

## **AMALGAMATION AGREEMENT**

**THIS AMALGAMATION AGREEMENT** made as of the 30<sup>th</sup> day of June, 2016.

**BETWEEN:**

**TELFERSCOT RESOURCES INC.**, a corporation existing under the Canada ("Telferscot");

-and-

**9581189 CANADA INC.**, a corporation existing under the laws of Canada ("Telferscot Sub");

-and-

**AUXICO RESOURCES CANADA INC.**, a corporation existing under the laws of Canada ("Auxico");

**WHEREAS** Auxico and Telferscot Sub have agreed to amalgamate pursuant to section 181 of the CBCA, and for such purpose Telferscot has agreed to issue certain of its securities to the securityholders of Auxico;

**NOW THEREFORE THIS AGREEMENT WITNESSES THAT** in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree with each other as follows:

### **ARTICLE I DEFINITIONS**

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

- (a) "**Affiliate**" means an affiliated body corporate within the meaning of the CBCA;
- (b) "**Agreement**" means this Agreement and all instruments supplemental hereto or in amendment or confirmation hereof; "herein", "hereof and similar expressions mean and refer to this Agreement and not to any particular article, section, clause or subclause; and "Article", "Section", "clause" or "subclause" means and refers to the specified article, section, clause or subclause of this Agreement;
- (c) "**Amalco**" has the meaning specified in Section 2.2 hereof;
- (d) "**Amalgamating Corporations**" means, collectively, Auxico and Telferscot Sub;
- (e) "**Amalgamation**" means the amalgamation of Auxico and Telferscot Sub pursuant to this Agreement and in accordance with the CBCA;

- (f) "**Anti-Corruption Rules**" means all applicable laws, regulations, decrees, government orders, and administrative or other requirements in any jurisdiction relating to the prevention and/or sanction of bribery and other forms of corrupt behaviour or practices (including without limitation the *Corruption of Foreign Public Officials Act* (Canada), the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *United States Foreign Corrupt Practices Act 1977*, the *United Kingdom Bribery Act 2010*, any applicable law of Chad, and any applicable law implementing either the *United Nations Convention Against Corruption* or the *OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* or prohibitions substantially similar thereto, all as amended);
- (g) "**Applicable Securities Laws**" means, collectively, the applicable securities laws of each of the provinces of Canada, the respective regulations, rules and orders made and forms prescribed thereunder together with all applicable published rules, policy statements, blanket orders and rulings of the securities commissions in such provinces.
- (h) "**Arm's Length**" has the same meaning ascribed thereto in the Tax Act;
- (i) "**Auxico**" means Auxico Resources Canada Inc., a corporation incorporated under the laws of Canada;
- (j) "**Auxico Shareholders**" means all of the holders of the Auxico Shares;
- (k) "**Auxico Shares**" means the fully paid and non-assessable common shares in the capital of Auxico;
- (l) "**Auxico Subsidiaries**" means Auxico Resources S.A de C.V, a corporation incorporated under the laws of Mexico;
- (m) "**Auxico's Assets**" means all of Auxico's material assets including but not limited to: (i) the mineral assets set out in the Listing Statement; and (ii) those assets set out in Auxico's Financial Statements;
- (n) "**Auxico's Business**" means the business previously and heretofore carried on by Auxico, namely, exploration of mining properties in Mexico as set out in the Listing Statement;
- (o) "**Auxico's Financial Statements**" means the audited financial statements of Auxico for the years ended September 30, 2014, September 30, 2015 and interim financials for 2016, and the unaudited financial statements of Auxico for the six month period ended March 31, 2016 reviewed by the auditors of Auxico;
- (p) "**Board Rollover**" means the election of the following persons as directors of Telferscot subject to completion of the Proposed Transaction: Pierre Gauthier, Mark Billings, Salvador Brower, Marc Filion, Joseph Lau, Rick Whittaker and Robin Connors;
- (q) "**Business Day**" means a day other than a Saturday or Sunday on which the principal commercial banks located in Toronto, Ontario, are open for business during normal banking hours;

- (r) "**CBCA**" means the *Canada Business Corporations Act*, as amended, including the regulations promulgated thereunder;
- (s) "**Circular**" means the management information circular of Telferscot to be delivered to the shareholders of Telferscot in conjunction with the Telferscot Meeting;
- (t) "**Closing**" means the completion of the Amalgamation set forth herein, including the issuance of securities of Telferscot to Auxico securityholders, which shall take place on the Effective Date;
- (u) "**Closing Date**" means the day of the Closing;
- (v) "**CSE**" means the Canadian Securities Exchange;
- (w) "**CSE Listing**" means the listing of the common shares of the Resulting Issuer (including, without limitation, the Exchange Shares) on the CSE;
- (x) "**CSE Listing Date**" means the date of the CSE Listing;
- (y) "**Debenture Financing**" means the financing contemplated by Auxico by the issuance of unsecured convertible debenture being convertible into 5,000,000 Auxico Shares for gross proceeds of US\$2,000,000.
- (z) "**Director**" means the Director appointed under the CBCA.
- (aa) "**Effective Date**" means the date of amalgamation as set forth in the certificate of amalgamation for Amalco;
- (bb) "**Exchange Shares**" means the common shares of Telferscot following the Telferscot Share Consolidation which are to be issued from the treasury of Telferscot to the Auxico Shareholders (including the subscribers under the Private Placement) in accordance with Section 3.1 hereof;
- (cc) "**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board, applicable as at the date on which such calculation is made or required to be made in accordance with such standards;
- (dd) "**Listing Statement**" means the disclosure document prepared in accordance with the policies of the CSE, which provides full, true and plain disclosure of all material facts relating to Telferscot, Auxico and the Amalgamation;
- (ee) "**Material Adverse Effect**" in respect of a Person means any change, effect, event, occurrence, condition or development that has or could reasonably be expected to have, individually or in the aggregate, a material and adverse impact on the business, operations, results of operations, assets, capitalization or financial condition of such Person, other than any change, effect, event, occurrence or state of facts relating to the global economy or securities markets in general;
- (ff) "**Material Fact**" in relation to any party hereto includes, without limitation, any fact that significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of the shares of such party;

- (gg) "**Name Change**" means the change of name of the Resulting Issuer from "Telferscot Resources Inc." to "Auxico Resources Canada Inc."
- (hh) "**Person**" means any individual, corporation, partnership, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;
- (ii) "**Private Placement**" means the non-brokered private placement by Auxico of 2,400,000 common shares at \$0.25 per common share for aggregate gross proceeds of to \$600,000;
- (jj) "**Proposed Transaction**" means (i) the completion of the Amalgamation as contemplated herein; (ii) the completion of the Name Change; (iii) the CSE Listing; (iv) the Telferscot Share Consolidation and (v) the completion of the Board Rollover, together with receipts by Telferscot of all required regulatory approvals;
- (kk) "**Public Official**" includes: (i) a person (a) who holds a legislative, administrative or judicial position of a state, (b) who performs public duties or functions for a state, including a person employed by a state-owned or state-controlled entity or by a board, commission, corporation or other body or authority that is established to perform a duty or function on behalf of the state, or is performing such a duty or function, (c) who is an official or agent of a public international organization that is formed by two or more states or governments, or by two or more such public international organizations; and for this purpose, "state" means a country and includes any political subdivision of that country, the government, and any department or branch, of that country or of a political subdivision of that country, and any agency of that country or of a political subdivision of that country; (ii) a "foreign official" as defined in the United States Foreign Corrupt Practices Act 1977; and (iii) a "foreign public official" as defined in the United Kingdom Bribery Act 2010;
- (ll) "**Resulting Issuer**" means Telferscot upon completion of the Proposed Transaction;
- (mm) "**SEDAR**" means the System for Electronic Document Analysis and Retrieval ([www.sedar.com](http://www.sedar.com));
- (nn) "**Tax Act**" means the *Income Tax Act* (Canada), as it may be amended from time to time, and any successor thereto. Any reference herein to a specific section or sections of the Tax Act, or regulations promulgated thereunder, shall be deemed to include a reference to all corresponding provision of future law;
- (oo) "**Tax Laws**" shall mean the Tax Act and any applicable provincial, or foreign income taxation statute(s), as from time to time amended, and any successors thereto;
- (pp) "**Telferscot**" means Telferscot Resources Inc., a corporation existing under the laws of Canada;
- (qq) "**Telferscot's Business**" means the exploration and operation of mining properties;
- (rr) "**Telferscot's Financial Statements**" means the audited consolidated financial statements of Telferscot most recently filed on SEDAR;
- (ss) "**Telferscot Meeting**" means the annual and special meeting of the shareholders of Telferscot to consider, among other things, the Proposed Transaction ;
- (tt) "**Telferscot Options**" means the stock options issued by Telferscot exercisable for 2,383,333 Telferscot Shares at a strike price of \$0.15;

- (uu) "**Telferscot Securities**" means, collectively, the Telferscot Shares and Telferscot Options;
- (vv) "**Telferscot Share Consolidation**" means the consolidation by Telferscot of the Telferscot Shares on the basis of one (1) post consolidation common share for each thirty-five pre-consolidation common shares resulting in an aggregate of approximatively 2,995,913 Telferscot Shares following completion of the consolidation;
- (ww) "**Telferscot Shares**" means the fully paid and non-assessable common shares in the capital of Telferscot;
- (xx) "**Telferscot Sub**" means 9581189 CANADA INC., a corporation existing under the laws of Canada;
- (yy) "**Third Party**" means any Person other than the parties to this Agreement;
- (zz) "**Title Opinion**" has the meaning ascribed to it in subsection 4.1(dd) of this Agreement;

1.2 **Currency.** Unless otherwise indicated, all dollar amounts referred to in this Agreement are in Canadian funds.

1.3 **Tender.** Any tender of documents or money hereunder may be made upon the counsel and money may be tendered by bank draft or by certified cheque.

1.4 **Number and Gender.** Where the context requires, words imparting the singular shall include the plural and vice versa, and words imparting gender shall include all genders.

1.5 **Headings.** Article and Section headings contained in this Agreement are included solely for convenience, are not intended to be full or accurate descriptions of the content thereof and shall not be considered part of this Agreement or affect the construction or interpretation of any provision hereof.

1.6 **Schedules.** The Schedules to this Agreement shall be construed with and be considered an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein. The following Schedules are attached hereto:

#### Schedule "A"    Articles of Amalgamation

1.7 **Accounting Terms.** All accounting terms not specifically defined herein shall be construed in accordance with IFRS.

### ARTICLE            II AMALGAMATION

2.1 **Agreement to Amalgamate.** The Amalgamating Corporations do hereby agree to amalgamate pursuant to the provisions of section 181 of the CBCA as of the Effective Date and to continue as one corporation on the terms and conditions set out in this Agreement.

2.2 **Name.** The name of amalgamated corporation shall be "Auxico Resources Inc." (« **Amalco** »).

2.3 **Registered Office.** The registered office of Amalco shall be located at Suite 2702, 401 Bay Street, Toronto, Ontario, Canada M5H 2Y4.

2.4 **Articles of Amalgamation.** The articles of amalgamation of Amalco shall be in the form set out in Schedule "A" attached hereto whch include a description of the authoriwed capital of Amalco.

2.5 **Number of Directors.** The number of directors of Amalco shall be set at 7.

2.6 **Initial Directors.** The first directors of Amalco shall be the person whose name and residential address appears below:

Name	Address	Resident Canadian
Pierre Gauthier, Chairman & CEO		Yes
Mark Billings, President and Director		Yes
Salvador Brower, Director		No
Marc Filion, Director		Yes
Jospeh Lau, Director		No
Rick Whittaker, Director		Yes
Robin Connors, Director		Yes

Such directors shall hold office until the next annual meeting of shareholders of Amalco or until his successor is elected or appointed.

2.7 **Year End.** Amalco financial year end shall be December 31.

2.8 **By-Laws.** The by-laws of Amalco, until repealed, amended or altered, shall be the by-laws of Telferscot Sub.

2.9 **Filing of Documents** Upon the shareholders of each of the Amalgamating Corporations approving this Agreement by special resolution in accordance with the CBCA, the Amalgamating Corporations shall jointly file with the Director articles of amalgamation and such other documents as may be required.

2.10 **Stated Capital.** The stated capital of Amalco, immediately after the amalgamation becomes effective shall be equal to the aggregate stated capital of each of the Amalgamating Corporations.

### **ARTICLE III ISSUANCE OF SECURITIES AND RESTRUCTURING OF TELFERSCOT**

3.1 **Cancellation of Options.** Prior to the Effective Date, all Telferscot Options shall be surrendered for cancellation.

3.2 **Share Consolidation.** Prior to Closing, Telferscot shall complete the Telferscot Share Consolidation.

3.3 **Issuance of Shares.** In consideration of the agreement of the parties and their respective shareholders to the actions set forth herein, on the Effective Date:

- (a) Telferscot shall issue 21,500,000 fully paid, issued and outstanding Exchange Shares to Auxico Shareholders, being one (1) Exchange Share for each one (1) Auxico Share issued and outstanding as of the execution of this Agreement and all such Auxico shares shall be cancelled;
- (b) Telferscot shall issue 2,400,000 fully paid, issued and outstanding Exchange Shares to subscribers in the Private Placement, being one (1) Exchange Share for each one (1) Auxico Share purchased in the Private Placement and all such Auxico Shares shall be cancelled;
- (c) Telferscot shall assume the obligations of Auxico pursuant to the unsecured convertible debentures (the “**Debentures**”) issued by Auxico pursuant to the Debenture Financing. Further to such assumption, Telferscot shall reserve for issuance 5,000,000 Exchange Shares;
- (d) Amalco shall issue to Telferscot, the sole shareholder of Telferscot Sub, one (1) fully paid, issued and outstanding share in the capital of Amalco for each one (1) Telferscot Sub share held;
- (e) Amalco shall be a wholly-owned subsidiary of Telferscot; and
- (f) the holders of Auxico Shares, need not surrender certificates representing such securities in order to receive the aforementioned replacement securities. Instead, following completion of the Amalgamation, Telferscot Shares will be issued to each registered holder of Auxico Shares, and any outstanding certificates representing Auxico Shares will be deemed to be null and void.

**3.4 Fractional Shares.** No fractional securities shall be issued by Telferscot pursuant to Section 3.1. Any exchange or replacement contemplated in Section 3.1 hereof that results in less than a whole number shall be rounded to the nearest whole number.

**3.5 Name Change.** As at the Effective Date, Telferscot shall change its name to “Auxico Resources Canada Inc.”

**3.6 Board Rollover.** As at the Effective Date, the Board Rollover shall be completed.

## **ARTICLE IV REPRESENTATIONS AND WARRANTIES**

**4.1 Representations and Warranties of Auxico.** Auxico represents and warrants as at the date of this Agreement to and in favour of Telferscot as follows, and acknowledges that Telferscot is relying upon such representations and warranties in connection with the completion of the transactions contemplated herein:

- (a) Auxico is a corporation duly incorporated under the laws of Canada and is a valid and subsisting corporation under the CBCA and is in compliance, in all material respects, with the requirements of the CBCA, and has all requisite power and authority to carry on its business and to carry out the provisions hereof;
- (b) Auxico has no subsidiaries other than the Auxico Subsidiaries;

- (c) Auxico holds, directly or indirectly, all of the issued and outstanding securities of each of the Auxico Subsidiaries;
- (d) each of the Auxico Subsidiaries is duly incorporated or formed, as the case may be, under the laws of its jurisdiction of incorporation or formation, and are valid and subsisting corporations, and are in compliance, in all material respects, with the requirements of their statute of incorporation or formation, as applicable, and have all requisite power and authority to carry on their business and to carry out the provisions hereof;
- (e) Auxico has the requisite power, capacity and authority to enter into this Agreement on the terms and conditions herein set forth;
- (f) the authorized capital of Auxico consists of an unlimited number of common shares, without nominal or par value, of which 23,900,000 Auxico Shares are outstanding as at the date hereof, and there are convertible debentures in the amount of US\$2,000,000 which are convertible into 5,000,000 Auxico Shares and which will be issued and outstanding upon Closing;
- (g) other than securities issued or to be issued pursuant to the Private Placement, to the Debenture Financing and described in this Agreement, no Person has any agreement, option or right, understanding, warrant call, conversion right, commitment or right or privilege of any kind to acquire or capable of becoming an agreement for the allotment, purchase or acquisition of any of the unissued share capital of Auxico, and there are no outstanding securities or instruments which are convertible into or exchangeable for shares of Auxico, other than as described in Section 4.1(f) hereof;
- (h) no Person has any agreement, option or right, understanding, warrant call, conversion right, commitment or right or privilege of any kind to acquire or capable of becoming an agreement for the allotment, purchase or acquisition of any of the unissued share capital of the Auxico Subsidiaries, and there are no outstanding securities or instruments which are convertible into or exchangeable for shares of the Auxico Subsidiaries;
- (i) the information concerning Auxico and the Auxico Subsidiaries to be set forth in the Listing Statement and Circular will contain no untrue statement of a material fact and will not omit to state a material fact that is required to be stated or that is necessary to make a statement therein not misleading in light of the circumstances in which it will be made, and such information in the Listing Statement will constitute full, true and plain disclosure of all material facts relating to Auxico therein;
- (j) Auxico and the Auxico Subsidiaries are not liable, in any material respects, for any foreign or Canadian federal, provincial, municipal or local taxes, assessments, withholding taxes, employee or other remittances, or other imposts or penalties due and unpaid at the date hereof in respect of their respective income, employees, business or property, or for the payment of any tax instalment due in respect of its current taxation year (but not including taxes accruing due) or any previous taxation years, and no such taxes, assessments, imposts, remittances or penalties are required to be reserved;
- (k) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, or, to the knowledge of Auxico, pending or threatened against or relating to Auxico, the Auxico Subsidiaries or affecting the assets of Auxico which if determined adversely to Auxico or the Auxico Subsidiaries might have or might reasonably be expected to have a Material Adverse

Effect on the properties, business, future prospects or the financial condition of Auxico and there is no circumstance, matter or thing known to Auxico which might give rise to any such proceeding or to any governmental investigation relative to Auxico and there is not outstanding against Auxico any judgment, decree, injunction, rule or order of any court, government department, commission, agency or arbitrator;

- (l) Auxico is a taxable Canadian corporation as defined in the Tax Act and is not liable, in any material respect, for any Canadian federal, provincial, municipal or local taxes, sales tax assessments, withholding taxes, employee or other remittances, or other imposts or penalties due and unpaid at the date hereof in respect of its income, capital, employees, business or property, or for the payment of any tax instalment due in respect of its current taxation year (but not including taxes accruing due) or any previous taxation years, and no such taxes, assessments, imposts, remittances or penalties are required to be reserved. All such taxes, assessments, imposts, remittances and penalties have been properly calculated by Auxico, in all material respects. Auxico is not in default in filing any returns or reports covering any Canadian federal, provincial, municipal or local taxes, assessments or other imposts in respect of its income, business or property and Auxico has complied with all withholding, collection, remittance and other obligations under any applicable taxing statute;
- (m) no consent, approval, order or authorization of, or registration, declaration or filing with, any third party or Governmental Entity is required by or with respect to Auxico in connection with the execution and delivery of this Agreement by Auxico, the performance of its obligations hereunder or the consummation by Auxico of the transactions contemplated hereby, other than: (a) the approval of the Amalgamation and the Amalgamation Agreement by the shareholders of Auxico and the approval of the Amalgamation by the Director; (b) such registrations and other actions required under Applicable Securities Laws as are contemplated by this Agreement and registrations and applications required as a result of the formation of a new corporation on the Amalgamation; (c) any filings with the Director; and (d) any other consents, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a Material Adverse Effect on Auxico or prevent or materially impair Auxico's ability to perform its obligations hereunder;
- (n) since September 30, 2015 other than as disclosed in writing to Telferscot prior to the date hereof, there has not been any Material Adverse Change in the condition or operation of Auxico or the Auxico Subsidiaries or in their respective assets, liabilities or financial condition. Auxico will also provide Telferscot unaudited financial statements for the period ended March 31, 2016 which will have been reviewed by the auditors for Auxico;
- (o) the Auxico Financial Statements, are true and correct and present fairly, in all material respects, the financial position of Auxico and the Auxico Subsidiaries, on a consolidated basis, as at such dates and the results of its operations and changes in financial position for the periods indicated in the said statements, and have been prepared in accordance with IFRS applied on a basis consistent with that of prior periods;
- (p) there is no pending disagreement between Auxico and its auditors which could materially affect the financial situation of Auxico;
- (q) other than amounts owing to reimburse individuals for business expenses incurred in the ordinary course of business and approved on behalf of Auxico and the Auxico

Subsidiaries and remuneration for services in the ordinary course of business, neither Auxico nor the Auxico Subsidiaries are indebted to:

- (i) any director, officer, employee or shareholder of Auxico; or
- (ii) any corporation controlled, directly or indirectly, by any one or more of those Persons referred to in subsection 4.1(r) (i) hereof;
- (r) none of those Persons referred to in subsection 4.1(r) hereof is indebted to Auxico or the Auxico Subsidiaries;
- (s) to the best of the knowledge of Auxico (after due inquiry) except as described in the Listing Statement and Circular, none of the proposed directors or officers of Amalco is or has ever been subject to prior regulatory, criminal or bankruptcy proceedings in Canada or elsewhere;
- (t) no Person has any written or oral agreement, option, understanding or commitment or any right or privilege capable of becoming an agreement for the purchase, exchange, transfer or other disposition from Auxico or the Auxico Subsidiaries of any of their assets;
- (u) the entering into and performance of this Agreement and the transactions contemplated therein by Auxico will not violate:
  - (i) the constating documents or by-laws of Auxico or the Auxico Subsidiaries;
  - (ii) any material agreement to which Auxico or the Auxico Subsidiaries are a party, and will not give any Person any right to terminate or cancel any material agreement or any right enjoyed by Auxico or the Auxico Subsidiaries because of such agreement, and will not result in the creation or imposition of any lien, encumbrance or restriction of any nature whatsoever in favour of a third party upon or against Auxico or the Auxico Subsidiaries, or any of their respective assets; or
  - (iii) any statute, regulation, by-law, order, judgment or decree by which Auxico or the Auxico Subsidiaries is bound, except for such violations which would not have a Material Adverse Effect on the financial condition, assets or affairs of Auxico and the Auxico Subsidiaries;
- (v) neither Auxico nor the Auxico Subsidiaries is party to any loan agreement, credit agreement, hypothec agreement or other agreement of the same nature, other than: (i) as disclosed in the Auxico Financial Statements; (ii) in respect of the Debenture Financing; or (iii) as may be entered into following the date hereof and disclosed to Telferscot;
- (w) Auxico and the Auxico Subsidiaries have no material liabilities, contingent or otherwise, except those that will be set out in the Listing Statement or in the financial statements referred to in subsection 4.1(p) hereof, or, thereafter, incurred in the ordinary course of business, and except in the ordinary course of business, Auxico and the Auxico Subsidiaries have not guaranteed or indemnified, or agreed to guarantee or indemnify, any debt, liability or other obligation of any Person;
- (x) the Listing Statement will contain a list of all material contracts, agreements and commitments (whether written or oral) to which either Auxico or the Auxico Subsidiaries is a party, and all of such material contracts, agreements and commitments are in full

force and effect and neither Auxico nor the Auxico Subsidiaries is and will not be at Closing, in default under any of such contracts, agreements or commitments, save and except for any breach or default which is not material or which has been waived in writing by the other party to such contract, agreement or commitment;

- (y) there does not exist any state of facts which after notice or lapse of time, or both, will constitute a material default or breach on the part of Auxico under any of the provisions contained in any of the material contracts, commitments or agreements referred to in subsection 4.1(y) hereof;
- (z) the corporate records and minute books of Auxico and the Auxico Subsidiaries contain, in all material respects, complete and accurate minutes of all material decisions made at any meeting of the directors and shareholders since its date of incorporation, together with the full text of all resolutions of directors and shareholders passed in lieu of such meetings, duly signed;
- (aa) Auxico and the Auxico Subsidiaries are duly licensed, registered and qualified, in all material respects, and possess all material certificates, authorizations, permits or licences issued by the appropriate regulatory authorities in the jurisdictions necessary to enable their respective business to be carried on as now conducted and to enable their respective property and assets to be owned, leased and operated as they are now, and all such licences, registrations and qualifications are in good standing, in all material respects and none of such licenses, registrations or qualifications contains any burdensome term, provision, condition or limitation which has or is likely to have any Material Adverse Effect on the business of Auxico or the Auxico Subsidiaries, as now conducted;
- (bb) Auxico and the Auxico Subsidiaries have conducted and are conducting their respective business in accordance with good mining practices;
- (cc) Auxico Business is the only business carried on by Auxico and the Auxico subsidiaries. Auxico's Assets include all assets, rights, authorizations and property necessary to conduct Auxico's Business immediately after the Amalgamation in the same manner as it is currently conducted;
- (dd) Subject to any limitations set out in the title opinion to be provided by Abraham Urias (the "**Title Opinion**") Auxico, through the Auxico Subsidiaries as recipient of the four concessions (the "**Concessions**") in Mexico related to Auxico's Assets, has title to or the exclusive right to explore and to sell its share of production, on the terms set out in the Concessions (for the purposes of this subsection, the foregoing are referred to as the "**Interests**") and does represent and warrant that the Interests are, to the best of their knowledge, information and belief, after due inquiry, free and clear of adverse claims created by, through or under Auxico or any of the Auxico Subsidiaries, and, to the knowledge of Auxico after due inquiry, Auxico and the Auxico Subsidiaries, as applicable, holds the Interests under valid and subsisting concessions that are in good standing;
- (ee) the Auxico Subsidiaries, or Auxico on behalf of the Auxico Subsidiaries, has paid in full all outstanding amounts owed to acquire and maintain of the Concessions;
- (ff) other than pursuant to the terms and conditions of the Concessions, no person, owns, has or is entitled to any royalty, net profits interest, carried interest or any other encumbrances or claims of any nature whatsoever which are based on production from the properties or assets of Auxico or the Auxico Subsidiaries or any revenue or rights attributed thereto or has any written or oral agreement, option, understanding or

commitment, or any right or privilege capable of becoming such for the purchase or acquisition from Auxico or the Auxico subsidiaries of any of Auxico's Assets;

- (gg) any and all operations of Auxico and the Auxico Subsidiaries, and to the best of Auxico's knowledge, any and all operations by third parties on or in respect of the assets and properties of Auxico and the Auxico Subsidiaries, have been conducted in accordance with good mining industry practice and in material compliance with applicable laws, rules, regulations, orders and directions of government and other competent authorities except where the failure to so conduct the operations would not have a material adverse effect on Auxico or the Auxico Subsidiaries;
  - (hh) Auxico has made available to Telferscot all documents of title and other documents and agreements in its possession affecting the title of Auxico and the Auxico Subsidiaries to their mining properties;
- (i) except to the extent that any violation or other matter referred to in this subparagraph does not have a material adverse effect on Auxico or the Auxico Subsidiaries, in respect of Auxico and each of the Auxico Subsidiaries:
- (i) they have not received any order or directive which relates to any material work, repairs, construction, or capital expenditures on the properties or assets of Auxico and the Auxico Subsidiaries;
  - (ii) they are not in violation of any applicable federal, provincial, state, territory, municipal or local laws, regulations, orders, government decrees, approvals, licenses, permits or ordinances with respect to environmental, health or safety matters (collectively, "**Environmental Laws**");
  - (iii) they have operated their business at all times and have received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
  - (iv) there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by Auxico or any of the Auxico Subsidiaries that have not been remedied;
  - (v) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Auxico or any of the Auxico Subsidiaries;
  - (vi) they have not failed to report to the proper federal, provincial, state, territorial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign, the occurrence of any event which is required to be so reported by any Environmental Law;
  - (vii) they hold all licenses, permits and approvals required under any Environmental Laws in connection with the operation of their business and the ownership and use of their assets, all such licenses, permits and approvals are in full force and effect, neither Auxico nor any of the Auxico Subsidiaries has received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by any of them as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval

referred to above is about to be reviewed, made subject to limitations or conditions, revoked, withdrawn or terminated; and

- (viii) neither Auxico nor any of the Auxico Subsidiaries (including, if applicable, any predecessor companies thereof) has received any notice of, or been prosecuted for an offence alleging, material non-compliance with any Environmental Laws, and neither Auxico nor any of the Auxico Subsidiaries (including, if applicable, any predecessor companies) has settled any allegation of material non-compliance short of prosecution;
- (jj) to the knowledge of Auxico (after due inquiry), there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes, which have not been rectified, on any of the properties or assets owned or leased by Auxico and the Auxico Subsidiaries or in which any of them has an interest or over which any of them has control; except for any such spills, releases, deposits or discharges which, in aggregate, would not have a Material Adverse Effect on Auxico and the Auxico Subsidiaries;
- (kk) in respect of the assets and properties of Auxico and the Auxico Subsidiaries that are operated by them, if any, Auxico or the Auxico Subsidiaries hold all valid licenses, permits and similar rights and privileges that are required and necessary under applicable law to operate the assets and properties of Auxico as presently operated except where the failure to hold such licenses, permits and similar rights would not have a Material Adverse Effect on Auxico and the Auxico Subsidiaries;
- (ll) Auxico shall, as soon as is reasonably possible following the Closing Date institute, maintain and enforce a policy, system of internal controls and compliance and procedures to aid in the compliance by Auxico and each of the Auxico Subsidiaries with applicable Anti-Corruption Rules;
- (mm) none of Auxico, any of the Auxico Subsidiaries or any of their respective directors, officers, agents, employees, or affiliates, or any persons acting on behalf of any such persons shall: (i) offer, pay, promise to pay money, or offer, give or promise to give anything of value, directly or indirectly, to (A) any Public Official, or (B) to any person that any of Auxico, any of the Auxico Subsidiaries or any of their respective directors, officers, agents, employees, or affiliates, or any persons acting on behalf of any such persons, know or should be aware that such person will, or there is a probability that such person will, offer, promise, pay or give any part of the proposed payment or other thing of value of any kind to a Public Official for the purpose of obtaining or retaining business or an advantage in the course of business; or (ii) commit any other act or omission which would contravene or attract liability under Anti-Corruption Rules;
- (nn) to the best of the knowledge, information and belief of Auxico, after due inquiry, each of Auxico and the Auxico Subsidiaries, their affiliates, and any of their respective directors, officers, supervisors, managers, agents, consultants and employees, and any persons acting on behalf of any such persons, have conducted at all times and are conducting its operations in full compliance with, and without contravention of, the Anti-Corruption Rules of all applicable jurisdictions and no action, suit, investigation or proceeding by or before any Governmental Entity or any arbitrator involving Auxico, any of the Auxico Subsidiaries or any of their respective directors, officers, supervisors, managers, agents, consultants, employees, or affiliates, or any persons acting on behalf of any such persons, with respect to a violation or potential violation of Anti-Corruption Rules is pending or threatened;

- (oo) none of Auxico, the Auxico Subsidiaries, or any their respective directors, officers, agents, employees, or affiliates, or any persons acting on behalf of any such persons, is a "listed entity", "designated person" or "listed person" under Part II.1 of the *Criminal Code* (Canada) or an order or regulation issued under the *Auxico Nations Act* (Canada) or the *Special Economic Measures Act* (Canada) (collectively, "**Canadian Sanctions Laws**") or is the subject of any sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC"); and none of Auxico or any of the Auxico Subsidiaries will, directly or indirectly, use the proceeds of the Private Placement, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person or entity that is listed or designated under Canadian Sanctions Laws or is the subject of any sanctions administered by OFAC;
- (pp) to the best of the knowledge, information and belief of Auxico, after due inquiry, the activities and operations of Auxico, the Auxico Subsidiaries and all of their respective directors, officers, agents, employees, affiliates or persons acting on behalf of any such persons, are and have been conducted at all times in compliance with the anti-money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency to which they are subject (collectively, the "**Anti-Money Laundering Laws**") and no action, suit or proceeding by or before any Governmental Entity or any arbitrator involving Auxico or the Auxico Subsidiaries with respect to the Anti-Money Laundering Laws is, to the knowledge of Auxico, pending or threatened;
- (qq) to the best of the knowledge of Auxico, there does not currently exist any shareholders agreement, pooling agreement, voting trust or other similar type of arrangement in respect of outstanding securities of Auxico;
- (rr) Auxico has provided Telferscot with copies of all agreements with any officer, director, employee, shareholder or any other Person not dealing at arm's length with Auxico and Auxico has no benefit plans, bonus plans or deferred compensation plans other than as disclosed in the Listing Statement;
- (ss) the execution and delivery of this Agreement and the completion of the transactions contemplated herein have been, or in respect of the transactions contemplated herein will have been prior to Closing, duly approved by the board of directors of Auxico and this Agreement constitutes a valid and binding obligation of Auxico enforceable against it in accordance with its terms, subject, however, to limitations imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance or injunction are granted at the discretion of a court of competent jurisdiction and no other corporate proceedings on its part are required to authorize this Agreement, other than the approval by special resolution of the shareholders of Auxico of the Amalgamation and this Agreement;
- (tt) the board of directors of Auxico has endorsed the Amalgamation and approved this Agreement, has determined that the Amalgamation and this Agreement are in the best interests of Auxico and its shareholders, and have resolved to recommend approval of the Amalgamation by applicable shareholders;
- (uu) no consents, registrations, approvals, permits, waivers or authorizations are required to be obtained by Auxico from, any governmental or regulatory authority in connection with

the execution and delivery of this Agreement by Auxico and the consummation of the transactions contemplated herein by Auxico, the failure to make or obtain any or all of which is reasonably likely to have a Material Adverse Effect on the consolidated financial condition of Auxico, or could prevent, materially delay or materially burden the transactions contemplated herein;

- (vv) Auxico is not a "reporting issuer" in any jurisdiction of Canada, and is not subject to any regulatory decision or order prohibiting or restricting trading in any of its securities;
- (ww) no cease trade order has been issued against Auxico or the Auxico Shares in any jurisdiction, and to the knowledge of Auxico, no cease trade order is pending or threatened;
- (xx) Auxico has no reasonable grounds for believing that a creditor of Auxico will be prejudiced by the Amalgamation.

**4.2 Representations and Warranties of Telferscot.** Telferscot represents and warrants as at the date of this Agreement to and in favour of Auxico as follows, and acknowledges that Auxico is relying upon such representations and warranties in connection with the completion of the transactions contemplated herein:

- (a) Telferscot is a corporation duly incorporated under the laws of Canada and is a valid and subsisting corporation under the CBCA and is in compliance, in all material respects, with the requirements of the CBCA and has all requisite power and authority to carry on its business and to carry out the provisions hereof;
- (b) Telferscot has no subsidiaries, other than Telferscot Sub;
- (c) Telferscot is a company listed on the CSE and historically was engaged in the business of exploring resource properties located in the Katanga Province, in the Democratic Republic of Congo but as of the date hereof, Telferscot does not have an interest in any mining properties anywhere in the world;
- (d) Telferscot is a "reporting issuer" as that term is defined under Applicable Securities Laws in each of the provinces of Alberta, British Columbia, Manitoba and Ontario and is not in default of the requirements of the Applicable Securities Laws in such jurisdictions;
- (e) Telferscot is in material compliance with all of its obligations as a reporting issuer in the jurisdictions where it is a reporting issuer, including those imposed pursuant to securities legislation, and the regulations and policies thereunder;
- (f) Telferscot is in material compliance with all of the policies of the CSE;
- (g) no cease trade order is currently issued against Telferscot or the Telferscot Shares in any jurisdiction, and, to the knowledge of Telferscot, no cease trade order is pending or threatened;
- (h) Telferscot has the requisite power, capacity and authority to enter into this Agreement on the terms and conditions herein set forth;
- (i) the authorized capital of Telferscot consists of an unlimited number of common shares, without nominal or par value, of which 104,856,961 Telferscot Shares are issued and outstanding and all such shares are validly issued and outstanding as fully paid and non-assessable shares;

- (j) there are currently 2,383,333 options outstanding convertible into Telferscot Shares at a strike price of \$0.15 (current Telferscot stock price, pre-consolidation). All such options shall be cancelled prior to the Effective Date;
- (k) Telferscot has not incurred any legal liability for brokerage fees, finder's fees, agent's commissions or other similar forms of compensation in connection with the transactions contemplated by this Agreement;
- (l) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, or, to the knowledge of Telferscot, pending or threatened against or relating to Telferscot or affecting the assets of Telferscot which if determined adversely to Telferscot might have or might reasonably be expected to have a Material Adverse Effect on the properties, business, future prospects or the financial condition of Telferscot and there is no circumstance, matter or thing known to Telferscot which might give rise to any such proceeding or to any governmental investigation relative to Telferscot and there is not outstanding against Telferscot any judgment, decree, injunction, rule or order of any court, government department, commission, agency or arbitrator;
- (m) Telferscot is a taxable Canadian corporation as defined in the Tax Act and is not liable, in any material respect, for any Canadian federal, provincial, municipal or local taxes, sales tax assessments, withholding taxes, employee or other remittances, or other imposts or penalties due and unpaid at the date hereof in respect of its income, capital, employees, business or property, or for the payment of any tax instalment due in respect of its current taxation year (but not including taxes accruing due) or any previous taxation years, and no such taxes, assessments, imposts, remittances or penalties are required to be reserved against. All such taxes, assessments, imposts, remittances and penalties have been properly calculated by Telferscot, in all material respects. Telferscot is not in default in filing any returns or reports covering any Canadian federal, provincial, municipal or local taxes, assessments or other imposts in respect of its income, business or property and Telferscot has complied with all withholding, collection, remittance and other obligations under any applicable taxing statute;
- (n) the entering into and performance of this Agreement and the transactions contemplated herein by Telferscot will not violate:
  - (i) the constating documents or by-laws of Telferscot;
  - (ii) any agreement to which Telferscot is a party and will not give any Person any right to terminate or cancel any agreement or any right enjoyed by Telferscot because of such agreement, and will not result in the creation or imposition of any lien, encumbrance or restriction of any nature whatsoever in favour of a third party upon or against Telferscot or the assets of Telferscot; or
  - (iii) any statute, regulation, by-law, order, judgment, or decree by which Telferscot is bound, except for such violations which would not have a Material Adverse Effect on the financial condition, assets or affairs of Telferscot;
- (o) there is no pending disagreement between Telferscot and its auditors which could materially affect the financial condition of Telferscot;
- (p) since May 17, 2016, there has not been any Material Adverse Change in the condition or operation of Telferscot or in its assets, liabilities or financial condition;

- (q) the Telferscot Financial Statements, are true and correct and present fairly, in all material respects, the financial position of Telferscot as at such dates and the results of its operations and changes in financial position for the periods indicated in the said statements, and have been prepared in accordance with IFRS applied on a basis consistent with that of prior periods;
- (r) Telferscot has no material liabilities, contingent or otherwise, except those set out in the Telferscot Financial Statements, or, thereafter, incurred in the ordinary course of business, and except in the ordinary course of business, Telferscot has not guaranteed or indemnified, or agreed to guarantee or indemnify, any debt, liability or other obligation of any Person;
- (s) other than amounts owing to reimburse individuals for business expenses, Telferscot is not indebted to:
  - (i) any director, officer or shareholder of Telferscot; or
  - (ii) any corporation controlled, directly or indirectly, by any one or more of those Persons referred to in subsection 4.2(s) hereof;
- (t) none of those Persons referred to in subsection 4.2(s) hereof is indebted to Telferscot;
- (u) no Person has any written or oral agreement, option, understanding or commitment or any right or privilege capable of becoming an agreement for the purchase, exchange, transfer or other disposition from Telferscot of any of its assets;
- (v) the information concerning Telferscot to be set forth in the Listing Statement will contain no untrue statement of a material fact and will not omit to state a material fact that is required to be stated or that is necessary to make a statement therein not misleading in light of the circumstances in which it will be made, and such information in the Listing Statement will constitute full, true and plain disclosure of all material facts relating to Telferscot therein;
- (w) the execution and delivery of this Agreement and the completion of the transactions contemplated herein have been, or in respect of the transactions contemplated herein will have been prior to Closing, duly approved by the board of directors of Telferscot and this Agreement constitutes a valid and binding obligation of Telferscot enforceable against it in accordance with its terms, subject, however, to limitations imposed by law in connection with bankruptcy or similar proceedings and to the extent that equitable remedies such as specific performance or injunction are granted at the discretion of a court of competent jurisdiction and no other corporate proceedings on its part are required to authorize this Agreement, other than the approval by the shareholders of Telferscot at the Telferscot Meeting of the matters contemplated in the Circular;
- (x) the board of directors of Telferscot entitled to vote have endorsed the Amalgamation and approved this Agreement, have determined that the Amalgamation and this Agreement are in the best interests of Telferscot and its shareholders, and have resolved to recommend approval of the Amalgamation by applicable shareholders;
- (y) no consent, approval, order or authorization of, or registration, declaration or filing with, any third party or Governmental Entity is required by or with respect to Telferscot in connection with the execution and delivery of this Agreement by Telferscot, the performance of its obligations hereunder or the consummation by Telferscot of the

transactions contemplated hereby other than: (a) the approval of the Telferscot Share Consolidation, and the Amalgamation and the Amalgamation Agreement by the shareholders of Telferscot, the approval of the Amalgamation by the Director and the acceptance of the Listing by the CSE; (b) such registrations and other actions required under Applicable Securities Laws as are contemplated by this Agreement and registrations and applications required as a result of the formation of a new corporation on the Amalgamation; (c) any filings with the Director; and (d) any other consents, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a Material Adverse Effect on Telferscot or prevent or materially impair Telferscot's ability to perform its obligations hereunder;

- (z) the documents filed on SEDAR complied in all material respects with Applicable Securities Laws in the jurisdictions they were filed at the time they were filed, and Telferscot has not filed any confidential filings with any securities authorities which continue to be confidential;
- (aa) there is no "material fact" or "material change" (as those terms are defined in Applicable Securities Laws) in the affairs of Telferscot that has not been generally disclosed to the public;
- (bb) the Listing Statement will contain a list of all material contracts, agreements and commitments (whether written or oral) to which Telferscot is a party, and all of such material contracts, agreements and commitments are in full force and effect and Telferscot is and will not be at Closing, in default under any of such contracts, agreements or commitments, save and except for any breach or default which is not material or which has been waived in writing by the other party to such contract, agreement or commitment;
- (cc) there does not exist any state of facts which after notice or lapse of time, or both, will constitute a material default or breach on the part of Telferscot under any of the provisions contained in any of the material contracts, commitments or agreements referred to in subsection 4.2(bb) hereof;
- (dd) the corporate records and minute books of Telferscot contain, in all material respects, complete and accurate minutes of all material decisions made at any meeting of the directors and shareholders since its date of incorporation, together with the full text of all resolutions of directors and shareholders passed in lieu of such meetings, duly signed;
- (ee) to the best of the knowledge of Telferscot other than the Telferscot Escrow Agreement, there does not currently exist any shareholders agreement, pooling agreement, voting trust or other similar type of arrangement in respect of outstanding securities of Telferscot;
- (ff) Telferscot has filed all forms, reports, documents and information required to be filed by it, whether pursuant to applicable securities legislation or otherwise, with the applicable securities commissions (the "**Disclosure Documents**"). As of the time the Disclosure Documents were filed with the applicable securities regulators and on SEDAR (or, if amended or superseded by a filing prior to the date of this letter agreement, then on the date of such filing): (i) each of the Disclosure Documents complied in all material respects with the requirements of the Applicable Securities Laws in the jurisdictions they were filed; and (ii) none of the Disclosure Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary

- in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;
- (gg) Telferscot has no reasonable grounds for believing that a creditor of Telferscot will be prejudiced by the Amalgamation;
  - (hh) except as contemplated herein, Telferscot is not currently a party to any contract, agreement or understanding with any officer, director, employee, shareholder or any other Person not dealing at arm's length with Telferscot; and
  - (ii) Capital Transfer Agency Inc. has been duly appointed as the registrar and transfer agent of Telferscot.

## ARTICLE V COVENANTS

**5.1 General Covenants of Telferscot.** Telferscot covenants and agrees that, until Closing or the date on which this Agreement is terminated, and unless otherwise contemplated herein, it shall:

- (a) take all requisite action to:
  - (i) approve this Agreement;
  - (ii) hold the Telferscot Meeting;
  - (iii) complete the Proposed Transaction;
  - (iv) approve such actions as the other parties hereto may determine to be necessary or desirable for the purposes hereof;
- (b) in consultation with Auxico and its counsel, prepare and file the Listing Statement all in accordance with applicable laws;
- (c) in consultation with Auxico and its counsel, prepare and deliver the Circular to the shareholders of Telferscot;
- (d) use its reasonable commercial efforts to preserve intact as a going concern its business organization and goodwill, to keep available the services of its officers and employees as a group and to maintain its business relationships;
- (e) give its consent (and provide such other reasonable assurances as may be required) and use its best efforts to obtain (including the provision of such reasonable assurances as may be required), consents of all other Persons to the transactions contemplated by this Agreement, as may be required pursuant to any statute, law or ordinance or by any governmental or other regulatory authority having jurisdiction;
- (f) upon Telferscot receiving notification or other information from any regulatory authority or body concerning the transactions contemplated hereunder, such information shall be promptly disclosed in writing to the counsel for Auxico;
- (g) in consultation with Auxico and its counsel, forthwith use its commercially reasonable efforts to assist Auxico in meeting its obligations pursuant to Section 5.2 (f) hereof;

- (h) take all steps necessary to make proper disclosure within such time as required by any regulatory authority and any other applicable statutes and laws concerning this Agreement and the transactions contemplated herein;
- (i) use its reasonable commercial efforts to maintain its status as a reporting issuer in Alberta, British Columbia, Manitoba and Ontario;
- (j) use all reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder set forth in Article V to the extent the same is within its control and take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the amalgamation, including using its reasonable commercial efforts to:
  - (i) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
  - (ii) obtain all necessary consents, approvals and authorizations as are required to be obtained by it under any applicable laws;
  - (iii) effect all necessary registrations and filings and submissions of information requested by governmental entities required to be effected by it in connection with this Amalgamation and participate and appear in any proceedings of either party before governmental entities in connection with this Amalgamation;
  - (iv) oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop or otherwise adversely affect the ability of the parties to consummate the transactions contemplated hereby;
  - (v) fulfill all conditions and satisfy all provisions of this Agreement;
  - (vi) cooperate with the other parties to this Agreement in connection with the performance by Telferscot of its obligations hereunder; and
  - (vii) not take any action, refrain from taking any action or permit any action to be taken or not taken that is inconsistent with this Agreement or that would reasonably be expected to significantly impede the consummation of the Amalgamation;
- (k) not incur any material liabilities of any kind whatsoever, whether or not accrued and whether or not determined or determinable, in respect of which Telferscot may become liable on or after the Closing Date, except as set out in Telferscot's Financial Statements and except for those public company and transactional costs incurred prior to Closing;
- (l) not incur expenses or indebtedness in excess of an aggregate of \$50,000 save and except in the ordinary course of its business;
- (m) not increase the officers' or directors' remuneration;
- (n) not sell, assign, transfer or charge any of its assets;
- (o) not issue any shares from its share capital or redeem outstanding shares;
- (p) not issue any options without the prior approval of Auxico

- (q) to file, duly and timely, all tax returns required to be filed by it and to pay promptly all taxes, assessments and governmental charges which are claimed by any governmental authority to be due and owing and not to enter into any agreement, waiver or other arrangement providing for an extension of time with respect to the filing of any tax return or the payment or assessment of any tax, governmental charge or deficiency; and
- (r) neither declare nor pay any dividends or other distributions or returns of capital on Telferscot Shares from the date of this Agreement until the Closing Date without the prior consent of Auxico;

**5.2 General Covenants of Auxico.** Auxico covenants and agrees that, until Closing or the date on which this Agreement is terminated, and unless otherwise contemplated herein, it shall:

- (a) take all requisite action to:
  - (i) approve this Agreement;
  - (ii) approve the Amalgamation;
  - (iii) approve such actions as Telferscot may determine to be necessary or desirable for the purposes hereof;
- (b) in consultation with Telferscot and its counsel, prepare and file the Listing Statement all accordance with applicable laws;
- (c) use its reasonable commercial efforts to preserve intact as a going concern its business organization and goodwill, to keep available the services of its officers and employees as a group and to maintain its business relationships;
- (d) give its consent (and provide such other reasonable assurances as may be required) and use its best efforts to obtain (including the provision of such reasonable assurances as may be required), consents of all other Persons to the transactions contemplated by this Agreement, as may be required pursuant to any statute, law or ordinance or by any governmental or other regulatory authority having jurisdiction;
- (e) upon Auxico receiving notification or other information from any regulatory authority or body concerning the transactions contemplated hereunder, such information shall be promptly disclosed in writing to the solicitors for Telferscot;
- (f) in consultation with Telferscot and its counsel, forthwith use its commercially reasonable best efforts to obtain all necessary regulatory approvals and to make application to the CSE for the Listing following the Closing and assist in making all submissions, preparing all press releases and circulars and making all notifications required with respect to this transaction and the issuance of securities as contemplated hereunder;
- (g) take all steps necessary to make proper disclosure within such time as required by any regulatory authority and any other applicable statutes and laws concerning this Agreement and the transactions contemplated herein;
- (h) use all reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder set forth in Article VI to the extent the same is within its control and take, or cause to be taken, all other action and to do, or

cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the amalgamation, including using its reasonable commercial efforts to:

- (h) obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
  - (i) obtain all necessary consents, approvals and authorizations as are required to be obtained by it under any applicable laws;
  - (ii) effect all necessary registrations and filings and submissions of information requested by governmental entities required to be effected by it in connection with the amalgamation and participate and appear in any proceedings of either party before governmental entities in connection with the Amalgamation;
  - (iii) oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop or otherwise adversely affect the ability of the parties to consummate the transactions contemplated hereby;
  - (iv) fulfill all conditions and satisfy all provisions of this Agreement;
  - (v) cooperate with the other parties to this Agreement in connection with the performance by Auxico of its obligations hereunder; and
  - (vi) not take any action, refrain from taking any action or permit any action to be taken or not taken that is inconsistent with this Agreement or that would reasonably be expected to significantly impede the consummation of the amalgamation;
- (i) not incur any material liabilities of any kind whatsoever, whether or not accrued and whether or not determined or determinable, in respect of which Auxico may become liable on or after the Closing Date, except as set out in Auxico's Financial Statements or the Listing Statement and except for those costs in the ordinary course of business and transactional costs incurred prior to Closing;
- (j) to file, duly and timely, all tax returns required to be filed by it and to pay promptly all taxes, assessments and governmental charges which are claimed by any governmental authority to be due and owing and not to enter into any agreement, waiver or other arrangement providing for an extension of time with respect to the filing of any tax return or the payment or assessment of any tax, governmental charge or deficiency;
- (k) not incur expenses or indebtedness in excess of an aggregate of \$50,000 save and except in the ordinary course of its business;
- (l) not increase the officers' or directors' remuneration;
- (m) not sell, assign, transfer or charge any of its assets;
- (n) not issue any shares from its share capital or redeem outstanding shares;
- (o) not issue any options without the prior approval of Telferscot; and

- (p) neither declare nor pay any dividends or other distributions or returns of capital on Auxico Shares from the date of this Agreement until the Closing Date without the prior written consent of Telferscot.

## ARTICLE VI CONDITIONS TO CLOSING

**6.1 Conditions Precedent to Obligations of Auxico.** The obligations of Auxico to complete the transactions contemplated hereunder shall be subject to the satisfaction of, or compliance with, at or before the Closing Date, each of the following conditions precedent (each of which is hereby acknowledged to be for the exclusive benefit of Auxico and may be waived by Auxico in whole or in part on or before the Closing Date):

- (a) Auxico shall on or before the Closing Date have received from Telferscot all documents and instruments as Auxico may reasonably request for the purpose of effecting the Amalgamation in accordance with the terms of this Agreement;
- (b) all of the representations and warranties of Telferscot made in or pursuant to this Agreement shall be true and correct in all material respects as at the Closing Date and with the same effect as if made at and as of the Closing Date (except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted hereby that are not materially adverse and arise in the ordinary course of business) and Auxico shall have received certificates dated as at the Closing Date in form satisfactory to Auxico and their solicitors, acting reasonably, signed by a senior officer or director of Telferscot on behalf of Telferscot, certifying the truth and correctness in all material respects of the representations and warranties of Telferscot set out in this Agreement;
- (c) Telferscot will have performed and complied with all terms, covenants and conditions required by this Agreement to be performed or complied with by it on or before the Closing Date;
- (d) at the Closing Date, there shall have been no change in the condition (financial or otherwise), properties, assets, liabilities, earnings, or business operations or prospects of Telferscot from that shown on or reflected in Telferscot's Financial Statements which would constitute a Material Adverse Effect;
- (e) Telferscot shall deliver to Auxico at Closing a favourable opinion of its solicitors (it being understood that such counsel may rely, to the extent appropriate, on the circumstances, as to matters of fact on a certificate(s) of a senior officer of Telferscot and on a certificate(s) of the registrar and transfer agent of Telferscot, and on opinions from local solicitors) in form satisfactory to the solicitors for Auxico acting reasonably;
- (f) all consents, approvals, orders and authorizations of any Persons or governmental authorities in Canada or elsewhere (or registrations, declarations, filings or records with any such authorities), including, without limitation, all such registrations, recordings and filings with such securities regulatory and other public authorities as may be required to be obtained by Telferscot in connection with the execution of this Agreement, the Closing or the performance of any of the terms and conditions hereof, or from the shareholders of Auxico, if necessary, shall have been obtained on or before the Closing Date;

- (g) Telferscot shall be a reporting issuer in good standing in the provinces of Alberta, Ontario, Manitoba and British Columbia and neither Telferscot nor any of its securities shall be the subject of any cease trade order or regulatory enquiry or investigation in any jurisdiction;
- (h) Telferscot shall receive the resignations of such directors and officers of Telferscot as is necessary to be consistent with the proposed officers and directors of the Telferscot disclosed in the Listing Statement;
- (i) the Telferscot Options shall have been cancelled;
- (j) upon Closing, all regulatory requirements shall have been or are capable of being satisfied, including satisfaction of the initial listing requirements of the CSE;
- (k) Telferscot shall deliver, or cause to be delivered to Auxico on or before the Closing Date such other certificates, agreements or other documents as may reasonably be required by Auxico or its solicitors, acting reasonably, to give full effect to this Agreement including, but not limited to, a mutual release executed by departing officers and directors of Telferscot;
- (l) at or prior to Closing, Telferscot shall have filed all tax returns required to be filed by it prior to the date hereof in all applicable jurisdictions and shall have paid, collected and remitted all taxes, customs duties, tax installments, levies, assessments, reassessments, penalties, interest and fines due and payable, collectible or remittable by it at such time. All such tax returns shall properly reflect, and shall not in any respect understate the income, taxable income or the liability for taxes of Auxico in the relevant period and the liability of Telferscot for the collection, payment and remittance of tax under applicable Tax Laws;
- (m) upon Closing, Telferscot shall have withheld and remitted all amounts required to be withheld and remitted by it in respect of any taxes, governmental charges or assessments in respect of any taxable year or portion thereof up to and including June 30, 2016;
- (n) rights of dissent to the Amalgamation pursuant to subsection 190(1)(c) of the CBCA shall not have been exercised, nor shall proceedings have been initiated to exercise such rights by Auxico Shareholders that exceed 25% of the Auxico Shares or such other amounts which in the opinion of the board of directors of Auxico, acting reasonably, may have a Material Adverse Effect upon the business, property or financial condition of Telferscot or Auxico;
- (o) Telferscot shall have received the requisite approvals by its shareholders for all of the matters contemplated in the Circular;
- (p) The board of directors of Telferscot shall have approved the Name Change;
- (q) The Board Rollover shall have been completed; and
- (r) Telferscot shall have completed the Telferscot Share Consolidation.

**6.2 Conditions Precedent to Obligations of Telferscot.** The obligation of Telferscot to complete the transactions contemplated hereunder shall be subject to the satisfaction of or compliance with, at or before the Closing Date, each of the following conditions precedent (each of which is hereby

acknowledged to be for the exclusive benefit of Telferscot and may be waived by Telferscot in writing, in whole or in part, on or before the Closing Date):

- (a) Telferscot shall on or before the Closing Date have received from Auxico all other documents and instruments as Telferscot may reasonably request for the purpose of effecting the Amalgamation in accordance with the terms of this Agreement;
- (b) upon Closing, Auxico shall have withheld and remitted all amounts required to be withheld and remitted by it in respect of any taxes, governmental charges or assessments in respect of any taxable year or portion thereof up to and including June 30, 2016;
- (c) all of the representations, warranties and covenants of Auxico made in or pursuant to this Agreement shall be true and correct in all material respects as at the Closing Date and with the same effect as if made at and as of the Closing Date (except as such representations and warranties may be affected by the occurrence of events or transactions expressly contemplated and permitted hereby that are not materially adverse and arise in the ordinary course of business) and Telferscot shall have received a certificate of Auxico dated as at the Closing Date in form satisfactory to Telferscot and its solicitors, acting reasonably, certifying the truth and correctness in all material respects of the representations, warranties and covenants of Auxico set out in this Agreement;
- (d) Auxico will have performed and complied with all terms, covenants and conditions required by this Agreement to be performed or complied with by it on or before the Closing Date;
- (e) at the Closing Date, there shall have been no change in the condition (financial or otherwise), properties, assets, liabilities, earnings, or business operations or prospects of the Auxico Group from that shown on or reflected in Auxico's Financial Statements which would constitute a Material Adverse Effect;
- (f) Telferscot shall have entered into an agreement with Grove Capital Group to extend its existing contract for a period of no less than twelve (12) months from the Closing Date;
- (g) All documents in respect of the Debenture Financing shall have been executed and held in escrow with the only condition being the completion of the Proposed Transaction;
- (h) Auxico shall deliver to Telferscot at Closing a favourable opinion (including opinions on Auxico Fuels, Auxico Oil Sands and on title to Auxico's Assets) of its solicitors (it being understood that such counsel may rely, to the extent appropriate in the circumstances, as to matters of fact on a certificate(s) of a senior officer of Auxico and on opinions from local solicitors) in form satisfactory to the solicitors for Telferscot acting reasonably;
- (i) all consents, approvals, orders and authorizations of any Persons or governmental authorities in Canada or elsewhere (or registrations, declarations, filings or records with any such authorities), including, without limitation, all such registrations, recordings and filings with such securities regulatory and other public authorities as may be required to be obtained by Auxico in connection with the execution of this Agreement, the Closing or the performance of any of the terms and conditions hereof, shall have been obtained on or before the Closing Date;
- (j) upon Closing, all regulatory requirements shall have been or are capable of being satisfied, satisfaction of the initial listing requirements of the CSE;

- (k) Auxico shall deliver, or cause to be delivered to Telferscot on or before the Closing Date such other certificates, agreements or other documents as may reasonably be required by Telferscot or its solicitors, acting reasonably, to give full effect to this Agreement including but not limited to (i) a mutual release executed by Telferscot in favour of the departing officers and directors of Telferscot and (ii) an indemnity executed by Telferscot in favour of departing officers and directors of Telferscot;
- (l) neither Auxico nor any of its securities shall be the subject of any cease trade order or regulatory enquiry or investigation in any jurisdiction;
- (m) Telferscot shall have completed its due diligence review of Auxico, Auxico Assets, Auxico Business and the Auxico Subsidiaries to its satisfaction; and
- (n) Auxico shall deliver the Title Opinion in a form satisfactory to Telferscot acting reasonably.

## ARTICLE VII AMENDMENT AND TERMINATION OF AGREEMENT

**7.1 Amendment.** This Agreement may, at any time and from time to time, be amended by written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of their respective shareholders and any such amendment may, without limitation:

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

provided that no such amendment shall change the provisions hereof regarding the consideration to be received by securityholders of Telferscot and securityholders of Auxico without approval by such securityholders of Telferscot and Auxico given in the same manner as required for the approval of the Amalgamation.

**7.2 Rights of Termination.** If any of the conditions contained in Article VI shall not be fulfilled or performed by September 30, 2016 (the "Termination Date") and such condition is contained in:

- (a) Section 6.1 hereof, Auxico may terminate this Agreement by notice to Telferscot; or
- (b) Section 6.2 hereof, Telferscot may terminate this Agreement by notice to Auxico.

If this Agreement is terminated as aforesaid, the party terminating this Agreement shall be released from all obligations under this Agreement, all rights of specific performance against such party shall terminate and, unless such party can show that the condition the non-performance of which has caused such party to terminate this Agreement was reasonably capable of being performed by the other party, then the other party shall also be released from all obligations hereunder; and further provided that any of such conditions may be waived in full or in part by either of the parties without prejudice to its rights of termination in the event of the non-fulfillment or non-performance of any other condition.

**7.3 Notice of Unfulfilled Conditions.** If Telferscot or Auxico shall determine at any time prior to the Effective Date that it intends to refuse to consummate the Amalgamation or any of the other transactions contemplated hereby because of any unfulfilled or unperformed condition contained in this Agreement on the part of the other of them to be fulfilled or performed, Telferscot or Auxico, as the case may be, shall so notify the other of them forthwith upon making such determination in order that such other of them shall have the right and opportunity to take such steps, at its own expense, as may be necessary for the purpose of fulfilling or performing such condition within a reasonable period of time, but in no event later than the Termination Date.

**7.4 Mutual Termination.** This Agreement may, at any time, but no later than the last Business Day immediately preceding the Effective Date, be terminated by mutual agreement of the directors of Telferscot and Auxico without further action on the part of the shareholders of Telferscot or Auxico, and, if the Amalgamation does not become effective on or before the Termination Date, either Telferscot or Auxico may unilaterally terminate this Agreement, which termination will be effective upon a resolution to that effect being passed by its directors and notice thereof being given to the other of them.

**7.5 Telferscot Break-Up Fee.** Should Telferscot accept an Alternative Transaction (as this term is defined in Section 8.2 herein) or a superior proposal, following Auxico inability to match such superior proposal, Telferscot shall pay to Auxico a break-up fee by the way of a payment of \$100,000 in cash to Auxico (the "Telferscot Break-Up Fee").

**7.6 Auxico Break-Up Fee.** If any of the conditions set out in Section 6.2 of the Agreement have not been satisfied by September 30, 2016 or if Auxico elects to terminate this Agreement because the condition set out in Section 6.1 (m) has not been met, Auxico shall pay to Telferscot a break-up fee by way of a payment of \$100,000 in cash to Telferscot (the "Auxico Break-Up Fee").

## **ARTICLE VIII GENERAL**

**8.1 Stand Still Agreement.** As long as this Agreement is in effect and except as contemplated herein, neither Telferscot nor Auxico (including their respective directors, officers and agents) will solicit any discussions, expressions of interest, proposals or accept any offers from any Person relating to a possible merger, amalgamation, arrangement or relating to the sale of substantially all of the shares or assets, or any controlling equity interest of Telferscot or Auxico (other than as contemplated under this Agreement), as applicable, provided however that the board of directors of Telferscot and Auxico, as applicable, may take action or refrain from taking action as is appropriate to satisfy applicable fiduciary duties and further provided that Telferscot and Auxico (including their directors, officers and agents) may solicit and accept offers if the articles of amalgamation are not filed with the Director on or before the Termination Date.

**8.2 Disclosure of Alternative Transaction.** In the event either Auxico or Telferscot shall receive an unsolicited proposal, offer or expression of interest in connection with any of those matters referred to in Section 8.1 on or before the Termination Date (the "Alternative Transaction"), the recipient of such proposal, offer or expression of interest shall notify the other party and shall provide details of such proposal, offer or expression of interest to the other party. This acceptance of such Alternative Transaction by Telferscot is subject to a customary right of first refusal of Auxico to match the offer of the Alternative Transaction and payment of the Break-Up Fee should Auxico not to match any unsolicited third party bona fide offer as defined in Section 7.5 herein.

**8.3 Confidentiality & Public Notices.** Except where compliance with this Section 8.3 would result in a breach of applicable law, notices, releases, statements and communications to Third Parties, including employees of the parties and the press, relating to transactions contemplated by this Agreement will be

made only in such manner as shall be authorized and approved by Auxico, who when required, shall use its best efforts to provide such authorization and approval to Telferscot in a timely manner as shall permit compliance by Telferscot with all continuous disclosure to any regulatory authority or obligations under any applicable securities regulations. Telferscot and Auxico shall maintain the confidentiality of any information received from each other in connection with the transactions contemplated by this Agreement. In the event that the issuance of the Exchange Shares provided for in this Agreement is not consummated, each party shall return any confidential schedules, documents or other written information to the party who provided same in connection with this Agreement. Auxico agrees that it will not, directly or indirectly, make reciprocal use for its own purposes of any information or confidential data relating to Telferscot or Telferscot's Business discovered or acquired by it, its representatives or accountants as a result of Telferscot making available to it, its representatives and accountants, any information, books, accounts, records or other data and information relating to Telferscot or Telferscot's Business and Auxico agrees that it will not disclose, divulge or communicate orally, in writing or otherwise (directly or indirectly), any such information or confidential data so discovered or acquired by any other Person. Telferscot agrees that it will not, directly or indirectly, make reciprocal use for its own purposes of any information or confidential data relating to Auxico discovered or acquired by it, its representatives or accountants as a result of Auxico making available to it any information, books, accounts, records or other data and information relating to Auxico and Telferscot agrees that it will not disclose, divulge or communicate orally, in writing or otherwise, any such information or confidential data so discovered or acquired by any other Person.

**8.4 Notices.** All notices or other communications required to be given in connection with this Agreement shall be given in writing and shall be given by personal delivery, by registered mail or by transmittal by electronic communication addressed to the recipient as follows:

**To Telferscot and Telferscot Sub:**

Suite 2702, 401 Bay Street  
Toronto, Ontario  
Canada M5H 2Y4

Attention: Catherine Beckett  
Email: cbeckett@grovecapitalgroup.com

**with a copy to:**

Gardiner Roberts LLP  
Bay Adelaide Centre - East Tower  
22 Adelaide Street West, Suite 3600  
Toronto, Ontario M5H 4E3

Contact person: Kathleen E. Skerrett  
Email: kscherrett@grllp.com

**To Auxico:**

230, Notre Dame Street West,  
Montreal, Quebec,  
H2Y 1T3

Attention: Mark Billings  
Email: mark@marengomgt.com

**with a copy to:**

Dunton Rainville LLP  
800, Square Victoria Street  
Montréal, Québec  
H4Z 1A1

Attention: Michel Lebeuf  
Email: [mlebeuf@duntonrainville.com](mailto:mlebeuf@duntonrainville.com)

or to such other address or individual as may be designated by notice given by either party to the other. Any such communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the fifth Business Day following the deposit thereof in the mail and, if given by email, shall be deemed given and received on the date of such transmission if received during the normal business hours of the recipient and on the next Business Day if it is received after the end of such normal business hours on the date of its transmission. If the party giving any such communication knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such communication shall not be mailed but shall be given by personal delivery or email.

**8.3 Expenses.** Except as otherwise provided herein, all costs and expenses (including, without limitation, the fees and disbursements of legal counsel) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses.

**8.4 Time of the Essence.** Time shall be of the essence hereof.

**8.5 Further Assurances.** The parties hereto shall with reasonable diligence do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated hereby, and each party shall execute and deliver such further documents, instruments, papers and information as may be reasonably requested by another party hereto in order to carry out the purpose and intent of this Agreement.

**8.6 Law and Jurisdiction.** This Agreement shall be governed by and construed in accordance with the laws of the Province of Quebec and the laws of Canada applicable therein. The parties hereby attorn to the jurisdiction of the Courts of Quebec, judicial district of Montreal in any dispute that may arise hereunder.

**8.7 Counterparts.** For the convenience of the parties, this Agreement may be executed in several counterparts, each of which when so executed shall be, and be deemed to be, an original instrument and such counterparts together shall constitute one and the same instrument (and notwithstanding their date of execution shall be deemed to bear date as of the date of this Agreement). A signed facsimile, portable document format (PDF) or telecopied copy of this Agreement shall be effective and valid proof of execution and delivery.

**8.8 Entire Agreement.** This Agreement, including the Schedules attached hereto, together with the agreements and other documents to be delivered pursuant hereto, constitute the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as specifically set forth herein and therein. This Agreement may not be amended or modified in any respect except by written instrument signed by all parties.

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8.9     **Severability.** The invalidity or unenforceability of any provision of this Agreement or any covenant herein contained shall not affect the validity or enforceability of any other provision or covenant hereof or herein and this Agreement shall be construed as if such invalid or unenforceable provision or covenant were omitted.

8.10    **Enurement.** This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the successors and permitted assigns of the parties hereto.

8.11    **Waivers.** The parties hereto may, by written agreement (i) extend the time for the performance of any of the obligations or other acts of the parties hereto, (ii) waive any inaccuracies in the warranties, representations, covenants or other undertakings contained in this Agreement or in any document or certificate delivered pursuant to this agreement, or (iii) waive compliance with or modify any of the warranties, representations, covenants or other undertakings or obligations contained in this Agreement and waive or modify performance by any of the parties thereto.

8.12    **Form of Documents.** All documents to be executed and delivered by Telferscot to Auxico on the Closing Date shall be in form and substance satisfactory to Auxico acting reasonably. All documents to be executed and delivered by Auxico to Telferscot on the Closing Date shall be in a form and substance satisfactory to Telferscot, acting reasonably.

8.13    **Construction Clause.** This Agreement has been negotiated and approved by counsel on behalf of all hereto and, notwithstanding any rule or maxim of construction to the contrary, any ambiguity or uncertainty to be construed against any party hereto by reason of the authorship of any of the provisions hereof.

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

**TELFERSCOT RESOURCES INC.**

“signed”

Name: Stephen Coates  
Title: CEO and Director  
I have authority to bind the corporation.

**9581169 CANADA INC.**

“signed”

Name: Stephen Coates  
Title: CEO and Director  
I have authority to bind the corporation.

**AUXICO RESOURCES CANADA INC.**

“signed”

Name: Mark Billings  
Title: President and Director  
I have authority to bind the corporation.

**Schedule "A" Articles of  
Amalgamation**

(see attached)