout policies (a "**Blackout Period**"), or within ten (10) business days of expiry of such Blackout Period, the term of such SpinCo Option be extended for a period of ten (10) business days immediately following the end of the Blackout Period.

SpinCo intends to issue options pursuant to the Stock Option Plan after completion of the Initial Exploration Program.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS AND EMPLOYEES

No director, senior officer, employee, or any of their respective associates or affiliates is or has been at any time since the inception of SpinCo, indebted to SpinCo or any of its subsidiaries.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee

At the Effective Time, it is expected that SpinCo's audit committee (the "**SpinCo Audit Committee**") will be comprised of Messrs. Kroontje, Cochrane and Walker, each of whom is "financially literate" within the meaning of NI 52-110. Mr. Kroontje shall not be "independent" of SpinCo. Mr. Cochrane and Mr. Walker shall be "independent" of SpinCo within the meaning of NI 52-110. Mr. Kroontje is not "independent" of SpinCo within the meaning of NI 52-110 by virtue of his position as Interim President and Chief Executive Officer.

Relevant Education and Experience

The following relevant education and experience of the members of the SpinCo Audit Committee have been used in assessing their financial literacy:

Mr. Kroontje is a professional engineer with over 25 years of experience in the oil and gas industry who has also acted as a director, officer and audit committee member of numerous public companies.

Mr. Cochrane has 36 years of investment industry experience during which he has participated in raising in excess of \$500,000,000 for a variety of public companies in various businesses and industry sectors including mining. This experience includes his role as Vice President and Investment Advisor at Richardson GMP (and its predecessors) from March 2003 until August 2017.

Mr. Walker is a Professional Geologist based in La Serena, Chile who has been active in mineral exploration in Chile for the past 23 years. Mr. Walker was Vice President, Exploration of POLAR from January 2008 to February 2012.

SpinCo Audit Committee Charter

It is anticipated that the SpinCo Board will adopt an audit committee charter, substantially in the form attached as Appendix "V" mandating the role of the SpinCo Audit Committee in supporting the SpinCo Board in meeting its responsibilities to SpinCo Shareholders.

Corporate Governance

The Canadian Securities Administrators (the "**CSA**") have adopted National Policy 58-201 – *Corporate Governance Guidelines*, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers, which SpinCo shall be following the Effective Time. In addition, the CSA have implemented National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"), which will prescribe certain disclosure by SpinCo of its corporate governance practices. This disclosure is presented below.

Board of Directors

Following the Effective Time, the SpinCo Board will be comprised of three directors, of whom two shall be independent for the purposes of NI 58-101 and one who shall not be independent for the purposes of NI 58-101.

The following directors are independent in that they do not have a direct or indirect material relationship with SpinCo or one which could, in the view of the SpinCo Board, be reasonably expected to interfere with the exercise of a member's independent judgment:

Steven Cochrane
Terence Walker

The following directors are not independent:

Al J. Kroontje

There are no special structures or processes in place to facilitate the functioning of the SpinCo Board independently of SpinCo's management. However, the independent directors intend to meet regularly without the non-independent directors being in attendance and shall be given full access to management so that they may express their own views and communicate their expectations of the management.

Directorships

Certain of the proposed directors are also directors of other reporting issuers, as follows:

| Director | Other Reporting Issuers |
|-----------------|--|
| Al Kroontje | Lithium Chile Inc. (formerly Kairos Capital Corporation) Whitemud Resources Inc. PetroFrontier Corp. Border Petroleum Limited |
| Steven Cochrane | Lithium Chile Inc. (formerly Kairos Capital Corporation) |
| Terence Walker | Lithium Chile Inc. (formerly Kairos Capital Corporation) |

Board Mandate

The mandate of the SpinCo Board is to manage or supervise the management of the business and affairs of SpinCo.

Position Descriptions

The SpinCo Board has not developed written position descriptions for the Chairman, the Chair of each committee or the Chief Executive Officer. While the SpinCo Board has not developed a written position description for each such position, the SpinCo Board delineates the roles and responsibilities for each such position through ongoing communications among SpinCo Board members that occur with respect to such roles.

Orientation and Continuing Education of Board Members

Subsequent to the completion of the Initial Exploration Program, new SpinCo Board members are expected to receive an information package which includes reports on operations and results, SpinCo's policies and committee mandates. SpinCo Board committee meetings are expected to be held at SpinCo's offices and are planned to be combined with presentations by SpinCo's management and employees to give the directors additional insight into SpinCo's business. In addition, management of SpinCo shall make itself available for discussion with all SpinCo Board members.

Measures to Encourage Ethical Business Conduct

The SpinCo Board has found that the fiduciary duties placed on individual directors by SpinCo's governing corporate legislation and the common law, and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the SpinCo Board in which the director has an interest, have been sufficient to ensure that the SpinCo Board operates independently of management and in the best interests of SpinCo.

Nomination of Directors

The SpinCo Board does not currently have a nominating committee ("**Nominating Committee**"). If appointed, the Nominating Committee shall consider the size of the SpinCo Board and the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the SpinCo Board's duties effectively and to maintain a diversity of view and experience. The SpinCo Board will consider the future composition of the Nominating Committee, and until such time as one is appointed, shall be responsible for the aforementioned considerations.

Determination of Compensation of Directors and Officers

The SpinCo Board's mandate includes reviewing and approving appropriate practices for determining and establishing compensation for the directors and officers of SpinCo.

Assessments

The SpinCo Board shall assess, on a periodic basis, the effectiveness of the SpinCo Board as a whole and of the Committees of the Board and the contribution of individual members.

RISK FACTORS

Investors should carefully consider the risk factors set out below and consider all other information contained in the Circular. The risks described below are not an exhaustive description of all the risks associated with SpinCo's business. Please also refer to the section on "Risk Factors" in the Circular.

Risks Relating to SpinCo in Connection with the Arrangement

Following the Arrangement, SpinCo may be unable to make the changes necessary to operate as an independent entity and may incur greater costs

Following the Arrangement, the separation SpinCo from the other business of LITH may materially affect SpinCo. SpinCo may not be able to implement successfully the changes necessary to operate independently. SpinCo may incur additional costs relating to operating independently that could materially affect its cash flows and results of operations. SpinCo will require LITH to provide SpinCo with certain services and facilities on a transitional basis. SpinCo may, as a result, be dependent on such services and facilities until it is able to provide or obtain its own.

There does not exist a separate operating history of SpinCo as a stand-alone entity

Upon the Arrangement becoming effective, SpinCo will become an independent company. The operating history of LITH cannot be regarded as the operating history of SpinCo. The ability of SpinCo to raise capital, satisfy its obligations and provide a return to its shareholders will be dependent on future performance. It will not be able to rely on the capital resources of LITH.

SpinCo has no history of operations, earnings or dividends

SpinCo has not yet commenced operations and therefore has no history of earnings or of a return on investment, and there is no assurance that the CGS Claims will generate earnings, operate profitably or provide a return on investment in the future. The likelihood of success of SpinCo must also be considered in light of the risks, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. SpinCo's proposed business strategies described in this Circular incorporate its management's best analysis of potential markets, opportunities and difficulties that it may face. No assurance can be given that the underlying assumptions will be achieved.

SpinCo has never paid a dividend and has no current plans to pay dividends in the future.

No market for SpinCo Shares

There is currently no market through which the SpinCo Shares may be sold and SpinCo has not applied to any stock exchange to list the SpinCo Shares. Accordingly, the purchasers may not be able to resell the SpinCo Shares. This may affect the pricing of the SpinCo Shares in the secondary market, the transparency and availability of trading prices, the liquidity of the SpinCo Shares, and the extent of issuer regulation

An investment in SpinCo's securities is highly speculative, due to the high-risk nature of its business, lack of diversification and the present stage of its development. Shareholders of SpinCo may lose their entire investment.

Risks Relating to SpinCo's Business

Risks factors of the business

SpinCo's operations are subject to all of the hazards and risks normally incidental to exploring, developing and exploiting natural resources. These risks include, but are not limited to: environmental hazards; industrial accidents; labour disputes; unusual or unexpected geologic formations or other geological or grade problems; unanticipated changes in metallurgical characteristics and metal recovery; unanticipated ground or water conditions, rock falls, seismic activity, cave-ins, pit wall failures, flooding, rock bursts; periodic interruptions due to bad or hazardous weather conditions and other acts of God; unfavourable operating conditions; social unrest; and market conditions and commodity prices to which management can react but which management cannot control.

Any of these risks and hazards could adversely affect SpinCo's exploration activities or mining activities resulting in any of the following: an increase in the cost of exploration, development or production to a point where it is no longer economically feasible to continue; SpinCo writing down the carrying value of one or more properties or mines; delays or a stoppage in the exploration, development or production of the projects; suspensions of contracts with customers; damage to or destruction of mineral properties or processing facilities; environmental damage; and personal injury, death and legal liability. Although precautions to minimize risk will be taken, operations are subject to hazards that may have a material adverse impact on the business, operations and financial performance of SpinCo.

Mining industry risks

The exploration for and development of mineral deposits involves a high degree of risk, which even a combination of careful evaluation, experience and knowledge may not eliminate. Few properties that are explored are ultimately developed into producing mines. Substantial expenses may be required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. There is no certainty that the exploration programs planned by SpinCo will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors such as the following: the particular attributes of the deposit, including size, grade and proximity to infrastructure; commodity prices, which fluctuate widely and cannot be predicted with certainty; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. As a result, it is possible that the financial performance of mineral properties will differ from plans and forecasts made in advance by SpinCo.

In addition, it is also common for mining operations to experience unexpected problems both during the start-up and during ongoing operations. To the extent that unexpected problems occur that affect production in the future, SpinCo's revenues may be reduced, costs may increase and SpinCo's profitability and ability to continue its mining operation may be adversely affected.

SpinCo substantially depends on one mineral project.

The Salvadora Property accounts for most of SpinCo's potential for the future generation of revenue. Any adverse development affecting the Salvadora Property will have a material adverse effect on SpinCo's business, prospects, profitability, financial performance and results of operations. These developments include, but are not limited to, the inability to obtain financing to develop the Salvadora Property, changes in technical parameters of project development, changes in costs or anticipated costs which may make it uneconomic to develop and/or operate the Salvadora Property, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, property, and which could hinder the development and operation of the Salvadora Property.

SpinCo's exploration and development properties (including the Salvadora Property) may not be successful, are highly speculative in nature, and may not result in the development of a producing mine.

Exploration for copper, gold and silver is highly speculative in nature. SpinCo's exploration activities in Chile involve many risks, and success in exploration is dependent upon a number of factors including, but not limited to, quality of management, quality and availability of geological expertise and the availability of exploration capital. SpinCo cannot give any assurance that its current or future exploration efforts will result in the discovery of new

mineral resources or a mineral reserve, or the conversion of mineral resources to mineral reserves or the discovery of new producing mines or ore bodies for the commercial extraction of minerals.

In addition, mineral deposits, even though discovered, may be insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by SpinCo may be affected by additional factors which are beyond the control of SpinCo and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment and other factors, which may make a mineral deposit unprofitable to exploit.

Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities and grades to justify commercial operations or that the funds required for development can be obtained on a timely basis. SpinCo's mineral properties are in the exploration or early development stage only and are without known bodies of mineral reserves. Development of the Salvadora Property or any other of SpinCo's mineral properties will only follow upon obtaining satisfactory exploration results and the completion of feasibility or other economic studies. Whether such a producing mine is eventually economically feasible will depend on numerous factors, most of which are beyond the control of SpinCo, including: the availability and cost of required development capital, movement in the price of commodities, securing and maintaining title to mining tenements as well as obtaining all necessary consents, permits and approvals for the development of the mine. Should a producing mine be developed at the Salvadora Property, for which SpinCo can provide no assurance, other factors will ultimately impact whether mineral extraction and processing can be conducted economically at the Salvadora Property, including actual mineralization, consistency and reliability of ore grades and future commodity prices, as well as the effective design, construction and operation of processing facilities.

Fluctuations in the market price of mineral commodities

The profitability of SpinCo's operations will be dependent in part upon the market price of mineral commodities and base and precious metals, particularly copper, gold and silver. Mineral and metal prices fluctuate widely and are affected by numerous factors beyond the control of SpinCo. The level of interest rates, the rate of inflation, the world supply of and demand for mineral commodities, and exchange rate fluctuations can all cause significant commodity price fluctuations. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of mineral commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be uneconomic, thereby having a material adverse effect on SpinCo's business, financial condition and results of operations. Fluctuations in market prices of mineral commodities subsequent to the date of any estimate of mineral reserve or mineral resource may require revision of such estimate. An adverse fluctuation in the market price of mineral commodities may cause a re-evaluation of the economic feasibility of any project. If the economic feasibility of a project is subsequently questioned, SpinCo may be adversely affected and may have to write off costs previously incurred.

Licenses and permits necessary for operations

The operations of SpinCo require licenses and permits from various governmental authorities. Obtaining necessary permits and licenses can be a complex and time-consuming process. Although all current operations are conducted under valid licenses and permits, SpinCo cannot be certain that it will be able to obtain necessary new licenses or permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop, delay or restrict SpinCo from proceeding with the development of an exploration project or the development and operation of a mine. Any failure to comply with applicable laws and regulations or permits could result in interruption or closure of exploration, development or mining operations, or fines, penalties or other liabilities being assessed against SpinCo. SpinCo could also lose its mining concessions under the terms of its existing agreements.

In particular, recent legislative changes in Chile have resulted in a revised licensing and permitting process. In the near future, SpinCo will be required to go through the new permitting process in respect of SpinCo's Salvadora Property. As a result of such revisions to the permitting process only recently coming into effect, few companies, if any, have completed the permitting process under the revised procedure. SpinCo has less clarity with respect to the permitting process than would have been the case had the permitting process not changed.

SpinCo will require additional capital in the future and no assurance can be given that such capital will be available at all or available on terms acceptable to SpinCo.

Subsequently, SpinCo will make substantial capital and other expenditures related to exploration, and upon successful exploration results, future development and production. SpinCo will fund the exploration expenditures initially from the working capital provided by LITH, as SpinCo has no source of operating income. SpinCo will have further capital requirements and exploration expenditures as it proceeds to expand exploration activities at any of its properties, develop any such properties, or take advantage of opportunities for acquisitions, joint ventures or other business opportunities that may be presented to it. SpinCo may incur major unanticipated liabilities or expenses. In particular, any development of the Salvadora Property into an operating mine will require substantial capital commitments which SpinCo cannot currently quantify and does not currently have in place. SpinCo can provide no assurance that it will be able to obtain financing on favourable terms or at all. Where SpinCo issues common shares or securities convertible into common shares in the future, such issuance will result in dilution, possibly substantial, to the then existing shareholders of SpinCo.

SpinCo is subject to risks relating to elevating capital costs and project delays.

SpinCo's Salvadora Property is located in Chile, a country with a busy and growing mining industry. Several other large scale projects are planned or in construction therefore both skilled and unskilled labour demand may frustrate developers. As a result, the ability to advance projects as scheduled and budgeted is uncertain.

SpinCo's operations are subject to operational risks and hazards inherent in the mining industry.

SpinCo's operations are subject to operational risks and hazards inherent in the mineral exploitation and extraction industry, including, but not limited to, variations in grade, deposit size, earthquakes and other Acts of God, density and other geological problems, hydrological conditions (including a shortage of water), availability of power, metallurgical and other processing problems, mechanical equipment performance problems, drill rig shortages, the unavailability of materials and equipment including fuel, labour force disruptions, unanticipated transportation costs, unanticipated regulatory changes, unanticipated or significant changes in the costs of supplies including, but not limited to, petroleum, labour, and adverse weather conditions and unexpected inflationary changes in Chile as a result of the development and operation of other mineral projects in the country. Should any of these risks and hazards affect any of SpinCo's exploration and development activities, it may cause delays or a complete stoppage in SpinCo's exploration or development activities, which would have a material and adverse effect on the business of SpinCo.

SpinCo has no history of mineral production.

SpinCo currently has no advanced exploration or development projects. The Salvadora Property is an early stage exploration project that has no operating history upon which to base estimates of future operating costs, future capital spending requirements or future site remediation costs or asset retirement obligations. SpinCo has no experience with projects in a stage and operation status similar to the Salvadora Property and uncertainties remain with exploration stage mining operations and SpinCo can provide no assurance that the necessary expertise will be available if and when it seeks to place any of its mineral properties into production, including the Salvadora Property. SpinCo has no experience in placing mineral properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with major mining companies that can provide such expertise. There can be no assurance that SpinCo will have available to it the necessary expertise when and if it places any of its mineral properties into production, including the Salvadora Property.

There is no assurance that title to mineral properties will not be challenged.

The acquisition of title to mineral properties is a very detailed and time consuming process. Title to, and the area of, mineral concessions and claims may be disputed. While SpinCo has investigated title to the mineral concessions and claims underlying the Salvadora Property, and other properties over which it has acquired options to purchase the underlying mineral concessions and claims, SpinCo cannot guarantee that title to any such properties will not be challenged, or that title to such properties will not be affected by an unknown title defect. SpinCo's mineral properties may be subject to prior unregistered liens, agreements or transfers, native land claims or other undetected

title defects. SpinCo has not surveyed the boundaries of all of its mineral properties and consequently the boundaries of the properties may be disputed.

SpinCo is subject to a number of inherent exploration, development and operating risks.

SpinCo is engaged in mineral exploration and development, which is highly speculative in nature and involves many risks and is frequently not economically successful. Establishing and increasing mineral resources or mineral reserves depends on a number of factors including, among others, the quality of SpinCo's management and their geological and technical expertise, and the quality of land available for exploration. Once mineralization is discovered, it may take several years of additional exploration and development until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish proven and probable mineral reserves through drilling or drifting, to determine the optimal metallurgical process and to finance and construct mining and processing facilities. At each stage of exploration, development, construction and mine operation, various permits and authorizations are required, including the support and cooperation of surrounding communities and stakeholders. Applications for many permits require significant amounts of management time and the expenditure of substantial amounts for engineering, legal, environmental, social and other activities. At each stage of a project's life delays may be encountered because of permitting difficulties. Such delays add to the overall cost of a project and may reduce its economic viability. As a result of these uncertainties, there can be no assurance that mineral exploration and development programs will ultimately result in minerals.

Foreign investments and operations are subject to numerous risks associated with operating in foreign jurisdictions.

SpinCo conducts exploration activities entirely in Chile. SpinCo's foreign mining investments are subject to the risks normally associated with the conduct of business in foreign countries. The occurrence of one or more of these risks could have a material and adverse effect on SpinCo's profitability or the viability of its affected foreign operations, which could have a material and adverse effect on SpinCo's cash flows, earnings, results of operations and financial condition. Risks may include, among others, labour disputes, invalidation of governmental orders and permits, corruption, uncertain political and economic environments, sovereign risk, war (including in neighbouring states), civil disturbances and terrorist actions, arbitrary changes in laws or policies of particular countries, the failure of foreign parties or governments to honour contractual relations, consents, rejections or waivers granted, arbitrary foreign taxation, delays in obtaining or the inability to obtain necessary governmental permits (including export and/or customs approvals), opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, limitations on gold or other metals exports, and inadequate infrastructure. These risks may limit or disrupt SpinCo's operations and exploration activities, restrict the movement of funds or result in the deprivation of contractual rights or the taking of property by nationalization or expropriation without fair compensation.

Changes in mining or investment policies or shifts in political attitudes in Chile may adversely affect SpinCo's business. Operations may be affected by governmental regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, maintenance of claims, environmental legislation, land use, land claims of local people, including indigenous groups, water use and mine safety. The effect of these factors cannot be accurately predicted.

Government regulations may have an adverse effect on SpinCo's exploration and development activities and future operations.

SpinCo's exploration and development activities are subject to laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, mine development and protection of endangered and protected species, treatment of indigenous peoples and other matters. Each jurisdiction in which SpinCo has properties regulates mining and mineral exploration activities. It is possible that future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms and conditions of existing permits and agreements applicable to SpinCo or its properties, which could have a material and adverse effect on SpinCo's current exploration and development activities. Where required, obtaining necessary permits can be a complex, time-consuming process and SpinCo cannot provide assurance whether any necessary permits will be obtainable on acceptable terms, in a timely manner, or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict SpinCo from proceeding with

the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

SpinCo will not be able to obtain insurance coverage to cover all of its potential losses, liabilities and damage related to its business and certain risks are uninsured or uninsurable.

The mineral exploration and mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, and monetary losses and possible legal liability. SpinCo does not currently carry any insurance policies. The insurance policies that SpinCo and its subsidiaries may obtain do not provide coverage for all losses related to their business and the occurrence of losses, liabilities or damage not covered by such insurance policies could have a material and adverse effect on SpinCo's profitability, results of operations and financial condition.

SpinCo will rely on its management team and outside contractors and the loss of one or more of these persons may adversely affect SpinCo.

The success of SpinCo is dependent to a significant extent on the efforts and abilities of its management and outside contractors. Investors must be willing to rely to a significant extent on management's discretion and judgment, as well as the expertise and competence of outside contractors. SpinCo does not have in place formal programs for succession and training of management. There is significant competition to attract and retain qualified personnel in the mining industry. There can be no assurance that SpinCo will successfully attract and retain additional qualified personnel to manage its current needs and anticipated growth. The loss of one or more of these key employees or contractors, if not replaced, could adversely affect SpinCo's business, results of operations and financial condition.

Environmental and other regulatory requirements may adversely affect SpinCo.

SpinCo's activities are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation generally provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. The exploration operations of SpinCo and development and commencement of production on its properties, do and will require permits from various local governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety, treatment of indigenous groups and other matters.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in exploration or mining operations may be required to compensate those suffering loss or damage by reason of the exploration or mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

The activities of SpinCo depend, to a substantial degree, on adequate infrastructure.

Mining, processing, development and exploration activities depend, to a substantial degree, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants affecting capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of SpinCo.

SpinCo faces significant competition for attractive mineral properties.

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. SpinCo's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. As a

result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources SpinCo, SpinCo may be unable to acquire additional attractive mineral properties on terms it considers acceptable.

Currency risk

SpinCo's operations will incur most of its expenditures in Chilean pesos while its products are priced in United States dollars and its financial performance is reported in Canadian dollars. As a result of the use of different currencies, SpinCo may be subject to foreign currency fluctuations, which may materially affect the financial position and results of SpinCo. SpinCo does not currently engage in currency hedging to offset the risk of currency fluctuations.

Certain directors and officers may have conflicts of interest.

Certain of the directors and officers of SpinCo are engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of SpinCo may become subject to conflicts of interest. Situations may arise in connection with potential acquisitions and investments where the other interests of these directors and officers may conflict with the interests of the Corporation. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA.

Repatriation of earnings

There is no assurance that Chile or any other foreign country in which SpinCo or its subsidiaries may operate in the future will not impose restrictions on the repatriation of earnings to foreign entities.

Difficulty in enforcement of judgements

Substantially all of SpinCo's assets are located outside of Canada. Accordingly, it may be difficult for investors to enforce within Canada any judgements obtained against SpinCo, including judgements predicated upon the civil liability provisions of applicable Canadian securities laws. Consequently, investors may be effectively prevented from pursuing remedies against SpinCo under Canadian securities laws.

SpinCo has a subsidiary incorporated Chile. Certain directors and officers, including Terrance Walker, reside outside of Canada and substantially all of the assets of these persons are located outside of Canada. It may not be possible for shareholders to effect service of process against SpinCo's directors and officers who are not resident in Canada. In the event a judgement is obtained in a Canadian court against one or more of our directors or officers for violations of Canadian securities laws, it may not be possible to enforce such judgement against those directors and officers not resident in Canada. Additionally, it may be difficult for an investor, or any other person or entity, to assert Canadian securities law claims in original actions instituted in Chile. Courts in these jurisdictions may refuse to hear a claim based on a violation of Canadian securities laws on the grounds that such jurisdiction is not the most appropriate forum to bring such a claim. Even if a foreign court agrees to hear a claim, it may determine that the local law, and not Canadian law, is applicable to the claim. If Canadian law is found to be applicable, the content of applicable Canadian law must be proven as a fact, which can be a time-consuming and costly process. Certain matters of procedure will also be governed by foreign law.

PROMOTERS

Under applicable Canadian securities laws, LITH may be considered a promoter of SpinCo in that it took the initiative in founding SpinCo for the purpose of implementing the Arrangement.

Following the Effective Time, LITH will not beneficially own, control or direct, directly or indirectly, any voting or other equity securities of SpinCo.

MATERIAL CONTRACTS

Other than the Arrangement Agreement and the Mineral Claims Purchase and Sale Agreement (entered into by SpinCo's Chilean subsidiary, San Lorenzo), SpinCo has not entered into any contract, other than contracts entered into in the ordinary course of business, that is material to SpinCo and that was entered into within the most recently completed financial year or before the most recently completed financial year but is still in effect.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings to which LITH or SpinCo is a party to, or in respect of which any of its assets are the subject of, which is or will be material to SpinCo, and SpinCo is not aware of any such legal proceedings that are contemplated.

Since incorporation, there have not been any penalties or sanctions imposed against SpinCo by a court relating to provincial or territorial securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against SpinCo, and SpinCo has not entered into any settlement agreements before a court relating to provincial or territorial securities legislation or with a securities regulatory authority.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL

Except as set out elsewhere in this Circular, no: (i) proposed director or executive officer of SpinCo; (ii) person that is expected to be a beneficial owner of, or who exercise direct or indirect control or direction over, more than 10% of the outstanding SpinCo Shares; or (iii) any associate or affiliate of any person referred to in (i) or (ii) above has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect SpinCo or its subsidiary.

Certain directors and officers of SpinCo are also the directors and officers of LITH.

AUDITOR, REGISTRAR AND TRANSFER AGENT

The auditor of SpinCo is MNP LLP. Its offices are located at Suite 1500, 640-5th Avenue S.W., Calgary, Alberta T2P 3G4.

It is expected that Computershare Trust Corporation of Canada will be the transfer agent and registrar for the SpinCo Shares at its offices in Calgary, Alberta.

INTERESTS OF EXPERTS

SpinCo's auditors are MNP LLP, who have confirmed they are independent in respect of SpinCo within the meaning of relevant rules and related interpretations prescribed by the professional bodies in Canada and any applicable legislation.

APPENDIX "I"

**AUDITED FINANCIAL STATEMENTS FOR THE PERIOD FROM DATE OF INCORPORATION ON
JANUARY 15, 2018 TO FEBRUARY 28, 2018**

(see attached)

KAIROS METALS CORP.

Financial Statements

For the period from the date of Incorporation on January 15, 2018 to February 28, 2018

Independent Auditors' Report

To the Directors of Kairos Metals Corp.

We have audited the accompanying financial statements of Kairos Metals Corp., which comprise the statement of financial position as at February 28, 2018 and the statement of cash flows and changes in shareholder's equity for the period from the date of incorporation on January 15, 2018 to February 28, 2018, and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Kairos Metals Corp. as at February 28, 2018, and its financial performance and its cash flows for the period from the date of incorporation on January 15, 2018 to February 28 in accordance with International Financial Reporting Standards.

Calgary, Alberta
March 28, 2018


Chartered Professional Accountants

Kairos Metals Corp.
Statement of Financial Position
As at February 28, 2018

(Expressed in Canadian Dollars)

| | Note | | |
|-----------------------------|------|----|-------|
| Assets | | | |
| Current | | | |
| Cash | | \$ | 1,000 |
| | | \$ | 1,000 |
| Shareholders' Equity | | | |
| Share capital | 4 | | 1,000 |
| | | \$ | 1,000 |

Subsequent events (note 6)

Approved by the Board:

(Signed) "A.J. Kroontje", Director

(Signed) "Steven Cochrane", Director

See accompanying notes

Kairos Metals Corp.
Statement of Cash Flows
For the period from the date of incorporation on January 15, 2018 to February 28, 2018

(Expressed in Canadian Dollars)

Financing activities:

| | | |
|---------------------------|----|-------|
| Issuance of common shares | \$ | 1,000 |
| Cash, end of period | \$ | 1,000 |

Kairos Metals Corp.
Statement of Changes in Shareholder's Equity
For the period from the date of incorporation on January 15, 2018 to February 28, 2018

| Common shares: | # | \$ |
|---|------------|-------|
| Shares issued for cash upon incorporation | 24,185,063 | 1,000 |

See accompanying notes

Kairos Metals Corp.
Notes to the Financial Statements
February 28, 2018

1. Business Activities

Kairos Metals Corp. (the "Corporation" or "Kairos"), a private corporation, was incorporated by a Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (Alberta) on January 15, 2018. The registered office is located at 900, 903 – 8th Avenue SW, Calgary, Alberta, Canada, T2P 0P7.

Kairos is a wholly-owned subsidiary of Lithium Chile Inc. ("LITH") and has had no operations to date (note 7)

2. Basis of Presentation

a) Statement of compliance

This financial statement has been prepared in accordance and compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Reporting Interpretations Committee ("IFRIC") in effect at the closing date of February 28, 2018.

These financial statements, and the policies applied herein, were authorized for issue by the Board of Directors on March 21, 2018.

b) Basis of measurement

These financial statements have been prepared under the historical cost method.

These financial statements are presented in Canadian dollars, which is the Corporation's functional and presentation currency.

These financial statements are the Corporation's first financial statements prepared under IFRS and the first financial statements prepared since incorporation.

c) Use of judgments and estimates

Management is required to make estimates, judgments and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Management reviews these judgments, estimates and assumptions on an ongoing basis, including those related to fair values of financial instruments, recoverability of assets and income taxes. Actual results may differ from these estimates.

There were no key estimates and judgments concerning the future and other key sources of estimation uncertainty at the reporting date that would have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

3. Summary of Significant Accounting Policies

a) Cash

Cash includes cash on hand and deposits held with banks.

b) Fair value of financial instruments

The Corporation has classified its financial instrument fair values based on the required three level hierarchy:

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities;
- Level 2: Valuations based on observable inputs other than quoted active market prices; and,
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flows methods.

The fair value hierarchy level at which a fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

c) Share capital

Proceeds from the issuance of common shares are classified as equity in the statement of financial position. Incremental costs directly attributable to the issuance of shares are recognized as a deduction, net of any tax effects.

d) Accounting standards issued but not yet applied

The Corporation has reviewed amendments to accounting pronouncements that have been issued but are not yet effective and determined that the following may have a future impact on the Corporation.

- IFRS 16 Leases issued on January 13, 2016 by the IASB replaces IAS 17 Leases. The new standard introduces a single recognition and measurement model for leases, which would require the recognition of assets and liabilities for most leases with a term of more than twelve months. The new standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply IFRS 15 "Revenue from Contracts with Customers" at or before the initial adoption date of January 1, 2018.

The Corporation is currently assessing and quantifying the effect of the impact of adoption of this standard and does not believe the standard would have an impact on the Corporation based on current operations.

4. Share capital

a) Authorized:

Unlimited number of common voting shares and preferred shares without nominal or par value.

The preferred shares may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions, and conditions attached to the shares of each series. No preferred shares have been issued since the Corporation's inception.

b) Issued Common Shares

Issued share capital is as follows.

| | # | \$ |
|---|------------|-------|
| Shares issued for cash upon incorporation | 24,185,063 | 1,000 |

5. Management of Capital

The Corporation's capital currently consists of common shares. Its principal source of cash is from the issuance of common shares. The Corporation's capital management objectives are to have sufficient capital to be able to explore and develop mineral properties in Chile. The Corporation does not have any externally imposed capital requirements to which it is subject. The Corporation manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

6. Financial instruments and risk management

The Corporation, as part of its operations, carries financial instruments consisting of cash. It is management's opinion that the Corporation is not exposed to significant credit, interest, or currency risks arising from this financial instrument.

The fair value of cash is determined on level 1 inputs. The carrying amount of cash approximates its fair value due to its short-term maturity.

Credit Risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Corporation believes it has no significant credit risk.

Liquidity Risk

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2018, the Corporation had a cash balance of \$1,000 and no liabilities.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

- i. Interest rate risk
The Corporation has cash balances and no interest-bearing debt.
- ii. Foreign currency risk
The Corporation does not have assets or liabilities in foreign currency.
- iii. Commodity risk
The Corporation is not exposed to commodity price risk.

7. Subsequent Events

At a meeting of the shareholders of LITH planned for April 27, 2018, the LITH shareholders will be asked, among other things, to consider, and, if thought advisable, approve a proposed plan of arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) involving, among other things, the distribution of common shares (the "**Kairos Shares**") of Kairos, to the LITH shareholders on the basis of one (1) Kairos Share for every (4) LITH Shares.

In addition, the following transactions are planned or have occurred subsequent to February 28, 2018 and are part of a series of transactions related to the Arrangement:

- The Corporation has acquired 100% of the outstanding interest in Compañía Minera San Lorenzo Limitada ("**San Lorenzo**") from Compañía Minera Kairos Chile Limitada ("**Minera Kairos**"), a wholly-owned subsidiary of LITH for the sum of \$1.00. San Lorenzo owned no assets, including no mineral claims, on the date of ownership transfer nor had San Lorenzo carried on any business activities prior to the date of the ownership transfer.
- Minera Kairos intends to transfer their interests in its copper, gold and silver properties ("CGS claims") in Chile to San Lorenzo at their carrying cost of US\$1.6 million in exchange for a promissory note issued to Minera Kairos, in the amount of US\$1.6 million. The transfer of the CGS claims is subject to regulatory and shareholder approval and is expected to occur prior to the closing of the Arrangement.
- LITH will loan the Corporation US\$1.1 million cash. In exchange the Corporation will issue a promissory note to LITH in the amount of US \$1,150,000 to reflect the US\$1.1 million loan proceeds and costs of the Arrangement in the agreed amount of US\$50,000 as provided for in the Arrangement Agreement and is expected to occur prior to or concurrent with the closing of the Arrangement.
- The promissory notes issued to Mineras Kairos for the transfer of the CGS claims and to LITH for the loan proceeds will bear interest at 2.0% per annum and will mature two years from the date of issuance.
- Pursuant to the terms of the Plan of Arrangement, the Corporation will issue immediately prior to the Effective Time of the Arrangement Kairos Shares such that the number issued and outstanding at the Effective Time will be equal to one-quarter ($\frac{1}{4}$) of the number of the then issued and outstanding LITH Shares such that LITH Shareholders will receive exactly one (1) Kairos Share for every four (4) LITH Shares held by such LITH Shareholder at the Effective Time.

APPENDIX "II"

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED FEBRUARY 28, 2018

(see attached)

KAIROS METALS CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis ("MD&A") for Kairos Metals Corp. ("Kairos or the "Corporation") is a review of how the Corporation performed during the period covered by the audited financial statement ("Audited Statement") and of the Corporation's financial condition and future prospects. The MD&A complements and supplements the Audited Statement of the Corporation and should be read in conjunction with the Audited Statement and the related notes for the period from the date of incorporation on January 15, 2018 to February 28, 2018. The Audited Statement has been prepared in Canadian dollars in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), which are also generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada.

The Corporation's Board of Directors has reviewed and approved the Audited Statement and MD&A, both of which are effective March 21, 2018.

Certain information presented in the MD&A constitutes forward looking information that is subject to substantial risks and uncertainties. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions have been used to describe these forward-looking statements. By their nature, forward-looking statements necessarily involve risks associated with the provision of services such as loss of market, lack of qualified personnel, impact of the regulatory environment, and competition from other companies providing similar services. Readers are cautioned that the assumptions used in the preparation of forward-looking information and statements, although considered reasonable at the time may prove to be imprecise. As such, undue reliance should not be placed on forward-looking statements. A number of factors, many of which are beyond the control of Kairos, may affect the actual performance of Kairos and actual results may differ from those expressed or implied by such forward looking information. Accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will occur, or if they do occur, what benefit Kairos will derive from them. Readers are cautioned not to place undue reliance on these forward-looking statements.

DESCRIPTION OF BUSINESS

Kairos Metals Corp. was incorporated by a Certificate of Incorporation pursuant to the provisions of the *Business Corporations Act (Alberta)* (the "ABCA") on January 15, 2018. The Corporation has had no operations since incorporation. It is a private company and is wholly-owned by Lithium Chile Inc. ("LITH"). LITH's common shares trade on the TSX Venture Exchange under the symbol "LITH".

At February 28, 2018, the Corporation had cash of \$1,000 being received on the issuance of the 24,185,063 common shares to LITH on incorporation. However, due to the nature of the mining industry, additional financing will be required in due course.

Management will seek additional forms of financing through the issuance of new equity or debt instruments to continue its operations. Without such funding being available, the Corporation may not be able to continue its exploration activities.

SELECTED FINANCIAL INFORMATION

The following summarizes information derived from the Corporation's Audited Statement as at February 28, 2018:

| | | |
|-------------------------------------|----|------------|
| Cash | \$ | 1,000 |
| Share capital | \$ | 1,000 |
| Number of common shares outstanding | | 24,185,063 |

OUTLOOK AND SUBSEQUENT EVENTS

At a Meeting of the shareholders of LITH planned for April 27, 2018, the LITH shareholders will be asked, among other things, to consider, and, if thought advisable, approve a proposed plan of arrangement (the "Arrangement") under Section 193 of the ABCA involving, among other things, the distribution of common shares of Kairos (the "Kairos Shares"), currently a wholly-owned subsidiary of LITH, to the LITH shareholders on the basis of one (1) Kairos Share for every (4) LITH Shares held.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

In addition, the following transactions are planned or have occurred subsequent to February 28, 2018 and are part of a series of transactions related to the Arrangement:

- The Corporation has acquired 100% of the outstanding interest in Compañía Minera San Lorenzo Limitada ("San Lorenzo") from Compañía Minera Kairos Chile Limitada ("Minera Kairos"), a wholly-owned subsidiary of LITH, for the sum of \$1.00. San Lorenzo owned no assets, including no mineral claims, on the date of ownership transfer nor had San Lorenzo carried on any business activities prior to the date of the ownership transfer.
- Minera Kairos intends to transfer their interests in its copper, gold and silver properties ("CGS claims") in Chile to San Lorenzo at their carrying cost of US\$1.6 million in exchange for a promissory note issued to Minera Kairos, in the amount of US\$1.6 million. The transfer of the CGS claims is subject to regulatory and shareholder approval and is expected to occur prior to the closing of the Arrangement.
- LITH will loan the Corporation US\$1.1 million cash. In exchange the Corporation will issue a promissory note to LITH in the amount of US \$1,150,000 to reflect the US\$1.1 million loan proceeds and costs of the Arrangement in the agreed amount of US\$50,000 as provided for in the Arrangement Agreement and is expected to occur prior to or concurrent with the closing of the Arrangement.
- The promissory notes issued to Minera Kairos for the transfer of the CGS claims and to LITH for the loan proceeds will each bear interest at 2.0% per annum and will mature two years from the date of issuance.
- Pursuant to the terms of the Plan of Arrangement, the Corporation will issue immediately prior to the Effective Time of the Arrangement Kairos Shares such that the number issued and outstanding at the Effective Time will be equal to one-quarter (¼) of the number of the then issued and outstanding LITH Shares such that LITH Shareholders will receive exactly one (1) Kairos Share for every four (4) LITH Shares held by such LITH Shareholder at the Effective Time

The Corporation intends to utilize funding in the amount of US\$1,000,000 (Cdn\$1,333,000) to complete the Initial Exploration Program as described in the technical report entitled *Salvadora Cu-Au Property Technical Report* and effective January 20, 2018 (the "Technical Report"). The first phase of the Initial Exploration Program as recommended in the Technical Report will be on the Salvadora Property located in the Province of Chañaral, Region III, Chile. Dependent upon having received satisfactory results from Phase 1 of the Initial Exploration Program, the Corporation intends to continue to Phase 2 of the Initial Exploration Program. A minority of the funds will be utilized for general working capital purposes and some funds may be expended on exploration of Nancagua in the Province of Colchagua, Higgins Region, another of its prospective copper, gold and silver properties.

Financial Resources and Liquidity

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As described in the Outlook and Subsequent Event section, the Corporation will have US\$1.1 million cash which should be sufficient funds to meet its current operating costs and planned capital expenditures, however, in due course additional funds will be required to fund exploration and mining projects.

Mineral Property Expenditure Commitments

The Salvadora Property does not require any minimum work or expenditure commitments. The Corporation is obligated to make annual tax payments of US\$1.50/hectare to the Chilean government in relation to exploration concessions.

SHARE CAPITAL

Issued

| | # | \$ |
|---|------------|-------|
| Shares issued for cash upon incorporation | 24,185,063 | 1,000 |

CASH FLOW

To date, the Corporation has a nominal cash balance of \$1,000 from the issuance of the 24,185,063 common shares of LITH on incorporation.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

Kairos is not a party to any industry contracts or obligations and there are no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

There are no critical or material accounting estimates.

BUSINESS RISKS**Mining Industry Risks**

The exploration for and development of mineral deposits involves a high degree of risk that even a combination of careful evaluation, experience, knowledge and sufficient financial resources may not eliminate. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit such as size, grade and proximity to infrastructure; commodity prices which are inherently cyclical and cannot be predicted with certainty; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The effect of these factors cannot be accurately predicted and the combination of these factors may result in not receiving an adequate return on invested capital.

Properties without Known Mineable Reserves

The Corporation's activities will continue to be directed towards the search for, evaluation of, and development of mineral deposits. There is no assurance that expenditures associated with those activities will result in securing commercial mineral deposits and actual expenditures may be higher than currently anticipated.

Uncertainty as to Calculations of Mineral Deposit Estimates

There is a significant degree of uncertainty attributable to the calculation of mineral deposit estimates. Until the mineral is actually mined and processed, mineral deposit estimates, grades and recovery rates must be considered as estimates only. Consequently, there can be no assurance that any mineral deposit estimates or grade information will prove accurate. In addition, the value of mineral deposits may vary depending on mineral prices and other factors. Any material change in grades, stripping ratios or other mining and processing factors may affect the economic viability of projects. Furthermore, mineral deposit estimate information should not be interpreted as any assurance of mine life or of the potential profitability of existing or future projects.

Uninsurable Risks

The Corporation may become subject to liability for cave-ins, pollution or other hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or for other reasons. The payment of any such liabilities would reduce the funds available for development and mining activities. Payment of liabilities for which the Corporation does not carry insurance may have a material adverse effect on the Corporation's financial position.

Currency

Currency fluctuations may materially affect the financial position and results of Kairos. Kairos does not intend to engage in currency hedging to offset currency fluctuations risks.

Governmental Regulation of the Mining Industry

The mineral development or exploration activities of Kairos are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to protection of the environment. Although the Corporation believes that its activities will be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of Kairos or more stringent implementation thereof could have a material adverse effect on the business, financial condition and results of operations of the Corporation.

Exploration and Development Risks

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover deposits but also from finding deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of resources or reserves acquired or discovered by the Corporation may be affected by numerous factors which are beyond the control of Kairos and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of facilities, commodity markets, processing equipment availability and such other factors as government regulations, including regulations relating to

royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in Kairos not receiving an adequate return of investment capital.

There is no assurance that Kairos' mineral exploration and development activities will result in any discoveries or acquisitions of commercial bodies of minerals. The long-term profitability of Kairos operations will in part be directly related to the costs and success of its development efforts which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery or acquisition of a deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

If Kairos loses or abandons its interest in its properties, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by any applicable regulatory body. There is also no guarantee that any applicable regulatory body will approve the acquisition of any additional properties by Kairos, whether by way of option or otherwise, should Kairos wish to acquire any additional properties.

The business of exploration and development of minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines and there is no guarantee Kairos' new projects will become producing mines.

Insurance

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and Kairos may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of Kairos.

Permits and Licenses

The future operations of Kairos may require permits from various governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that Kairos will be able to obtain all necessary permits and approvals that may be required to undertake development activity or commence construction or operation of mine facilities on Kairos' properties.

Environmental Legislation

Environmental laws and regulations may affect the operations of Kairos. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or non-compliance with environmental laws or regulations. In all major developments, Kairos generally relies on recognized designers and development contractors, from which Kairos will, in the first instance, seek indemnities. Kairos intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions hereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations, including Kairos may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Kairos and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

Title to Properties

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although Kairos believes it has taken reasonable measures to ensure proper title to its properties,

there is no guarantee that title to any of its properties will not be challenged or impaired. Third parties may have valid claims underlying portions of Kairos' interests.

Market Prices

If Kairos seeks to bring a property to production, the profitability of its operations will be dependent in part upon the market price of the minerals. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of Kairos. The level of interest rates, the rate of inflation, the world supply of and demand for mineral commodities, and exchange rate stability can all cause significant price fluctuations. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on Kairos' business, financial condition and results of operations.

Competition

The mining industry is intensely competitive in all of its phases and Kairos will compete with many companies possessing greater financial and technical resources than itself. Competition in the mining industry is primarily for: mineral rich properties which can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and, the capital for the purpose of funding such properties. Many competitors not only explore for and mine minerals, but conduct refining and marketing operations on a world-wide basis. Such competition may result in Kairos being unable to acquire desired properties (due to the auction process involved in property acquisition), to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect Kairos' prospects for mineral exploration and success in the future.

Additional Financing

The exploration and development of Kairos' properties, including continuing exploration and development projects, and the construction of mining facilities and the commencement of mining operations, will require substantial additional financing. Failure to obtain sufficient financing will result in a delay or indefinite postponement of exploration development or production on any or all of Kairos' properties or even a loss of a property interest. Sources of funds now available to Kairos are limited and may include the sale of equity capital, properties, royalty interests, the entering into of future joint ventures and the exercise of outstanding options and warrants. Additional financing may not be available when needed or, even, if available, the terms of such financing might not be favourable to Kairos and might involve substantial dilution to existing shareholders. Failure to raise capital when needed would have a material adverse effect on Kairos' business, financial condition and results of operations.

Competition for Key Personnel

Kairos will be dependent upon the support and involvement of a number of key management personnel. The loss of the services of one or more of such personnel could have a material adverse effect on Kairos. Kairos' ability to manage its exploration and development activities and, hence, its success, will depend in large part on the efforts of these individuals. Kairos faces intense competition for qualified personnel and there can be no assurance that Kairos will be able to attract and retain such personnel.

Ability to Manage Growth

The size of Kairos' business and assets is expected to grow in the coming years. In order to effectively deploy its capital and manage its growth, Kairos will need to retain additional personnel and augment, improve or replace existing systems and controls. As a result, there can be no assurances that Kairos will be able to effectively manage its growth and, if it is unable to do so, its business, financial conditions and results could be adversely affected.

Acquisition Risk

As part of Kairos' business strategy, it may seek to grow by acquiring businesses that it believes will complement its current business. Kairos may not effectively select acquisition candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel into its business. Kairos cannot guarantee that it can complete any acquisition it pursues on favourable terms, or that any completed acquisitions will ultimately benefit its business and the results of operations of Kairos.

The risks inherent with acquisitions include the risks associated with the integration of acquired operations, diversion of management's attention and potential loss of key employees. Kairos may not be able to successfully integrate products, technologies or personnel of a business acquired in the future. Failure could have a material adverse effect on the business, financial condition and results of operations of Kairos.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Dividends

To date, Kairos has not paid any dividends on their outstanding shares and does not expect to do so in the foreseeable future. Any decision to pay dividends on Kairos' Shares will be made by the Board of Directors of Kairos on the basis of Kairos' earnings, financial requirements and other conditions.

Conflicts of Interest

Certain of the directors and officers of Kairos will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of Kairos may become subject to conflicts of interest. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA.

Other Risks

Kairos also faces a number of risk factors that are outside of its control, generally, including, without limitation, terrorist activities, natural disasters, general economic and other conditions.

CORPORATE INFORMATION

CONTACT

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E-Mail: al@kasten.ca

AUDITORS

MNP LLP
Calgary, Alberta

BANKERS

Alberta Treasury Bank
Calgary, Alberta

DIRECTORS

Al J. Kroontje
Terence Walker
Steve Cochrane

APPENDIX "III"

PRO FORMA FINANCIAL STATEMENTS OF SPINCO

(see attached)

Kairos Metals Corp.**PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION****As at FEBRUARY 28, 2018***(Unaudited)**(Canadian Dollars)*

| | Feb. 28, 2018 | Note | Pro Forma Adjustments | Pro Forma |
|--|--------------------------|-----------------|----------------------------------|---------------------|
| ASSETS | | | | |
| Current | | | | |
| Cash | \$ 1,000 | 2b&e | \$ 1,466,040 | \$ 1,467,040 |
| Exploration and evaluation properties – mineral properties | | 2a&c | 2,198,500 | 2,198,500 |
| | \$ 1,000 | | \$ 3,664,500 | \$ 3,665,540 |
| LIABILITIES | | | | |
| Promissory notes | \$ - | 2a&d | \$ 3,664,500 | \$ 3,664,500 |
| SHAREHOLDERS' EQUITY | | | | |
| Share capital | 1,000 | 2e | 40 | 1,040 |
| | 1,000 | | - | 1,040 |
| | \$ 1,000 | | \$ 3,664,500 | \$ 3,665,540 |

See accompanying notes to the pro forma consolidated statement of financial position

Kairos Metals Corp.

Notes to Pro-Forma Unaudited Consolidated Statement of Financial Position As at February 28, 2018

1. Basis of Presentation

Management has prepared the accompanying unaudited pro-forma consolidated statements of financial position of Kairos Metals Corp. ("Kairos" or the "Corporation"), in accordance with Canadian generally accepted accounting principles. The pro-forma consolidated statement of financial position has been prepared from information derived from the audited financial statements of Kairos for the period from the date of incorporation on January 15, 2018 to February 28, 2018 together with other information available to the Corporation. Management believes the pro-forma consolidated statement of financial position includes all adjustments necessary for fair presentation of the proposed transaction between Lithium Chile Inc. ("LITH") and Kairos.

The pro-forma consolidated financial statements should be read in conjunction with the audited financial statements of Kairos for the period from the date of incorporation on January 15, 2018 to February 28, 2018 and the related Plan of Arrangement and LITH Management Information Circular dated March 26, 2018.

The pro-forma consolidated statement of financial position has been prepared on the basis that the completion of all of the transactions described below occurred on February 28, 2018, however, the pro-forma consolidated statement of financial position is not indicative of the financial position which would have resulted if the transaction had actually occurred on February 28, 2018.

2. Pro-Forma Transactions – Balance Sheet

- a. A Chilean subsidiary of Kairos will acquire certain mineral assets from a Chilean subsidiary of LITH ("Assets") for approximately US\$1.6 million (C\$ 2,132,000) prior to the completion of the Plan of Arrangement between Kairos and LITH (the "Arrangement"). The consideration paid for the Assets will be paid through the issuance of a US\$1.6 million (C\$2,132,000) Promissory Note bearing interest at 2.0% per annum and maturing two years from the date of issuance.
- b. LITH will loan Kairos USD\$1.1 million (C\$1,466,000) cash in return for the issuance of a Promissory Note as described in (d.) below.
- c. the agreed amount costs of the transactions are US\$ 50,000 (C\$66,500) as provided for in the arrangement agreement dated March 22, 2018 between Kairos and LITH.
- d. Kairos will issue a Promissory Note in the principal amount of USD\$1.15 million (C\$1,532,500) to LITH as evidence of the loan proceeds in (b.) and the costs in (c.). The Promissory Note shall bear interest at 2% per annum and will have a maturity date of two years from the date of issuance.
- e. Pursuant to the terms of the Arrangement, the Corporation will issue immediately prior to the effective time of the Arrangement (the "Effective Time") Kairos Shares such that the number issued and outstanding at the Effective Time will be equal to one-quarter ($\frac{1}{4}$) of the number of the then issued and outstanding LITH Shares such that LITH Shareholders will receive exactly one (1) Kairos Share for every four (4) LITH Shares held by such LITH Shareholder at the Effective Time. Kairos will issue approximately 978,803 common shares to LITH in exchange for \$40 of cash.
- f. A foreign exchange rate of \$0.75 has been used to convert Canadian Dollars ("C\$") to United States Dollars ("US\$") (\$1.333 US\$ to C\$).

Kairos Metals Corp.

Notes to Pro-Forma Unaudited Consolidated Statement of Financial Position As at February 28, 2018

3. Share Capital Continuity

A continuity of KAIROS's issued common share capital and related recorded values after giving effect to the pro forma transactions described in note 2 above is set out below.

| | | As at February 28, 2018 | |
|-------------------------------|----|--------------------------------|-----------------|
| | | Number of shares | Amount |
| Common Shares | | | |
| Issued on incorporation | | 24,185,063 | \$ 1,000 |
| Issued for cash | 2e | 978,803 | 40 |
| Balance, end of period | | 25,163,866 | \$ 1,040 |

APPENDIX "IV"

SPINCO STOCK OPTION PLAN

1. Purpose

The purpose of the Plan is to provide an incentive to the directors, officers, employees, consultants and other personnel of the Corporation or any of its subsidiaries to achieve the longer-term objectives of the Corporation; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation; and to attract to and retain in the employ of the Corporation or any of its subsidiaries, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

2. Definitions and Interpretation

When used in this Plan, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

- (a) "**Board**" means the Board of the Corporation;
- (b) "**Common Shares**" means common shares in the capital of the Corporation and any shares or securities of the Corporation into which such common shares are changed, converted, subdivided, consolidated or reclassified;
- (c) "**Corporation**" means Kairos Metals Corp. and any successor corporation and any reference herein to action by the Corporation means action by or under the authority of its Board or a duly empowered committee appointed by the Board;
- (d) "**Discounted Market Price**" means the last per share closing price for the Common Shares on the Exchange before the date of grant of an Option, less any applicable discount under Exchange Policies;
- (e) "**Exchange**" means the TSX Venture Exchange Inc. or any other stock exchange on which the Common Shares are listed;
- (f) "**Exchange Policies**" means the policies of the Exchange, including those set forth in the Corporate Finance Manual of the Exchange;
- (g) "**Insider**" has the meaning ascribed thereto in Exchange Policies;
- (h) "**Option**" means an option granted by the Corporation to an Optionee entitling such Optionee to acquire a designated number of Common Shares from treasury at a price determined by the Board;
- (i) "**Option Period**" means the period determined by the Board during which an Optionee may exercise an Option, not to exceed the maximum period permitted by the Exchange, which maximum period is ten (10) years from the date the Option is granted;
- (j) "**Optionee**" means a person who is a director, officer, employee, consultant or other personnel of the Corporation or a subsidiary of the Corporation; a corporation wholly-owned by such persons; or any other individual or body corporate who may be granted an option pursuant to the requirements of the Exchange, who is granted an Option pursuant to this Plan; and
- (k) "**Plan**" shall mean the Corporation's incentive stock option plan as embodied herein and as from time to time amended.

Capitalized terms in the Plan that are not otherwise defined herein shall have the meaning set out in the Exchange Policy, including without limitation "Consultant", "Employee", "Director", "Insider", "Investor Relations Activities", "Management Company Employee", "Tier 1 Issuer" and "Tier 2 Issuer".

Wherever the singular or masculine is used in this Plan, the same shall be construed as meaning the plural or feminine or body corporate and vice versa, where the context or the parties so require.

3. **Administration**

The Plan shall be administered by the Board. The Board shall have full and final discretion to interpret the provisions of the Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the Plan. All decisions and interpretations made by the Board shall be binding and conclusive upon the Corporation and on all persons eligible to participate in the Plan, subject to shareholder approval if required by the Exchange. Notwithstanding the foregoing or any other provision contained herein, the Board shall have the right to delegate the administration and operation of the Plan to a special committee of directors appointed from time to time by the Board, in which case all references herein to the Board shall be deemed to refer to such committee.

4. **Eligibility**

The Board may at any time and from time to time designate those Optionees who are to be granted an Option pursuant to the Plan and grant an Option to such Optionee. Subject to Exchange Policies and the limitations contained herein, the Board is authorized to provide for the grant and exercise of Options on such terms (which may vary as between Options) as it shall determine. No Option shall be granted to any person except upon recommendation of the Board. A person who has been granted an Option may, if he is otherwise eligible and if permitted by Exchange Policies, be granted an additional Option or Options if the Board shall so determine. Subject to Exchange Policies, the Corporation shall represent that the Optionee is a bona fide Employee, Consultant or Management Company Employee (as such terms are defined in Exchange Policies) in respect of Options granted to such Optionees.

5. **Participation**

Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Optionee's relationship or employment with the Corporation.

Notwithstanding any express or implied term of this Plan or any Option to the contrary, the granting of an Option pursuant to the Plan shall in no way be construed as conferring on any Optionee any right with respect to continuance as a director, officer, employee or consultant of the Corporation or any subsidiary of the Corporation.

Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a director or officer of or a consultant to the Corporation or any of its subsidiaries, where the Optionee at the same time becomes or continues to be a director, officer or full-time employee of or a consultant to the Corporation or any of its subsidiaries.

Options will not be granted to an officer, employee or consultant of the Corporation, unless such participant is a *bona fide* Officer, Employee or Consultant of the Corporation.

No Optionee shall have any of the rights of a shareholder of the Corporation in respect to Common Shares issuable on exercise of an Option until such Common Shares shall have been paid for in full and issued by the Corporation on exercise of the Option, pursuant to this Plan.

6. **Common Shares Subject to Options**

The number of authorized but unissued Common Shares that may be issued upon the exercise of Options granted under the Plan at any time plus the number of Common Shares reserved for issuance under outstanding incentive stock options otherwise granted by the Corporation shall not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis at any time, and such aggregate number of Common Shares shall automatically increase or decrease as the number of issued and outstanding Common Shares changes. The Options granted under the Plan together with all of the Corporation's other previously established stock option plans or grants, shall not result at any time in:

- (a) the number of Common Shares reserved for issuance pursuant to Options granted to Insiders exceeding 10% of the issued and outstanding Common Shares; and
- (b) the grant to Insiders within a 12 month period, of a number of Options exceeding 10% of the outstanding Common Shares.

Subject to Exchange Policies, the aggregate number of Common Shares reserved for issuance to any one (1) Optionee under Options granted in any 12 month period shall not exceed 5% of the issued and

outstanding Common Shares determined at the date of grant, (or 2% of the issued and outstanding Common Shares in the case of an Optionee who is a Consultant or an Employee conducting Investor Relations Activities (as such term is defined in the Exchange Policy)).

Appropriate adjustments shall be made as set forth in Section 14 hereof, in both the number of Common Shares covered by individual grants and the total number of Common Shares authorized to be issued hereunder, to give effect to any relevant changes in the capitalization of the Corporation.

If any Option granted hereunder shall expire or terminate for any reason without having been exercised in full, the unpurchased Common Shares subject thereto shall again be available for the purpose of the Plan.

7. **Option Agreement**

A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to option, the exercise price and any other terms and conditions approved by the Board, all in accordance with the provisions of this Plan (herein referred to as the "**Stock Option Agreement**"). The Stock Option Agreement will be in such form as the Board may from time to time approve, and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Optionee may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

8. **Option Period and Exercise Price**

Each Option and all rights thereunder shall be expressed to expire on the date set out in the respective Stock Option Agreement, which shall be the date of the expiry of the Option Period (the "**Expiry Date**"), subject to earlier termination as provided in Sections 10 and 11 hereof. However, if an Option is to expire during a period when the Optionee is prohibited by the Corporation from trading in Common Shares of the Corporation pursuant to its blackout policies (a "**Blackout Period**"), or within ten (10) business days of expiry of such Blackout Period, the term of such Option be extended for a period of ten (10) business days immediately following the end of the Blackout Period ("**Blackout Extension Period**"). Subject to Exchange Policies and any limitations imposed by any relevant regulatory authority, the exercise price of an Option granted under the Plan shall be as determined by the Board when such Option is granted and shall be an amount at least equal to the Discounted Market Price of the Common Shares.

9. **Exercise of Options**

An Optionee shall be entitled to exercise an Option granted to it at any time prior to the expiry of the Option Period, subject to Sections 10 and 11 hereof and to vesting limitations which may be imposed by the Board at the time such Option is granted. Subject to Exchange Policies, the Board may, in its sole discretion, determine the time during which an Option shall vest and the method of vesting, or that no vesting restriction shall exist.

The exercise of any Option will be conditional upon receipt by the Corporation at its head office of a written notice of exercise, specifying the number of Common Shares in respect of which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Common Shares with respect to which the Option is being exercised.

Common Shares shall not be issued pursuant to the exercise of an Option unless the exercise of such Option and the issuance and delivery of such Common Shares pursuant thereto shall comply with all relevant provisions of applicable securities law, including, without limitation, the 1933 Act, the *United States Securities and Exchange Act of 1934, as amended*, applicable U.S. state laws, the rules and regulations promulgated thereunder, and the requirements of any stock exchange or consolidated stock price reporting system on which prices for the Common Shares are quoted at any given time. As a condition to the exercise of an Option, the Corporation may require the person exercising such Option to represent and warrant at the time of any such exercise that the Common Shares are being purchased only for investment and without any present intention to sell or distribute such Common Shares if, in the opinion of counsel for the Corporation, such a representation is required by law.

10. Ceasing to be a Director, Officer, Employee or Consultant

Unless otherwise determined by the Board, and subject to the rules Exchange Policies, if an Optionee ceases to be a director, officer, employee or consultant of the Corporation or its subsidiaries for any reason other than death, the Optionee may, but only within a reasonable period, to be set out in the applicable Stock Option Agreement at the time of the grant, subject to a maximum of one (1) year following the Optionee's ceasing to be a director, officer, employee or consultant (or 30 days in the case of an Optionee engaged in Investor Relations Activities) or prior to the expiry of the Option Period, whichever is earlier, exercise any Option held by the Optionee, but only to the extent that the Optionee was entitled to exercise the Option at the date of such cessation. For greater certainty, any Optionee who is deemed to be an employee of the Corporation pursuant to any medical or disability plan of the Corporation shall be deemed to be an employee for the purposes of the Plan.

11. Death of Optionee

In the event of the death of an Optionee, the Option previously granted to him shall be exercisable within one (1) year following the date of the death of the Optionee or prior to the expiry of the Option Period, whichever is earlier, and then only:

- (a) by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution, or by the Optionee's legal personal representative; and
- (b) to the extent that the Optionee was entitled to exercise the Option at the date of the Optionee's death.

12. Optionee's Rights Not Transferable

No right or interest of any Optionee in or under the Plan is assignable or transferable, in whole or in part, either directly or by operation of law or otherwise in any manner except by bequeath or the laws of descent and distribution, subject to the requirements of the Exchange, or as otherwise allowed by the Exchange.

Subject to the foregoing, the terms of the Plan shall bind the Corporation and its successors and assigns, and each Optionee and his heirs, executors, administrators and personal representatives.

13. Takeover or Change of Control

The Corporation shall have the power, in the event of:

- (a) any disposition of all or substantially all of the assets of the Corporation, or the dissolution, merger, amalgamation or consolidation of the Corporation with or into any other corporation or of such corporation into the Corporation, or
- (b) any change in control of the Corporation, to make such arrangements as it shall deem appropriate for the exercise of outstanding Options or continuance of outstanding Options, including without limitation, to amend any Stock Option Agreement to permit the exercise of any or all of the remaining Options prior to the completion of any such transaction. If the Corporation shall exercise such power, the Option shall be deemed to have been amended to permit the exercise thereof in whole or in part by the Optionee at any time or from time to time as determined by the Corporation prior to the completion of such transaction.

14. Anti-Dilution of the Option

In the event of:

- (a) any subdivision, redivision or change of the Common Shares at any time during the term of the Option into a greater number of Common Shares, the Corporation shall deliver, at the time of any exercise thereafter of the Option, such number of Common Shares as would have resulted from such subdivision, redivision or change if the exercise of the Option had been made prior to the date of such subdivision, redivision or change;
- (b) any consolidation or change of the Common Shares at any time during the term of the Option into a lesser number of Common Shares, the number of Common Shares deliverable by the Corporation on any exercise thereafter of the Option shall be reduced to such number of Common

Shares as would have resulted from such consolidation or change if the exercise of the Option had been made prior to the date of such consolidation or change;

- (c) any reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares, or in case of the consolidation, amalgamation or merger of the Corporation with or into any other corporation (other than a consolidation, amalgamation or merger which does not result in a reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or in case of any transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation, at any time during the term of the Option, the Optionee shall be entitled to receive, and shall accept, in lieu of the number of Common Shares to which he was theretofore entitled upon exercise of the Option, the kind and amount of shares and other securities or property which such holder would have been entitled to receive as a result of such reclassification, change, consolidation, amalgamation, merger or transfer if, on the effective date thereof, he had been the holder of the number of Common Shares to which he was entitled upon exercise of the Option.

Adjustments shall be made successively whenever any event referred to in this section shall occur. For greater certainty, the Optionee shall pay for the number of shares, other securities or property as aforesaid, the amount the Optionee would have paid if the Optionee had exercised the Option prior to the effective date of such subdivision, redivision, consolidation or change of the Common Shares or such reclassification, consolidation, amalgamation, merger or transfer, as the case may be.

15. Costs

The Corporation shall pay all costs of administering the Plan.

16. Termination and Amendment

- (a) The Board may amend or terminate this Plan or any outstanding Option granted hereunder at any time without the approval of the shareholders of the Corporation or any Optionee whose Option is amended or terminated, in order to conform this Plan or such Option, as the case may be, to applicable law or regulation or the requirements of the Exchange or any relevant regulatory authority, whether or not such amendment or termination would affect any accrued rights, subject to the approval of the Exchange or such regulatory authority.
- (b) The Board may amend or terminate this Plan or any outstanding Option granted hereunder for any reason other than the reasons set forth in Section 16(a) hereof, subject to the approval of the Exchange or any relevant regulatory authority and the approval of the shareholders of the Corporation if required by the Exchange or such regulatory authority. Subject to Exchange Policies, disinterested shareholder approval will be obtained for any reduction in the exercise price of an Option if the Optionee is an Insider of the Corporation at the time of the proposed amendment. No such amendment or termination will, without the consent of an Optionee, alter or impair any rights which have accrued to him prior to the effective date thereof.
- (c) The Plan, and any amendments thereto, shall be subject to acceptance and approval by the Exchange. Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless and until such approval and acceptance are given.

17. Withholding Tax

Upon exercise of an Option, the Optionee will, upon notification of the amount due and prior to or concurrently with the delivery of the certificates representing the Common Shares, pay to the Corporation amounts necessary to satisfy applicable withholding tax requirements or will otherwise make arrangements satisfactory to the Corporation for such requirements. In order to implement this provision, the Corporation or any related corporation will have the right to retain and withhold from any payment of cash or Common Shares under the Plan the amount of taxes required to be withheld or otherwise deducted and paid in respect of such exercise. At its discretion, the Corporation may require an Optionee receiving Common Shares upon the exercise of an Option to reimburse the Corporation for any such taxes required to be withheld by the Corporation and withhold any distribution to the Optionee in whole or in part until the

Corporation is so reimbursed. In lieu thereof, the Corporation will have the right to withhold from any cash amount due or to become due from the Corporation to the Optionee an amount equal to such taxes. The Corporation may also retain and withhold or the Optionee may elect, subject to approval by the Corporation at its sole discretion, to have the Corporation retain and withhold a number of Common Shares having a market value not less than the amount of such taxes required to be withheld by the Corporation to reimburse the Corporation for any such taxes and cancel (in whole or in part) any such Common Shares issuable upon exercise of an Option so withheld.

18. Applicable Law

This Plan shall be governed by, administered and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

19. Prior Plans

On the effective date (as set out in Section 20 hereof), subject to Exchange approval and, if required, shareholder approval:

- (a) the Plan shall entirely replace and supersede prior stock option plans, if any, enacted by the Corporation; and
- (b) all outstanding options shall be deemed to be granted pursuant to the Plan.

20. Legends on Hold Period

If required by the Exchange Policies or applicable securities laws, the Common Shares issued on exercise of the Options will be legended.

21. Effective Date

This plan is effective as of March 22, 2018.

APPENDIX "V"

AUDIT COMMITTEE CHARTER

The following charter is adopted in compliance with *Regulation 52-110 respecting Audit Committees*.

OVERALL ROLE AND RESPONSIBILITY

The Audit Committee shall:

1. Assist the Board of Directors (the "**Board**") of Kairos Metals Corp. (the "**Corporation**") in its oversight role with respect to:
 - (a) the quality and integrity of financial information;
 - (b) the independent auditor's performance, qualifications and independence;
 - (c) the performance of the Corporation's internal audit function, if applicable;
 - (d) the Corporation's compliance with legal and regulatory requirements; and
2. Prepare such reports of the Audit Committee required to be included in the information/proxy circular of the Corporation in accordance with applicable laws or the rules of applicable securities regulatory authorities.

MEMBERSHIP AND MEETINGS

The Audit Committee shall consist of three (3) or more Directors appointed by the Board, the majority of whom shall not be officers or employees of the Corporation or any of the Corporation's affiliates. Each of the members of the Audit Committee shall satisfy the applicable independence and experience requirements of the laws governing the Corporation, and applicable securities regulatory authorities.

The Board shall designate one (1) member of the Audit Committee as the Committee Chair. Each member of the Audit Committee shall be financially literate as such qualification is interpreted by the Board in its business judgment. The Board shall determine whether and how many members of the Audit Committee qualify as a financial expert as defined by applicable law.

Meetings and Minutes

1. The time and place of meetings of the Audit Committee and the procedures at such meetings shall be determined from time to time by the members thereof, provided that:
 - (a) a quorum shall be a majority of the members present in person or by telephone or other telecommunications device that permit all persons participating in the meeting to speak and hear each other;
 - (b) the Audit Committee shall meet at least semi-annually;
 - (c) notice of the time and place of and an agenda and related materials respecting every meeting shall be given in writing or facsimile communication to each member of the Audit Committee at least 24 hours prior to the time listed for such meeting, provided, however, that a member may in any manner waive a notice of a meeting and attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called;

2. Agendas and related materials shall be developed by the management of the Corporation and distributed in a timely manner.
3. The Audit Committee shall at all times have the right to determine who shall and shall not be present at any part of the meeting of the Audit Committee. The CEO or his designate shall be available to attend all meetings of the Audit Committee upon invitation by the Audit Committee. Human resources staff and such other staff as may be required to provide information to the Audit Committee shall be available to attend meetings upon invitation by the Audit Committee.
4. Minutes of the meetings shall be prepared by the Secretary of the Corporation.
5. Minutes of all meetings of the Audit Committee shall be provided to the Board. Oral reports by the Chairman on recent matters not yet minuted are to be provided to the Board at its next meeting.
6. Supporting schedules and information reviewed by the Audit Committee will be available for examination by any director of the Corporation upon request to the Chairman of the Audit Committee.

STRUCTURE AND OPERATIONS

The affirmative vote of a majority of the members of the Audit Committee participating in any meeting of the Audit Committee is necessary for the adoption of any resolution.

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Committee shall report to the Board on its activities after each of its meetings at which time minutes of the prior Committee meeting shall be tabled for the Board.

The Audit Committee shall review and assess the adequacy of this Charter periodically and, where necessary, will recommend changes to the Board for its approval.

The Audit Committee is expected to establish and maintain free and open communication with management and the independent auditor and shall periodically meet separately with each of them.

SPECIFIC DUTIES

Oversight of the Independent Auditor

1. Make recommendations to the Board for the appointment and replacement of the independent auditor.
2. Responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.
3. Authority to pre-approve all audit services and permitted non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
4. Evaluate the qualifications, performance and independence of the independent auditor, including: (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation; and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
5. Obtain from the independent auditor and review the independent auditor's report regarding the management internal control report of the Corporation to be included in the Corporation's annual information/proxy circular, as required by applicable law.

6. Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law (currently at least every five years).

Financial Reporting

1. Review and discuss with management and the independent auditor, as applicable:
 - (a) prior to the annual audit the scope, planning and staffing of the annual audit;
 - (b) the annual audited financial statements;
 - (c) review the financial statements, prospectuses, management's discussion and analysis, annual information form and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Audit Committee must be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of all other financial information. The Audit Committee will periodically assess the accuracy of those procedures;
 - (d) approve any reports for inclusion in the Corporation's Annual Report, if any, as required by applicable legislation;
 - (e) the Corporation's quarterly financial statements, including the results of the independent auditor's review of the quarterly financial statements and any matters required to be communicated by the independent auditor under applicable review standards;
 - (f) significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements;
 - (g) any significant changes in the Corporation's selection or application of accounting principles;
 - (h) any major issues as to the adequacy of the Corporation's internal controls and any special steps adopted in light of material control deficiencies; and
 - (i) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
2. Discuss with the independent auditor matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.

Other Responsibilities

1. Review the appointment of the Chief Financial Officer and key financial executives and formulate clear hiring policies for partners, employees, former partners and former employees of the Corporation's present and former external auditors.
2. Establish, and review periodically, as the Audit Committee deems appropriate, a procedure for:
 - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Corporation or concerns regarding questionable accounting or auditing matters and resolution of such concerns, if any.

3. To comply with the procedure above, the Audit Committee shall ensure that the Corporation advises all employees, by way of a written code of business conduct and ethics, that any employee who reasonably believes that questionable accounting, internal accounting controls, or auditing matters have been employed by the Corporation or their external auditors is strongly encouraged to report such concerns by way of communication directly to the Chair of the Audit Committee of the Corporation.

AUDIT COMMITTEE'S ROLE

The Audit Committee has the oversight role set out in this Charter. Management, the Board and the independent auditor all play important roles in respect of compliance and the preparation and presentation of financial information. Management is responsible for compliance and the preparation of financial statements and periodic reports. Management is responsible for ensuring the Corporation's financial statements and disclosures are complete, accurate, in accordance with generally accepted accounting principles and applicable laws. The Board in its oversight role is responsible for ensuring that management fulfills its responsibilities. The independent auditor, following the completion of its annual audit, opines on the presentation, in all material respects, of the financial position and results of operations of the Corporation in accordance with Canadian generally accepted accounting principles.

FUNDING FOR THE INDEPENDENT AUDITOR AND RETENTION OF OTHER INDEPENDENT ADVISORS

The Corporation shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Audit Committee. The Audit Committee shall also have the authority to retain such other independent advisors as it may, from time to time, deem necessary or advisable for its purposes and the payment of compensation therefor shall also be funded by the Corporation.

APPROVAL OF AUDIT AND REMITTED NON-AUDIT SERVICES PROVIDED BY EXTERNAL AUDITORS

Over the course of any year there will be two levels of approvals that will be provided. The first is the existing annual Audit Committee approval of the audit engagement and identifiable permitted non-audit services for the coming year. The second is in-year Audit Committee pre-approvals of proposed audit and permitted non-audit services as they arise.

Any proposed audit and permitted non-audit services to be provided by the External Auditor to the Corporation or its subsidiaries must receive prior approval from the Audit Committee, in accordance with this protocol. The Chief Financial Officer shall act as the primary contact to receive and assess any proposed engagements from the External Auditor.

Following receipt and initial review for eligibility by the primary contacts, a proposal would then be forwarded to the Audit Committee for review and confirmation that a proposed engagement is permitted.

In the majority of such instances, proposals may be received and considered by the Chair of the Audit Committee (or such other member of the Audit Committee who may be delegated authority to approve audit and permitted non-audit services), for approval of the proposal on behalf of the Audit Committee. The Audit Committee Chair will then inform the Audit Committee of any approvals granted at the next scheduled meeting.