INFORMATION CIRCULAR

FOR THE SPECIAL MEETING OF THE SHAREHOLDERS
TO BE HELD ON OCTOBER 29, 2019

Neither the TSX Venture Exchange Inc. (the "**TSXV**") nor any securities regulatory authority has in any way passed upon the merits of the Change of Business, described in this Information Circular.

September 27, 2019

TABLE OF CONTENTS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Information Circular contains forward-looking statements that relate to Company's current expectations and views of future events. In some cases, these forward-looking statements can be identified by words or phrases such as "may", "might", "will", "expect", "anticipate", "estimate", "intend", "plan", "indicate", "seek", "believe", "predict" or "likely", or the negative of these terms, or other similar expressions intended to identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events and financial trends that it believes might affect its financial condition, results of operations, business strategy and financial needs. These forward-looking statements include but are not limited to statements and information concerning: the date and time of the Meeting; information regarding the matters Shareholders will be asked to consider at the Meeting; the Change of Business (as defined below); the future business of the Company upon completion of the Change of Business; the proposed members of the Company's Board; the potential benefits of the Change of Business, the Name Change, the Continuation and the Consolidation; the timing and implementation of the Change of Business, Name Change, Continuation and Consolidation and the potential benefits and impacts thereof;; the principal steps of the Continuation; the conduct of business and future activities of the Company following the Change of Business; the Company following the Change of Business, Name Change, Consolidation and Continuation; Shareholder approval of the matters addressed in this Information Circular; the exercise of Dissent Rights; and potential tax consequences of the matters complicated in the Information Circular.

These forward-looking statements are based on the beliefs of management as well as on assumptions which management believes to be reasonable, based on information currently available at the time such statements were made. However, there can be no assurance that forward-looking statements will prove to be accurate. Such assumptions and factors include, among other things, expectations and assumptions concerning timing and receipt of Shareholder approval of the COB Resolution and Continuation Resolution (all as defined below); general business and economic conditions; that the anticipated benefits of the Change of Business and Continuation will be achieved; expectations and assumptions concerning timing of receipt of required regulatory approvals from the TSXV regarding the Change of Business and Continuation, along with any applicable third party consents, if any; market competition; and tax benefits and tax rates.

Although the Company believes that the assumptions underlying these statements are reasonable, they may prove to be incorrect, and the Company cannot assure that actual results will be consistent with these forward-looking statements. Given these risks, uncertainties and assumptions, any investors or users of this document should not place undue reliance on these forward-looking statements. Whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to a number of known and unknown risks, uncertainties, assumptions and other factors that are discussed elsewhere in this Information Circular, including but not limited to:

- ***Risk of Limited Number of Investments****:* The Company intends to participate in a limited number of investments and, as a consequence, the aggregate return of the Company may be substantially adversely affected by the unfavourable performance of even a single investment.

- ***Financing Risks*** – The Company currently intends to raise additional financing following the Change of Business in order to pursue its business as an investment issuer and such financing may not be available to the Company on favourable terms or at all.

- ***Competition*** – The Company faces competition from other capital providers for investment opportunities.

- ***Key Personnel –*** The Company's success will depend on its ability to attract and retain its key personnel. The Company has not entered into any agreements with its directors or officers regarding their continued involvement with the Company. The inability of the Company to retain its directors or senior officers, as a result of volatility or lack of positive performance in the Company's stock price, may adversely affect the Company's ability to carry out its business.

- ***Directors and Conflicts of Interest*** – The Company must rely substantially on the knowledge and expertise of its directors and officers in selecting investment opportunities. Certain of the directors and officers of the Company are engaged and will continue to be engaged in the search for investments for themselves and on behalf of others.

- ***Foreign Exchange Risk****:* The Company may be subject to foreign exchange rate fluctuations as it may hold securities denominated in currencies other than the US dollar.

This list is not exhaustive of the factors that may affect any of forward-looking statements made in this Information Circular. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this Information Circular generally and certain economic and business factors, some of which may be beyond the control of the Company. Readers should carefully review and consider risk factors described under "Risk Factors" in this Information Circular. The Company does not intend, and does not assume any obligation, to update any forward-looking statements, other than as required by applicable law. For all of these reasons, Shareholders should not place undue reliance on forward-looking statements.

SUMMARY

The following is a summary of information relating to the Company and resulting issuer (assuming completion of the Change of Business) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Information Circular. This summary is qualified in its entirety by the more detailed information and financial data appearing or referred to elsewhere in the Notice of Meeting and this Information Circular, including the schedules attached hereto.

The Meeting

The Meeting will be held on October 29, 2019 at Suite 1700 – 666 Burrard Street, Vancouver British Columbia at the hour of 10:00 a.m. (Vancouver time), for the purposes set forth in the Notice of Meeting.

The Record Date for determining the persons entitled to receive notice of and vote at the Meeting is September 27, 2019.

Purpose of the Meeting

Shareholders will be asked to consider the following matters at the Meeting:

1. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution, substantially in the form of the resolution set forth in the Company's management information circular of the Company (the "**Information Circular**"), approving a change of business of the Company from an "mining issuer" to an "investment issuer" as more particularly described in the Information Circular;

2. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution, substantially in the form of the resolution set forth in the Company's Information Circular, approving the election of Michael Cowin to the Board, effective and conditional upon the closing of the Change of Business of the Company as more particularly described in the Information Circular; and

3. to consider and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Continuation Resolution**"), substantially in the form of the resolution set forth in the Information Circular, approving the continuation of the Company to the Cayman Islands under the *Company Law (2016 Revision) of the Cayman Islands* with the adoption of the revised Memorandum and Articles of Association for the Continued Company substantially in the form appended to the Information Circular, as more particularly described in the Information Circular.

Change of Business

At the Meeting, the Shareholders will be asked to consider and, if thought fit, to pass, with or without variation, the COB Resolution approving the change of business of the Company from a "mining issuer" to an "investment issuer". For more detailed information regarding the Company, see the disclosure under the heading "*Detailed Information Regarding the Company*" and for further information regarding the Company upon completion of the Change of Business, see the disclosure under the headings "*Particulars of Matters to be Acted Upon – Change of Business*" and "*Detailed Information Regarding the Company's Business Following the Change of Business*".

Current Business of the Company

The Company is a Canadian-based minerals exploration company listed on the TSX Venture Exchange (the "**TSXV**") under the symbol "LNC". To date, the Company has not generated significant revenues from its operations. As a result, the Company is proposing to switch its focus from being a mining company to an investment company. See "*Particulars of Matters to be Acted Upon – Change of Business*".

Background to the Change of Business

After a thorough evaluation of the Company's existing operations and a review of strategic options for the Company generally, the Board and management determined to refocus its business operations from a "mining issuer" to an "investment issuer". The Board believes that its network of business contacts, the depth of experience of its management team and its overall entrepreneurial approach will enable it to identify and capitalize upon investment opportunities as an "investment issuer". There will be no specific transaction or acquisition completed in connection with the Change of Business.

If Shareholders approve the Change of Business, the Company's primary focus will be to seek returns through investments in the securities of other companies, as more particularly described herein.

Proposed Business of the Company

Upon completion of the Change of Business, the Company intends to become a resource focused investment company, making investments in privately held and publicly traded companies. It is intended that the Company will acquire and hold securities for both long-term capital appreciation and shorter term gains, with a focus on convertible debt securities. The Change of Business is an "arm's length transaction" for the purposes of the TSXV and remains subject to TSXV approval. The Company has applied for an exemption from the sponsorship requirements of the TSXV in connection with the Change of Business. See "*The Company's Business Following the Change of Business*".

The Concurrent Financing

The Company will enter into subscription agreements with Corom Pty Ltd. and the directors of the Company for the issuance of 103,333,333 Common Shares in the Company ("Common Shares") in a non-brokered financing at a price of $0.30 per share, completion of which is subject to completion of the Change of Business and Continuance and receipt to TSXV approval (the "**Concurrent Financing**"), raising gross proceeds of $31,000,000. The Company currently intends to undertake additional sales of its securities in conjunction with the Change of Business. The amount of such additional financing is not presently known. Any additional proceeds will be applied by the Company to pursue its investment objectives (see "*The Company's Business Following the Change Of Business*").

Available Funds and Principal Purposes

Funds available to the Company upon completion of the Change of Business and the Concurrent Financing, including cash on hand, are estimated to be $32,800,000 which will be used to fund the estimated costs to complete the Change of Business ($100,000); to fund general and administrative expenses for the first year ($1,700,000); to fund investment acquisitions in the first year ($28,000,000); and for unallocated estimated general working capital ($3,000,000) (see "*The Company's Business Following the Change Of Business*").

Investment Policy

The Company will adopt an investment policy (the "**Investment Policy**") to govern the Company's investment activities. The Investment Policy will provide, among other things, the investment objectives and strategy based on the fundamental principles set out below. A complete copy of the proposed Investment Policy is attached to this Information Circular as Schedule A. The final Investment Policy will be posted on the Company's website and filed on SEDAR prior to the completion of the Change of Business. See "*The Company's Business Following the Change of Business*".

Investment Objectives

The Company will invest primarily in public and privately held companies, primarily in the natural resource sector, with the objective of increasing shareholder return while seeking to preserve capital and limit downside risk by focusing on opportunities with attractive risk to reward profiles. The Company will seek to identify investments by utilizing the experience and expertise of its management and Board. The Company will seek out superior investments that may include the acquisition of shares, equity, debt, convertible securities, or royalty arrangements for public or private corporations with a focus on convertible debt securities.

Investment Strategy

In light of the numerous investment opportunities across the entire natural resources sector, the Company aims to adopt a flexible approach to investment targets without placing unnecessary limits on potential returns on its investment. This approach is demonstrated in the Company's proposed investment strategy set out below.

- The Company will invest in the securities of both public and private natural resource companies and may take part in private or public offerings for predetermined equity positions, royalties, debt or convertible or preferred securities.
- Initial investments of debt, equity or a combination thereof may be made in public or private companies through a variety of financial instruments including, but not limited to, private placements, participation in initial public offerings, bridge loans, secured loans, unsecured loans, convertible debentures, warrants and options, royalties, net profit interests and other hybrid instruments.
- Investment arrangements may include a combination of securities including, but not limited to equity, debt, convertible debentures, warrants, preferred shares, bridge financing, collateral, royalty arrangements or other securities as deemed appropriate by the Company's management and in compliance with the Investment Policy. In certain cases, the Company expects to enter into oversight arrangements as a condition of the investment. Oversight may range from Board appointments, advisory positions, or management consulting positions with the target companies.
- The Company may purchase or sell securities on public exchanges.
- The Company reserves the right to acquire all or part of other businesses or assets of a target company that management believes will enhance the value for Shareholders. The Company will place no formal limit on the size of potential investments and may require future equity or debt financings to raise money for specific investments.
- The Company may make investments in extra-ordinary activities, or activities not in the normal course of business, which may include but not be limited to mergers, acquisitions, corporate restructurings, spin-offs, take-overs, bankruptcies or liquidations, public listings, leveraged buyouts or start-ups. The Company may elect to invest in such events, provide financing, or purchase securities in exchange for fees, interest or equity positions.

- The majority of investments are expected to be medium term investments, with an expected life of investment of two to five years; however, the Company may also invest in opportunities that could provide long-term capital appreciation.
- Depending on market conditions, the Company intends to fully invest its available capital, apart from operating expenses.
- The Company will seek to maintain the ability to actively review and revisit all of investments on an ongoing basis.
- The Company will evaluate the liquidity of investments and seek to realize value from same in a prudent and orderly fashion.
- All investments will be made in compliance with applicable laws in relevant jurisdictions, and in compliance with any associated exchange policy.

Management and the Board of the Company may authorize investments outside the guidelines described above if they feel the investment is for the benefit of the Company and its Shareholders.

Composition of Investment Portfolio

Subject to the availability of capital, the Company intends to create a diversified portfolio of investments. The composition of its investment portfolio will vary over time depending on its assessment of a number of factors including the performance of financial markets and credit risk.

Investment Selection, Evaluation and Decision Making Process

The Company will pursue opportunities referred through investment banks, venture capital firms, legal and accounting firms and its professional network, and will gather insight into each opportunity, including its business model, financial prospects, management team, and the use of funds.

Management will research each investment target, and will analyze and review opportunities with each target and provide a recommendation to the Board as a whole. Research activities undertaken by management will include gathering complete details about the target company's business strategy, financial history, management team, growth objectives, products, markets, competitive forces, and capital requirements.

Management will oversee the due diligence activities. When deemed necessary, the Company may augment its review activities by outsourcing research requirements on specific investment opportunities to independent firms (accounting/financial, legal or industry analysts) that have professional relationships with the Company. Management will assess the financing needs of the target company in order to determine if the opportunity is compatible with the investment returns specific to the Company's investment criteria. The result of management's review will conclude with a recommendation to the Board indicating if the Company should consider an investment in the target company. Management recommendations may range from:

- continuing to consider investment,
- recommending not to invest,
- considering investment with certain agreement covenants, and
- working with the target company in an advisory capacity in an effort to ready the target company for an investment at a later date.

The Board will make the final investment decision in respect of any opportunity presented to it be management.

Election of Michael Cowin

The Company is seeking shareholder approval at the Meeting for the election of Michael Cowin to the Board, effective and conditional upon the closing of the Change of Business. If Mr. Cowin's election is approved but the Change of Business does not proceed, Mr. Cowin will not join the Company's board.

Change of Name

As the Company is seeking Shareholder approval for a change in business from a mining issuer to an investment issuer, Management believes that a name change will be appropriate to reflect the proposed change of business. In connection with the Change of Business, Management intends to change the name of the Company from "Lithion Energy Corp." to "Queen's Road Capital Ltd." or such other name that is acceptable to the Board (the "**Name Change**").

Consolidation

In connection with the Change of Business, the Company also intends to complete a consolidation of its issued and outstanding Common Shares on a basis of up to 10 pre-Consolidation Common Shares being consolidated into one post-Consolidation Common Shares, or such lesser number of pre-Consolidation Common Shares as may be accepted by the TSXV and approved by the Board, in its sole discretion (the "**Consolidation**"). The timing of the Consolidation is presently unknown, but will be within 12 months of the Meeting Date.

Conditional Election of Director

At the Meeting, Shareholders will be asked to elect Michael Cowin as a director of the Company, conditional upon and effective as of the completion of the Change of Business. Mr. Cowin is a nominee of Corom Pty Ltd., which will hold approximately 58% of the Company's issued and outstanding Common Shares on completion of the Change of Business after giving effect to the Lead Financing (as hereinafter defined). Information respecting Mr. Cowin is provided below under "*The Company's Business Following the Change of Business - Directors and Officers".*

Continuation to the Cayman Islands.

Background to Continuation

The Company is currently incorporated under the BCBCA. Shareholders will be asked to consider, and if thought fit, to pass, with or without variation, the Continuation Resolution approving the continuance of the Company to the Cayman Islands, whereby it would become and be a company whose existence is governed by the Companies Law of the Cayman Islands.

The Continuation will affect certain rights of Shareholders as they currently exist under the BCBCA. **Shareholders should consult their legal advisors regarding implications of the Continuation, which may be of particular importance to them.**

Rationale for the Continuation

The principal reasons for the Board's proposal to undertake and complete the Continuation are as follows:

- The Continuation proposal complements the Company's Change of Business to become a resource focused investment company as such resource opportunities may not involve any material

connection to Canada and could involve an expansion of the Company's activities in scope and geography and the Continuation will provide the Company with flexibility to structure actives outside of Canada from an internationalized corporate structure**.**

- The Company's future plans may include a dual listing on a stock exchange in Europe, Asia or Australia in order to broaden its shareholder base and attract more investors. If this is pursued, Management believes that being incorporated in the Cayman Islands would facilitate an application by the Company for such a listing, as investors, stock exchanges and other participants in those capital markets may be more familiar with Cayman Islands companies than with British Columbia companies.
- When management of the Company determined that it would be beneficial for the Company to continue its existence outside of Canada, the Company evaluated a number of potential alternate jurisdictions that were considered favourable bases for an international operation from tax, legal, cost, reputation and other perspectives. The Cayman Islands were selected because their corporate laws are based in English law and well-regarded as being based in sound legal and business principles. From an investment perspective, the Cayman Islands were deemed favourable because of their limited foreign ownership and investment restrictions, and because being organized under the laws of Cayman Islands is anticipated to facilitate the Company's access to international financial sources.

Principal Effects of the Continuation

The Continuation of the Company to the Cayman Islands would result in the Company being an exempted company limited by shares within the meaning of the Companies Law and ceasing to be a company governed by the BCBCA. The Continuation will not create a new legal entity, or effect the continuity of the Company impact on the Company's ownership of its properties. The persons serving on the Board prior to the Continuation will continue to constitute the Board upon the Continuation becoming effective.

Upon Continuation, Shareholders of the Company will hold shares of the Continued Company ("**Cayman Shares**"). The number of Common Shares a Shareholder owns (or has rights to acquire) and the percentage ownership such Shareholder has of the Company immediately prior to the Continuation will not change as a result of the Continuation. Each pre-Continuation Shareholder will hold that number of Cayman Shares in the Continued Company that is equal to the number of Common Shares such Shareholder holds in the Company immediately prior to the effective time of the Continuation.

The Continuation will not affect the Company's status as a reporting issuer under the securities legislation of any jurisdiction in Canada, and the Company will remain subject to the requirements of such legislation. Upon completion of the Continuation, the Cayman Shares will continue to be listed on the TSXV.

Although the rights and privileges of Shareholders under the BCBCA are in many instances comparable to those under the Companies Law, there are several differences. For an overview and comparison of Shareholder's rights under the Companies Law, including an overview of the proposed Memorandum and Articles of Association of the Company following the Continuation, see the disclosure below under the heading "*Comparison Of Shareholder Rights Under the BCBCA And Cayman Law*". The summary below is not intended to be exhaustive and Shareholders should consult their legal advisors regarding all of the implications of the effects of the Continuation on such Shareholders' rights.

For a summary of the principal Canadian federal income tax considerations to holders of Common Shares of the Company relative to the Company continuing from the BCBCA to the Companies Law and ceasing to be resident in Canada for purposes of the *Income Tax Act* (Canada), see the discussion in this Information Circular under the heading "*Canadian Federal Income Tax Considerations*". The summary below is not

intended to be exhaustive and Shareholders should consult their legal advisors regarding all of the implications of the effects of the Continuation on such Shareholders' rights.

Implementation of the Continuation

If approval of the Shareholders is obtained, the Continuation process will commence subsequent to the Meeting at such time as the Board may determine. The Continuation Resolution approving the Continuation also authorizes the directors, if thought appropriate, to revoke the Continuation Resolution and abandon the Continuation process without further approval of the Shareholders. If the Continuation Resolution is approved by the Shareholders and the process is not abandoned by the directors, the Continuation shall become effective upon the registration by way of continuance of the Company in the Cayman Islands by the Registrar of Companies of the Cayman Islands. Shareholders will not be required to obtain new share certificates, but may do so if they wish. See "*Particulars of Matters to be Acted Upon – Continuation to Caymans*".

TSXV Approval of the Change of Business and Related Matters

The Company has filed an application with the TSXV to approve the Change of Business, Name Change, Continuance and Consolidation. Upon receipt of final TSXV acceptance and completion of the Change of Business, the Company will become a Tier 1 Investment Issuer on the TSXV.

Upon completion of the Change of Business, and subject to TSXV acceptance of the Name Change and Consolidation, the Company plans to (i) change its name to "Queen's Road Capital Ltd.", or such other name as is acceptable to the Board, the TSXV and the Registrar of Companies and (ii) change its trading symbol to "QRC". The Company has not yet determined when the Consolidation will be implemented, or what the consolidation ratio will be, although the approval sought from shareholders at the Meeting will permit the Company to undertake a consolidation within the next 12 months, after which a further shareholder approval would be required.

The Change of Business, Name Change, Continuance and Consolidation remain subject to the approval of the TSXV. There is no assurance that the Change of Business, Name Change, Continuance or Consolidation will receive TSXV approval or that any of the Change of Business, Name Change or Consolidation will be completed.

Votes Necessary to Pass Resolutions

A simple majority of affirmative votes cast at the Meeting is required to approve the COB Resolution described herein. The Continuation Resolution must pass by at least 66 $^{2}/_{3}$ percent of the votes cast at the Meeting.

Conflicts of Interest

Some of the directors and officers of the Company are also directors, officers and/or promoters of other reporting and non-reporting issuers, including those engaged in the natural resource and investment industries. As a result, it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director or officer of any other such company.

There is no guarantee that while performing their duties for the Company, the directors or officers of the Company will not be in situations that could give rise to conflicts of interest. There is no guarantee that these conflicts will be resolved in favor of the Company. See "*Risk Factors*".

Interest of Experts

Other than Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, who prepared the auditor's report for the Company's financial statements included in this Information Circular, there are no persons or companies whose professional business gives authority to a statement made by the person or company who is named as having prepared or certified a part of this Information Circular or prepared or certified a report or valuation described in this Information Circular.

Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, has confirmed it is independent with respect to the Corporation within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Risk Factors

There are certain risk factors associated with the Change of Business and those risk factors specific to the Company which Shareholders should consider include:

- ***Risk of Limited Number of Investments****:* The Company intends to participate in a limited number of investments and, as a consequence, the aggregate return of the Company may be substantially adversely affected by the unfavourable performance of even a single investment.

- ***Financing Risks*** – The Company currently intends to raise additional financing following the Change of Business in order to achieve the desired scope of its business and such financing may not be available to the Company on favourable terms or at all.

- ***Competition*** – The Company faces competition from other capital providers for investment opportunities.

- ***Key Personnel –*** The Company's success will depend on its ability to attract and retain its key personnel. The Company has not entered into any agreements with its proposed directors, or officers regarding their continued involvement with the Company. The inability of the Company to retain its directors or senior officers, as a result of volatility or lack of positive performance in the Company's stock price, may adversely affect the Company's ability to carry out its business.

- ***Directors and Conflicts of Interest*** – The Company must rely substantially on the knowledge and expertise of its directors and officers in selecting investment opportunities. Certain of the directors and officers of the Company are engaged and will continue to be engaged in the search for investments for themselves and on behalf of others.

- ***Foreign Exchange Risk****:* The Company may be subject to foreign exchange rate fluctuations as it may hold securities denominated in currencies other than the US dollar.

Readers should carefully review and consider risk factors described under "Risk Factors" in this Information Circular.

SOLICITATION OF PROXIES

This information circular (the "**Information Circular**") is furnished in connection with the solicitation of proxies by the management of Lithion Energy Corp. (the "**Company**") for use at the special meeting (the "**Meeting**") of the shareholders of the Company ("**Shareholders**") to be held at the time and place and for the purposes set forth in the Notice of Meeting and at any adjournment thereof. Information contained herein is presented as of September 27, 2019, unless otherwise noted.

PERSONS OR COMPANIES MAKING THE SOLICITATION

The enclosed Instrument of Proxy is solicited by management of the Company. Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The Company does not reimburse Shareholders' nominees or agents (including brokers holding Common Shares on behalf of clients) for the cost incurred in obtaining from their principals, authorization to execute the Instrument of Proxy. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company. None of the directors of the Company have advised that they intend to oppose any action intended to be taken by management as set forth in this Information Circular.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the Instrument of Proxy are directors or officers of the Company and are nominees of management. **A Shareholder has the right to appoint a person to attend and act for him/her on his/her behalf at the Meeting other than the persons named in the enclosed Instrument of Proxy. To exercise this right, a Shareholder should strike out the names of the persons named in the Instrument of Proxy and insert the name of his/her nominee in the blank space provided, or complete another proper form of Instrument of Proxy.**

In addition to revocation in any other manner permitted by law, a Shareholder may revoke a proxy either by (a) signing a proxy bearing a later date and depositing it at the place and within the time aforesaid, or (b) signing and dating a written notice of revocation (in the same manner as the Instrument of Proxy is required to be executed as set out in the notes to the Instrument of Proxy) and either depositing it at the place and within the time aforesaid or with the Chairman of the Meeting on the day of the Meeting or on the day of any adjournment thereof, or (c) registering with the Scrutineer at the Meeting as a Shareholder present in person, whereupon such proxy shall be deemed to have been revoked.

VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES

The person named in the Instrument of Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares in the will be voted accordingly. The Instrument of Proxy confers discretionary authority on persons named therein with respect to:

- each matter or group of matters identified therein for which a choice is not specified, other than the election of directors and the appointment of an auditor;
- any amendment to or variation of any matter identified therein; and
- any other matter that properly comes before the Meeting.

In the absence of any direction in the Instrument of Proxy, it is intended that the proxyholder named by management in the Instrument of Proxy will vote the Common Shares represented by the proxy

in favour of the motions proposed to be made at the Meeting as stated under the headings in this Information Circular.

At the time of printing of this Information Circular, the management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to the management should properly come before the Meeting, the proxies hereby solicited will be exercised on such matters in accordance with the best judgement of the nominee.

REGISTERED HOLDERS OF COMMON SHARES

Shareholders whose names appear in the Company's Central Securities Register ("**Registered Shareholders**") may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by completing and returning the enclosed Instrument of Transfer to the Company's Registrar and Transfer Agent, Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, at least 48 hours before the time of the Meeting or any adjournment thereof, excluding Saturdays, Sundays and holidays. The Instrument of Proxy must be dated and be signed by the Shareholder or by his/her attorney in writing, or, if the Shareholder is a Company, it must either be under its common seal or signed by a duly authorized officer.

NON-REGISTERED HOLDERS OF COMMON SHARES

Only Registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shareholders who do not hold their Common Shares in their own name ("Beneficial Shareholders") are advised that only proxies from Registered Shareholders can be recognized and voted at the Meeting.

If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in such Shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the name of the Shareholder's broker or agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration for the Canadian Depository for Securities, which company acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting Common Shares for their clients. The directors and officers of the Company do not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

In accordance with National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting and the Instrument of Proxy to the clearing agencies and intermediaries for onward distribution. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings unless the Beneficial Shareholders have waived the right to receive meeting materials.

There are two kinds of Beneficial Shareholders: (i) those who object to their names being made known to the issuers of securities which they own (called "**OBOs**" for Objecting Beneficial Owners); and (ii) those who do not object to the issuer of the securities they own knowing who they are (called "**NOBOs**" for Non-Objected Beneficial Owners). Management of the Company does not intend to pay for intermediaries to forward to OBOs under National Instrument 54-101 the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*, and in case of an OBO, the OBO will not receive the materials unless the OBO's intermediary assumes the cost of delivery.

Meeting materials sent to Beneficial Shareholders who have not waived the right to receive meeting materials are accompanied by a voting instruction form ("**VIF**"). This form is similar to the proxy provided to Registered Shareholders of the Company, however, its purpose is limited to instructing the Registered Shareholder how to vote on behalf of the Beneficial Shareholder. **Beneficial Shareholders receiving a VIF cannot use that form to vote Common Shares directly at the Meeting. Beneficial Shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.** Should a Beneficial Shareholder who receives a VIF wish to attend the Meeting or have someone else attend on his or her behalf, the Beneficial Shareholder may request a legal proxy as set forth in the VIF, which will grant the Beneficial Shareholder or his or her nominee the right to attend and vote at the Meeting.

Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. By returning the VIF in accordance with the instructions noted on it, a Beneficial Shareholder is able to instruct the Registered Shareholder how to vote on behalf of the Beneficial Shareholder.

The majority of brokers now delegate the responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically applies a special sticker to the VIFs, mails those VIFs to the Beneficial Shareholders and requests Beneficial Shareholders to return the VIFs to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a VIF with a Broadridge sticker on it cannot use that proxy to vote Common Shares directly at the Meeting – the proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted**. All references to Shareholders in this Information Circular, the Instrument of Proxy and Notice of Meeting are to Registered Shareholders unless specifically stated otherwise.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year end of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than as set out herein.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors of the Company (the "**Board**") has fixed September 27, 2019 as the record date (the "**Record Date**") for determination of persons entitled to receive notice of and vote at the Meeting. Only Registered Shareholders at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

As of September 27, 2019, the Company had outstanding 40,303,565 fully paid and non-assessable voting Common Shares (the "**Common Shares**") without par value, each carrying the right to one vote. The quorum for a meeting of Shareholders is one Shareholder present and being, or one Shareholder represented by proxy, with such Shareholder holding not less than one of the issued Common Share entitled to be voted at the Meeting.

To the knowledge of the directors and executive officers of the Company, only the following person beneficially owned, directly or indirectly, or exercised control or direction over Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company:

Name	Number of Common Shares	Percentage of Outstanding Common Shares
DG Resource Management Ltd.	4,133,723	10.25%
Warren Gilman	6,000,000	14.89%

VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to approve the COB Resolution described herein. The Continuation Resolution must pass by at least 66 $^{2}/_{3}$ percent of the votes cast at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For purposes of the following discussion, "**Informed Person**" means (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an Informed Person or a subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed below, elsewhere herein or in the notes to the Company's financial statements for the financial year ended August 31, 2018, none of:

- the Informed Persons of the Company; or
- any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the last financial year of the Company or in a proposed transaction which has materially affected or would materially affect the Company or any subsidiary of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

Change of Business

At the Meeting, the Shareholders will be asked to consider and, if thought fit, to pass, with or without variation, an ordinary resolution (the "**COB Resolution**"), substantially in the form of the resolution set forth below, approving the change of business of the Company from a "mining issuer" to an "investment issuer" (the "**Change of Business**").

The following discussion considers the current business of the Company and outlines the proposed business of the Company assuming completion of the Change of Business. For further information regarding the Company, see the disclosure under the heading "*Detailed Information Regarding the Company*" and for further information regarding the Company upon completion of the Change of Business, see the disclosure

under the heading "*Detailed Information Regarding the Company's Business Following the Change of Business*".

Current Business of the Company

The Company is a Canadian-based minerals exploration company listed on the TSX Venture Exchange (the "**TSXV**") under the symbol "LNC". The Company was previously engaged in the exploration, acquisition and development of mineral properties in Indonesia. More recently, the Company acquired the Railroad Valley Lithium Property located in Nevada, and the Black Canyon Lithium Property located in Arizona. As of the date of this circular, the Company has sold its subsidiaries in Indonesia and has relinquished its property in Arizona.

To date, the Company has not generated significant revenues from its operations.

Background to the Change of Business

After a thorough evaluation of the Company's existing business and a review of strategic options for the Company generally, management and Board of the Company believe that the ideal allocation of the Company's working capital would be within the framework of an investment company which will invest primarily in public and privately held companies, primarily in the resource sector. The Board believes that its network of business contacts, the depth of experience of management and its overall entrepreneurial approach will enable it to identify and capitalize upon investment opportunities as an "investment issuer". There will be no specific acquisition or transaction associated with the Change of Business.

Proposed Business of the Company

Upon completion of the Change of Business, the Company will be a resource focused investment company, making investments in privately held and publicly traded companies. The Company's primary focus will be to seek returns through investments in securities of other companies, as more particularly described herein. It is intended that the Company will acquire and hold securities for both long-term capital appreciation and shorter term gains. The Company intends to sell or relinquish its existing natural resource assets, which are not material to the Company.

The Change of Business is an "arm's length transaction" for the purposes of the TSXV.

Investment Policy

As required by the TSXV's listing requirements for an Investment Issuer, the Company will adopt the Investment Policy to govern the Company's investment activities. The Investment Policy will provide, among other things, the investment objectives and strategy based on the fundamental principles set out below. A complete copy of the proposed Investment Policy is attached to this Information Circular as Schedule A. The final Investment Policy will be posted on the Company's website and filed on SEDAR prior to the completion of the Change of Business.

Investment Objectives

The Company will invest in public and privately held companies, primarily in the natural resource sector, with the objective of increasing Shareholder return while seeking to preserve capital and limit downside risk by focusing on opportunities with attractive risk to reward profiles. The Company will seek to identify investments by utilizing the experience and expertise of its management and Board. The Company will

seek out superior investments that may include the acquisition of shares, equity, debt, convertible securities, or royalty arrangements for public or private corporations.

Investment Strategy

In light of the numerous investment opportunities across the entire natural resources sector, the Company aims to adopt a flexible approach to investment targets without placing unnecessary limits on potential returns on its investment. This approach is demonstrated in the Company's proposed investment strategy set out below.

- The Company will invest in the securities of both public and private natural resource companies and may take part in private or public offerings for predetermined equity positions, royalties, debt or convertible or preferred securities.
- Initial investments of debt, equity or a combination thereof may be made in public or private companies through a variety of financial instruments including, but not limited to, private placements, participation in initial public offerings, bridge loans, secured loans, unsecured loans, convertible debentures, warrants and options, royalties, net profit interests and other hybrid instruments.
- Investment arrangements may include a combination of securities including, but not limited to equity, debt, convertible debentures, warrants, preferred shares, bridge financing, collateral, royalty arrangements or other securities as deemed appropriate by the Company's management and in compliance with the Investment Policy. In certain cases, the Company expects to enter into oversight arrangements as a condition of the investment. Oversight may range from Board appointments, advisory positions, or management consulting positions with the target companies.
- The Company may purchase or sell securities on public exchanges.
- The Company reserves the right to acquire all or part of other businesses or assets of a target company that management believes will enhance the value for Shareholders. The Company will place no formal limit on the size of potential investments and may require future equity or debt financings to raise money for specific investments.
- The Company may make investments in extra-ordinary activities, or activities not in the normal course of business, which may include but not be limited to mergers, acquisitions, corporate restructurings, spin-offs, take-overs, bankruptcies or liquidations, public listings, leveraged buyouts or start-ups. The Company may elect to invest in such events, provide financing, or purchase securities in exchange for fees, interest or equity positions.
- The majority of investments are expected to be medium term investments, with an expected life of investment of two to five years; however, the Company may also invest in opportunities that could provide long-term capital appreciation.
- Depending on market conditions, the Company intends to fully invest its available capital, apart from operating expenses.
- Will seek to maintain the ability to actively review and revisit all of investments on an ongoing basis.
- Will evaluate the liquidity of investments and seek to realize value from same in a prudent and orderly fashion.
- All investments will be made in compliance with applicable laws in relevant jurisdictions, and in compliance with any associated exchange policy.
- Management and the Board of the Company may authorize investments outside the guidelines described above if they feel the investment is for the benefit of the Company and its Shareholders.

Composition of Investment Portfolio

The nature and timing of the Company's investments will depend, in part, on available capital at any particular time and the investment opportunities identified and available to the Company.

Subject to the availability of capital, the Company intends to create a diversified portfolio of investments. The composition of its investment portfolio will vary over time depending on its assessment of a number of factors including the performance of financial markets and credit risk.

Current Investments

The Company will not have any investments on completion of the Change of Business. It is possible that certain investments by the Company may require TSXV approval, which will be obtained where required.

Investment Selection, Evaluation and Decision Making Process

The Company will pursue opportunities referred through investment banks, venture capital firms, legal and accounting firms and its professional network. The Company will gather insight into each opportunity, including its business model, financial prospects, management team, and the use of funds.

Management will research each investment target. Management will analyze and review opportunities with each target and provide a recommendation to the Board as a whole. Research activities undertaken by Management will include gathering complete details about the target company's business strategy, financial history, management team, growth objectives, products, markets, competitive forces, and capital requirements.

Management will oversee the due diligence activities. When deemed necessary, the Company may augment its review activities by outsourcing research requirements on specific investment opportunities to independent firms (accounting/financial, legal or industry analysts) that have professional relationships with the Company. Management will assess the financing needs of the target company in order to determine if the opportunity is compatible with the investment returns specific to the Company's investment criteria. The result of Management review will conclude with a recommendation to the Board indicating if the Company should consider an investment in the target company. Management recommendations may range from:

- continuing to consider investment,
- recommending not to invest,
- considering investment with certain agreement covenants, and
- working with the target company in an advisory capacity in an effort to ready the target company for an investment at a later date.

The Board will make the final investment decision in respect of any opportunity presented to it by management.

Change of Name

As the Company is seeking Shareholder approval for a change in business from a mining issuer to an investment issuer, Management believes that a name change will be appropriate to reflect the proposed Change of Business. In connection with the Change of Business, Management intends to change the name of the Company from "Lithion Energy Corp." to "Queen's Road Capital Ltd." or such other name that is acceptable to the Board.

Pursuant to the BCBCA, the Company's Articles, and TSXV policies, as applicable the Company may effect the Name Change by directors' resolution. The Board may determine not to implement the Name Change at any time after the Meeting and after receipt of necessary regulatory approvals, but prior to completion of the Name Change.

Consolidation

In connection with the Change of Business, the Company currently intends to complete a consolidation of its issued and outstanding Common Shares on a basis of up to 10 pre-Consolidation Common Shares being consolidated into one post-Consolidation Common Shares, or such lesser number of pre-Consolidation Common Shares as may be accepted by the TSXV and approved by the Board, in its sole discretion.

Election of Michael Cowin

The Company is seeking shareholder approval at the Meeting for the election of Michael Cowin to the Board, effective and conditional upon the closing of the Change of Business. If Mr. Cowin's election is approved but the Change of Business does not proceed, Mr. Cowin will not join the Company's Board.

TSXV Approval of the Change of Business and Related Matters

The Company's Common Shares are listed and trade on the TSXV under the symbol "LNC". The Company has filed an application with the TSXV to approve the Change of Business, Name Change and Consolidation. Upon receipt of final TSXV acceptance and completion of the Change of Business, the Company will become a Tier 1 Investment Issuer on the TSXV. Upon completion of the Change of Business, and subject to TSXV acceptance of the Name Change and Consolidation, the Company anticipates it will (i) change its name to "Queen's Road Capital Ltd.", or such other name as is acceptable to the Board, the TSXV and the Registrar of Companies, and its new trading symbol will become "**QRC**"; and (ii) complete the Consolidation. For further information regarding the Name Change and Consolidation, see the disclosure above the headings "*Change of Name*" and "*Consolidation*" in this Information Circular.

The Change of Business, Name Change and Consolidation remain subject to the approval of the TSXV. There is no assurance that the Change of Business, Name Change or Consolidation will receive TSXV approval or that any of the Change of Business, Name Change or Consolidation will be completed.

Shareholder Approval

To be approved, the COB Resolution requires the affirmative vote of at least a majority of the votes cast by Shareholders at the Meeting, whether in person or by proxy. Below is the full text of the COB Resolution that Shareholders are being asked to vote on.

Management unanimously recommends that Shareholders vote FOR the COB Resolution.

"BE IT RESOLVED, as an Ordinary Resolution of the Shareholders of the Company, that:

1. the change of business of Lithion Energy Corp. (the "**Company**") from a "Mining Issuer" to an "Investment Issuer", as those terms are used in the policies of the TSX Venture Exchange ("**TSXV**"), be and is hereby ratified, confirmed and approved;

2. the Company's investment strategy and policy may be amended from time to time in order to satisfy the requirements or requests of the TSXV without requiring further approval of the shareholders of the Company; and

3. any one director or officer of the Company is authorized and directed, on behalf of the Company, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Company or otherwise) that may be necessary or desirable to give effect to this ordinary resolution."

In the absence of contrary instruction, the persons named in the enclosed Instrument of Proxy intend to vote FOR the approval of the COB Resolution.

Conditional Election of Director

At the Meeting, Shareholders will be asked to elect Michael Cowin as a director of the Company, conditional upon and effective as of the completion of the Change of Business. Mr. Cowin is a nominee of Corom Pty Ltd., which will hold approximately 58% of the Company's issued and outstanding Common Shares on completion of the Change of Business after giving effect to the Lead Financing (as hereinafter defined). Information respecting Mr. Cowin is provided below under "*The Company's Business Following the Change of Business - Directors and Officers".*

In the absence of contrary instruction, the persons named in the enclosed Instrument of Proxy intend to vote FOR the approval of the conditional election of Mr. Cowin to the Company's Board.

Continuation to the Cayman Islands

Background to Continuation

The Company is currently incorporated under the BCBCA. Shareholders will be asked to consider, and if thought fit, to pass, with or without variation, a special resolution (the "**Continuation Resolution**"), substantially in the form of the resolution set forth below, approving the continuance of the Company to the Cayman Islands (the "**Continuation**"), whereby it would become and be a company whose existence is governed by the Cayman Islands *Companies Law (2018 Revision)* (the "**Companies Law**"). Upon being continued under the Companies Law, the Company would be subject to the Memorandum and Articles of Association that would replace the Company's current British Columbia Notice of Articles and Articles that currently serve as the primary organizational documents of the Company under the BCBCA.

The Continuation will affect certain rights of Shareholders as they currently exist under the BCBCA. **Shareholders should consult their legal advisors regarding implications of the Continuation, which may be of particular importance to them.**

Rationale for the Continuation

The principal reasons for the Board's proposal to undertake and complete the Continuation are as follows:

- The Continuation proposal complements the Company's Change of Business to become a resource focused investment company as such resource opportunities may not involve any material connection to Canada and could involve an expansion of the Company's activities in scope and geography and the Continuation will provide the Company with flexibility to structure actives outside of Canada from an internationalized corporate structure**.**

- The Company's future plans may include a dual listing on a stock exchange in Europe, Asia or Australia in order to broaden its shareholder base and attract more investors. If this is pursued, management believes that being incorporated in the Cayman Islands would facilitate an application by the Company for such a listing, as investors, stock exchanges and other participants in those capital markets may be more familiar with Cayman Islands companies than with British Columbia companies.
- When management of the Company determined that it would be beneficial for the Company to continue its existence outside of Canada, the Company evaluated a number of potential alternate jurisdictions that were considered favourable bases for an international operation from tax, legal, cost, reputation and other perspectives. The Cayman Islands were selected because their corporate laws are based in English law and well-regarded as being based in sound legal and business principles. From an investment perspective, the Cayman Islands were deemed favourable because of their limited foreign ownership and investment restrictions, and because being organized under the laws of Cayman Islands is anticipated to facilitate the Company's access to international financial sources.

Principal Effects of the Continuation

The Continuation of the Company to the Cayman Islands would result in the Company being an exempted company limited by shares within the meaning of the Companies Law (the "**Continued Company**") and ceasing to be a company governed by the BCBCA. Consequently, the BCBCA will cease to apply to the Company and the Company will then become subject to the Companies Law, as if it had been originally incorporated and registered under the Companies Law. The Continuation will not create a new legal entity, or effect the continuity of the Company impact on the Company's ownership of its properties. The persons serving on the Board prior to the Continuation will continue to constitute the Board upon the Continuation becoming effective.

Upon Continuation, Shareholders of the Company will hold Cayman Shares. The number of Common Shares a Shareholder owns (or has rights to acquire) and the percentage ownership such Shareholder has in the Company immediately prior to the Continuation will not change as a result of the Continuation. Each pre-Continuation Shareholder will hold that number of Cayman Shares in the Continued Company that is equal to the number of Common Shares such Shareholder holds in the Company immediately prior to the effective time of the Continuation.

The Continuation will not affect the Company's status as a reporting issuer under the securities legislation of any jurisdiction in Canada, and the Company will remain subject to the requirements of such legislation. Upon completion of the Continuation, the Cayman Shares will continue to be listed on the TSXV. If the Company completes the Continuation prior to implementing the Name Change, the Continued Company would continue to be known as "Lithion Energy Corp.", with its Cayman Shares trading on the TSXV under the symbol "LNC". If the Company completes the Continuation after implementing the Name Change, it is anticipated that the Continued Company would be known as "Queen's Road Capital Ltd." and that its Cayman Shares would trade on the TSXV under the symbol "**QRC**".

The BCBCA provides that the Continuation will only be permitted if, under Cayman Law:

- the property, rights and interests of the Company continue to be the property, rights and interests of the Continued Company;
- the Continued Company continues to be liable for the obligations of the Company;
- an existing cause of action, claim or liability to prosecution is unaffected;
- a legal proceeding being prosecuted or pending by or against the Company may be prosecuted or its prosecution may be continued, as the case may be, by or against the Continued Company; and

- a conviction against, or a ruling, order or judgment in favour of or against, the Company may be enforced by or against the Continued Company.

Although the rights and privileges of Shareholders under the BCBCA are in many instances comparable to those under the Companies Law, there are several differences. For an overview and comparison of Shareholder's rights under the Companies Law, including an overview of the proposed Memorandum and Articles of Association of the Company following the Continuation, see the disclosure below under the heading "*Comparison Of Shareholder Rights Under the BCBCA And Cayman Law*". The summary below is not intended to be exhaustive and Shareholders should consult their legal advisors regarding all of the implications of the effects of the Continuation on such Shareholders' rights.

For a summary of the principal Canadian federal income tax considerations to holders of Common Shares of the Company relative to the Company continuing from the BCBCA to the Companies Law and ceasing to be resident in Canada for purposes of the *Income Tax Act* (Canada), see the disclosure below under the heading "*Canadian Federal Income Tax Considerations*".

Continuation Process

In order to effect the Continuation, the following steps would have to be taken:

1. The Company must obtain the approval of its Shareholders to the Continuation by approval of the Continuation Resolution by special resolution.

2. The Company must apply to British Columbia Registrar of Companies under Section 308(5) of the BCBCA for authorization to continue its existence under the Companies Law.

3. Once the Continuation Resolution is approved as a special resolution by the Company's shareholders, the Company must prepare and submit an application to the Cayman Islands Registrar of Companies for authorization to continue its existence as an exempted company under the Companies Law, which application will include a number of prescribed documents and other pertinent information.

4. As required under Section 311 of the BCBCA, the Company must deliver to the British Columbia Registrar of Companies a copy of the certificate (the "**Continuation Certificate**") issued by the Cayman Islands Registrar of Companies confirming that the Company is re-registered by way of continuation as an exempted company under the Companies Law.

5. On the date shown on the Continuation Certificate, the Company will become and be a company registered under the Companies Law as if it had been originally incorporated under such law.

Implementation of the Continuation

If approval of the Shareholders is obtained, the Continuation process will commence subsequent to the Meeting at such time as the Board may determine. The Continuation Resolution approving the Continuation also authorizes the directors, if thought appropriate, to revoke the Continuation Resolution and abandon the Continuation process without further approval of the Shareholders. If the Continuation Resolution is approved by the Shareholders and the process is not abandoned by the directors, the Continuation shall become effective upon the registration by way of continuance of the Company in the Cayman Islands by the Registrar of Companies of the Cayman Islands (the "**Continuation Effective Time**"). Shareholders will not be required to obtain new share certificates, but may do so if they wish.

Shareholder Approval

To be approved, the Continuation Resolution requires the affirmative vote of at least 66 $^{2}/_{3}$ percent of the votes cast by Shareholders at the Meeting, whether in person or by proxy. Below is the full text of the Continuation Resolution that Shareholders are being asked to vote on. A resolution such as the Continuation Resolution gives rise to dissent rights under the BCBCA. These dissent rights are described below under the heading "*Dissent Rights*".

Management unanimously recommends that Shareholders vote FOR the Continuation Resolution.

"BE IT RESOLVED, as a Special Resolution of the Shareholders of the Company, that:

1. Lithion Energy Corp. (the "**Company**") be authorized, empowered and directed to:

    (a) apply to the Cayman Islands Registrar of Companies requesting that the Company be continued into the Cayman Islands as if it had been incorporated under the Cayman Islands *Companies Law (2018 Revision)*;

    (b) apply to the British Columbia Registrar of Companies under Section 308(5) of the *Business Corporations Act* (British Columbia) (the "**BCBCA**") for authorization to continue the Company under the Cayman Islands *Companies Law (2018 Revision)* (the "**Continuation**"); and

    (c) as required under Section 311 of the BCBCA, deliver to the British Columbia Registrar of Companies a copy of the certificate (the "**Continuation Certificate**") issued by the Cayman Islands Registrar of Companies confirming that the Company is re-registered by way of continuation as an exempted company under the *Companies Law (2016 Revision) of the Cayman Islands*;

2. subject to the issuance of such Continuation Certificate and without affecting the validity of the Company and the existence of the Company by or under its existing Articles and any act done thereunder, effective upon issuance of the Continuation Certificate, the Company adopt Memorandum and Articles of Association substantially in the form of the Memorandum and Articles of Association attached to the Information Circular for the Special Meeting of Shareholders at which the Continuation proposal is submitted to the shareholders of the Company, in substitution for the Company's existing Notice of Articles and Articles, and such Memorandum and Articles of Association are hereby approved and adopted; The proposed Memorandum and Articles of Association for the Continued Company provides for the Continued Company to be registered with an authorized share capital of $5,000,000 divided into 5,000,000,000 shares of par value $0.001 each. Also, so long as the Company has sufficient unissued share capital within its authorized share capital, under the Companies Law and the Memorandum and Articles of Association the Board may authorize and issue additional shares of different classes and designate the rights and privileges (including voting rights, distribution rights, rights to return of capital and other rights) attaching to those classes of shares;

3. upon issuance of the Continuation Certificate:

    (a) the authorized capital of the Company be converted into an authorized share capital of $5,000,000 divided into 5,000,000,000 shares of par value S$0.001 per share; and

(b) each issued and outstanding Common Share without par value of the Company be converted into one ordinary share of the Company with a par value of $0.001 per share;

4. upon issuance of the Continuation Certificate, those persons who were directors immediately prior to the Continuation taking effect will be the directors of the Company and the number of directors of the Company following the completion of the Continuation will be set as equal to the number of directors immediately prior to the completion of the Continuation (inclusive of any vacancies); and

5. notwithstanding that this special resolution has been duly passed by the shareholders of the Company, the directors of the Company are hereby authorized, at their discretion, to determine, at any time, to select an implementation date for the Continuation, to proceed or not to proceed with the Continuation and to postpone, abandon or otherwise refrain from implementing this resolution at any time prior to the implementation of the Continuation without further approval of the shareholders, and in such case, this resolution approving the Continuation shall be deemed to have been rescinded; and

6. any one director or any one officer of the Company hereby authorized and empowered, acting for, in the name of and on behalf of the Company, to execute or to cause to be executed, under the seal of the Company or otherwise, and to deliver and file or to cause to be delivered and filed all such documents and instruments, and to do or to cause to be done, all such acts and things as in the opinion of such director or officer of the Company may be necessary or desirable in order to carry out the intent of this resolution."

In the absence of contrary instruction, the persons named in the enclosed Instrument of Proxy intend to vote FOR the approval of the Continuation Resolution.

Consolidation

In connection with the Change of Business, the Company also intends to complete a consolidation of its issued and outstanding Common Shares on a basis of up to 10 pre-Consolidation Common Shares being consolidated into one post-Consolidation Common Shares, or such lesser number of pre-Consolidation Common Shares as may be accepted by the TSXV and approved by the Board, in its sole discretion.

In connection with the Consolidation, each option, warrant or other security of the Company convertible into pre-Consolidation Common Shares that has not been exercised or cancelled prior to the effective date of the implementation of the Consolidation will be adjusted pursuant to the terms thereof at the same Consolidation ratio.

In the event the Consolidation is implemented by the Board, the registered holders of Common Shares will be required to exchange the certificates representing their pre-Consolidation Common Shares for new certificates representing post-Consolidation Common Shares. Following the determination of the Consolidation ratio by the Board, and as soon as possible following the effective date of the Consolidation, the registered holders of Common Shares of the Company will be sent a transmittal letter by the Company's transfer agent, Computershare. The letter of transmittal will contain instructions on how to surrender Common Share certificate(s) representing pre-Consolidation Common Shares to the transfer agent. The transfer agent will forward to each Registered Shareholder who has sent the required documents a new Common Share certificate representing the number of post-Consolidation Common Shares to which the shareholder is entitled.

Shareholders will not have to pay a transfer or other fee in connection with the exchange of certificates. Shareholders should not submit certificates for exchange until required to do so. Until surrendered, each

certificate formerly representing the Common Shares will be deemed for all purposes to represent the number of Common Shares to which the holder thereof is entitled as a result of the Consolidation.

No fractional Common Shares will be issued pursuant to the Consolidation. Pursuant to Section 83 of the BCBCA, in the event that a Shareholder would otherwise be entitled to a fractional Common Share hereunder, the number of Common Shares issued to such Shareholder shall be rounded up to the next greater whole number of Common Shares, if the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the next lesser whole number of Common Shares if the fractional entitlement is less than 0.5.

Pursuant to the BCBCA, the Company's Articles, and TSXV policies, as applicable the Company may effect the Consolidation by directors' resolution. The Board may determine not to implement the Consolidation at any time after the Meeting and after receipt of necessary regulatory approvals, but prior to completion of the Consolidation.

Management unanimously recommends that Shareholders vote FOR the Consolidation Resolution.

"BE IT RESOLVED, as a Special Resolution of the Shareholders of the Company, that:

7. Lithion Energy Corp. (the "**Company**") be authorized, empowered and directed to undertake up to a 10:1 consolidation of its Common Shares, in such ratio as may be determined by the directors of the Company, subject to such limit;

8. notwithstanding that this special resolution has been duly passed by the shareholders of the Company, the directors of the Company are hereby authorized, at their discretion, to determine, at any time, to select an implementation date for the Consolidation, to proceed or not to proceed with the Consolidation, and to postpone, abandon or otherwise refrain from implementing this resolution at any time prior to the implementation of the Consolidation without further approval of the shareholders, and in such case, this resolution approving the Consolidation shall be deemed to have been rescinded; and

9. any one director or any one officer of the Company hereby authorized and empowered, acting for, in the name of and on behalf of the Company, to execute or to cause to be executed, under the seal of the Company or otherwise, and to deliver and file or to cause to be delivered and filed all such documents and instruments, and to do or to cause to be done, all such acts and things as in the opinion of such director or officer of the Company may be necessary or desirable in order to carry out the intent of this resolution."

In the absence of contrary instruction, the persons named in the enclosed Instrument of Proxy intend to vote FOR the approval of the Consolidation Resolution.

INFORMATION REGARDING THE COMPANY

Corporate Structure

Name and Incorporation

The full name of the Company is "Lithion Energy Corp." The Company was incorporated under the *Business Corporation Act* (British Columbia) on January 25, 2011 with the name Barisan Gold Corporation. On May 17 2017, the Company changed its name from Barisan Gold Corporation to Lithion Energy Corp.

The head office of the Company is located at 400-601 West Broadway Ave, Vancouver, British Columbia, Canada V5Z 4C2. The Company's registered address is 1240 - 1140 West Pender Street Vancouver, BC V6E 4G1.

Intercorporate Relationships

The Company has two wholly-owned subsidiaries, Lithion USA (Nevada) Corp. and Lithion USA (Arizona) Corp.

General Development of the Business

The Company is a Canadian-based minerals exploration company listed on the TSXV under the symbol "LNC".

The Company was formerly engaged in the exploration, acquisition and development of mineral properties in Indonesia, and currently holds the Railroad Valley Lithium Property located in Nevada which it intends to sell or relinquish. The Company does not currently have any ongoing business operations and has no material assets other than cash and short-term investment totaling $2,000,000.

The Company proposes a change of business under the policies of the TSXV. Upon completion of the Change of Business, the Company will become a Tier 1 Investment Issuer under the policies of the TSXV.

Selected Consolidated Financial Information and Management's Discussion and Analysis

Selected Consolidated Financial Information

The following information is summarized from the Company's audited financial statements for the fiscal years ended August 31, 2018 and 2017 and from the Company's unaudited interim financial statements for the nine months ending May 31, 2019 and should be read in conjunction with the Company's audited annual financial statements and unaudited interim financial statements attached as Schedules "B" and "C", respectively, to this Information Circular.

	Year ended August 31, 2018	**Year ended August 31, 2017**	**Nine months ended May31, 2019**
Total Expenses	$207,342	$420,362	$212,370
Amounts Deferred in Connection with the COB.	--	--	--

Management's Discussion and Analysis

Management's discussion and analysis of the financial position and results of operations of the Company for the years ended August 31, 2018 and 2017 and for the nine months ended May 31, 2019 are attached as part of Schedules "B" and "C", respectively, to this Information Circular. Such management's discussion and analysis of the financial position and results of operations should be read in conjunction with the Company's annual financial statements for the fiscal years ended August 31, 2018 and 2017 and for the

nine months ending May 31, 2019, each of which are also attached as part of Schedules "B" and "C", respectively, to this Information Circular.

Description of the Securities

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value, of which, as at the date of this Information Circular, 40,303,565 are issued and outstanding as fully paid and non-assessable.

The holders of Common Shares are entitled to dividends, if, as and when declared by the Board, to one vote per share at meetings of the shareholders of the Company and, upon liquidation, to share equally in such assets of the Company as are distributable to the holders of Common Shares. All Common Shares to be outstanding after completion of the Change of Business will be fully paid and nonassessable and not subject to any pre-emptive rights, conversion or exchange rights, redemption, retraction, purchase for cancellation or surrender provisions, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a shareholder to contribute additional capital.

Concurrently with the Change of Business, the Company will be continued under the laws of the Cayman Islands, and the holders of Common Shares will thereafter hold shares of a Caymans company and not a British Columbia company as at present. See *Comparison of Shareholder Rights under the BCBCA and Cayman Law.*

Pro Forma Consolidated Capitalization

Pro Forma Consolidated Capitalization

The following is a description of the pro forma share and loan capital of the Company following the completion of the Change of Business (and giving effect to the Lead Financing):

Designation of Security	Amount Authorized	Amount outstanding after giving effect to Change of Business
Common Shares	40,303,565	143,636,898[1]
Warrants	--	--
Options	1,000,000	12,000,000[2]

[1] Includes 103,333,333 Common Shares being issued in the Lead Financing.

[2] Includes 11,000,000 incentive stock options being granted at closing of the Change of Business to certain directors, officers and consultants of the Company exercisable at a price of $0.30 per Common Share and having a term of five years.

Fully Diluted Share Capital

The following table indicates the number and percentage of securities of the Company proposed to be outstanding on a fully diluted basis after giving effect to the Change of Business and related transactions.

Designation of Security	Amount Outstanding on Closing	Percentage of Fully Diluted on Closing
Common Shares	143,636,898[1]	92.3
Options	12,000,000[2]	7.7
Fully Diluted	155,636,898	100.0

[1] Includes 103,333,333 Common Shares being issued in the Lead Financing.
[2] Includes 11,000,000 incentive stock options being granted at closing of the Change of Business to certain directors, officers and consultants of the Company exercisable at a price of $0.30 per Common Share and having a term of five years.

Prior Sales

In the twelve month period preceding the date of this Information Circular, the Company has issued the following securities:

Date of Issuance/Grant of Security	Number and Type of Security Issued/Granted	Price per Security/Exercise Price per Security ($)
2019-05-02	7,000,000 shares (private placement)	$0.05
2019-05-02	5,128,332 shares (exercise of warrants)	$0.15

Statement of Executive Compensation

General

The following information is provided as required under Form 51-102F6V for Venture Issuers as such term is defined in National Instrument 51-102.

"**Named Executive Officer**", or "**NEO**", means each of the following individuals:

(a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer ("**CEO**"), including an individual performing functions similar to a CEO;

(b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer ("**CFO**"), including an individual performing functions similar to a CFO;

(c) in respect of the Company and its subsidiaries, the three most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year, regardless of the amount of their compensation; and

(d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

The Compensation Discussion and Analysis section explains the compensation program for the fiscal year ended August 31, 2018 for the Company's Named Executive Officers (as that term is defined under applicable securities legislation).

Director and NEO Compensation

(1) Director and NEO Compensation, Excluding Options and Compensation Securities

The following table of compensation, excluding options and compensation securities, provides a summary of the compensation paid by the Company to each NEO and director of the Company for the two most recently completed financial years ended August 31, 2018 and August 31, 2017. Options and compensation securities are disclosed under the heading "Stock Options and Other Compensation Securities and Instruments" below.

Table of Compensation excluding Compensation Securities

Name and Principal Position	Year [1]	Salary, consulting fee, retainer or commission ($)[2]	Bonus ($)[2]	Committee or meeting fees ($)[2]	Value of Perquisites ($)[2]	All other compensation ($)[2]	Total compensation ($)[2]
Shawn Westcott	2018	30,000[4]	Nil	Nil	Nil	Nil	30,000
President and Director	2017	15,000[4]	Nil	Nil	Nil	Nil	15,000
Darren Smith	2018	8,000[5]	Nil	Nil	Nil	Nil	8,000
VP of Exploration and Director	2017	4,000[5]	Nil	Nil	Nil	Nil	4,000
Karen Dyczkowski	2018	30,000[4]	Nil	Nil	Nil	Nil	30,000
CFO and Corporate Secretary	2017	15,000[4]	Nil	Nil	Nil	Nil	15,000
Jenna Hardy	2018	8,000[5]	Nil	Nil	Nil	Nil	8,000
Director	2017	4,000[5]	Nil	Nil	Nil	Nil	4,000
Scott Eldridge	2018	8,000[5]	Nil	Nil	Nil	Nil	8,000
Director	2017	4,000[5]	Nil	Nil	Nil	Nil	4,000

1. Financial years ended August 31.
2. All amounts shown were paid in Canadian currency, the reporting currency of the Company.
3. Represents compensation received during the six months ended May 31, 2019and is unaudited.
4. Management fees which are paid to a NEO on a month-to-month basis as approved by the Board.
5. Director fees which are paid to a director on a quarterly basis as approved by the Board.

Stock Options and Other Compensation Securities and Instruments

No compensation securities were granted or issued by the Company to any NEOs or directors of the Company for the financial year ended August 31, 2018, for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries:

The following table sets out the total amount of compensation securities, and underlying securities, held by each Named Executive Officer or director on the last day of the most recently completed financial year end:

Name	Total Compensation Securities	Description of Underlying Securities
Shawn Westcott	410,000 stock options	410 000 Common Shares
Darren Smith	350,000 stock options	350,000 Common Shares
Karen Dyczkowski	390,000 stock options	390,000 Common Shares
Jenna Hardv	250,000 stock options	250,000 Common Shares
Scott Eldridge	250,000 stock options	250 000 Common Shares

No compensation securities were exercised by any NEOs or directors of the Company during the financial year ended August 31, 2018.

Stock Option Plan and Other Incentive Plans

The Company has no other incentive plans other than its stock option plan (the "**Plan**"). The Plan reserves for issuance a maximum of 10% of the Company's Common Shares at the time of a grant of options under the Plan. The Plan is administered by the Board and provides for grants of non-transferable options under the Plan at the discretion of the Board to directors, senior officers, employees, management company employees of, or consultants to, the Company and its subsidiaries, or their permitted assigns.

The Plan is a "rolling" stock option plan wherein:

(a) directors, officers, employees and consultants of the Company, or to person engaged in investor relations activities on behalf of the Company or any of its subsidiaries are eligible to receive grants of options under the Plan;

(b) the number of Common Shares reserved for the issuance of stock options shall not exceed ten (10%) percent of the issued and outstanding Common Shares in the capital stock of the Company at any given time are;

(c) the exercise price of any options granted is determined by the Board in its sole discretion as of the date the Board grants the options, and shall not be less than the last closing price of the Company's Common Shares traded through the facilities of the TSXV prior to the grant of the options, less any discount permitted by the TSXV, or such other price as may be required by the TSXV;

(d) options granted under the Plan are non-assignable and non-transferable and are issuable for a period of up to ten (10) years;

(e) an optionee's options expire one year (or such other time, not to exceed one year, as shall be determined by the Board) after the date the optionee ceases to be eligible to receive options; and

(f) notwithstanding the foregoing, if an optionee dies, any vested options held by him or her at the date of death will become exercisable by the optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such option.

Under the Plan, the number of Common Shares which may be reserved for issue: (i) to any one optionee who is an insider and any associates of such insider, shall not exceed 5% of the outstanding issue at any given time and for any 12 month period or (ii) to insiders (as a group) of an aggregate number of options

exceeding 10% of the issued Common Shares for any 12 month period, calculated at the date of an option is granted to an insider; and (iii) to all persons who undertake investor relations activities, shall not exceed 2% of the outstanding issue for any one consultant. "Outstanding issue" is determined on the basis of the number of Common Shares that are outstanding immediately prior to the Common Share issuance in question.

As at August 31, 2019, the Company had 40,303,565 Common Shares outstanding which means 4,030,357 Common Shares could be reserved for issuance upon the exercise of stock options on a pre-Consolidation basis. As at August 31, 2019 there were a total of 2,025,000 Common Shares reserved for the exercise of outstanding stock options.

The Plan is subject to yearly approval by the Company's shareholders. The Plan was last approved by the Company's shareholders on August 6, 2019.

Employment. Consulting and Management Agreements

The material terms of any employment, consulting and management agreements of the Company are described under the heading "*Director and NEO Compensation, Excluding Options and Compensation Securities*". As of August 31, 2018, there were no provisions in any contract, agreement, plan or arrangement that provide for payments to a NEO or director at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control in the Company or a change in the NEO's responsibilities.

Oversight and Description of Director and NEO Compensation

During the financial year ended August 31, 2018, the Board of the Company did not have a compensation committee. The Board as a whole is responsible for determining all forms of compensation to be granted to the Named Executive Officers and the directors.

(1) NEO Compensation

Compensation of Named Executive Officers and directors is determined based on discussion by the Board based on subjective factors, without any formal objectives, criteria or analysis. The Board does not have a pre-determined compensation plan and does not engage in benchmarking practices. The general objectives of the Company's compensation strategy are to (a) compensate management in a manner that encourages and rewards a high level of performance and results with a view to increasing long-term shareholder value; and (b) align management's interests with the long-term interests of shareholders.

The Board evaluates individual executive performance with the goal of setting compensation at levels that they believe are comparable with executives in other companies of similar size and stage of development operating in the same industry. In connection with setting appropriate levels of compensation, the Board base their decisions on their general business and industry knowledge and experience and publicly available information of comparable companies while also taking into account our relative performance and strategic goals.

The executive officer compensation consists of two basic elements: (i) base salary; and (ii) incentive stock options. The base salary established for each executive officer is intended to reflect each individual's responsibilities, experience, prior performance and other discretionary factors deemed relevant by the Board. In deciding on the salary portion of the compensation of the executive officers, major consideration is given to the fact that the Company is an early stage exploration company and does not generate any material revenue and must rely exclusively on funds raised from equity financing. Therefore, greater

emphasis may be put on incentive stock option compensation. The incentive stock option portion of the compensation is designed to provide the executive officers of the Company with a long-term incentive in developing the Company's business. Options granted under the Company's stock option plan are approved by the Board, and if applicable, its subcommittees, after consideration of the Company's overall performance and whether the Company has met targets set out by the executive officers in their strategic plan.

(2) Director Compensation

Effective March l, 2017, a director compensation program was put in place whereby the directors of the Company who are not Named Executive Officers receive annual director's fees, paid quarterly. During the year ended August 31, 2018, no stock options were granted to the directors of the Company who are not Named Executive Officers pursuant to the Company's incentive stock option plan.

(3) Changes Subsequent to Year-End

There have been no significant changes made to the Company's compensation policies subsequent to the financial year ended August 31, 2018.

Pension

The Company does not have any form of pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement. The Company does not have any form of deferred compensation plan.

Equity Compensation Plan Information

The following table sets out particulars of the compensation plans and individual compensation arrangements under which equity securities of the Company are authorized for issuance as of August 31, 2018 .

	Number of securities to be issued upon exercise of outstanding options, warrants and rights (#)	**Weighted-average exercise price of outstanding options, warrants and rights ($)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column) (a)**
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	2,025,000	0.16	792,523
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	2,025,000		792,523

1. The Company has a "rolling" stock option plan that reserves 10% of the Company's outstanding Common Shares from time to time for issuance as stock options.

There are no employment contracts between either the Company or its subsidiaries and the above NEOs other than disclosed herein or in the financial statements.

Non-Arm's Length Party Transactions

In connection with any transaction completed within the previous two years prior to the date hereof, the Company has not provided or proposed to provide any assets or services to or obtained or proposed to obtain any assets or services from any director or officer of the Company, any principal securityholder disclosed elsewhere in this Information Circular, or any Associate or Affiliate of the foregoing.

THE COMPANY'S BUSINESS FOLLOWING THE CHANGE OF BUSINESS

Corporate Structure

Name and Incorporation

Assuming that the Continuation and the Name Change occur prior to or concurrently with the Change of Business, the full name of the Company is expected to be "Queen's Road Capital Ltd." The Company will have continued into the Cayman Islands and its existence will be governed by the Companies Law. The head office of the Company will be changed on completion of the Change of Business to Suite 2006 Cheung Kong Center, 2 Queen's Road Central, Hong Kong. The Company's registered office address will be Cricket Square, SIX, P.O. Box 2681, Grand Cayman, Cayman Islands, KY1-1111.

Intercorporate Relationships

The Company's intercorporate relationships will not be immediately affected by Change of Business. But the Company's two 100% wholly-owned subsidiaries Lithion USA (Nevada) Corp. and Lithion USA (Arizona) Corp. may be sold or their assets may be sold and they may be wound up as part of the Company's sale or relinquishment of its existing assets following completion of the Change of Business.

Narrative Description of the Business

The Company is currently a Tier 2 mining issuer listed on the TSXV. Upon completion of the Change of Business and closing of the Concurrent Financing, the Company will continue its existence under its new name "Queen's Road Capital Ltd.", and will be listed on the TSXV as a Tier 1 investment issuer. The Company intends to establish a head office in Hong Kong. The Company will be led by Warren Gilman as Chairman and Chief Executive Officer, and by Alex Granger as and President.

Upon completion of the Change of Business, the Company will invest primarily in public and privately held companies, primarily in the natural resource sector, with the objective of increasing shareholder return while seeking to preserve capital and limit downside risk by focusing on opportunities with attractive risk to reward profiles. The Company will seek to identify investments by utilizing the experience and expertise of its management and Board. The Company will seek out superior investments that may include the acquisition of shares, equity, debt, convertible securities, or royalty arrangements for public or private corporations with a focus on convertible debt securities.

The Board believes that its network of business contacts, the depth of experience of its management team and its overall entrepreneurial approach will enable it to identify and capitalize upon investment opportunities as an investment issuer. There will be no specific transaction or acquisition completed in connection with the Change of Business.

The Company intends to sell or relinquish its existing resource property in Nevada following completion of the Change of Business. The terms of such disposition are presently unknown, but the Company does not expect this transaction will be material to the Company.

The Company has applied for an exemption from the sponsorship requirements of the TSXV in connection with the Change of Business.

Description of Securities

Upon Continuation, Shareholders of the Company will hold shares of the Continued Company ("**Cayman Shares**"). The number of Common Shares a Shareholder owns (or has rights to acquire) and the percentage ownership such Shareholder has of the Company immediately prior to the Continuation will not change as a result of the Continuation. Each pre-Continuation Shareholder will hold that number of Cayman Shares in the Continued Company that is equal to the number of Common Shares such Shareholder holds in the Company immediately prior to the effective time of the Continuation.

For an overview and comparison of Shareholder's rights under the Companies Law, including a description of the material attributes and characteristics attached to the Cayman Shares, see the disclosure below under the heading "*Comparison Of Shareholder Rights Under the BCBCA And Cayman Law*".

Available Funds and Principal Purposes

Available Funds

The Company currently has working capital of $2,000,000.

The Company will enter into subscription agreements with Corom Pty Ltd. and the directors of the Company for the issuance of Common Shares in the Company, completion of which is subject to completion of the Change of Business and Continuance and receipt to TSXV approval (the "**Lead Financing**").

Corom Pty Ltd. has committed to subscribe for 83,333,333 Common Shares of the Company at a price of C$0.30 per share for gross proceeds of $25,000,000 in a non-brokered private placement, representing 58.0% of the outstanding Common Shares after closing of the Lead Financing. The directors of the Company have collectively committed to subscribe for 20,000,000 Common Shares of the Company at a price of $0.30 per Common Share for gross proceeds of $6,000,000 in a non-brokered private placement, representing 19.4% of the outstanding Common Shares of the Company after closing of the Lead Financing.

Corom Pty Ltd. is controlled by Mr. Jack Cowin, a Canadian-Australian businessman and philanthropist. Jack Cowin is the Founder and Executive Chairman of Competitive Foods Australia, one of Australia's largest privately held businesses. Competitive Foods Australia is among the largest franchisers of restaurants in Australia, operating mainly the Hungry Jack's franchises. Mr. Cowin is also Chairman of Domino's Pizza Enterprises Ltd. and recently retired as Chancellor of Western University in London, Ontario.

The Lead Financing is a non-brokered private placement, and no commissions or finder's fees or are payable to any person by the Company in connection with the Lead Financing. The directors of the Company are participating in the Lead Financing on the same terms as Corom Pty Ltd., and other than that paying the Company the subscription price for the Common Shares they are purchasing, the directors are not making payments or providing other consideration to the Company or any other person in connection with their subscriptions, nor are they receiving such payments or consideration.

In addition to the Lead Financing, the Company currently intends to undertake additional sales of its securities in conjunction with the Change of Business. Any additional proceeds will be applied by the Company to pursue its investment objectives.

Principal Purpose of the Available Funds

The Company intends to use these funds to pay for general and administrative expenses, which are expected to include salaries and bonuses, management fees, consulting fees, professional fees (legal and accounting), rent, office expenses, investor relations expenses, insurance and fees payable to the Company's auditor and transfer agent, and to fund the purchase of the investments to be included in its investment portfolio in accordance with the investment objective, strategy and restrictions set out herein.

The following table sets out the estimated aggregate monthly and annual general and administration costs that will be incurred in order for the Company to operate its business over the 12 month period following the completion of the Change of Business:

Item	($)
Estimated Expense of Change of Business	100,000
Estimated 12 Months General and Administrative Expenses	1,700,000
To fund investment acquisitions in the first year	28,000,000
Unallocated Working Capital	3,000,000
Total	32,800,000

The Company will have sufficient funds on hand to fund the expenses of its Change of Business and 12 months of administrative expenses, and anticipates using the entirety of the proceeds from the Concurrent Financing to fund investment acquisitions.

Dividends

Following completion of the Change of Business, the Company plans to pay regular dividends to shareholders based on income received from interest bearing investments.

Principal Shareholders

On completion of the Change of Business and related transactions, Corom Pty Ltd. will hold 83,333,333 Common Shares of the Company, representing approximately 58% of the Company's issued and outstanding shares. Please refer to *"Available Funds and Principal Purposes"* for information respecting Corom Pty Ltd.

Collectively, the directors are purchasing 20,000,000 of the securities being sold in the Lead Financing, representing approximately 13.9% of the issued and outstanding shares of the Company at closing. As of the date of this Information Circular, a final determination of how these shares will be divided between the directors has not been made, but it is presently anticipated that (a) director Warren Gilman will hold more than 10% and (b) director Alex Granger will not hold more than 10% of the issued and outstanding Common Shares of the Company on closing. The Company can confirm that director John Anderson will not hold more than 10% of the issued and outstanding Common Shares of the Company on closing. Please refer to *"Directors and Officers"* for information respecting the Company's directors and proposed director Michael Cowin.

Directors and Officers

Following the completion of the Change of Business, the Company's executive officers and directors are expected to remain the same as prior to the Change of Business., with the addition of one new director, Michael Cowin, nominated by Corom Pty Ltd. The directors of the Company hold office until the next annual meeting of the Company or until their successors are elected or appointed, unless he or she resigns or his or her office becomes vacant.

The following table sets out the names of the executive officers and directors of the Company, the municipality and country in which each is ordinarily resident, the period or periods during which each has served as an officer or director of the Company, their present principal occupations for the preceding five years and the anticipated number and percentage of Cayman Shares or shares of any of its subsidiaries beneficially owned, or controlled or directed by each, directly or indirectly, as at the date hereof:

Name, Position(s) with the Company and Place of Residence[1]	Principal Occupation[1]	Date(s) Served as an Officer or Director of the Company	Number and Percentage of Shares to Held Today[1][2][3]
Warren Gilman Hong Kong Chairman & Director[5]	Chairman and Chief Executive Officer of CEF Holdings Limited since 2011. Founder and Director of Queen's Road Central Capital Ltd. since 2019	May 2, 2019	6,000,000/ 14.8%
Alex Granger Hong Kong Chief Executive Officer & Director[4][5]	Chief Executive Officer and Director of the Company from December 2010 to November 2016 and since May 2019	May 2, 2019	1,911,576/ 4.7%
John F. Anderson British Columbia Director[4]	Practicing lawyer at Stikeman Elliott LLP since 1991	August 6, 2019	Nil
Michael Cowin Australia Proposed Director[4]	Principal, Corom Funds Management	n/a	Nil

(1) The information as to province or state and country of residence, principal occupation and number of Common Shares beneficially owned by the directors (directly or indirectly or over which control or direction is exercised) is not within the knowledge of the management of and has been furnished by the respective directors.

(2) This column represents the number and percentage of Common Shares owned as of the date hereof and not taking into account the proposed Consolidation.

(3) As a group, the directors and executive officers of the Company(including proposed director Michael Cowin) are expected to hold 27.9 million Cayman Shares, representing 19.4% of undiluted total Cayman Shares outstanding.

(4) Proposed member of the Audit Committee.

(5) It is expected that Warren Gilman and Alex Granger will devote 100% of their time to the Company.

The following is a brief biography of each member of the Company's management, including Michael Cowin, who will join the Company's Board on completion of the Change of Business.

Warren Gilman – Mr. Gilman, a mining engineer, has more than 30 years of experience as a deal maker in the metals and mining sector. He was a founder of the Canadian Imperial Bank of Commerce ("CIBC")

Global Mining Team in Toronto in 1988. He subsequently led the team's efforts out of Australia and Hong Kong. During his time with CIBC, Mr. Gilman was responsible for some of the largest equity capital markets financings in Canadian mining history. From 2011, Mr. Gilman led CEF Holdings Ltd., a global mining investment company, owned 50% by CIBC and 50% by CK Hutchison Holdings Ltd. Through his significant prior involvement with mining issuers, Mr. Gilman has gained experience with reviewing financial statements and related management discussion and analysis, and discussing financial issues with management, accountants and auditors, and as a result, he possesses the understanding of accounting principles and the ability to analyze and evaluate the financial statements of the Company. Mr. Gilman obtained his B.Sc. in Mining Engineering at Queen's University and his MBA from the Ivey Business School at Western University.

Alex Granger – Mr. Granger is Chief Executive Officer of Lithion Energy Corp. and served, from 2010 to 2016, as Chief Executive Officer of Barisan Gold Corp., the predecessor company to Lithion Energy Corp. Alex has fifteen years of experience in the investment banking and capital market industry covering the metals and mining sector. Ten of those years were spent in the Asia Pacific region with CIBC covering companies based in East Asia and Australia. Through his significant prior involvement with mining issuers, Mr. Granger has experience with reviewing financial statements and related management discussion and analysis, and discussing financial issues with management, accountants and auditors, and as a result, he possesses the understanding of accounting principles and the ability to analyze and evaluate the financial statements of the Company. Mr. Granger holds a Bachelor of Commerce degree from McGill University.

John F. Anderson – Mr. Anderson is a partner practicing corporate and securities law with a focus on public M&A, and a general corporate practice that also involves private M&A, joint ventures, corporate finance/securities and corporate governance. John is a former member of the firm's national Partnership Board and former head of the Vancouver office's Corporate/Securities Group. John's primary expertise is in the mining, forestry and technology sectors. He has worked on many of the most significant BC-based transactions over the past 20 years, including such milestone transactions as the sale of MacMillan Bloedel to Weyerhaeuser, the sale of Westcoast Energy to Duke Energy and the sale of Terasen to Kinder Morgan. Through his significant prior involvement with mining issuers, Mr. Anderson has experience with reviewing financial statements and related management discussion and analysis, and discussing financial issues with management, accountants and auditors, and as a result, he possesses the understanding of accounting principles and the ability to analyze and evaluate the financial statements of the Company. Mr. Anderson holds a Bachelor of Commerce degree from Carleton University and a Bachelor of Law degree from the University of British Columbia.

Michael Cowin – Mr. Cowin has 25 years of investment experience. Presently Mr Cowin is the principal of Corom Funds Management, an entity managing family office investments. He currently holds a number of board positions. He is Chairman of Dominos Pizza Japan Inc. He is also on the board of Apache Industrial Services, a Houston based industrial services firm in the oil and gas sector. He also holds board positions in CTE Investments, an Australian based investment advisor, as well as Rokmaster Resources Corp. and Walcott Resources Ltd. Previously he was a director of Bridgeclimb Australia and Telecasters Australia. Between 2007 and 2018, he was an equity partner and director of Northcape Capital ("**Northcape**"), a boutique investment fund based in Australia which manages over A$10 billion. Over that period he was the portfolio manager for the Emerging Companies Fund. Prior to Northcape, Mr. Cowin was a senior portfolio manager at AMP from 2004-2007 where he ran the AMP Small Companies Fund. From 2003-2004, he managed the Small Companies Fund at UBS. While at UBS from 1999-2003, he also held the position of Head of Research and Deputy Portfolio Manager for the UBS Australian Share Fund. Between 1996-1999, he was a research analyst with BZW Equities. Mr. Cowin holds a Masters of Business Administration from the Australian Graduate School of Management and a Bachelor of Chemical Engineering (Honors) from the University of NSW.

No proposed director officer or promoter of the Company or a securityholder anticipated to hold a sufficient number of securities of the Company to affect materially the control of the Company, has been, during the ten years prior to the date of this Information Circular, a director, officer or promoter of any person or company that, while that person was acting in that capacity,

- was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days; or

- became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

None of the foregoing proposed directors, officers or promoters of the Company, or securityholders anticipated to hold a sufficient number of securities of the Company, to affect materially the control of the Company has been subject to:

- any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

- any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable security holder making a decision about the Change of Business or COB Resolution.

No proposed director, officer or promoter of the Company, or any securityholder anticipated to hold a sufficient number of securities of the Company to affect materially the control of the Company, or a personal holding company of any such person, has, within the ten years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the person.

Directorships

The following table sets out the directors, officers and promoters of the Company that are, or have been within the last five years, directors, officers or promoters of other reporting issuers, including Michael Cowin, who is proposed for election to the Board effective on completion of the Change of Business:

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	From	To
Warren Gilman	NexGen Energy Ltd.	TSX	Director	July 2017	Present
	Aurania Resources Ltd.	TSXV	Director	June 2019	Present
Michael Cowin	Walcott Resources Ltd.	CSE	Director	July 2019	Present
	Rokmaster Resources Corp.	TSXV	Director	November 2016	Present

Penalties and Sanctions

No director (including proposed director Michael Cowin) or any personal holding company of a director, is:

(1) as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that: (a) was the subject of a cease trade order (including a management cease trade order which applies to directors or executive officers), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days, that was issued while such person was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after such person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer;

(2) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

(3) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or

(4) has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regular authority or has entered into a settlement agreement with a securities regulatory authority the disclosure of which would likely be important to a reasonable security holder in deciding whether to vote for a proposed director; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director. No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity.

Conflicts of Interest

Certain proposed directors and officers of the Company currently, or may in the future, act as directors or officers of other companies and, consequently, it is possible that a conflict may arise between their duties as a director or officer of the Company and their duties as a director or officer of any other such company. There is no guarantee that while performing their duties for the Company, the directors or officers of the Company will not be in situations that could give rise to conflicts of interest. There is no guarantee that these conflicts will be resolved in favor of the Company.

In accordance with the BCBCA, directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The Company will also establish protocols setting out:

- the structures and procedures which are in place to ensure that the consideration by the Board and management of the Company's business and the business of its subsidiaries is undertaken free from any actual, or the appearance of any, conflict of interest; and
- the requirement and process for each director to declare any interest he or she has in the matter being considered by the Board and appropriate measures to be taken upon that declaration.

Where the Board believes a significant conflict exists, the director concerned will not receive the relevant Board documentation and will not be present at the Board's meeting while the item is considered.

The proposed directors and officers of the Company are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors and officers of conflicts of interest and the fact that the Company will rely upon such laws in respect of any director's or officer's conflicts of interest or in respect of any breaches of duty by any of its directors or officers. All such conflicts must be disclosed by such directors or officers in accordance with the BCBCA, and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Proposed Executive Compensation

The anticipated compensation for the Company's executive officers (including the Chief Executive Officer, President and Chief Financial Officer) following completion of the Change of Business has not been determined as of the date of this Information Circular.

Indebtedness of Directors and Officers

Upon the approval of the Change of Business, none of the directors or officers of the Company, nor any other individual who at any time during the most recently completed financial year of the Company was a director or officer of the Company, nor any of their Associates, will be indebted to the Company, and neither will any indebtedness of any of these individuals or Associates to another entity be the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

Investor Relations Arrangements

The Company has not entered into any written or oral agreement or understanding with any person to provide promotional or investor relations services to it, or to engage in activities for the purposes of stabilizing the market, either now or in the future.

Options to Purchase Securities

The Company expects that there will be no change to the existing stock option plan as a result of the Change of Business.

Escrowed Securities

To the knowledge of the directors and executive officers of the Company, as at the date hereof, no securities of the Company are currently held in escrow. The Company at this time does not foresee any securities being placed in escrow as a result of the Change of Business.

COMPARISON OF SHAREHOLDER RIGHTS UNDER THE BCBCA AND CAYMAN LAW

The following should be read together with the information and statements contained elsewhere in the Information Circular. The rights of the Shareholders are currently governed by the BCBCA and by the Company's current British Columbia Notice of Articles and Articles. Upon being continued under the Companies Law, the Company would be subject to the Memorandum and Articles of Association that would replace the Company's current Notice of Articles and Articles. Although the rights and privileges of Shareholders under the BCBCA are in many instances comparable to those under the Companies Law, there are several differences.

Following is a summary and overview of Shareholder's rights under the Companies Law and certain differences between the Companies Law and the BCBCA, but it is not intended to be a comprehensive review of the Memorandum and Articles of Association, Companies Law, or the BCBCA. Reference should be made to the full text of the Companies Law and BCBCA and the regulations thereunder for particulars of any differences between them, and the proposed Memorandum and Articles of Association attached hereto as Schedule D. Shareholders should consult their own legal or other professional advisors with regard to all of the implications of the Continuation which may be of importance to them.

Charter Documents

Under the BCBCA, the charter documents consist of a "notice of articles", which sets forth, among other things, the name of the corporation and the amount and type of authorized capital, and "articles", which govern the management of the corporation.

Under Cayman Law, the "memorandum" of association and "articles of association" are the governing instruments of a corporation and are broadly equivalent to a corporation's notice of articles and articles under the BCBCA, respectively.

Upon the Continuation taking effect, the memorandum of association and articles of association thereby approved by the Company's Shareholders as part of the Continuation Resolution (the "**Memorandum and Articles of Association**") would replace the Company's Notice of Articles and Articles in force under the BCBCA as the primary organizational documents of the Continued Company. It is proposed that the Memorandum and Articles of Association would also set out the rules pertaining to the relationship between members and the management of the Company. The proposed Memorandum and Articles of Association would be substantially in the form of the Memorandum and Articles of Association set out in Schedule D of this Information Circular. Accordingly, approval of the Continuation Resolution at the Meeting will have the effect of approving an amendment to the Notice of Articles and Articles, subject to and upon Continuation, so that the Company's charter documents on and from Continuation would comply with the Companies Law.

Amendments to Charter Documents

Any substantive change to the corporate charter of a corporation under the BCBCA, such as an alteration of the restrictions, if any, on the business carried on by a corporation, a change in the name of a corporation or an increase or reduction of the authorized capital of a corporation will be effected by the type of resolution specified in the articles of a corporation, which for many alterations, could provide for approval solely by a resolution of the directors. Where neither the BCBCA nor the company's articles specify the type of resolution, the articles and notice of articles may be altered by special resolution.

Under the BCBCA, a resolution passed by a special majority at a general meeting for which proper notice has been provided constitutes a special resolution. A special majority is a majority of votes, as specified by the articles, that is not less than 66⅔% and not more than 75% of the votes cast on the resolution. A resolution consented to in writing by all of the shareholders holding shares that carry the right to vote at general meetings also constitutes a special resolution.

Other fundamental changes such as an alteration of the special rights and restrictions attached to issued shares or a proposed amalgamation or continuance of a corporation out of the jurisdiction require a similar special resolution passed by holders of shares of each class entitled to vote at a general meeting of a corporation and the holders of all classes of shares adversely affected by an alteration of special rights and restrictions.

Under Cayman Law, the Memorandum and Articles of Association may only be amended by a special resolution, which requires the approval of not less than 66⅔% of the votes cast at a meeting (or such greater number as may be specified by the Articles of Association) or a written resolution unanimously adopted by all shareholders entitled to vote on the matter.

Under the Company's articles or association, if the Company's share capital is divided into different classes or series, the rights attaching to any class or series of shares (unless otherwise provided by the terms of issue of the shares of that class or series) may be varied with the consent in writing of the holders of at least 75% of the issued shares of that class or series, or with the sanction or a resolution passed by at least 75% of the votes cast at a separate shareholder meeting of the holders of the shares of the class or series. The rights of holders of ordinary shares shall not be deemed to be varied by the creation or issue of shares with preferred or other rights.

Certain Voting Requirements for Extraordinary Transactions

Under the BCBCA, certain extraordinary corporate actions such as certain amalgamations, continuances, sales, leases or exchanges of all or substantially all of the undertaking of the corporation, other than in the ordinary course of its business, and other extraordinary corporate actions such as liquidations (winding-ups) and arrangements requires approval by a special resolution.

In certain cases, a special resolution to approve an extraordinary corporate action is also required to be approved separately by the holders of a class or series of shares, including in certain cases a class or series of shares not otherwise carrying voting rights.

Certain extraordinary corporate actions, such as winding up the company (voluntarily or by court order), require the approval of shareholders by a special resolution under Cayman Law. Cayman Law also provides for mergers, consolidations and arrangements to be completed, in certain circumstances, and such actions would require, depending on the circumstances, consent of 75% in value of the shareholders voting together as one class, or the passing of a special resolution of shareholders.

Overview of the Continued Company's Organizational Documents

Following the completion of the Continuation, the rights of members of the Continued Company would be governed by the Continued Company's new Memorandum and Articles of Association and by the applicable laws of the Cayman Islands (principally, the Companies Law) (collectively the "**Cayman Law**"). The following is an overview of the attributes attaching to the Cayman Shares and is subject to the Memorandum and Articles of Association and to Cayman Law. Though management has attempted to describe and compare all material differences between the attributes of Cayman Shares and those of the currently outstanding Common Shares of the Company, there can be no assurance that all material attributes

(and all material differences in attributes) have been described, nor that any or all holders of outstanding shares would agree that the Company has properly identified those attributes and differences. Management of the Company therefore recommends that the Shareholders review the attributes with their advisors.

Shareholders are referred to as Members under Cayman Law

Under Cayman Law, the shareholders of the Company are referred to as members, as opposed to being referred to as shareholders under the BCBCA. In and of itself, this distinction has no impact on the rights of the holders of the Cayman Shares, as it is a difference of name and not of substance.

Exempted Company Limited by Shares

Upon Continuation, the Continued Company would be an "exempted company limited by shares" under Cayman Law, meaning that the liability of its members is limited to the amount unpaid on their shares. Upon Continuation, all members' shares would continue to be recorded as fully-paid issued shares in the Continued Company. This is equivalent to the limitation of liability that Shareholders of the Company currently enjoy under the BCBCA.

Authorized Share Capital

The proposed Memorandum and Articles of Association for the Continued Company provides for the Continued Company to be registered with an authorized share capital of $5,000,000 divided into 5,000,000,000 shares of par value $0.001 each. Also, so long as the Company has sufficient unissued share capital within its authorized share capital, under the Companies Law and the Memorandum and Articles of Association the Board may authorize and issue additional shares of different classes and designate the rights and privileges (including voting rights, distribution rights, rights to return of capital and other rights) attaching to those classes of shares.

The current authorized share capital of the Company under the BCBCA permits the issuance of an unlimited number of Common Shares without par value and an unlimited number of preferred shares without par value, with the Board having discretion to establish the attributes of preferred shares prior to their issuance. The Companies Law does not permit the authorization of an unlimited number of shares, as is permitted under the BCBCA. However, management believes that the proposed Memorandum and Articles of Association for the Continued Company will establish an authorized share structure upon Continuation that will remain as similar to the Company's pre-Continuation authorized capital as is permissible under the Companies Law. Management believes that the proposed authorized share capital of $5,000,000 will be sufficient for the Continued Company's corporate purposes as this authorized capital has been divided into 5,000,000,000 shares of par value $0.001 each, leaving the Continued Company with the ability to issue up to an additional approximately 4.9 billion shares upon Continuation. Under the proposed Memorandum and Articles of Association, the directors of the Continued Company will also be authorized to create and designate new classes of preferred shares, with the rights and restrictions on such shares to be designated by the directors, in a manner that is substantially equivalent to the existing rights of the directors under the Company's current Articles. The directors will be entitled to approve the issuance of new ordinary shares at fair market value, which is a requirement under the TSXV, and it is anticipated that the fair market value of any new ordinary shares issued will greatly exceed the prescribed nominal par value of CAD$0.001 per share of the ordinary shares.

Accordingly, management believes that the proposed aggregate maximum authorized share capital amount will:

- provide opportunity for the sale of ordinary or other shares by the Continued Company in order to raise funds for working capital, business expansion, investments or other reasons;
- enable the Continued Company to complete future acquisitions of assets, properties, projects or new companies through the issuance of ordinary or other shares; and
- provide adequate reserve for issuances of ordinary shares on the exercise of stock options under the Company's stock option plan, plus potential for future annual incentive awards or bonuses.

Upon the Continuation taking effect, there would be transferred to the share capital account of the ordinary shares of the Continued Company the whole of the capital paid-up on the Common Shares of the Company.

Voting

So long as the only class of shares outstanding are its ordinary shares, then in the same manner as under the BCBCA, pursuant to the Memorandum and Articles of Association, each holder of the ordinary shares, present in person, by proxy or otherwise at a meeting of members, would be entitled to one vote per share on a show of hands or one vote per share on the taking of a poll on all matters to be voted upon. There are no limitations imposed by Cayman Law on the rights of non-resident members to hold or vote their Cayman Shares.

Consistent with the BCBCA, under Cayman Law most regular decisions or actions requiring approval by the Shareholders of the Company would require the approval of holders of a majority of the Cayman Shares present in person, by proxy or otherwise at a meeting of members, or approval in writing of holders of all Cayman Shares (such approval by members at a meeting or in writing being an "**Ordinary Members' Resolution**"). However, some matters require the approval of members pursuant to the affirmative vote of holders of not less than 66 $^{2}/_{3}$ percent of the votes of members properly cast at a meeting of members, whether present in person, by proxy or otherwise, or approval in writing by all members entitled to vote on the matter (such approval by members at a meeting or in writing being a "**Special Members' Resolution**"), such as altering the Memorandum and Articles of Association, changing the name of the Continued Company, reducing the share capital or any capital redemption fund or voluntarily winding up of the Continued Company.

If at any time the Continued Company issues other classes of shares, the voting rights attributable to those shares would be prescribed by the Board prior to their issuance. As a result, thereafter depending upon the voting rights prescribed for these other classes of shares, an Ordinary Members' Resolution and a Special Members' Resolution could include or exclude the votes of the holders of those other outstanding classes of shares. This is similar to what would occur under the BCBCA and the Articles for the Company prior to the Continuation.

Quorum for Members' Meetings

The existing Articles provide that the presence of at least one Shareholder present and being, or one Shareholder represented by proxy, with such Shareholder holding not less than one of the issued Common Share entitled to be voted at the Meeting will constitute a quorum for the transaction of business at any general meeting of the members. Consistent with Cayman practice, the Articles of Association of the Continued Company will provide that the presence of two or more members in person or by proxy, or in the case of a corporation, by its authorized representative, will constitute a quorum.

Changes to the Continued Company's Authorized or Issued Share Capital and Other Organizational Changes

The existing Articles of the Company provide in Article 9.1 that the Company may by directors' resolution:

- create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- if the Company is authorized to issue shares of a class of shares with par value:
    - decrease the par value of those shares; or
    - if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- alter the identifying name of any of its shares; or
- otherwise alter its shares or authorized share structure when required or permitted to do so by the BCBCA;

Article 9.2 of the Company's existing Articles permits the following matters to be accomplished by approval of the shareholders by Special Resolution (which includes for the purposes of the discussion below approval by way of unanimous written resolution of the Shareholders of the Company):

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

The Company may also otherwise alter the Articles by Special Resolution where the BCBCA does not specify the resolution type that is required.

Further, Article 9.3 of the Company's existing Articles permits the change of name of the Company by Special Resolution.

For the Continued Company under the Memorandum and Articles of Association and the Companies Law, the following actions affecting the Continued Company's share capital requires approval of members by Ordinary Members' Resolution:

- an increase in the Continued Company's authorized share capital;
- a consolidation or division of any outstanding shares into a smaller or larger amount;
- a conversion of any shares into stock, or a conversion of stock into shares;
- a subdivision of existing shares into a smaller number of shares; or
- the cancellation of any shares that have not been taken, or acquired, by any person or party.

This is different than under the Articles, where approval by directors resolution is required for these matters. For most other proposals involving changes to the Memorandum or Articles, including any proposal to change the Continued Company's name, to reduce share capital or to merge or consolidate with another company, approval by a Special Members' Resolution is required. Accordingly, the Companies Law will provide greater flexibility by lowering the threshold of shareholder approval required to effect certain corporate actions.

A change of the Continued Company's corporate name will continue to require approval by Special Members' Resolution under the Memorandum and Articles of Association of the Continued Company.

In addition, under the Memorandum and Articles of Association and Cayman Law, where a company has different classes of shares outstanding, the attributes applicable to a class of shares may be varied with the sanction of a Special Members' Resolution of that class, in addition to any approval of members otherwise required under the Memorandum and Articles of Association.

However, based on the Company's current share structure, the Continued Company would only have ordinary shares outstanding upon Continuation.

Dividend Rights

Subject to any rights and restrictions of any other class or series of shares outstanding (of which there are currently none), the Board may, from time to time, declare dividends on the issued shares and authorize payment of the dividends out of the Continued Company's lawfully available funds (and otherwise subject to the provisions of the Companies Law including with respect to solvency). The Board may declare that any dividend be paid wholly or partly by the distribution of shares and/or specific assets of the Continued Company. This is consistent with the rules applicable to dividends by the Company under the BCBCA.

Rights upon Liquidation

In the event of the liquidation of the Continued Company, after the full amounts that holders of any issued shares ranking senior to the Cayman Shares (there are currently no such shares authorized for issuance) plus creditors as to distribution on liquidation or winding up are entitled to receive have been paid or set aside for payment, the holders of Cayman Shares would be entitled to receive, pro rata, any remaining assets of the Continued Company available for distribution to the holders of Cayman Shares. This is consistent with what would happen upon the liquidation of the pre-Continuation Company under the BCBCA.

No Liability for Further Calls or Assessments

As is the case for the currently outstanding Common Shares of the Company, the Cayman Shares to be issued in the Continuation would be issued as fully paid and non-assessable. As such, members of the Continued Company shall have no liability in respect of unpaid shares, either in whole or in part. The Memorandum and Articles of Association will provide that no share can be issued prior to the Company receiving payment in full for such shares.

No Pre-emptive Rights

As is the case for the currently outstanding Common Shares of the Company under the BCBCA, holders of Cayman Shares would have no pre-emptive or preferential right to purchase any securities of the Continued Company.

Redemption and Conversion

As is the case for the currently outstanding Common Shares of the Company, the Cayman Shares would not be convertible into shares of any other class or series or be subject to redemption either by the Continued Company or the holder of the Cayman Shares.

Repurchases of Outstanding Shares

Under the Memorandum and Articles of Association but subject to the provisions of the Companies Law, the Continued Company may, if authorized by the Board, purchase any issued Cayman Shares in circumstances and on terms determined by the directors and agreed by the holder(s) of such shares.

However, the Company may not purchase issued Cayman Shares at any time when, immediately following such purchase, it would be unable to pay its debts as they fall due in the ordinary course of business.

Subject to Cayman Law and applicable securities laws, the Continued Company may, from time to time, with the agreement of a holder, purchase all or part of the holder's Cayman Shares whether or not the Continued Company has made a similar offer to all or any other of the holders of Cayman Shares. Unless designated by the Board to be held as Treasury Shares, any repurchased Cayman Shares will be treated as cancelled and such Cayman Shares will be available for re-issue as determined by the Board.

This is consistent with the situation for the Company under the BCBCA.

Compulsory Acquisition of Shares Held by Minority Holders

Similar to the BCBCA, there are certain circumstances under Cayman Law where an acquiring party may be able to compulsorily acquire the shares of minority holders. Under Cayman Law, an acquiring party may be able to compulsorily acquire the ordinary shares of minority holders in one of two ways:

1. By a procedure under Cayman Law known as a "scheme of arrangement", a Cayman court may, on the application of a company, a creditor of the company or a member of the company, order a meeting of the creditors of the company or of any class of creditors affected by the scheme, and/or a meeting of all members of the company or of any class of members affected by the scheme, and if a majority in number of the creditors or members, as the case may be, present at the meeting held to consider the arrangement, representing at least 75% in value of the creditors or class of creditors, or members or class of members, as the case may be, agree to the scheme, the scheme, if sanctioned by the court, shall bind the company, all relevant creditors, and all relevant members. It is possible that the effect of such a scheme may be that the Continued Company would be dissolved, its assets transferred to the acquiring company and shares of the acquiring company be issued to the holders of ordinary shares of the Continued Company.

2. By acquiring pursuant to a tender offer 90% of the ordinary shares not already owned by the acquiring party (the "**offeror**"). If an offeror has, within four months after the making of an offer for all the ordinary shares not owned by the offeror, obtained the approval of not less than 90% of all the shares to which the offer relates (including shares tendered to the offeror), the offeror may, at any time within two months after the end of that four month period, require any nontendering member to transfer its shares on the same terms as the original offer (such a transaction being a "Squeeze-Out Transaction"). In a Squeeze-Out Transaction, nontendering members will be compelled to sell their shares, unless within one month from the date on which the notice to compulsorily acquire was given to the nontendering member, the nontendering member is able to convince the court to order otherwise.

Shareholders should note that for the Company under the BCBCA, although certain of the transactions described above in connection with a "scheme of arrangement" could generally be completed under a "plan of arrangement", to the extent that shareholder approval is required, the required approval would be by Special Resolution rather than by holders of 75% of the shares in value.

Transfer Agent

The transfer agent and registrar for the Cayman Shares will continue to be Computershare Investor Services Inc.

Board of Directors

For the Company under the BCBCA, the size of the of the Board is determined by the Board, provided that it is not less than three directors, and the directors are elected by plurality vote of the shareholders present in person or represented by proxy at a meeting of shareholders called for that purpose, or by unanimous written consent of all shareholders. Generally, the Board may only appoint directors to fill vacancies arising between meetings of shareholders or to add additional members so long as the total size of the Board does not increase by one-third over the number of directors most recently elected. The Articles provide that directors may only be removed by Special Resolution of the Company's Shareholders.

For the Continued Company, the Memorandum and Articles of Association and the Companies Law provide that directors are elected by affirmative vote of members who, being entitled to do so, attend and vote (whether present in person or represented by proxy) at a meeting called for that purpose and hold a majority of the voting shares. If at any time the number of Board nominees receiving the approval of members by Ordinary Members' Resolution exceeds the number of seats to be filled on the Board, the nominees who receive the greatest number of votes will be elected to fill those seats. For example, if there are nine directors to be elected but12 nominees receive the approval of members by Ordinary Members' Resolution, of those 12 nominees the nine individuals who receive the greater number of votes will be elected to fill the nine available seats, provided that the number of votes cast in favour of each nominee's appointment exceeds the number of votes cast against each such nominees' appointment. This is different than the current situation, where the candidate for a seat on the Board who receives the greatest number of votes of shareholders is elected, even if that number is less than a majority of the votes cast. Shareholders are reminded that the Company has adopted a majority voting policy, as described in greater detail on page 8 of this Information Circular. The Memorandum and Articles of Association for the Continued Company would effectively enshrine the key requirements of that majority voting policy in the Continued Company's organizational documents. If at a meeting of shareholders one or more seats on the Board are left vacant, the Board will have the discretion to exercise its authority and, as described below, appoint someone to fill any Board vacancies.

The Memorandum and Articles of Association also provide that the Company must have at least three directors, but that the Board may otherwise establish its size (by adding directors) unless and until the members resolve by Ordinary Members' Resolution to establish a maximum size of the Board at any number greater than three. After that time, the Board may add directors so long as the resulting number of directors on the Board does not exceed the maximum number set by Ordinary Members' Resolution of the members. As a result, as compared to the situation under the BCBCA, for the Continued Company the Board may be left with greater authority to expand its size, until the members duly pass a resolution setting the maximum size of the Board.

For the Continued Company, the Memorandum and Articles of Association also provide that, consistent with the current requirements for the Company, a Special Members' Resolution is generally required to remove a director, except that the Board can remove a director who is convicted of an indictable offence. In addition, consistent with the current situation, subject to the previously described limitations, the directors may at any time and from time to time appoint any person as a director to fill a casual vacancy occurring among the directors.

Initially, after the completion of the Continuation and assuming that all the individuals proposed for election at the Meeting are so elected and continue to serve as directors upon the Continuation, the number of directors comprising the Board of the Continued Company shall be four.

Duties of Directors and Officers

Under the BCBCA, in exercising their powers and discharging their duties, directors and officers must act honestly and in good faith, with a view to the best interests of the corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. No provision in the corporation's notice of articles, articles, resolutions or contracts can relieve a director or officer of these duties.

As a matter of Cayman Law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company. Fiduciary obligations and duties of directors under Cayman Law are substantially the same asunder the BCBCA. Under Cayman Law, directors owe the following fiduciary duties: (i) duty to act in good faith in what the director believes to be in the best interests of the company as a whole; (ii) duty to exercise powers for the purposes for which those powers were conferred and not for a collateral purpose; (iii) directors should not properly fetter the exercise of future discretion; (iv) duty to exercise powers fairly as between different sections of members; (v) duty not to put themselves in a position in which there is a conflict between their duty to the company and their personal interests; and (vi) duty to exercise independent judgment.

In addition, under Cayman Law directors also owe a duty of care which is not fiduciary in nature. This duty has been defined as a requirement to act as a reasonably diligent person having both the general knowledge, skill and experience that may reasonably be expected of a person carrying out the same functions as are carried out by that director in relation to the company and the general knowledge skill and experience which that director has.

As set out above, directors have a duty not to put themselves in a position of conflict and this includes a duty not to engage in self-dealing, or to otherwise benefit as a result of their position. However, in the future it is possible for the members of the Continued Company to approve amendments to the Memorandum and Articles of Association to reduce or increase the duties of directors with respect to conflicts of interest.

Alternate Directors

Under the Memorandum and Articles of Association and as permitted by the Companies Law, directors are authorized to appoint another person to serve as his or her alternate on the Board. The Company must be notified when a director elects to make such an appointment. A duly appointed alternate director will be entitled to full treatment as a director of the Company and to exercise all rights and authority of the director for whom he or she is an alternate, as well as being subject to all obligations of the director for whom he or she is alternate. However, an alternate director will have no authority to further appoint an alternate, and his or her appointment as an alternate may be terminated by the director for whom he or she is an alternate. This is different from the situation for the Company under the BCBCA, where a director has no authority to appoint someone else to act as his or her alternate.

Indemnification of Officers and Directors

The BCBCA allows a corporation to indemnify, reimburse and/or advance expenses to a director or former director or officer or former officer of a corporation or its affiliates against all liability and expenses reasonably incurred by him in a proceeding to which he is made party by reason of being or having been a director or officer if he acted honestly and in good faith with a view to the best interests of the corporation and, in cases where an action is or was substantially successful on the merits of his defence of the action or proceeding against him in his capacity as a director or officer.

Although the Companies Law does not specifically restrict a Cayman Islands exempted company's ability to indemnify its directors or officers, it does not expressly provide for such indemnification either. However, certain Cayman Islands jurisprudence indicates that the indemnification is generally permissible, unless there has been willful default, willful neglect, breach of fiduciary duty, unconscionable behaviour or behaviour which falls within the broad stable of conduct identifiable as "equitable fraud" on the part of the director or officer in question, although these limits to indemnification are not settled.

The Articles provide that each of the Continued Company's directors and officers shall be indemnified out of the assets of the Continued Company against any liability incurred by him or her as a result of any act or failure to act in carrying out his or her functions other than such liability, if any, that he or she may incur by his or her own actual fraud or willful default. No such director, agent or officer shall be liable for any loss or damage in carrying out his or her functions unless that liability arises through the actual fraud or willful default of such director, agent or officer.

Appointment of Auditor

Under the Memorandum and Articles of Association and the Companies Law, the Board has the authority to select and change the auditors of the Company. This is different from the situation under the BCBCA, where the auditors are selected by vote of the shareholders but the Board has the authority to select an auditor following the resignation or disqualification of the auditors.

Notice of Meetings of Members

Under the Memorandum and Articles of Association, for the Continued Company notices of meetings of members must be provided no less than five days before the scheduled meeting date. This would be different from the current situation, where notice of meetings of shareholders must be provided at least 21 days before a scheduled meeting of shareholders, and no more than 60 days before the meeting.

However, before and after the Continuation, notwithstanding these notice provisions, for so long as the Company or Continued Company is a reporting issuer in a jurisdiction of Canada, under Canadian securities laws generally between 30 and 60 days' notice is required to be provided to the shareholders or members, as the case may, in advance of a meeting of shareholders or members. Accordingly, it is anticipated that, in practice, the move to a shorter notice period will not have a material impact on the time period in which notice of meetings of the members of the Continued Company is provided.

Inspection of Books and Records by Members

Under the BCBCA, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation's stock ledger, list of shareholders and other books and records. Under Cayman Law, members have no general right to obtain copies of member lists or corporate records. However, the Memorandum and Articles of Association will provide the shareholders with the right to inspect or make copies of the Company's stock ledger, list of shareholders and other books and records, provided certain specified procedures are followed and the member who seeks the right of inspection has a "proper purpose", being a purpose reasonably related to such person's interest as a member.

Rights of Dissent and Appraisal

The BCBCA provides that shareholders who dissent to certain actions being taken by a corporation may exercise a right of dissent and require the corporation to purchase the shares held by such shareholder at the fair value of such shares. The dissent right may be exercised by a holder of shares of any class of the corporation in certain circumstances, including when the corporation proposes to:

- amend its articles to alter restrictions on the powers of the corporation or the business that the corporation is permitted to carry on;
- adopt an amalgamation agreement;
- continue out of the jurisdiction;
- sell, lease or otherwise dispose of all or substantially all of the corporation's undertaking;
- adopt a resolution to approve an amalgamation into a foreign jurisdiction;
- adopt a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- adopt any other resolution, if dissent is authorized by the resolution; or
- pursuant to any court order that permits dissent.

Save in the case of a proposed merger or consolidation of a Cayman Islands company (pursuant to which a dissenting shareholder is entitled to payment of the fair value of their shares), there is no specific right of dissent for shareholders under Cayman Law.

Oppression Remedy

Under the BCBCA, a shareholder of a corporation, including a beneficial shareholder and any other person whom the court considers to be an appropriate person to make an application under the BCBCA, has the right to apply to a court on the ground that:

- the affairs of the corporation are being or have been conducted, or that the powers of the directors are being or have been exercised, in a manner oppressive to one or more of the shareholders, including the applicant; or
- some act of the corporation has been done or is threatened, or that some resolution of the shareholders or of the shareholders holding shares of a class or series of shares has been passed or is proposed, that is unfairly prejudicial to one or more of the shareholders, including the applicant.

On such an application, the court may make such order as it sees fit, including an order to prohibit any act proposed by the corporation.

The statutory laws of the Cayman Islands do not contain a specific standalone provision by which prejudiced members of the company can take action. However, a petition to wind up the company on "just and equitable grounds" may be brought by a shareholder. If successful, this allows for the Cayman court to make a variety of orders in the alternative to winding up.

Shareholder Derivative Actions

Under the BCBCA, a shareholder, defined as including a beneficial shareholder and any other person whom the court considers to be an appropriate person to make an application under the BCBCA, or a director of a corporation may, with leave of the court, bring an action in the name and on behalf of the corporation to enforce an obligation owed to the corporation that could be enforced by the corporation itself or to obtain damages for any breach of such an obligation. An applicant may also, with leave of the court, defend a legal proceeding brought against a corporation. Leave may be granted on terms the court considers appropriate if:

- the complainant has made reasonable efforts to cause the directors of the corporation to prosecute or defend the legal proceeding;
- notice of the application for leave has been given to the corporation and any other person the court may order;
- the complainant is acting in good faith; and

- it appears to the court that it is in the best interests of the corporation for the legal proceeding to be prosecuted or defended.

The Cayman Islands courts have recognized derivative suits by shareholders in some limited circumstances. The courts of the Cayman Islands would ordinarily be expected to follow English case law precedents, which would permit a minority shareholder to commence an action against or a derivative action in the name of the company in the following circumstances:

- where the act complained of is alleged to be beyond the corporate power of the company or illegal;
- where the act complained of is alleged to constitute a fraud against the minority perpetrated by those in control of the company; or
- where the act requires approval by a greater percentage of the company's shareholders than actually approved it.

Generally, claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

Shareholder Meetings

Based on the BCBCA and the TSXV Corporate Finance Policies, a company must hold an annual general meeting, for the first time, not later than 18 months after the date on which it was recognized and subsequently not later than 15 months after holding the last preceding annual general meeting and may at any time call a special meeting of shareholders.

Furthermore, under the BCBCA, one or more shareholders of a corporation holding not less than 5% of the issued voting shares of the corporation may give notice to the directors requiring them to call and hold a general meeting which meeting must be held within four months.

Under Cayman Law, a Cayman Islands exempted company may, but is not required to, hold a shareholder meeting each year unless the articles of association otherwise provide. Under the Company's Articles of Association, the Company may, but is not required to, hold an annual shareholder meeting. The TSXV Corporate Finance Policies requires each corporation having securities listed on the TSXV to hold an annual meeting of shareholders no later than six months after the end of its financial year. As a result, the Company does hold annual shareholder meetings and expects to continue to do so for as long as its shares are listed on the TSXV.

A shareholder meeting may be called from time to time by the Board. The Company Board must call a shareholder meeting when requested to do so by shareholders holding at least 5% of the paid-up capital of the Company as at the date of deposit of the request which carries the right to vote at shareholder meetings of the Company, and is to proceed to convene such meeting, which must be held within 120 days of receipt of such requisition. If the directors do not proceed to convene the meeting within 21 days of deposit of the requisition, then the requisitionists may themselves convene a shareholder meeting to be held within four months following the expiry of the 21 day period.

Under the BCBCA, general meetings of shareholders are to be held in British Columbia, or may be held at a location outside of British Columbia if:

- the location is provided for in the articles;
- the articles do not restrict the corporation from approving a location outside of British Columbia, the location is approved by the resolutions required by the articles for that purpose (in the case of

the corporation, may be approved by directors' resolutions), or if no resolutions are specified then approved by ordinary resolutions before the meeting is held; or

- the location is approved in writing by the British Columbia registrar of companies before the meeting is held.

There is no requirement under Cayman Law that an annual shareholder meeting, if held, be held in the Cayman Islands.

Shareholder Proposals

The BCBCA includes a detailed regime for shareholders' proposals. For example, a person submitting a proposal must have been the registered or beneficial owner of one or more voting shares for an uninterrupted period of at least two years before the date of the signing of the proposal. In addition, the proposal must be signed by shareholders who, together with the submitter, are registered or beneficial owners of (i) at least 1% of the corporation's voting shares, or (ii) shares with a fair market value exceeding an amount prescribed by regulation (at present, $2,000).

Any Shareholder may request the directors of the Company to propose a resolution for consideration at the next shareholder meeting. This ability to requisition is not incorporated into the Company's Articles of Association or Cayman Law, but is a general practice. The directors have the discretion to refuse any such request, but in doing so are to be mindful of their fiduciary duties towards the Company and also the ability of the shareholder, as set out in the Company's Articles of Association, to separately requisition a shareholder meeting if the requisition is made by shareholders holding at least 5% of the paid-up capital of the Company as at the date of deposit of the request which carries the right to vote at shareholder meetings of the Company.

Indemnification of Directors and Officers

Under the BCBCA, current or former directors or officers of a company or an associated corporation, or any of their heirs and personal or other legal representatives, are eligible to be indemnified by the company (each an "**eligible party**"). A company may indemnify an eligible party against a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of certain proceedings incurred in connection with eligible proceedings and certain associated reasonable expenses. In certain circumstances, a company may advance expenses. A company must not indemnify an eligible party in certain circumstances, including where the eligible party did not act honestly and in good faith with a view to the best interests of the company or the associated corporation, or where, in proceedings other than civil proceedings, the eligible party did not have reasonable grounds for believing that the eligible party's conduct was lawful. In addition, a company must not indemnify an eligible party in proceedings brought against the eligible party by or on behalf of the company or an associated corporation.

The Company's Articles of Association exempt directors from personal liability to the Company or its shareholders for monetary damages for breach of fiduciary duty as a director, excluding liability for:

- any breach of the director's duty of loyalty to the company or its shareholders;

- acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of the law; or

- any transaction from which the director derived an improper personal benefit.

The Company's Articles of Association also contain provisions indemnifying, among others, the Company's directors and officers and, unless otherwise determined by the directors, employees and agents to the maximum extent permitted by Cayman Law against any liability incurred by that person in his or her capacity as a director, officer, employee or agent of the Company.

DISSENTING SHAREHOLDERS' RIGHTS WITH RESPECT TO THE CONTINUATION

A Registered Shareholder is entitled to dissent in respect of the Continuation Resolution ("**Dissent Rights**") and be paid by the Company the fair value of their Common Shares in accordance with section 245 of the BCBCA if such Registered Shareholder dissents from the Continuation and otherwise complies with the procedure set out in Division 2 of Part 8 of the BCBCA.

The following is a summary of the provisions of the BCBCA relating to a Shareholder's dissent and appraisal rights in respect of the Continuation Resolution. Such summary is not a comprehensive statement of the procedures to be followed by a Registered Shareholder who wishes to duly and validly exercise their Dissent Rights ("**Dissenting Shareholder**") and seek payment of the fair value of its Common Shares and the following summary is qualified in its entirety by reference to the full text of Division 2 of Part 8 of the BCBCA (the "**Dissent Procedures**").

The statutory provisions dealing with the right of dissent are technical and complex. Any Dissenting Shareholders should seek independent legal advice, as failure to comply strictly with the provisions of Division 2 of Part 8 of the BCBCA, which are attached to this Information Circular as Schedule E may result in the loss of all Dissent Rights. Each Dissenting Shareholder is entitled to be paid the fair value (determined immediately before passing of the Continuation Resolution) of all but not less than all, of the holder's Common Shares, provided that the holder duly dissents to the Continuation Resolution and the Continuation becomes effective.

In many cases, Common Shares beneficially owned by a holder are registered either (a) in the name of an Intermediary that the Beneficial Shareholder deals with in respect of such shares, such as, among others, banks, trust companies, securities brokers, trustees and other similar entities, or (b) in the name of a depositary, such as CDS & Co., of which the intermediary is a participant. Accordingly, a Beneficial Shareholder will not be entitled to exercise his, her or its rights of dissent directly (unless the Common Shares are re-registered in the Beneficial Shareholder's name).

In order for a Shareholder to dissent, a written objection (a "**Notice of Dissent**") to the Continuation must be received by the Company at Suite 1240, 1140 West Pender Street, Vancouver, BC V6E 4G1, Attention: Chief Executive Officer no later than 10:00 a.m**.** (Vancouver time) on October, 25 2019 or the date that is 48 hours, excluding Saturdays, Sundays and statutory holidays prior to the date of any adjournment or postponement of the Meeting. Such Notice of Dissent must strictly comply with the requirements of section 242 of the BCBCA. Any failure by a Registered Shareholder to fully comply with the provisions of the BCBCA may result in the loss of that holder's Dissent Rights.

To exercise Dissent Rights, a Registered Shareholder must prepare a separate Notice of Dissent for himself, herself or itself, if dissenting on his, her or its own behalf, and for each other Beneficial Shareholder who beneficially owns Common Shares registered in the Shareholder's name and on whose behalf the Shareholder is dissenting; and must dissent with respect to all of the Common Shares registered in his, her or its name or if dissenting on behalf of a Beneficial Shareholder, with respect to all of the Common Shares registered in his, her or its name and beneficially owned by the Beneficial Shareholder on whose behalf the Shareholder is dissenting. The Notice of Dissent must set out the number of Common Shares in respect of which the Dissent Rights are being exercised (the "**Notice Shares**") and: (a) if such Common Shares constitute all of the Common Shares of which the Shareholder is the registered and beneficial owner and

the Shareholder owns no other Common Shares beneficially, a statement to that effect; (b) if such Common Shares constitute all of the Common Shares of which the Shareholder is both the registered and beneficial owner, but the Shareholder owns additional Common Shares beneficially, a statement to that effect and the names of the Registered Shareholders, the number of Common Shares held by each such Registered Shareholder and a statement that written notices of dissent are being or have been sent with respect to such other Common Shares; or (c) if the Dissent Rights are being exercised by a Registered Shareholder who is not the beneficial owner of such Common Shares, a statement to that effect and the name of the Beneficial Shareholder and a statement that the Registered Shareholder is dissenting with respect to all Common Shares of the Beneficial Shareholder registered in such registered holder's name.

If the Continuation Resolution receives Shareholder approval, and the Company notifies a registered holder of Notice Shares of the Company's intention to act upon the Continuation Resolution pursuant to section 243 of the BCBCA, in order to exercise Dissent Rights such Registered Shareholder must, within one month after the Company gives such notice, send to the Company a written notice that such holder requires the purchase of all of the Notice Shares in respect of which such holder has given Notice of Dissent. Such written notice must be accompanied by the certificate or certificates representing those Notice Shares (including a written statement prepared in accordance with section 244(1)(c) of the BCBCA if the dissent is being exercised by the Registered Shareholder on behalf of a Beneficial Shareholder), whereupon, subject to the provisions of the BCBCA relating to the termination of Dissent Rights, the Registered Shareholder becomes a Dissenting Shareholder, and is bound to sell and the Company is bound to purchase those Common Shares. Such Dissenting Shareholder may not vote, or exercise or assert any rights of a Shareholder in respect of such Notice Shares, other than the rights set forth in Division 2 of Part 8 of the BCBCA.

The BCBCA does not provide, and the Company will not assume, that a vote against the Continuation Resolution or an abstention constitutes a Notice of Dissent. A Dissenting Shareholder need not vote its Common Shares against the Continuation Resolution in order to dissent but must not vote (in person or by way of proxy) any Common Shares held in favour of the Continuation Resolution.

The Dissenting Shareholders who:

- ultimately are entitled to be paid fair value for their Common Shares, will be entitled to be paid the fair value of such Common Shares, and will not be entitled to any other payment or consideration; or

- ultimately are not entitled, for any reason, to be paid fair value for such Common Shares shall be deemed to have participated in the Continuation on the same basis as a non-dissenting holder of Common Shares.

If a Dissenting Shareholder is ultimately entitled to be paid for their Common Shares in respect of which the Dissenting Shareholder has duly and validly exercised the Dissent Rights ("**Dissent Shares**"), such Dissenting Shareholder may enter into an agreement for the fair value of such Dissent Shares. If such Dissenting Shareholder does not reach an agreement, such Dissenting Shareholder, or the Company, may apply to the Court, and the Court may determine the payout value of the Dissent Shares and make consequential orders and give directions as the Court considers appropriate. There is no obligation on the Company to make an application to the Court. The Dissenting Shareholder will be entitled to receive the fair value that the Common Shares had immediately before passing of the Continuation Resolution. After a determination of the fair value of the Dissent Shares, the Company must then promptly pay that amount to the Dissenting Shareholder.

In no circumstances will the Company or any other person be required to recognize a person as a Dissenting Shareholder: (i) if such person has voted or instructed a proxy holder to vote such Notice Shares in favour of the Continuation Resolution; or (ii) unless such person has strictly complied with the Dissent Procedures for exercising Dissent Rights set out in Division 2 of Part 8 of the BCBCA and does not withdraw such Notice of Dissent prior to the completion of the Continuation.

Dissent Rights with respect to Notice Shares will terminate and cease to apply to the Dissenting Shareholder if, before full payment is made for the Notice Shares, the Continuation in respect of which the Notice of Dissent was sent is abandoned or by its terms will not proceed, a court permanently enjoins or sets aside the corporate action approved by the Continuation Resolution, or the Dissenting Shareholder withdraws the Notice of Dissent with the Company's written consent. If any of these events occur, the Company must return the share certificates or book-entry advice statements representing the Common Shares to the Dissenting Shareholder and the Dissenting Shareholder regains the ability to vote and exercise its rights as a Shareholder.

The above is only a summary of the Dissent Procedures which are technical and complex. If you are a Registered Shareholder and wish to exercise your Dissent Rights, you should seek your own legal advice as failure to strictly comply with the Dissent Procedures, will result in the loss of your Dissent Rights.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following describes certain of the principal Canadian federal income tax considerations to holders of Common Shares of the Company (which, for purposes of this summary, includes the Cayman Shares as the context requires or implies) in respect of the Continuation and the Company ceasing to be resident in Canada for purposes of the *Income Tax Act* (Canada) (the "**Tax Act**"). In order to cease to be resident in Canada for the purposes of the Tax Act, in addition to effecting the Continuation, the Company must ensure that its central management and control is not exercised in Canada. The Company intends to take all appropriate steps in this regard if the Board determines to proceed with the Continuation. This summary assumes that all appropriate steps will be taken and that, at the time of the Continuation, the Company will cease to be resident in Canada for purposes of the Tax Act, although this result cannot be guaranteed. This summary also assumes that at no time will more than fifty percent (50%) of the interests in the Company be held by one or more "financial institutions" as defined for purposes of the Tax Act. No income tax ruling or legal opinion has been sought or obtained with respect to any of the assumptions made in this summary, and the discussion that follows is qualified accordingly.

This summary is applicable only to Shareholders who, for purposes of the Tax Act and at all relevant times, hold the Common Shares as capital property and deal at arm's length, and are not affiliated, with the Company.

This summary is based on the provisions of the Tax Act and regulations thereunder in force as at the date hereof and on our understanding of the published administrative policies and assessing practices of the Canada Revenue Agency (the "CRA"). This summary takes into account all specific proposed changes to the Tax Act and the regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, and assumes that all such proposed changes will be adopted in the form proposed, although there can be no assurance in this regard. This summary does not take into account any other changes in law, whether by judicial, governmental or legislative decision or action, nor any provincial, territorial or foreign income tax considerations. This summary is not exhaustive of all possible Canadian federal income tax considerations.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Shareholder. Shareholders should consult their own tax advisers for advice with respect to their particular circumstances.

Consequences to Shareholders

Generally

Shareholders should not be considered to have disposed of their Common Shares by reason only of the Continuation and accordingly will not recognize a capital gain or loss for Canadian income tax purposes, assuming that (as intended) no fundamental change will be made to the rights and conditions attached to the Common Shares in the context of the Continuation and that the Continuation will not result in any express or deemed exchange or re-issuance of Common Shares under the applicable corporate laws of either jurisdiction.

Shareholders Resident in Canada

Once the Company ceases to be resident in Canada for purposes of the Tax Act, the Cayman Shares and other securities of the Company will constitute "specified foreign property" for the purposes of determining whether a Resident Shareholder is subject to the special reporting requirements under the Tax Act in respect of foreign property holdings. In addition, a Resident Shareholder who holds the Cayman Shares as an "offshore investment fund property" for purposes of the Tax Act will be subject to special income inclusion rules under the Tax Act. Shareholders of the Company are advised to consult with their own advisors to assess the implications of these rules in light of their own circumstances.

Dissenting Shareholders

The following is based on the assumption that the Company is not resident in Canada for purposes of the Tax Act at the time it acquires Cayman Shares of the Company held by a Dissenting Shareholder.

A dissenting Resident Shareholder whose Cayman Shares are acquired by the Company will realize a capital gain (or capital loss) to the extent that the amount received by the Shareholder from the Company for such Common Shares, net of any reasonable costs of disposition, exceeds (or is exceeded by) the Resident Shareholder's adjusted cost base of such Cayman Shares. The tax treatment of capital gains (or capital losses) realized by a Resident Shareholder on a disposition of Common Shares is generally as discussed above under the heading "Shareholders Resident in Canada".

The tax consequences to a dissenting Non-Resident Shareholder whose Cayman Shares are acquired by the Company will be subject to similar tax considerations as discussed above in respect of a disposition of Cayman Shares under the heading "Non-Resident Shareholders".

Dissenting Shareholders should consult their own tax advisers as to the tax consequences to them of exercising their dissent rights.

RISK FACTORS

The Change of Business exposes the Company to a number of additional risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. The following outlines certain risk factors associated with the Change of Business and those risk factors specific to the Company.

Failure to Receive Regulatory and Shareholder Approvals

The Change of Business constitutes a change of business pursuant to the policies of the TSXV. The Change of Business remains subject to the approval of the Shareholders at the Meeting and the TSXV. There is no assurance that the Change of Business will receive Shareholder approval and TSXV approval or that the Change of Business will be completed.

No Operating History as an Investment Issuer

The Company does not have any record of operating as an investment issuer. As such, upon completion of the Change of Business, the Company will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the Company will not achieve its financial objectives as estimated by management or at all. Furthermore, past successes of management or the Board does not guarantee future success.

Portfolio Exposure and Sensitivity to Macro-Economic Conditions

Given the nature of the Company's proposed investment activities, the results of operations and financial condition of the Company will be dependent upon the market value of the securities that will comprise the Company's investment portfolio. Market value can be reflective of the actual or anticipated operating results of companies in the portfolio and/or the general market conditions that affect a particular sectors. Various factors affecting the natural resource sector (in which the Company intends to focus its investment activities) could have a negative impact on the Company's portfolio of investments and thereby have an adverse effect on its business. Additionally, the Company may invest in small-cap businesses that may never mature or generate adequate returns or may require a number of years to do so. This may create an irregular pattern in the Company's investment gains and revenues (if any).

Macro factors such as fluctuations in global political and economic conditions could also negatively affect the Company's portfolio of investments. Due to the Company's proposed focus on the natural resource sector, the success of the Company's investments will be interconnected to the strength of the various industries. The Company may be adversely affected by the falling share prices of the securities of investee companies; as such, share prices may directly and negatively affect the estimated value of the Company's portfolio of investments. Moreover, Company-specific risks, such as the risks associated with mining operations generally, could have an adverse effect on one or more of the investments that may comprise the portfolio at any point in time. Company-specific and industry-specific risks that may materially adversely affect the Company's investment portfolio may have a materially adverse impact on operating results. The factors affecting current macro economic conditions are beyond the control of the Company.

Furthermore, the occurrence of unforeseen or catastrophic events, including war, the emergence of a pandemic or other widespread health emergency, terrorist attacks or natural disasters (or concerns over the possibility of such an emergency), could create economic and financial disruptions and could lead to operational difficulties that could impair the Company's ability to manage its business and lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. These risks could also adversely affect securities markets, inflation and other factors relating to

the securities that would be held from time to time. Such events could, directly or indirectly, have a material effect on the prospects of the Company and the value of the securities in its investment portfolio.

Cash Flow and Revenue

Assuming completion of the Change of Business, it is expected that the Company's revenue and cash flow will be generated primarily from financing activities, interest payments, dividends, royalty payments on investment and proceeds from the disposition of investments. The availability of these sources of income and the amounts generated from these sources are dependent upon various factors, many of which are outside of the Company's direct control. The Company's liquidity and operating results may be adversely affected if its access to capital markets is hindered, whether as a result of a downturn in market conditions generally or to matters specific to the Company, or if the value of its investments decline, resulting in losses upon disposition.

Private Issuers and Illiquid Securities

The Company may invest in securities of private issuers, illiquid securities of public issuers and publicly-traded securities that have low trading volumes. The value of these investments may be affected by factors such as investor demand, resale restrictions, general market trends and regulatory restrictions. Fluctuation in the market value of such investments may occur for a number of reasons beyond the control of the Company and there is no assurance that an adequate market will exist for investments made by the Company. Many of the investments made by the Company may be relatively illiquid and may decline in price if a significant number of such investments are offered for sale by the Company or other investors. Even if the Company's investments in private issuers, illiquid securities of public issuers and publicly-traded securities can be sold, there may not be a market for such securities. This may impair the Company's ability to react quickly to market conditions or negotiate the most favourable terms for exiting such investments. Investments in private corporations my offer relatively high potential returns, but will also be subject to a relatively high degree of risk. The process of valuing investments in natural resource corporations will inevitably be based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments.

Volatility of Stock Price

The market price of the Common Shares has been and may continue to be subject to wide fluctuations in response to factors such as actual or anticipated variations in its results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may adversely affect the market price of the Common Shares, even if the Company is successful in maintaining revenues, cash flows or earnings. The purchase of the Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Securities of the Company should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company should not constitute a major portion of an investor's portfolio.

Trading Price of the Common Shares Relative to Net Asset Value

Assuming completion of the Change of Business, the Company will neither be a mutual fund nor an investment fund and, due to the nature of its business and investment strategy and the composition of its investment portfolio, the market price of the Common Shares, at any time, may vary significantly from the

Company's net asset value per Common Share. This risk is separate and distinct from the risk that the market price of the Common Shares may decrease.

Available Opportunities and Competition for Investments

Assuming completion of the Change of Business, the success of the Company's operations will depend upon, among others: (a) the availability of appropriate investment opportunities; (b) the Company's ability to identify, select, acquire, grow and exit those investments; and (c) the Company's ability to generate funds for future investments. The Company can expect to encounter competition from other entities having similar investment objectives, including institutional investors and strategic investors. These groups may compete for the same investments as the Company, will have a longer operating history and may be better capitalized, have more personnel and have different return targets. As a result, the Company may not be able to compete successfully for investments. In addition, competition for investments may lead to the price of such investments increasing, which may further limit the Company's ability to generate desired returns. There can be no assurance that there will be a sufficient number of suitable investment opportunities available to invest in or that such investments can be made within a reasonable period of time. There can also be no assurance that the Company will be able to identify suitable investment opportunities, acquire them at a reasonable cost or achieve an appropriate rate of return. Identifying attractive opportunities is difficult, highly competitive and involves a high degree of uncertainty. Potential returns from investments will be diminished to the extent that the Company is unable to find and make a sufficient number of investments.

Share Prices of Investments

Investments in securities of public companies are subject to volatility in the share prices of such companies. There can be no assurance that an active trading market for any of the subject shares comprising the Company's investment portfolio is sustainable. The trading prices of such subject shares could be subject to wide fluctuations in response to various factors beyond the Company's control, including, but not limited to, quarterly variations in the subject companies' results of operations, changes in earnings, results of exploration and development activities, estimates by analysts, conditions in the resource industry and general market or economic conditions. In recent years, equity markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices, often unrelated to the operating performance of the specific companies. Such market fluctuations could adversely affect the market price of the Company's investments.

Concentration of Investments

Other than as described herein, assuming completion of the Change of Business, there are no restrictions on the proportion of the Company's funds and no limit on the amount of funds that may be allocated to any particular investment. The Company may participate in a limited number of investments and, as a consequence, its financial results may be substantially adversely affected by the unfavourable performance of a single investment. Completion of one or more investments may result in a highly concentrated investment in a particular company, commodity or geographic area, resulting in the performance of the Company depending significantly on the performance of such company, commodity or geographic area.

Dependence on Management and Directors

Assuming completion of the Change of Business, the Company will be dependent upon the efforts, skill and business contacts of key members of management and the Board for, among other things, the information and deal flow they generate during the normal course of their activities and the synergies that exist amongst their various fields of expertise and knowledge. Accordingly, the Company's success may

depend upon the continued service of these individuals to the Company. The loss of the services of any of these individuals could have a material adverse effect on the Company's revenues, net income and cash flows and could harm its ability to maintain or grow assets and raise funds.

From time to time, the Company will also need to identify and retain additional skilled management to efficiently operate its business. Recruiting and retaining qualified personnel is critical to the Company's success and there can be no assurance of its ability to attract and retain such personnel. If the Company is not successful in attracting and training qualified personnel, the Company's ability to execute its business model and growth strategy could be affected, which could have a material and adverse impact on its profitability, results of operations and financial condition.

Additional Financing Requirements

The Company anticipates ongoing requirements for funds to support its growth and may seek to obtain additional funds for these purposes through public or private equity, or debt financing. There are no assurances that additional funding will be available at all, on acceptable terms or at an acceptable level. Any limitations on the Company's ability to access the capital markets for additional funds could have a material adverse effect on its ability grow its investment portfolio.

If the Company raises additional funds by issuing equity or convertible debt securities, it will reduce the percentage ownership of the Company's then-existing Shareholders, and the holders of those newly-issued equity or convertible debt securities may have rights, preferences, or privileges senior to those possessed by the Company's then-existing Shareholders. Additionally, future sales of a substantial number of shares of the Company's Common Shares or other equity related securities in the public market could depress the market price of the Company's Common Shares and impair the Company's ability to raise capital through the sale of additional equity or equity-linked securities. The Company cannot predict the effect that future sales of Common Shares or other equity-related securities would have on the market price of the Company's Common Shares.

No Guaranteed Return

There is no guarantee that an investment in the securities of the Company will earn any positive return in the short-term or long-term. The task of identifying investment opportunities, monitoring such investments and realizing a significant return is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize a return on such investments successfully. The Company's past performance provides no assurance of its future success.

Dividends

To date, the Company has not paid dividends on any of its Common Shares. Following completion of the Change of Business, the Company intends to pay regular dividends to shareholders based on income received from interest bearing investments.

Due Diligence

The due diligence process undertaken by the Company in connection with investments may not reveal all facts that may be relevant in connection with an investment. Before making investments, the Company will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Company may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process

in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Company will rely on resources available, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that is carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

Exchange Rate Fluctuations

Assuming completion of the Change of Business, it is anticipated that a proportion of the Company's investments will be made in Canadian dollars and the Company may also invest in securities denominated or quoted in U.S. dollars or other foreign currencies. Changes in the value of the foreign currencies in which the Company's investments are denominated could have a negative impact on the ultimate return on its investments and overall financial performance.

Natural Resource Sector Risks

Investing in natural resource corporations can be speculative in nature and the value of the Company's investments may be subject to significant fluctuations. Such businesses entail a degree of risk, regardless of the skill and experience of the corporation's management. The assets, earnings and share values of corporations involved in the natural resource industry are subject to risks associated with the world prices of various natural resources, forces of nature, economic cycles, commodity prices, exchange rates, royalty and taxation changes and political events. Government restrictions, such as price regulations, production quotas, royalties and environmental protection, can also be factors.

Non-Controlling Interests

The Company's investments are likely to consist of debt instruments and equity securities of companies that it does not control. These investments will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which the Company does not agree or that the majority stakeholders or the management of the investee company may take risks or otherwise act in a manner that does not serve the Company's interests.

If any of the foregoing were to occur, the values of the Company's investments could decrease and its financial condition, results of operations and cash flow could suffer as a result.

Potential Conflicts of Interest

Certain of the directors and officers of the Company are or may, from time to time, be involved in other financial investments and professional activities that may on occasion cause a conflict of interest with their duties to the Company. These include serving as directors, officers, advisers or agents of other public and private companies, including companies involved in similar businesses to the Company or companies in which the Company may invest, management of investment funds, purchases and sales of securities and investment and management counselling for other clients. Such conflicts of the Company's directors and officers may result in a material and adverse effect on the Company's results of operations and financial condition.

Potential Transaction and Legal Risks

The Company intends to manage transaction risks through allocating and monitoring its capital investments in circumstances where the risk to its capital is minimal, carefully screening transactions, and engaging

qualified personnel to manage transactions, as necessary. Nevertheless, transaction risks may arise from the Company's investment activities. These risks include market and credit risks associated with its operations. An unsuccessful investment may result in the total loss of such an investment and may have a material adverse effect on the Company's business, results of operations, financial condition and cash flow.

The Company may also be exposed to legal risks in its business, including potential liability under securities or other laws and disputes over the terms and conditions of business arrangements. The Company also faces the possibility that counterparties in transactions will claim that it improperly failed to inform them of the risks involved or that they were not authorized or permitted to enter into such transactions with the Company and that their obligations to the Company are not enforceable. During a prolonged market downturn, the Company expects these types of claims to increase. These risks are often difficult to assess or quantify and their existence and magnitude often remains unknown for substantial periods of time. The Company may incur significant legal and other expenses in defending against litigation involved with any of these risks and may be required to pay substantial damages for settlements and/or adverse judgments. Substantial legal liability or significant regulatory action against the Company could have a material adverse effect on its results of operations and financial condition.

Tax risks if the Cayman Shares are not listed on a designated stock exchange

If the Cayman Shares are not listed on a designated stock exchange in Canada and if the Company does not otherwise satisfy the conditions in the Tax Act to be a "public corporation", the Cayman Shares will not be considered to be a qualified investment for a Registered Plan. Where a Registered Plan acquires or holds a Cayman Share in circumstances where the Cayman Share is not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the controlling individual (within the meaning of the Tax Act) under the Registered Plan, including that the Registered Plan may become subject to penalty taxes and the controlling individual of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax. See "*Eligibility for Investment – Certain Federal Income Tax Considerations*".

LEGAL PROCEEDINGS

Management of the Company is not aware of any existing or contemplated material legal proceedings against the Company or affecting any of its properties as of the date of this Information Circular.

AUDITOR, TRANSFER AGENTS AND REGISTRARS

The auditors of the Company are Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, at 1500 - 1140 West Pender St. Vancouver, British Columbia, V6E 4G1.

The transfer agent and registrar of the Company is Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1. If the Continuation is approved, it is expected that Computershare Investor Services Inc. will continue to be the transfer agent and registrar for the Cayman Shares.

INTERESTS OF EXPERTS

Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, the auditors of the Company, does not: (a) have a direct or indirect interest in the property of the Company or the expected property of the Company following completion of the Change of Business; or (b) beneficially own, directly or indirectly, any securities of the Company or any associate or affiliate of the Company.

Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants, has confirmed it is independent with respect to the Corporation within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

MATERIAL CONTRACTS

The Company has not entered into any material contracts other than in the ordinary course of business.

ADDITIONAL INFORMATION

Additional information relating to the Company is included in the Company's audited comparative financial statements for the year ended August 31, 2018 and the prior fiscal year, the auditor's report and related management discussion and analysis. Copies of such statements and the Company's most current interim financial statements and related management discussion and analysis, and additional copies of this proxy circular, may be obtained from SEDAR at www.sedar.com and upon request from the Company's Secretary at the address of the Company.

OTHER MATTERS

The directors are not aware of any other matters which they anticipate will come before the Meeting as of the date of mailing of this Information Circular.

DATED: September 27, 2019.

BY ORDER OF THE BOARD OF DIRECTORS

"Warren Gilman"

Warren Gilman
Chairman of the Board of Directors

SCHEDULE A
INVESTMENT POLICY

Queen's Road Capital Ltd (the "**Company**") has adopted the following investment policy to govern its investment activities. The investment policy sets out, among other things, the investment objectives and strategy based on the fundamental principles set out below.

Investment Objectives

The investment objectives for the Company as an investment issuer are:

1. to seek a high return on investment in the natural resources sector; and,

2. to limit downside risk while retaining significant upside exposure through the effective structuring of its investments.

Subject to the availability of capital, the Company intends to create a diversified portfolio of investments. A disciplined approach will be applied to the identification, review and assessment of high-quality advanced exploration stage, pre-production and producing assets.

The Company intends to pay regular dividends to shareholders based on income received from interest bearing investments.

Investment Strategy

Due to the challenging capital markets for resource issuers, the Company anticipates that it will have access to a wide variety of investment opportunities. The Company will retain flexibility in reviewing opportunities in order to maximise return on investment but it will focus on the strategy as described below.

Investment Sector: The global resource exploration, development and production sector with an emphasis on development and production assets.

Investment Types: Equity, debt, convertible debentures, royalties, streams and any other investment structure, either acquired or created, with an emphasis on convertible debt securities.

Commodities: All commodities that comprise natural resources. Such commodities may include, but are not limited to, base metals, precious metals, ferrous and non-ferrous metals, industrial minerals, agricultural minerals, oil, gas, water and forestry products.

Jurisdictions: All countries are permissible with an emphasis on jurisdictions with low geopolitical risk.

Investment Size: Unlimited, which may result in the Company holding a control position in an investee company.

Investment Timeline: Not limited

Investment Targets: Investments in public or private corporations, partnerships or other legal entities which own, or propose to own, natural resource assets or derivatives of natural resource assets. Additionally, direct project investment either through direct equity in a project or through a derivative interest such as a royalty, stream or other derivative facility. In reviewing potential targets, emphasis will be placed on high quality assets in relatively safe jurisdictions.

Investment Review: Will seek to maintain the ability to actively review and revisit all investments on an ongoing basis.

Liquidity: Will evaluate the liquidity of investments and seek to realize value in a prudent and orderly fashion.

Composition of Investment Portfolio

The nature and timing of the Company's investments will depend, in part, on the investment opportunities available to the Company and on available capital. The composition of its investment portfolio will vary over time depending on its assessment of a number of factors including the performance of financial markets and credit risk.

SCHEDULE B
ANNUAL FINANCIAL STATEMENTS OF THE COMPANY AND MD&A

(See attached.)

Consolidated Financial Statements
(Expressed in Canadian dollars)

August 31, 2018

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Lithion Energy Corp.:

We have audited the accompanying consolidated financial statements of Lithion Energy Corp., which comprise the consolidated statements of financial position as at August 31, 2018 and 2017, and the consolidated statements of comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lithion Energy Corp. as at August 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describe certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about Lithion Energy Corp.'s ability to continue as a going concern.

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
December 21, 2018

An independent firm associated with Moore Stephens International Limited
MOORE STEPHENS

LITHION ENERGY CORP.

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

		August 31, 2018		August 31, 2017
Assets				
Current assets				
Cash	$	1,130,520	$	1,363,167
Receivables (note 6)		11,960		5,564
Advance (note 16)		-		236,492
		1,142,480		1,605,223
Non-current assets				
Advance (note 16)		216,168		-
Exploration and evaluation assets (note 8)		758,797		663,991
Reclamation bond (note 8)		7,817		7,547
		982,782		671,538
Total assets	$	2,125,262	$	2,276,761
Liabilities and Shareholders' Equity				
Current liabilities				
Trade payables and accrued liabilities (note 9)	$	17,933	$	18,068
Shareholders' Equity				
Share capital (note 10)		27,034,993		27,034,993
Reserves (note 11)		2,055,318		1,959,380
Deficit		(26,982,982)		(26,735,680)
		2,107,329		2,258,693
Total liabilities and shareholders' equity	$	2,125,262	$	2,276,761

Nature of operations and going concern (note 1)
Commitment (note 16)

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board of Directors:

"Shawn Westcott" Director *"Scott Eldridge"* Director

LITHION ENERGY CORP.

Consolidated Statements of Comprehensive Income (Loss)
(Expressed in Canadian dollars)

	Year ended August 31, 2018	Year ended August 31, 2017
Expenses		
Consulting and other fees	$ 16,917	$ 28,223
Director fees (note 13)	24,000	12,000
Foreign exchange loss (gain)	(36,090)	65,248
Investor relations	-	16,016
Management fees (note 13)	60,000	30,000
Office and administration	41,528	43,829
Professional fees	28,424	66,858
Share-based payments (notes 11 and 13)	95,938	125,870
Transfer agent and regulatory fees	14,957	29,734
Travel and accommodation	1,628	2,584
	(247,302)	(420,362)
Other items		
Forgiveness of trade payables (note 13)	-	665,533
Gain on sale of subsidiaries (note 7)	-	1,476,292
Gain on debt settlement (note 10)	-	55,359
	-	2,197,184
Comprehensive income (loss) for the year	$ (247,302)	$ 1,776,822
Income (loss) per common share – basic and diluted (note 12)	$ (0.01)	$ 0.10
Weighted average number of common shares – basic and diluted	28,175,233	18,720,737

See accompanying notes to the consolidated financial statements.

LITHION ENERGY CORP.

Consolidated Statement of Changes in Shareholders' Equity
(Expressed in Canadian dollars)

	Number of shares	Share capital	Reserves	Deficit	Shareholders' equity (deficit)
Balance, August 31, 2016	14,032,237	$ 25,455,419	$ 1,833,510	$ (28,512,502)	$ (1,223,573)
Debt settlement (note 10)	2,509,273	313,659	-	-	313,659
Private placement (note 10)	7,500,000	750,000	-	-	750,000
Finders' fee (note 10)	-	(800)	-	-	(800)
Property acquisition (notes 8 and 10)	4,133,723	516,715	-	-	516,715
Share-based payments (note 11)	-	-	125,870	-	125,870
Income for the year	-	-	-	1,776,822	1,776,822
Balance, August 31, 2017	28,175,233	27,034,993	1,959,380	(26,735,680)	2,258,693
Share-based payments (note 11)	-	-	95,938	-	95,938
Loss for the year	-	-	-	(247,302)	(247,302)
Balance, August 31, 2018	28,175,233	$ 27,034,993	$ 2,055,318	$(26,982,982)	$ 2,107,329

See accompanying notes to the consolidated financial statements.

LITHION ENERGY CORP.

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	Year ended August 31, 2018	Year ended August 31, 2017
Cash provided by (used in)		
Operating activities		
Net income (loss) for the year	$ (247,302)	$ 1,776,822
Items not involving cash:		
Share-based payments	95,938	125,870
Forgiveness of trade payables	-	(665,533)
Gain on debt settlement	-	(55,359)
Gain on sale of subsidiaries	-	(1,476,292)
Changes in non-cash working capital:		
Receivables	(6,396)	911
Prepaids and advances	20,324	(226,555)
Trade payables and accrued liabilities	(1,886)	(36,992)
	(139,322)	(557,128)
Investing activities		
Proceeds on sale of subsidiaries, net	-	1,044,367
Exploration and evaluation assets	(93,055)	(122,276)
Reclamation bond	-	(7,547)
	(93,055)	914,544
Financing activity		
Private placement, net	-	749,200
	-	749,200
Effect of foreign exchange	(270)	-
Change in cash during the year	(232,647)	1,106,616
Cash, beginning of the year	1,363,167	256,551
Cash, end of the year	$ 1,130,520	$ 1,363,167

Significant non-cash financing and investing transactions during the year ended August 31, 2018 were included in exploration and evaluation assets is $1,751 which is included in trade payables and accrued liabilities.

During the year ended August 31, 2017, the significant non-cash financing and investing transactions were as follows:

i) The Company issued 2,509,273 common shares at a fair value of $313,659 in settlement of outstanding debt of $627,319 (note 10).
ii) The Company issued 4,133,723 common shares at a fair value of $516,715 for the purchase of exploration and evaluation assets (note 8).
iii) The Company reallocated $25,000 from deposit to exploration and evaluation assets (note 8).

See accompanying notes to the consolidated financial statements.

1. Nature of operations and going concern

Lithion Energy Corp. (formerly Barisan Gold Corporation**),** (the "Company") was incorporated under the laws of the Province of British Columbia on January 25, 2011. Its principal business activities are the acquisition, exploration and development of exploration and evaluation assets. The Company's corporate office and principal place of business is 400-601 West Broadway Ave, Vancouver, British Columbia, Canada V5Z 4C2. The Company trades under the symbol "LNC" on the TSX Venture Exchange ("TSX-V").

The Company has not yet identified exploration and evaluation assets that contain ore reserves that are economically recoverable. To August 31, 2018, the Company has incurred cumulative losses of $26,982,982 and further losses are expected. These uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise capital or borrowings sufficient to meet current and future obligations.

These consolidated financial statements were authorized for issue by the Board of Directors of the Company on December 21, 2018.

2. Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and International Financial Reporting Interpretations Committee ("IFRIC") effective as of August 31, 2018.

The consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. Significant accounting policies

The accounting policies set out below have been applied to the periods presented in these consolidated financial statements.

a) Basis of consolidation

These consolidated financial statements of the Company include the assets, liabilities and results of operations of the following subsidiaries:

Name of subsidiary	Place of incorporation	Percentage ownership 2018	2017
Lithion USA (Nevada) Corp.	USA	100%	100%
Lithion USA (Arizona) Corp.	USA	100%	100%

All intercompany transactions and balances are eliminated on consolidation.

b) Foreign currency translation

The functional currency of each entity is measured using the currency of the primary economic environment in which the entity operates. These consolidated financial statements are presented in Canadian dollars, which is the functional and presentation currency of the Company and each of its subsidiaries.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate in effect at the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated to their Canadian dollar equivalents using foreign exchange rates prevailing at the reporting date. Non-monetary assets and liabilities are translated using foreign exchange rates prevailing at the date of the transaction.

Exchange gains or losses arising on the translation of monetary items are recognized in the statement of comprehensive loss in the period in which they arise.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income to the extent that gains and losses arising on these non-monetary items are also recognized in other comprehensive income.

c) Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held to maturity, available for sale, loans and receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. At August 31, 2018, the Company has not classified any financial assets as FVTPL.

Financial assets classified as loans and receivables and held to maturity assets are initially measured at fair value and subsequently measured at amortized cost using the effective interest method. The Company's cash and receivables are classified as loans and receivables.

3. Significant accounting policies (cont'd)

c) Financial assets (cont'd)

Financial assets classified as available for sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income except for losses in value that provide objective evidence of impairment which are recognized in profit or loss. At August 31, 2018, the Company has not classified any financial assets as available for sale.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

d) Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade payables are classified as other financial liabilities.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held for trading and recognized at fair value with changes in fair value recognized in earnings unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings. The Company has no financial liabilities classified as FVTPL and no derivative instruments are held at August 31, 2018.

e) Significant accounting estimates and assumptions

The preparation of these financial statements in accordance with IFRS requires management to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurement for financial instruments and stock-based compensation, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

3. Significant accounting policies (cont'd)

f) Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that my give rise to significant uncertainty;
- the classification/allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the determination of the functional currency of the parent company and its subsidiaries.

g) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

h) Exploration and evaluation assets

Exploration and evaluation expenditures incurred before the Company has obtained legal rights to explore an area of interest are expensed as incurred. All costs related to the acquisition, exploration and development of exploration and evaluation assets incurred subsequent to the acquisition of legal rights to explore are capitalized by property. If economically recoverable ore reserves are determined to exist, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of an exploration and evaluation asset is impaired, that asset is written down to its recoverable amount. An exploration and evaluation asset is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Indicators of impairment for assets considered to be in the exploration and evaluation stage include the following:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

3. Significant accounting policies (cont'd)

h) Exploration and evaluation assets (cont'd)

The amounts shown for exploration and evaluation assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing and permitting to explore and complete the development of the properties, and future profitable production from the disposition of the metals produced from the properties or by sale.

i) Impairment

At the end of each reporting period, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

j) Restoration and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for a restoration and environmental obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with site closure and reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized restoration and environmental costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional asset retirement costs). The Company had no restoration and environmental obligations as of August 31, 2018 and 2017.

k) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

3. Significant accounting policies (cont'd)

l) Share-based payments

The Company makes periodic grants of share-based awards to selected directors, officers, employees and others providing similar service.

The fair value of the equity-settled awards is determined at the date of the grant by using the Black-Scholes Option Pricing Model. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the statement of comprehensive loss with a corresponding entry within equity, against the reserve for equity settled share based transactions.

m) Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per common share is recognized from the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

The basic loss per share figure has been calculated using the weighted average number of shares outstanding during the respective period. Diluted loss per share is equal to basic loss per share as the effect of outstanding options is anti-dilutive.

n) Income taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the reporting date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4. New standards, amendments and interpretations not yet adopted or effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective.

The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

Effective for annual periods beginning on or after January 1, 2018:

IFRS 9 – Financial Instruments, Classification and Measurement. IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 15 – Revenue from Contracts with Customers. IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service.

IFRS 16 – Leases. According to IFRS 16, all leases will be on the balance sheet of lessees, except those that meet the limited exception criteria. The standard is effective for annual periods beginning on or after January 1, 2019.

5. Capital management

The Company considers the items in shareholders' equity as capital. The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration, and development of its exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company has an interest are in the exploration and evaluation stage; as such the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development, and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geological or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the year ended August 31, 2018. The Company is not subject to externally imposed capital requirements.

6. Receivables

Current receivables consist of Government of Canada taxes receivable at August 31, 2018 of $11,960 (August 31, 2017 - $5,564).

(Expressed in Canadian dollars)

7. Sale of subsidiaries

The Company previously held 80% of the issued and outstanding shares of PT Linge Mineral Resources ("PTLMR") and PT Gayo Mineral Resources ("PTGMR"). The remaining interest in PTLMR and PTGMR were owned by arm's length Indonesian partners. During the year ended August 31, 2017, the Company sold its 80% interest in PTLMR and PTGMR. The Company received $1,252,901 (US$1,000,000) less fees and settlements of $208,534. The Company derecognized the carrying value of the assets and liabilities of the subsidiaries and concurrently recognized the fair value of the consideration received. Prior to the sale of the subsidiaries, the Company issued shares with a fair value of $258,300 in connection with $516,600 in trade payables and accrued liabilities recorded in PTGMR (Note 10).

The gain on sale of subsidiaries is summarized as follows:

		August 31, 2017
Receivables	$	(196,979)
Trade payables and accrued liabilities		887,204
		690,225
Consideration received:		
Cash, net		1,044,367
Consideration paid:		
Shares (note 10)		(258,300)
Gain on sale of subsidiaries	$	1,476,292

8. Exploration and evaluation assets

		Lithium Projects USA
Balance at August 31, 2016	$	-
Acquisition costs		660,912
Exploration costs		
Geology and other		3,079
Balance at August 31, 2017		663,991
Exploration costs		
Licenses and renewals		72,479
Geology and other		22,327
Balance at August 31, 2018	$	758,797

(Expressed in Canadian dollars)

8. Exploration and evaluation assets (cont'd)

Railroad Valley (Nevada) and Black Canyon (Arizona) Projects, USA

On May 2, 2017, the Company completed the acquisition of certain claims comprising the Railroad Valley Lithium Property located in Nevada, USA and the Black Canyon Lithium Property, located in Arizona, USA. Pursuant to the property purchase agreement, the Company paid $100,000 (of which $25,000 was paid as a deposit during the year ended August 31, 2016), a further $44,197 in land transfer fees and issued 4,133,723 common shares, with a fair value of $516,715, in exchange for a 100% equity interest in both the Railroad Valley and Black Canyon properties. Each property is subject to a 2% net smelter royalty.

On November 28, 2017, the Company decided not to renew the exploration permits for the Black Canyon Lithium Property in Arizona. Management has determined that the claims comprising the Black Canyon Lithium Property are of nominal value and, as such, $Nil has been written-off.

At August 31, 2017, the Company has posted a $7,817 (US $6,000) (2017 - $7,547) bond on the Black Canyon Lithium Property. During the year ended August 31, 2018, the Company has requested the return of the bond.

9. Trade payables and accrued liabilities

Trade payables and accrued liabilities consist of the following:

		August 31, 2018		August 31, 2017
Trade payables	$	2,933	$	3,068
Accrued liabilities		15,000		15,000
	$	17,933	$	18,068

10. Share capital

a) Authorized share capital:

Unlimited number of voting common shares without par value.

Issued share capital:

As at August 31, 2018 and 2017, the issued and outstanding share capital is comprised of 28,175,233 common shares.

On May 2, 2017, the Company completed the consolidation of the issued and outstanding common shares on the basis of one post-consolidation common share for every five pre-consolidation common shares. All references to shares issued have been retroactively restated to reflect the share consolidation.

Year ended August 31, 2018

There were no share issuances during the year ended August 31, 2018.

(Expressed in Canadian dollars)

10. Share capital (cont'd)

Year ended August 31, 2017

i) On April 25, 2017, the Company issued 2,509,274 common shares in connection with outstanding debt of $627,319. 442,876 of the common shares with a fair value $55,360 were to two former directors to settle a total balance owing of $110,719 resulting in a gain on settlement of $55,359.

2,066,398 of the common shares with a fair value of $258,300 were issued to a third party whereby the third party would be responsible for a liability of $516,600 owing to a creditor with respect to PTGMR (Note 7). The fair value of these shares of $258,300 has been included as a reduction in the gain on the disposal of the subsidiaries.

ii) On May 2, 2017, the Company issued 4,133,723 common shares at a fair value of $516,715 for the purchase of exploration and evaluation assets (note 8).

ii) On May 2, 2017, the Company completed a non-brokered private placement of 7,500,000 units, at a price of $0.10 per unit for gross proceeds of $750,000. Each unit consists of one common share and one non-transferable common share purchase warrant. Each common share purchase warrant will be exercisable for one common share at a price of $0.15 per common share for a period of two years, expiring on May 2, 2019. The Company paid a finder's fee of $800 in connection with the private placement.

b) Warrants:

Warrant transactions and the number of warrants outstanding are summarized as follows:

	August 31, 2018		August 31, 2017	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants, beginning of the year	12,500,000	$ 0.19	5,867,999	$ 0.27
Expired	(5,000,000)	0.25	(867,999)	0.06
Issued	-	-	7,500,000	0.09
Warrants, end of the year	7,500,000	$ 0.15	12,500,000	$ 0.19

The number of warrant outstanding and at August 31, 2018 are as follows:

Number of warrants	Exercise price	Expiry date
7,500,000	$ 0.15	May 2, 2019

(Expressed in Canadian dollars)

11. Share-based payments

a) Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to executive officers, directors, employees, and consultants to acquire up to 10% of the outstanding issued common shares. The stock option plan allows for the option price at the time each option is granted to be not less than the discounted market price as calculated and defined in accordance with the policies of the TSX-V. Options granted under the plan will have a term not to exceed ten years. Vesting is determined at the discretion of the Board of Directors and in accordance with the policies of the TSX-V. Stock option transactions and the number of stock options outstanding are summarized as follows:

The changes in options are as follows:

	Year ended August 31, 2018		Year ended August 31, 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of the year	2,034,000	$ 0.17	678,500	$ 0.60
Expired and forfeited	(9,000)		(569,500)	0.60
Issued	-	-	1,925,000	0.13
Options outstanding, end of the year	2,025,000	$ 0.15	2,034,000	$ 0.68
Options exercisable, end of the year	2,025,000	$ 0.15	109,000	$ 0.17

During the year ended August 31, 2018, the Company granted nil (2017 – 1,925,000) stock options with an initial fair market value of $nil (2017 - $203,676). The fair value of all compensatory options granted is estimated on the grant date using the Black-Scholes Option Pricing Model. The weighted average assumptions used in calculating the fair values are as follows:

	2018	2017
Risk-free interest rate	-	0.79%
Expected life of option	-	3 years
Expected dividend yield	-	0.00%
Expected stock price volatility	-	181.99%
Fair value per option	-	$ 0.11

(Expressed in Canadian dollars)

11. Share-based payments (cont'd)

a) Stock options (cont'd)

The stock options outstanding and exercisable at August 31, 2018 are as follows:

Number of options – outstanding	Number of options – exercisable	Exercise price	Expiry date
10,000	10,000	$ 0.70	June 12, 2019
60,000	60,000	$ 0.825	September 2, 2019
30,000	30,000	$ 0.375	March 13, 2020
1,925,000	1,925,000	$ 0.15	May 10, 2020
2,025,000	2,025,000		

b) Share-based payments

The total share-based payments recognized on the options vested during year ended August 31, 2018, under the fair value method, was $95,938 (2017 - $125,870).

c) Reserves

The reserves account records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be reallocated to share capital.

12. Basic and diluted income (loss) per share

The calculation of basic and diluted loss per share for the years ended August 31, 2018 and 2017 was based on the loss attributable to common shareholders of $247,302 (2017 – income of $1,776,822) and the weighted average number of common shares outstanding of 28,175,233 (2017 – 18,720,737).

Diluted income (loss) per share did not include the effect of 2,025,000 stock options and 7,500,000 share purchase warrants as the effect would be anti-dilutive or the shares and warrants had exercise prices that were higher than the weighted average share price for the period.

(Expressed in Canadian dollars)

13. Related party transactions

The compensation of key management personnel and related parties were as follows:

	Year ended August 31, 2018	Year ended August 31, 2017
Fees and short-term benefits - management	$ 60,000	$ 30,000
Fees and short-term benefits - directors	24,000	12,000
Share-based payments	77,249	98,840
	$ 161,249	$ 140,840

Related party balances

$682,759 was previously due to officers or companies controlled by officers of the Company and directors of the Company. Of this amount, $572,040 is included in forgiveness of trades payable and $110,719 was settled through the issuance of common shares during the year ended August 31, 2017 (Note 10).

14. Financial instruments

As at August 31, 2018, the carrying values of cash, receivables, and trade payables approximate their fair values due to their short terms to maturity.

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest and foreign exchange risk

Credit risk
Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and receivables. The Company has limited the exposure to credit risk by only depositing its cash with high credit quality financial institutions, which are available on demand.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company has ensured, as far as reasonably possible, it will have sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash.

14. Financial instruments (cont'd)

Historically, the Company's primary source of financing has been the issuance of equity securities for cash, through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity financing.

As of August 31, 2018, the Company had no significant contractual obligations other than those included in trade payables and accrued liabilities as disclosed in note 9.

Interest and foreign exchange risk
The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At August 31, 2018, the Company was not exposed to significant interest rate risk.

The Company has historically had significant operating expenditures which are denominated in United States dollars ("USD"). The Company's exposure to exchange rate fluctuations arises mainly on foreign currencies against the Canadian dollar functional currency of the relevant business entities.

Financial asset and liabilities

The Canadian dollar equivalent of the amounts denominated in foreign currencies at August 31, 2018 and 2017 are as follows:

August 31, 2018		**USD**
Cash	$	876,159

August 31, 2017		**USD**
Cash	$	930,586

Sensitivity analysis:

The Company is exposed to foreign currency risk on fluctuations related to cash, trade payables that are denominated in USD. As at August 31, 2018, assets totaling $876,159 (August 31, 2017 - $930,586) were held in USD. Based on the above net exposure as at August 31, 2018 and assuming all other variables remain constant, a 2% depreciation or appreciation of the USD against the Canadian dollar would result in an increase or decrease of approximately $17,523 (2017 - $18,612) in the Company's loss and comprehensive loss.

(Expressed in Canadian dollars)

15. Income taxes

The actual income tax provision differs from the expected amounts calculated by applying the Canadian and Indonesian combined federal and provincial corporate income tax rates to the Company's loss before income taxes. A reconciliation of income taxes at statutory rates with the reported income tax expense is as follows:

	Year Ended August 31, 2018	Year Ended August 31, 2017
Income (loss) before income taxes	$ (247,302)	$1,776,822
Corporate tax rate	26.00%	26.00%
Expected income tax recovery at statutory rates	(64,299)	461,974
Disposition of subsidiaries	-	1,056,600
Non-taxable income and expenses	24,299	(534,933)
Deferred tax assets not recognized	40,000	(983,641)
Total income tax expense	$ -	$ -

Deferred tax assets have not been recognized in respect of the following items:

	August 31, 2018	August 31, 2017
Deferred income tax assets (liabilities):		
Non-capital loss carry forwards	$ 1,323,000	$ 1,281,000
Capital loss carry forward	312,000	312,000
Exploration and evaluation assets	4,228,000	4,228,000
Other	6,000	8,000
Total deferred income tax assets	5,869,000	5,829,000
Valuation allowance	(5,869,000)	(5,829,000)
Net deferred income tax liability	$ -	$ -

As at August 31, 2018, the Company had deductible temporary differences for which deferred tax assets have not been recognized because it is not probable that future profit will be available against which the Company can utilize the benefits. The Company has non-capital losses for Canadian tax purposes of approximately $1,323,000 which may be carried forward. These losses, if unutilized, will expire through 2038.

16. Commitment

On September 8, 2016, the Company entered into a Management Services Agreement with an arm's length party, whereby the Company paid a $250,000 deposit. The funds will be used to pay the monthly invoices rendered to the Company until such time that the deposit has been exhausted. Should the agreement be terminated within four months notice, the Company will be obligated to pay a lump sum equal to average monthly fee for four months, calculated over the longer of either twelve months prior to the notice of termination or the period of time that the Management Services Agreement has been in effect. At August 31, 2018, $216,168 (2017 - $236,492) remains as an advance and has been reclassified to a long-term asset.

The following Management's Discussion & Analysis ("MD&A") of Lithion Energy Corp. (formerly "Barisan Gold Corporation"), (the "Company" or "Lithion") should be read in conjunction with the condensed interim consolidated financial statements for the year ended August 31, 2018 and the audited financial statements for the year ended August 31, 2017 and related notes attached thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. Except as otherwise disclosed, all dollar figures in this report are stated in Canadian dollars ("CAD"). The effective date of this report is December 21, 2018.

Company Overview

Lithion is a Canadian-based minerals exploration company listed on the TSX Venture Exchange under the symbol "LNC". The Company was previously engaged in the exploration, acquisition and development of mineral properties in Indonesia but has acquired the Railroad Valley Lithium Property located in Nevada, and the Black Canyon Lithium Property located in Arizona. In the previous fiscal year, the Company has undergone significant restructuring and sold its subsidiaries in Indonesia.

Darren Smith, M.Sc., P. Geol., is the Qualified Person as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") for the Company and is responsible for the technical disclosure in this MD&A.

Highlights

During the year ended August 31, 2018 and to the date of report, key events of the Company included:

The Company expanded its Railroad Valley Brine Project's land position in Nevada by 6,360 Acres (~2,574 ha), or by nearly 150%. The recently completed staking of 318 placer claims, over one contiguous block, brings the Company's total land holdings in the Railroad Valley Basin to 517 placer claims, totalling approximately 10,340 acres (~4,184 ha), spread over three separate claim blocks in close proximity.

Exploration Activities

Railroad Valley and the Black Canyon

On May 2, 2017, the Company completed the acquisition from DG Resource Management Ltd. ("DGRM") and Arizona Lithium Company Limited ("ALCL") of the Railroad Valley Lithium Property located in south-central Nevada and consisting of 199 placer claims totalling 9,835 acres ("Railroad Valley") and the Black Canyon Lithium Property located in central Arizona and consisting of two exploration permit applications totalling 360 hectares ("Black Canyon"). Pursuant to the property purchase agreement among the Company, DGRM and ALCL dated July 15, 2016, the Company has paid $100,000 to DGRM), a further $44,197 in land transfer fees and issued 4,133,723 common shares, with a fair value of $516,715 in exchange for a 100% equity interest in both the Railroad Valley and Black Canyon properties. DGRM will retain a 2% Net Smelter Royalty on each property.

The Company obtained a National Instrument 43-101 technical report on the Railroad Valley lithium property in Nye County, Nevada. Edward Lyons, P. Geo., a Qualified Person as defined by National Instrument 43-101 is the author of the NI 43-101 technical report. The report has been filed on www.sedar.com and on the Company's website.

Selected Annual Information

The following table provides a brief summary of the Company's financial results. For more details, please refer to the audited financial statements.

	Year ended August 31, 2018	Year ended August 31, 2017	Year ended August 31, 2016
Total revenues	$ -	$ -	$ -
Income (loss) for the year	(247,302)	1,776,822	(1,250,423)
Basic and diluted loss per share	(0.01)	0.10	(0.10)
Total assets	2,125,262	2,276,761	494,942
Total long-term liabilities	-	-	-
Total cash dividends paid	-	-	-

Summary of Quarterly Results

($)	Three months Ended August 31, 2018	Three months Ended May 31, 2018	Three months Ended February 28, 2018	Three months Ended November 30, 2017
Total revenues				
Income (loss) for the period	(34,932)	(57,463)	(85,007)	(69,900)
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	2,125,262	2,153,143	2,199,539	2,262,483
Total long-term liabilities	-	-	-	-

($)	Three months ended August 31, 2017	Three months ended May 31, 2017	Three months ended February 28, 2017	Three months ended November 30, 2016
Total revenues	-	-	-	-
Loss for the period	1,872,787	(29,232)	(26,641)	(40,092)
Basic and diluted loss per share	0.10	(0.00)	(0.00)	(0.00)
Total assets	2,276,761	1,488,008	386,582	427,976
Total long-term liabilities	-	-	-	-

Fluctuations in the Company's expenditures reflect the variations in the timing of exploration activities and general operations, and share-based payments during certain quarters, including, revaluation of exploration and expenditures at period ends.

Results of Operations

Overall, the Company recorded a consolidated net loss of $247,302 ($0.01 per common share) for the year ended August 31, 2018 as compared to a consolidated net income of $1,776,822 ($0.10 per common share) for the year ended August 31, 2017.

Operating Expenses

The operating expenses were $247,302 for the year ended August 31, 2018 as compared to $420,362 for the year ended August 31, 2017. Significant expenses consisted of the following:

- Investor relations of $nil (2017 - $16,016) and consulting fees of $16,917 (2017 - $28,223) were paid to consultants for corporate development activity on the new project located in Nevada and other potential opportunities world-wide.
- Director fees of $24,000 (2017 - $12,000) and management fees of $60,000 (2017 - $30,000).
- Office and administration of $41,528 (2017 - $43,829), professional fees of $28,424 (2017 - $66,858) and transfer agent and regulatory costs of $14,957 (2017 - $29,734) relate to general corporate and legal matters; and
- Share-based payments of $95,938 (2017 - $125,870)

Fourth Quarter - Results of operations

- For the three months ended August 31, 2018, the Company recorded a consolidated net loss of $34,932 ($0.00 loss per share) compared to a net income of 1,872,787 ($0.10 income per share)) for the three months ended August 31, 2017. The loss is comprised of general and administrative expenses of $34,932 (2017 - $241,687), forgiveness of trade payables of $nil (2017 - $665,533), gain on sale of subsidiaries of $nil (2017 - $1,476,292) and gain on debt settlement of $nil (2017 - $55,359).

- The general and administrative expenses for the three months ended August 31, 2018 decreased due to less corporate activity during the current year as compared to the previous period.

Exploration and Evaluation Assets

During the year ended August 31, 2017, the Company completed the sale of its 80% interest in PTLMR and PTGMR. The Company received $1,252,901 (US$1,000,000) less fees and settlements of $208,534 for a net consideration received of $1,044,367. Prior to the sale of the subsidiaries, the Company issued shares with a fair value of $258,300 in connection with $516,600 in trade payables and accrued liabilities recorded in Gayo.

During the year ending August 31, 2017, the Company completed the acquisition of the Railroad Valley Lithium Property located in south-central Nevada and the Black Canyon Lithium Property located in central Arizona for $100,000 (of which $25,000 was paid as a deposit during the year ended August 31, 2016), a further $44,197 in land transfer fees and issued 4,133,723 common shares, with a fair value of $516,715, in exchange for a 100% equity interest in both the Railroad Valley and Black Canyon properties. During the year ended August 31, 2018, the Company decided not to renew the exploration permits for the Black Canyon Lithium Property in Arizona and has requested the return of the bond.

During the year ended August 31, 2018, expenditures on the Railroad Valley Lithium Property totalled $94,806 (2017 - $663,991). The Company incurred, $72,479 on licence and renewal costs (2017 - $nil), $22,327 (2017 - $3,079) on geology and other costs and $nil (2017 - $660,912) on acquisition costs.

Liquidity & Capital Resources

The Company's cash position at August 31, 2018 was $1,130,520 (August 31, 2017 - $1,363,167) and the Company's working capital was $ 1,124,527 (August 31, 2017 - $1,587,155). The Company has no long-term debt obligations.

Net cash used in operating activities for the year ended August 31, 2018 was $139,322 (2017 - $557,128). The cash used in operating activities for the period consists primarily of general and administrative expenses of $247,302 (2017 - $1,776,822) net of share-based payments of $95,939 (2017 - $125,870), gain on settlement of debt of $nil (2017 - $55,359), write-off of trade payables of $nil (2017 - $665,533), gain on sale of subsidiaries of $nil (2017 - $1,476,291) and net change in non-cash working capital items during the period of $12,042 (2017 - $262,636).

Net cash used in investing activities for the year ended August 31, 2018 was $93,055 (2017 - provided by $914,544). The cash used in investing activities was the net change in non current receivables of $nil (2017- $7,547), proceeds on sale of subsidiaries of $nil (2017 - $1,044,367) and exploration and evaluation assets $93,055 (2017 - $122,276).

Net cash used in financing activities for the year ended August 31, 2018 was $nil (2017 - $nil). The cash provided by investing activities was the net proceeds from a private placement of $nil (2017- $749,200)

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through rights offerings and private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Financial Instruments

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements.
As at August 31, 2018, the carrying values of cash, receivables, and trade payables approximate their fair values due to their short terms to maturity.

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and receivables. The Company has limited the exposure to credit risk by only depositing its cash with high credit quality financial institutions, which are available on demand.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company has ensured, as far as reasonably possible, it will have sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash.

Historically, the Company's primary source of financing has been the issuance of equity securities for cash, through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity financing.

As at August 31, 2018, there are no other significant contractual obligations other than those included in trade payables and accrued liabilities disclosed in note 8.

Interest and foreign exchange risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At August 31, 2018, the Company was not exposed to significant interest rate risk.

The Company has significant operating expenditures which are denominated in United States dollars ("USD"). The Company's exposure to exchange rate fluctuations arises mainly on foreign currencies against the Canadian dollar functional currency of the relevant business entities.

Financial assets and liabilities:

The Canadian dollar equivalent of the amounts denominated in foreign currencies at August 31, 2018 and 2017 are as follows:

August 31, 2018		**USD**
Cash	$	876,159

August 31, 2017		**USD**
Cash	$	930,586

Sensitivity analysis:

The Company is exposed to foreign currency risk on fluctuations related to cash, trade payables that are denominated in USD. As at August 31, 2018, assets totaling $876,159 (August 31, 2017 - $930,586) were held in USD. Based on the above net exposure as at August 31, 2018 and assuming all other variables remain constant, a 2% depreciation or appreciation of the USD against the Canadian dollar would result in an increase or decrease of approximately $17,523 (2017 - $18,612) in the Company's loss and comprehensive loss.

Related Party Transactions

The compensation of key management personnel and related parties were as follows:

		Year ended August 31, 2018		**Year ended August 31, 2017**
Fees and short-term benefits - management	$	60,000	$	30,000
Fees and short-term benefits - directors		24,000		12,000
Share-based payments		77,249		98,840
	$	161,249	$	140,840

Related party balances

$682,759 was previously due to officers or companies controlled by officers of the Company and directors of the Company. Of this amount, $572,040 is included in forgiveness of trades payable and $110,719 was settled through the issuance of common shares during the year ended August 31, 2017.

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Capital Commitments

The Company has no commitments for equipment expenditures for 2018. The Company has forecasted that any property and equipment expenditures based on future needs will be funded from working capital and/or from operating or capital leases.

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Future Accounting Policy Changes

A number of new standards, amendments to standards and interpretations are not yet effective as of the date of this report, and were not applied in preparing the financial statements. None of these are expected to have a material effect on the condensed consolidated interim financial statements of the Company.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may vary from these estimates.

The impacts of such estimates could result in material adjustment to the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant accounts that require estimates as the basis for determining the stated amounts include: fair value of stock options and warrants, income taxes, and recoverability of exploration and evaluation assets.

Outstanding Share Data

The Company has the following common shares, stock options, and share purchase warrants outstanding:

Common Shares

The Company's authorized capital consists of an unlimited number of voting common shares without par value.

As at August 31, 2018 and December 21, 2018 (date of report), there were 28,175,233 issued and outstanding common shares.

Stock Options

As at August 31, 2018 and December 21, 2018 (date of report), there were 2,025,000 stock options outstanding and exercisable, with weighted-average exercise price of $0.15.

Warrants

At August 31, 2018 and December 21, 2018 (date of report), there were 7,500,000 share purchase warrants outstanding at a weighted average exercise price of $0.15.

Risk and Uncertainties

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, fluctuating metal prices, social, political, financial and economics. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties are not limited to but include risks associated with our dependence on the Lithium properties and the Company's limited operating history; geological exploration and development; changes in law, and the availability of additional funding as and when required; infrastructure; inflation; governmental regulation; environmental; hazards, insurance; uninsured risks; competition; currency fluctuations; labour and employment; joint ventures; contract repudiation; dependence on key management personnel and executives; and litigation risks.

Forward-Looking Information

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. This MD&A contains forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Examples of forward-looking statements in this MD&A include statements with respect to:

The Company's exploration program at its projects in Nevada, Arizona and possible related discoveries of new mineralization or identification of mineral resources; the impact to the Company of future accounting standards and discussion of risks and uncertainties around the Company's business; and the adequacy of the Company's capital resources and its ability to raise additional financing and continue as a going concern.

In general, forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled "*Risks and Uncertainties*" in this MD&A.

Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ, perhaps materially, from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industries involve risks and uncertainties and the data is subject to change based on various factors.

Additional Information

Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.lithionenergycorp.com.

SCHEDULE C
INTERIM FINANCIAL STATEMENTS OF THE COMPANY AND MD&A

(See attached.)

Consolidated Interim Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

(An Exploration Stage Company)

May 31, 2019

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed financial statements have been prepared by and are the responsibility of the management.

The Company's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

LITHION ENERGY CORP.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

		May 31, 2019		August 31, 2018
Assets				
Current assets				
Cash	$	2,143,299	$	1,130,520
Receivables (note 5)		18,642		11,960
		2,161,941		1,142,480
Non-current assets				
Advance (Note 14)		163,198		216,168
Exploration and evaluation assets (note 6)		766,967		758,797
Reclamation bond (note 6)		-		7,817
		930,165		982,782
Total assets	$	3,092,106	$	2,125,262
Liabilities and Shareholders' Equity				
Current liabilities				
Trade payables and accrued liabilities (note 7)	$	1,886	$	17,933
Shareholders' Equity (Deficit)				
Share capital (note 8)		28,154,243		27,034,993
Reserves (note 9)		2,055,318		2,055,318
Deficit		(27,119,341)		(26,982,982)
		3,090,220		2,107,329
Total liabilities and shareholders' equity	$	3,092,106	$	2,125,262

Nature of operations (note 1)
Commitment (note 14)
Subsequent event (note 15)

See accompanying notes to condensed interim consolidated financial statements

Approved on behalf of the Board of Directors:

"Shawn Westcott" Director *"Alex Granger"* Director

LITHION ENERGY CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Three months ended May 31, 2019	Three months ended May 31, 2018	Six months ended May 31, 2019	Nine months ended May 31, 2018
Expenses				
Consulting and other fees	$ -	$ 13,792	$ -	$ 16,917
Director fees (note 11)	5,503	6,000	17,502	18,000
Foreign exchange loss (gain)	(20,590)	(8,318)	(31,065)	(27,235)
Investor relations	4,500	-	4,500	-
Management fees (note 11)	12,500	15,000	42,500	45,000
Office and administration	24,049	8,684	48,408	37,347
Professional fees	17,150	3,306	25,325	12,374
Share-based payments (notes 9 and 11)	-	17,095	-	95,938
Transfer agent and regulatory fees	13,584	1,903	29,189	14,029
Comprehensive loss for the period	$ (56,696)	$ (57,463)	(136,359)	$ (212,370)
Loss per common share –basic and diluted (note 10)	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.00)
Weighted average number of common shares – basic and diluted	31,998,294	28,175,233	29,463,591	28,175,233

See accompanying notes to condensed interim consolidated financial statements.

LITHION ENERGY CORP.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficiency)
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Number of shares	Share capital	Reserves	Deficit	Shareholders' Equity (Deficiency)
Balance, August 31, 2017	28,175,233	27,034,993	1,959,380	$ (26,735,680)	$ 2,258,693
Share-based payments (note 9)	-	-	95,938	-	95,938
Loss for the period	-	-		(212,370)	(212,370)
Balance, May 31, 2018	28,175,233	27,034,993	2,055,318	(26,948,050)	2,142,261
Income for the period	-	-	-	(34,932)	(34,932)
Balance, August 31, 2018	28,175,233	27,034,993	2,055,318	(26,982,982)	2,107,329
Share issuance	7,000,000	350,000	-	-	350,000
Exercise of warrants	5,128,332	769,250	-	-	769,250
Loss for the period	-	-	-	(136,359)	(136,359)
Balance, May 31, 2019	40,303,565	$ 28,154,243	$ 2,055,318	$ (27,119,341)	$ 3,090,220

See accompanying notes to condensed interim consolidated financial statements.

LITHION ENERGY CORP.

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Six months ended May 31, 2019	Six months ended May 31, 2018
Cash provided by (used in)		
Operating activities		
Net loss for the period	$ (136,359)	$ (212,370)
Items not involving cash:		
Share-based payments	-	95,938
Changes in non-cash working capital:		
Receivables	(6,682)	
Prepaids and advances	-	(5,398)
Trade payables and accrued liabilities	(16,047)	(7,225)
	(159,088)	(129,165)
Financing activities		
Private Placement	350,000	-
Exercise of warrants	769,250	-
	1,119,250	-
Investing activities		
Exploration and evaluation assets	(8,170)	(45,571)
Receivables – non-current	60,993	17,167
	52,823	(28,804)
Effect of foreign exchange	(206)	(196)
Decrease in cash during the period	(1,012,779)	(157,765)
Cash, beginning of the nine months	1,130,520	1,363,167
Cash, end of the period	$ 2,143,299	$ 1,205,402

During the nine months ended May 31, 2019, there were no significant non-cash financing and investing transactions.

During the nine months ended May 31, 2018, the significant non-cash financing and investing transactions was $150 in exploration and evaluation assets that are included in trade payable and accrued liabilities.

See accompanying notes to condensed interim consolidated financial statements. .

1. Nature of operations and going concern

Lithion Energy Corp**,** (the "Company") was incorporated under the laws of the Province of British Columbia on January 25, 2011. Its principal business activities are the acquisition, exploration and development of exploration and evaluation assets. The Company's corporate office and principal place of business is 400-601 West Broadway Ave, Vancouver, British Columbia, Canada V5Z 4C2. The Company trades under the symbol "LNC" on the TSX Venture Exchange ("TSX-V").

The Company has not yet identified exploration and evaluation assets that contain ore reserves that are economically recoverable. To May 31, 2019, the Company has incurred cumulative losses of $27,119,341 and further losses are expected. These uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. These consolidated financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these consolidated financial statements. The Company's continuation as a going concern is dependent upon its ability to attain profitable operations and generate funds there from and/or raise capital or borrowings sufficient to meet current and future obligations.

These consolidated financial statements were authorized for issue by the Board of Directors of the Company on July 29, 2019.

2. Significant accounting policies

Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" ("IAS 34") as issued by the International Financial Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed.

The consolidated financial statements have been prepared on a historical cost basis, modified where applicable. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

(Expressed in Canadian dollars)

2. Significant accounting policies (cont'd)

Basis of presentation (cont'd)

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and its subsidiaries is the Canadian dollar, which is also the reporting currency of the Company. The functional currency determinations were conducted through an analysis of the consideration factors identified in International Accounting Standards ("IAS") 21.

The condensed interim consolidated financial statements have been prepared using the same accounting policies and methods as those used in the audited financial statements for the year ended August 31, 2018, except for the impact of the adoption of the accounting standard described below. These condensed interim consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended August 31, 2018.

Basis of consolidation

These consolidated financial statements of the Company include the assets, liabilities and results of operations of the following subsidiaries:

Name of subsidiary	Place of incorporation	Percentage ownership	
		May 31, 2019	August 31, 2018
Lithion USA (Nevada) Corp.	USA	100%	100%
Lithion USA (Arizona) Corp.	USA	100%	100%

All intercompany transactions and balances are eliminated on consolidation.

Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include:

- the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that my give rise to significant uncertainty;
- the classification/allocation of expenditures as exploration and evaluation expenditures or operating expenses; and
- the determination of the functional currency of the parent company and its subsidiaries.

2. Significant accounting policies (cont'd)

Significant accounting estimates and assumptions

The preparation of these financial statements in accordance with IFRS requires management to make estimates and assumptions concerning the future. The Company's management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include the recoverability of the carrying value of exploration and evaluation assets, fair value measurement for financial instruments and stock-based compensation, the recoverability and measurement of deferred tax assets, provisions for restoration and environmental obligations and contingent liabilities.

Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its subsidiaries. Subsidiaries are all entities controlled by the Company. Control exists when the Company has the power to directly or indirectly govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account in the assessment of whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date on which control ceases.

3. New standards, amendments and interpretations not yet adopted or effective

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective.

The Company has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its consolidated financial statements.

Effective (proposed) for annual periods beginning on or after January 1, 2018:

IFRS 9 – Financial Instruments, Classification and Measurement. IFRS 9 is a new standard on financial instruments that will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as de-recognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 15 – Revenue from Contracts with Customers. IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, Construction Contracts, IAS 18, Revenue, IFRIC 13, Customer Loyalty Programs, IFRIC 15, Agreements for the Construction of Real Estate, IFRIC 18, Transfers of Assets from Customers, and SIC-31, Revenue – Barter Transactions involving Advertising Service.

IFRS 16 – Leases. According to IFRS 16, all leases will be on the balance sheet of lessees, except those that meet the limited exception criteria. The standard is effective for annual periods beginning on or after January 1, 2019.

(Expressed in Canadian dollars)

4. Capital management

The Company considers the items in shareholders' equity as capital. The Company manages and adjusts its capital structure based on available funds in order to support the acquisition, exploration, and development of its exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company has an interest are in the exploration and evaluation stage; as such the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development, and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it believes there is sufficient geological or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the nine months ended May 31, 2019. The Company is not subject to externally imposed capital requirements.

5. Receivables

Current receivables consist of Government of Canada taxes receivable at May 31, 2019 of $18,642 (August 31, 2018 - $11,960).

6. Exploration and evaluation assets

		Lithium Project
		USA
Balance at August 31, 2017	$	663,991
Exploration costs		
Licenses & renewals		72,479
Geology and other		22,327
Balance at August 31, 2018	$	758,797
Exploration costs		
Licenses & renewals		8,170
Balance at May 31, 2019	$	766,967

(Expressed in Canadian dollars)

6. Exploration and evaluation assets (cont'd)

Railroad Valley (Nevada) and Black Canyon (Arizona) Projects, USA

On May 2, 2017, the Company completed the acquisition of certain claims comprising the Railroad Valley Lithium Property located in Nevada, USA and the Black Canyon Lithium Property, located in Arizona, USA. Pursuant to the property purchase agreement, the Company paid $100,000 and issued 4,133,723 common shares, with a fair value of $516,715, in exchange for a 100% equity interest in both the Railroad Valley and Black Canyon properties. Each property is subject to a 2% net smelter royalty.

During the period ending May 31, 2019, the Company received $8,022 (US $6,000) (August 31, 2018 - $7,817) for the bond posted on the Black Canyon Lithium Property. The Company decided not to renew the exploration permits for the Black Canyon Lithium Property in Arizona.

7. Trade payables and accrued liabilities

Trade payables and accrued liabilities consist of the following:

		May 31, 2019		August 31, 2018
Trade payables	$	1,88	$	2,933
Accrued liabilities		350		15,000
	$	1,536	$	17,933

8. Share capital

a) Authorized share capital:

Unlimited number of voting common shares without par value.

Issued share capital:

As at May 31, 2019 - 40,303,565 (August 31, 2018 - 28,175,233) common shares, the issued and outstanding share capital is comprised of.

During the nine months ended May 31, 2019

On May 2, 2019, the Company completed private placement of 7,000,000 common shares for aggregate gross proceeds of $350,000 at a price of $0.05 per common share.

On May 2, 2019, the Company issued 5,128,332 common shares for gross proceeds of 769,250 for warrants exercised at $0.15.

During the nine months ended
There were no share capital transactions or for the year ended August 31, 2018.

(Expressed in Canadian dollars)

8. Share capital (cont'd)

b) Warrants:

Warrant transactions and the number of warrants outstanding are summarized as follows:

	May 31, 2019		August 31, 2018	
	Number of warrants	Weighted average exercise price	Number of warrants	Weighted average exercise price
Warrants, beginning of the year	7,500,000	$ 0.15	12,500,000	$ 0.19
Expired	2,371,668	0.15	(5,000,000)	0.25
Exercised	5,128,332	0.15		
Issued	-	-	-	-
Warrants, end of the period	-	$ -	7,500,000	$ 0.15

9. Share-based payments

a) Stock options

The Company has an incentive stock option plan in place under which it is authorized to grant options to executive officers, directors, employees, and consultants to acquire up to 10% of the outstanding issued common shares. The stock option plan allows for the option price at the time each option is granted to be not less than the discounted market price as calculated and defined in accordance with the policies of the TSX-V. Options granted under the plan will have a term not to exceed ten years. Vesting is determined at the discretion of the Board of Directors and in accordance with the policies of the TSX-V. Stock option transactions and the number of stock options outstanding are summarized as follows:

The changes in options are as follows:

	May 31, 2019		August 31, 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Options outstanding, beginning of the year	2,025,000	$ 0.15	2,034,000	$ 0.17
Expired and forfeited	(1,025,000)	0.18	(9,000)	
Issued	-	-	-	-
Options outstanding, end of the period	1,000,000	$ 0.13	2,025,000	$ 0.15
Options exercisable, end of the period	1,000,000	$ 0.13	2,025,000	$ 0.15

For the nine months ended May 31, 2019, there were no stock options issued. The fair value of all compensatory options granted is estimated on the grant date using the Black-Scholes option pricing model. The weighted average assumptions used in calculating the fair values are as follows:

(Expressed in Canadian dollars)

9. Share-based payments (cont'd)

a) Stock options (cont'd)

	Nine months ended May 31, 2019	Year ended August 31, 2018
Risk-free interest rate	-	-
Expected life of option	-	-
Expected dividend yield	-	-
Expected stock price volatility	-	-
Fair value per option	-	-

The stock options outstanding and exercisable at May 31, 2019 are as follows:

Number of options – outstanding	Number of options – exercisable	Exercise Price	Expiry date
1,000,000	1,000,000	$ 0.13	May 10, 2020

b) Share-based payments

The total share-based payments recognized on the options vested during nine months ended May 31, 2019, under the fair value method, was $nil (2018 - $95,938).

c) Reserves

The reserves account records items recognized as stock-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be reallocated to share capital.

10. Basic and diluted income (loss) per share

The calculation of basic and diluted loss per share for the nine months ended May 31, 2019 the weighted average number of common shares outstanding 29,463,591 (2018 - 28,175,233).

Diluted income (loss) per share did not include the effect of 1,000,000 stock options as the effect would be anti-dilutive or the shares and warrants had exercise prices that were higher than the weighted average share price for the period.

(Expressed in Canadian dollars)

11. Related party transactions

The compensation of key management personnel and related parties were as follows:

	Nine months ended May 31, 2019	Nine months ended May 31, 2018
Fees and short-term benefits - management	$ 42,500	$ 45,000
Fees and short-term benefits - directors	17,502	18,000
Share-based payments	-	77,249
	$ 60,002	$ 140,249

Related party balances included in trade payable and accrued liabilities at May 31, 2019 and August 31, 2018 was $nil.

12. Financial instruments

As at May 31, 2019, the carrying values of cash, receivables, and trade payables approximate their fair values due to their short terms to maturity.

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest and foreign exchange risk

Credit risk
Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and receivables. The Company has limited the exposure to credit risk by only depositing its cash with high credit quality financial institutions, which are available on demand.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company has ensured, as far as reasonably possible, it will have sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash.

12. Financial instruments (cont'd)

Historically, the Company's primary source of financing has been the issuance of equity securities for cash, through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity financing.

As of May 31, 2019, the Company had no significant contractual obligations other than those included in trade payables and accrued liabilities as disclosed in note 8.

Interest and foreign exchange risk
The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At May 31, 2019, the Company was not exposed to significant interest rate risk.

The Company has historically had significant operating expenditures which are denominated in United States dollars ("USD"). The Company's exposure to exchange rate fluctuations arises mainly on foreign currencies against the Canadian dollar functional currency of the relevant business entities.

Financial asset and liabilities

The Canadian dollar equivalent of the amounts denominated in foreign currencies are as follows:

USD	May 31, 2019	August 31, 2018
Cash	$ 750,932	$ 876,159

Sensitivity analysis:

The Company is exposed to foreign currency risk on fluctuations related to cash, that are denominated in USD. As at May 31, 2019, net assets totaling $750,932 (August 31, 2018 - $876,159) were held in USD. Based on the above net exposure as at May 31, 2019 and assuming all other variables remain constant, a 2% depreciation or appreciation of the USD against the Canadian dollar would result in an increase or decrease of approximately $15,019 (2018 - $18,546) in the Company's loss and comprehensive loss.

13. Segmented information

The Company primarily operates in one reportable operating segment, being the acquisition and exploration of exploration and evaluation assets located in the United States.

14. Commitment

On September 8, 2016, the Company entered into a Management Services Agreement with an arm's length party, whereby the Company paid a $250,000 deposit. The funds will be used to pay the monthly invoices rendered to the Company until such time that the deposit has been exhausted. Should the agreement be terminated within four months notice, the Company will be obligated to pay a lump sum equal to average monthly fee for four months, calculated over the longer of either twelve months prior to the notice of termination or the period of time that the Management Services Agreement has been in effect. At May 31, 2019, 163,198 (August 31, 2018, $216,168) remains in prepaids and advances.

The following Management's Discussion & Analysis ("MD&A") of Lithion Energy Corp., (the "Company" or "Lithion") should be read in conjunction with the condensed interim consolidated financial statements for the nine months ended May 31, 2019 and the audited financial statements for the year ended August 31, 2018 and related notes attached thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). This MD&A contains "forward-looking statements" that are subject to risk factors set out in a cautionary note contained herein. Except as otherwise disclosed, all dollar figures in this report are stated in Canadian dollars ("CAD"). The effective date of this report is July 29, 2019.

Company Overview

Lithion is a Canadian-based minerals exploration company listed on the TSX Venture Exchange under the symbol "LNC". The Company was previously engaged in the exploration, acquisition and development of mineral properties in Indonesia but has acquired the Railroad Valley Lithium Property located in Nevada.

Exploration Activities

Railroad Valley and the Black Canyon

During the year ending August 31, 2017, the Company completed the acquisition of the Railroad Valley Lithium Property located in south-central Nevada and the Black Canyon Lithium Property located in central Arizona for $100,000 (of which $25,000 was paid as a deposit during the year ended August 31, 2016), a further $44,197 in land transfer fees and issued 4,133,723 common shares, with a fair value of $516,715, in exchange for a 100% equity interest in both the Railroad Valley and Black Canyon properties. During the year ended August 31, 2018, the Company decided not to renew the exploration permits for the Black Canyon Lithium Property in Arizona and has requested the return of the bond.

During the year ended August 31, 2018, the Company expanded its Railroad Valley Brine Project's land position in Nevada by 6,360 Acres (~2,574 ha), or by nearly 150%. The recently completed staking of 318 placer claims, over one contiguous block, brings the Company's total land holdings in the Railroad Valley Basin to 517 placer claims, totalling approximately 10,340 acres (~4,184 ha), spread over three separate claim blocks in close proximity.

During the period ending May 31, 2019, the Company received $8,022 (US $6,000) (August 31, 2018 - $7,817) for the bond posted on the Black Canyon Lithium Property. The Company decided not to renew the exploration permits for the Black Canyon Lithium Property in Arizona.

The Company obtained a National Instrument 43-101 technical report on the Railroad Valley lithium property in Nye County, Nevada. Edward Lyons, P. Geo., a Qualified Person as defined by National Instrument 43-101 is the author of the NI 43-101 technical report. The report has been filed on www.sedar.com and on the Company's website.

Selected Annual Information

The following table provides a brief summary of the Company's financial results. For more details, please refer to the audited financial statements.

	Year ended August 31, 2018	Year ended August 31, 2017	Year ended August 31, 2016
Total revenues	$ -	$ -	$ -
Income (loss) for the year	(247,302)	1,776,822	(1,250,423)
Basic and diluted loss per share	(0.01)	0.10	(0.10)
Total assets	2,125,262	2,276,761	494,942
Total long-term liabilities	-	-	-
Total cash dividends paid	-	-	-

Summary of Quarterly Results

($)	Three months Ended May 31, 2019	Three months Ended February 28, 2019	Three months Ended November 30, 2018	Three months Ended August 31, 2018
Total revenues				
Income (loss) for the period	(56,696)	(57,103)	(22,561)	(34,932)
Basic and diluted income (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)
Total assets	3,092,106	2,029,314	2,102,300	2,125,262
Total long-term liabilities	-	-	-	-

($)	Three months Ended May 31, 2018	Three months Ended February 28, 2018	Three months Ended November 30, 2017	Three months ended August 31, 2017
Total revenues				-
Loss for the period	(57,463)	(85,007)	(69,900)	1,872,787
Basic and diluted loss per share	(0.00)	(0.00)	(0.00)	0.10
Total assets	2,153,143	2,199,539	2,262,483	2,276,761
Total long-term liabilities	-	-	-	-

Fluctuations in the Company's expenditures reflect the variations in the timing of exploration activities and general operations, and share-based payments during certain quarters, including, revaluation of exploration and expenditures at period ends.

Results of Operations

Overall, the Company recorded a consolidated net loss of $136,359 ($0.00 per common share) for the nine months ended May 31, 2019 as compared to a consolidated net loss of $212,370 ($0.01 per common share) for the nine months ended May 31, 2018.

Operating Expenses

The operating expenses were $136,359 for the nine months ended May 31, 2019 as compared to $212,370 for the nine months ended May 31, 2018. Significant expenses consisted of the following:

- Consulting fees of $nil (2018 - $16,917) were paid to consultants for corporate development activity on the new project located in Nevada and other potential opportunities world-wide.
- Director fees of $17,502 (2018 - $18,000) and management fees of $42,500 (2018 - $45,000).
- Office and administration of $48,408 (2018 - $37,347), professional fees of $25,325 (2018 - $12,374) and transfer agent and regulatory costs of $29,189 (2018 - $14,029) relate to general corporate and legal matters; and
- Share-based payments of $nil (2018 - $95,938)
- Foreign exchange gains of $31,065 (2018- $27,235)

Exploration and Evaluation Assets

During the year ending August 31, 2017, the Company completed the acquisition of the Railroad Valley Lithium Property located in south-central Nevada and the Black Canyon Lithium Property located in central Arizona for $100,000 (of which $25,000 was paid as a deposit during the year ended August 31, 2016), a further $44,197 in land transfer fees and issued 4,133,723 common shares, with a fair value of $516,715, in exchange for a 100% equity interest in both the Railroad Valley and Black Canyon properties. During the year ended August 31, 2018, the Company decided not to renew the exploration permits for the Black Canyon Lithium Property in Arizona and has requested the return of the bond.

During the nine months ended May 31, 2019, expenditures on the Railroad Valley Lithium Property totalled $8,170 (2018 - $45,721). The Company incurred, $8,170 on licence and renewal costs (2018 - $24,005), and $nil (2018 - $21,716) on geology and other costs.

Liquidity & Capital Resources

The Company's cash position at May 31, 2019 was $2,143,299 (August 31, 2018 - $1,130,520) and the Company's working capital was $2,160,055 (August 31, 2018 - $1,124,547). The Company has no long-term debt obligations.

Net cash used in operating activities for the nine months ended May 31, 2019 was $159,088 (2018 - $129,165). The cash used in operating activities for the period consists primarily of general and administrative expenses of $136,359 (2018 - $212,370) net of share-based payments of $nil (2018 - $95,938) and net change in non-cash working capital items during the period of $22,729 (2018 - $12,623).

Net cash provided by investing activities for the nine months ended May 31, 2019 was $52,823 (2018 - used in $28,804). The cash used in investing activities was the net change in non current receivables of $60,993 (2018- $17,167) and exploration and evaluation assets $8,170 (2018 - $45,571).

Net cash provided by financing activities for the nine months ended May 31, 2019 was $1,119,250 (2018 - $nil). The cash provided by financing activities was proceeds of $350,000 (2018 -$nil) from private placement and proceeds of $769,250 (2018 - $nil) from the exercise of warrants.

Historically, the Company's sole source of funding has been the issuance of equity securities for cash, primarily through rights offerings and private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Financial Instruments

International Financial Reporting Standards 7, *Financial Instruments: Disclosures*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements.
As at May 31, 2019, the carrying values of cash, receivables, and trade payables approximate their fair values due to their short terms to maturity.

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

Credit risk is the risk of potential loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and receivables. The Company has limited the exposure to credit risk by only depositing its cash with high credit quality financial institutions, which are available on demand.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. The Company has ensured, as far as reasonably possible, it will have sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash.

Historically, the Company's primary source of financing has been the issuance of equity securities for cash, through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity financing.

As at May 31, 2019, there are no other significant contractual obligations other than those included in trade payables and accrued liabilities disclosed in note 7.

Interest and foreign exchange risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At May 31, 2019, the Company was not exposed to significant interest rate risk.

The Company has significant operating expenditures which are denominated in United States dollars ("USD"). The Company's exposure to exchange rate fluctuations arises mainly on foreign currencies against the Canadian dollar functional currency of the relevant business entities.

Financial assets and liabilities:

The Canadian dollar equivalent of the amounts denominated in foreign currencies are as follows:

USD	May 31, 2019	August 31, 2018
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Sensitivity analysis:

The Company is exposed to foreign currency risk on fluctuations related to cash, that are denominated in USD. As at May 31, 2019, net assets totaling $750,932 (August 31, 2018 - $876,159) were held in USD. Based on the above net exposure as at May 31, 2019 and assuming all other variables remain constant, a 2% depreciation or appreciation of the USD against the Canadian dollar would result in an increase or decrease of approximately $15,019 (2018 - $18,546) in the Company's loss and comprehensive loss.

Related Party Transactions

The compensation of key management personnel and related parties were as follows:

	Nine months ended May 31, 2019	Nine months ended May 31, 2018
Fees and short-term benefits - management	$ 42,500	$ 45,000
Fees and short-term benefits - directors	17,502	18,000
Share-based payments	-	77,249
	$ 60,002	$ 140,249

Related party balances included in trade payable and accrued liabilities at May 31, 2019 and August 31, 2018 was $nil.

Capital Commitments

The Company has no commitments for equipment expenditures for 2019. The Company has forecasted that any property and equipment expenditures based on future needs will be funded from working capital and/or from operating or capital leases.

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Future Accounting Policy Changes

A number of new standards, amendments to standards and interpretations are not yet effective as of the date of this report, and were not applied in preparing the financial statements. None of these are expected to have a material effect on the condensed consolidated interim financial statements of the Company.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may vary from these estimates.

The impacts of such estimates could result in material adjustment to the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant accounts that require estimates as the basis for determining the stated amounts include: fair value of stock options and warrants, income taxes, and recoverability of exploration and evaluation assets.

Outstanding Share Data

The Company has the following common shares, stock options, and share purchase warrants outstanding:

Common Shares

The Company's authorized capital consists of an unlimited number of voting common shares without par value.

As at May 31, 2019 and July 29, 2019 (date of report), there were 40,303,565 issued and outstanding common shares.

Stock Options

As at May 31, 2019 and July 29, 2019 (date of report), there were 1,000,000 stock options outstanding and exercisable, with weighted-average exercise price of $0.13.

Warrants

At May 31, 2019 and July 29, 2019 (date of report), there were nil share purchase warrants outstanding.

Risk and Uncertainties

The Company's principal activity is mineral exploration and development. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, fluctuating metal prices, social, political, financial and economics. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable.

The risks and uncertainties described in this section are considered by management to be the most important in the context of the Company's business. The risks and uncertainties are not limited to but include risks associated with our dependence on the Lithium properties and the Company's limited operating history; geological exploration and development; changes in law, and the availability of additional funding as and when required; infrastructure; inflation; governmental regulation; environmental; hazards, insurance; uninsured risks; competition; currency fluctuations; labour and employment; joint ventures; contract repudiation; dependence on key management personnel and executives; and litigation risks.

Forward-Looking Information

Statements contained in this MD&A that are not historical facts are forward-looking statements (within the meaning of Canadian securities legislation and the U.S. Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties. This MD&A contains forward-looking statements, such as estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Examples of forward-looking statements in this MD&A include statements with respect to:

The Company's exploration program at its projects in Nevada and possible related discoveries of new mineralization or identification of mineral resources; the impact to the Company of future accounting standards and discussion of risks and uncertainties around the Company's business; and the adequacy of the Company's capital resources and its ability to raise additional financing and continue as a going concern.

In general, forward-looking statements include, but are not limited to, statements with respect to the future price of metals; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; the timing and amount of estimated future production, costs of production, and capital expenditures; costs and timing of the development of new deposits; success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and other factors include, among others, risks related to the integration of acquisitions; risks related to operations; risks related to joint venture operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of metals; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, as well as those factors discussed in the sections entitled "*Risks and Uncertainties*" in this MD&A.

Although the Company has attempted to identify important factors that could affect the Company and may cause actual actions, events or results to differ, perhaps materially, from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements in this MD&A speak only as of the date hereof. The Company does not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

Forward-looking statements and other information contained herein concerning the mining industry and general expectations concerning the mining industry are based on estimates prepared by the Company using data from publicly available industry sources as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industries involve risks and uncertainties and the data is subject to change based on various factors.

Additional Information

Additional information about the Company is available under the Company's profile on SEDAR at www.sedar.com and on the Company's website at www.lithionenergycorp.com.

SCHEDULE D
MEMORANDUM AND ARTICLES OF ASSOCIATION

(See attached.)

CONYERS

Memorandum of Association of Lithion Energy Corp.

Conyers Dill & Pearman

Attorneys-at-Law

Cayman Islands

conyers.com

THE COMPANIES LAW

EXEMPTED COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

LITHION ENERGY GROUP

(Adopted by Special Resolution of the members dated 29 October 2019 and effective on the date of registration of the Company by way of continuation in the Cayman Islands)

1. The name of the Company is Lithion Energy Group.

2. The registered office of the Company shall be at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

3. Subject to the following provisions of this Memorandum, the objects for which the Company is established are unrestricted.

4. Subject to the following provisions of this Memorandum, the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided by Section 27(2) of the Companies Law.

5. Nothing in this Memorandum shall permit the Company to carry on a business for which a licence is required under the laws of the Cayman Islands unless duly licensed.

6. The Company shall not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this clause shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.

7. The liability of each member is limited to the amount from time to time unpaid on such member's shares.

8. The share capital of the Company is Can. $5,000,000 divided into 5,000,000,000 shares of par value of Can. $0.001 each.

9. The Company may exercise the power contained in the Companies Law to deregister in the Cayman Islands and be registered by way of continuation in another jurisdiction.

CONYERS

Articles of Association of Lithion Energy Corp.

Conyers Dill & Pearman

Attorneys-at-Law

Cayman Islands

conyers.com

TABLE OF CONTENTS

ARTICLES OF ASSOCIATION

OF

LITHIUM ENERGY CORP.

(Adopted by Special Resolution of the members dated 29 October 2019 and effective on the date of registration of the Company by way of continuation in the Cayman Islands)

Table A

The regulations in Table A in the First Schedule to the Law (as defined below) do not apply to the Company.

INTERPRETATION

1. DEFINITIONS

1.1. In these Articles, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:

Alternate Director	an alternate director appointed in accordance with these Articles;
Articles	these Articles of Association as altered from time to time;
Auditor	the person or firm for the time being appointed as Auditor of the Company and shall include an individual or partnership;
Board	the board of directors (including, for the avoidance of doubt, a sole director) appointed or elected pursuant to these Articles and acting at a meeting of directors at which there is a quorum or by written resolution in accordance with these Articles;
Company	the company for which these Articles are approved and confirmed;

Director	a director, including a sole director, for the time being of the Company and shall include an Alternate Director;
Law	the Companies Law of the Cayman Islands;
Member	the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires;
month	calendar month;
notice	written notice as further provided in these Articles unless otherwise specifically stated;
Officer	any person appointed by the Board to hold an office in the Company;
Ordinary Resolution	a resolution passed at a general meeting (or, if so specified, a meeting of Members holding a class of shares) of the Company by a simple majority of the votes cast, or a written resolution passed by the unanimous consent of all Members entitled to vote;
paid-up	paid-up or credited as paid-up;
Register of Directors and Officers	the register of directors and officers referred to in these Articles;
Register of Members	the register of members maintained by the Company in accordance with the Law;
Seal	the common seal or any official or duplicate seal of the Company;
Secretary	the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary;
share	includes a fraction of a share;
Special Resolution	(i) a resolution passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or by proxy at a general meeting of which notice specifying the intention to propose a resolution

	as a special resolution has been duly given (and for the avoidance of doubt, unanimity qualifies as a majority); or
	(ii) a written resolution passed by unanimous consent of all Members entitled to vote;
written resolution	a resolution passed in accordance with Article 36 or 62; and
year	calendar year.

1.2. In these Articles, where not inconsistent with the context:

(a) words denoting the plural number include the singular number and vice versa;

(b) words denoting the masculine gender include the feminine and neuter genders;

(c) words importing persons include companies, associations or bodies of persons whether corporate or not;

(d) the words:-

(i) "may" shall be construed as permissive; and

(ii) "shall" shall be construed as imperative;

(e) a reference to statutory provision shall be deemed to include any amendment or re-enactment thereof;

(f) the word "corporation" means corporation whether or not a company within the meaning of the Law; and

(g) unless otherwise provided herein, words or expressions defined in the Law shall bear the same meaning in these Articles.

1.3. In these Articles expressions referring to writing or its cognates shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail and other modes of representing words in visible form.

1.4. Headings used in these Articles are for convenience only and are not to be used or relied upon in the construction hereof.

SHARES

2. POWER TO ISSUE SHARES

Subject to these Articles and to any resolution of the Members to the contrary, and without prejudice to any special rights previously conferred on the holders of any existing shares or

class of shares, the Board shall have the power to issue any unissued shares on such terms and conditions as it may determine and any shares or class of shares (including the issue or grant of options, warrants and other rights, renounceable or otherwise in respect of shares) may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital, or otherwise, provided that no share shall be issued at a discount except in accordance with the Law.

3. REDEMPTION, PURCHASE, SURRENDER AND TREASURY SHARES

3.1. Subject to the Law, the Company is authorised to issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or a Member and may make payments in respect of such redemption in accordance with the Law.

3.2. The Company is authorised to purchase any share in the Company (including a redeemable share) by agreement with the holder and may make payments in respect of such purchase in accordance with the Law.

3.3. The Company authorises the Board to determine the manner or any of the terms of any redemption or purchase.

3.4. A delay in payment of the redemption price shall not affect the redemption but, in the case of a delay of more than thirty days, interest shall be paid for the period from the due date until actual payment at a rate which the Board, after due enquiry, estimates to be representative of the rates being offered by Class A banks in the Cayman Islands for thirty day deposits in the same currency.

3.5. The Company authorises the Board pursuant to section 37(5) of the Law to make a payment in respect of the redemption or purchase of its own shares otherwise than out of its profits, share premium account, or the proceeds of a fresh issue of shares.

3.6. No share may be redeemed or purchased unless it is fully paid-up.

3.7. The Company may accept the surrender for no consideration of any fully paid share (including a redeemable share) unless, as a result of the surrender, there would no longer be any issued shares of the company other than shares held as treasury shares.

3.8. The Company is authorised to hold treasury shares in accordance with the Law.

3.9. The Board may designate as treasury shares any of its shares that it purchases or redeems, or any shares surrendered to it, in accordance with the Law.

3.10. Shares held by the Company as treasury shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred in accordance with the Law.

4. RIGHTS ATTACHING TO SHARES

Subject to Article 2, the Memorandum of Association and any resolution of the Members to the contrary and without prejudice to any special rights conferred thereby on the holders of any

other shares or class of shares, the share capital of the Company shall be divided into shares of a single class the holders of which shall, subject to these Articles:

(a) be entitled to one vote per share;

(b) be entitled to such dividends as the Board may from time to time declare;

(c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and

(d) generally be entitled to enjoy all of the rights attaching to shares.

5. CALLS ON SHARES

5.1. The Board may make such calls as it thinks fit upon the Members in respect of any monies (whether in respect of nominal value or premium) unpaid on the shares allotted to or held by such Members and, if a call is not paid on or before the day appointed for payment thereof, the Member may at the discretion of the Board be liable to pay the Company interest on the amount of such call at such rate as the Board may determine, from the date when such call was payable up to the actual date of payment. The Board may differentiate between the holders as to the amount of calls to be paid and the times of payment of such calls.

5.2. The Company may accept from any Member the whole or a part of the amount remaining unpaid on any shares held by him, although no part of that amount has been called up.

5.3. The terms of any issue of shares may include different provisions with respect to different Members in the amounts and times of payments of calls on their shares.

6. JOINT AND SEVERAL LIABILITY TO PAY CALLS

The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

7. FORFEITURE OF SHARES

7.1. If any Member fails to pay, on the day appointed for payment thereof, any call in respect of any share allotted to or held by such Member, the Board may, at any time thereafter during such time as the call remains unpaid, direct the Secretary to forward such Member a notice in writing in the form, or as near thereto as circumstances admit, of the following:

Notice of Liability to Forfeiture for Non-Payment of Call

[Name of Company] (the "Company")

You have failed to pay the call of [amount of call] made on [date], in respect of the [number] share(s) [number in figures] standing in your name in the Register of Members of the Company, on [date], the day appointed for payment of such call. You are hereby notified that unless

you pay such call together with interest thereon at the rate of [ ] per annum computed from the said [date] at the registered office of the Company the share(s) will be liable to be forfeited.

Dated this [date]

_____

[Signature of Secretary] By Order of the Board

7.2. If the requirements of such notice are not complied with, any such share may at any time thereafter before the payment of such call and the interest due in respect thereof be forfeited by a resolution of the Board to that effect, and such share shall thereupon become the property of the Company and may be disposed of as the Board shall determine. Without limiting the generality of the foregoing, the disposal may take place by sale, repurchase, redemption or any other method of disposal permitted by and consistent with these Articles and the Law.

7.3. A Member whose share or shares have been so forfeited shall, notwithstanding such forfeiture, be liable to pay to the Company all calls owing on such share or shares at the time of the forfeiture, together with all interest due thereon and any costs and expenses incurred by the Company in connection therewith.

7.4. The Board may accept the surrender of any shares which it is in a position to forfeit on such terms and conditions as may be agreed. Subject to those terms and conditions, a surrendered share shall be treated as if it had been forfeited.

8. SHARE CERTIFICATES

8.1. Every Member shall be entitled to a certificate under the common seal (if any) or a facsimile thereof of the Company or bearing the signature (or a facsimile thereof) of a Director or the Secretary or a person expressly authorised to sign specifying the number and, where appropriate, the class of shares held by such Member and whether the same are fully paid up and, if not, specifying the amount paid on such shares. The Board may by resolution determine, either generally or in a particular case, that any or all signatures on certificates may be printed thereon or affixed by mechanical means.

8.2. If any share certificate shall be proved to the satisfaction of the Board to have been worn out, lost, mislaid, or destroyed the Board may cause a new certificate to be issued and request an indemnity for the lost certificate if it sees fit.

8.3. Share certificates may not be issued in bearer form.

9. FRACTIONAL SHARES

The Company may issue its shares in fractional denominations and deal with such fractions to the same extent as its whole shares and shares in fractional denominations shall have in

proportion to the respective fractions represented thereby all of the rights of whole shares including (but without limiting the generality of the foregoing) the right to vote, to receive dividends and distributions and to participate in a winding-up.

REGISTRATION OF SHARES

10. REGISTER OF MEMBERS

10.1. The Board shall cause to be kept in one or more books a Register of Members which may be kept in or outside the Cayman Islands at such place as the Board shall appoint and shall enter therein the following particulars:

(a) the name and address of each Member, the number, and (where appropriate) the class of shares held by such Member and the amount paid or agreed to be considered as paid on such shares;

(b) whether the shares held by a Member carry voting rights under the Articles and, if so, whether such voting rights are conditional;

(c) the date on which each person was entered in the Register of Members; and

(d) the date on which any person ceased to be a Member.

10.2. The Board may cause to be kept in any country or territory one or more branch registers of such category or categories of members as the Board may determine from time to time and any branch register shall be deemed to be part of the Company's Register of Members.

10.3. Any register maintained by the Company in respect of listed shares may be kept by recording the particulars set out in Article 10.1 in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the relevant approved stock exchange.

11. REGISTERED HOLDER ABSOLUTE OWNER

11.1. The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not be bound to recognise any equitable claim or other claim to, or interest in, such share on the part of any other person.

11.2. No person shall be entitled to recognition by the Company as holding any share upon any trust and the Company shall not be bound by, or be compelled in any way to recognise, (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any other right in respect of any share except an absolute right to the entirety of the share in the holder. If, notwithstanding this Article, notice of any trust is at the holder's request entered in the Register of Members or on a share certificate in respect of a share, then, except as aforesaid:

(a) such notice shall be deemed to be solely for the holder's convenience;

(b) the Company shall not be required in any way to recognise any beneficiary, or the beneficiary, of the trust as having an interest in the share or shares concerned;

(c) the Company shall not be concerned with the trust in any way, as to the identity or powers of the trustees, the validity, purposes or terms of the trust, the question of whether anything done in relation to the shares may amount to a breach of trust or otherwise; and

(d) the holder shall keep the Company fully indemnified against any liability or expense which may be incurred or suffered as a direct or indirect consequence of the Company entering notice of the trust in the Register of Members or on a share certificate and continuing to recognise the holder as having an absolute right to the entirety of the share or shares concerned.

12. TRANSFER OF REGISTERED SHARES

12.1. An instrument of transfer shall be in writing in the form of the following, or as near thereto as circumstances admit, or in such other form as the Board may accept:

Transfer of a Share or Shares

[Name of Company] (the "Company")

FOR VALUE RECEIVED…….. [amount] , I, [name of transferor] hereby sell, assign and transfer unto [transferee] of [address] , [number] shares of the Company.

DATED this [date]

Signed by:	In the presence of:
_____	_____
Transferor	Witness
_____	_____
Transferee	Witness

12.2. Such instrument of transfer shall be signed by (or in the case of a party that is a corporation, on behalf of) the transferor and transferee, provided that, in the case of a fully paid share, the Board may accept the instrument signed by or on behalf of the transferor alone. The transferor shall be deemed to remain the holder of such share until the same has been transferred to the transferee in the Register of Members.

12.3. The Board may refuse to recognise any instrument of transfer unless it is accompanied by the certificate in respect of the shares to which it relates and by such other evidence as the Board may reasonably require showing the right of the transferor to make the transfer.

12.4. The joint holders of any share may transfer such share to one or more of such joint holders, and the surviving holder or holders of any share previously held by them jointly with a deceased Member may transfer any such share to the executors or administrators of such deceased Member.

12.5. The Board may in its absolute discretion and without assigning any reason therefor refuse to register the transfer of a share. If the Board refuses to register a transfer of any share the Secretary shall, within three months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.

13. TRANSMISSION OF REGISTERED SHARES

13.1. In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member's interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the provisions of Section 39 of the Law, for the purpose of this Article, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member.

13.2. Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share, and in such case the person becoming entitled shall execute in favour of such nominee an instrument of transfer in writing in the form, or as near thereto as circumstances admit, of the following:

Transfer by a Person Becoming Entitled on Death/Bankruptcy of a Member

[Name of Company] (the "Company")

I/We, having become entitled in consequence of the [death/bankruptcy] of [name and address of deceased Member] to [number] share(s) standing in the Register of Members of the Company in the name of the said [name of deceased/bankrupt Member] instead of being registered myself/ourselves, elect to have [name of transferee] (the "Transferee") registered as a transferee of such share(s) and I/we do hereby accordingly transfer the said share(s) to the Transferee to hold the same unto the Transferee, his or her executors, administrators and assigns, subject to the conditions on which the same were held at the time of the

execution hereof; and the Transferee does hereby agree to take the said share(s) subject to the same conditions.

DATED this [date]

Signed by:	In the presence of:
_____	_____
Transferor	Witness
_____	_____
Transferee	Witness

13.3. On the presentation of the foregoing materials to the Board, accompanied by such evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Member. Notwithstanding the foregoing, the Board shall, in any case, have the same right to decline or suspend registration as it would have had in the case of a transfer of the share by that Member before such Member's death or bankruptcy, as the case may be.

13.4. Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to the said share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

14. LISTED SHARES

14.1. Notwithstanding anything to the contrary in these Articles, shares that are listed or admitted to trading on an approved stock exchange may be evidenced and transferred in accordance with the rules and regulations of such exchange.

ALTERATION OF SHARE CAPITAL

15. POWER TO ALTER CAPITAL

15.1. Subject to the Law, the Company may from time to time by Ordinary Resolution alter the conditions of its Memorandum of Association to:

(a) increase its capital by such sum divided into shares of such amounts as the resolution shall prescribe or, if the Company has shares without par value, increase its share capital by such number of shares without nominal or par value, or increase the aggregate consideration for which its shares may be issued, as it thinks expedient;

(b) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

(c) convert all or any of its paid-up shares into stock, and reconvert that stock into paid-up shares of any denomination;

(d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum of Association; or

(e) cancel shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled or, in the case of shares without par value, diminish the number of shares into which its capital is divided.

15.2. For the avoidance of doubt it is declared that paragraph 15.1(b), (c) and (d) do not apply if at any time the shares of the Company have no par value.

15.3. Subject to the Law, the Company may from time to time by Special Resolution reduce its share capital.

16. VARIATION OF RIGHTS ATTACHING TO SHARES

If, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of the class at which meeting the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class. The rights conferred upon the holders of the shares of any class or series issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class or series, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

DIVIDENDS AND CAPITALISATION

17. DIVIDENDS

17.1. The Board may, subject to these Articles and in accordance with the Law, declare a dividend to be paid to the Members, in proportion to the number of shares held by them, and such dividend may be paid in cash or wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company).

17.2. Where the Board determines that a dividend shall be paid wholly or partly by the distribution of specific assets, the Board may settle all questions concerning such distribution. Without limiting the generality of the foregoing, the Board may fix the value of such specific assets and vest any such specific assets in trustees on such terms as the Board thinks fit.

17.3. Dividends may be declared and paid out of profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Board determines is no longer needed, or not in the same amount. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Law.

17.4. No unpaid dividend shall bear interest as against the Company.

17.5. The Company may pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.

17.6. The Board may declare and make such other distributions (in cash or in specie) to the Members as may be lawfully made out of the assets of the Company. No unpaid distribution shall bear interest as against the Company.

17.7. The Board may fix any date as the record date for determining the Members entitled to receive any dividend or other distribution, but, unless so fixed, the record date shall be the date of the Directors' resolution declaring same.

18. POWER TO SET ASIDE PROFITS

18.1. The Board may, before declaring a dividend, set aside out of the surplus or profits of the Company, such amount as it thinks proper as a reserve to be used to meet contingencies or for equalising dividends or for any other purpose. Pending application, such sums may be employed in the business of the Company or invested, and need not be kept separate from other assets of the Company. The Board may also, without placing the same to reserve, carry forward any profit which it decides not to distribute.

18.2. Subject to any direction from the Company in general meeting, the Board may on behalf of the Company exercise all the powers and options conferred on the Company by the Law in regard to the Company's share premium account.

19. METHOD OF PAYMENT

19.1. Any dividend, interest, or other monies payable in cash in respect of the shares may be paid by cheque or draft sent through the post directed to the Member at such Member's address in the Register of Members, or to such person and to such address as the holder may in writing direct.

19.2. In the case of joint holders of shares, any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or draft sent through the post directed to the address of the holder first named in the Register of Members, or to such person and to such address as the joint holders may in writing direct. If two or more persons are registered as joint holders of any shares any one can give an effectual receipt for any dividend paid in respect of such shares.

19.3. The Board may deduct from the dividends or distributions payable to any Member all monies due from such Member to the Company on account of calls or otherwise.

20. CAPITALISATION

20.1. The Board may capitalise any amount for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such amount in paying up unissued shares to be allotted as fully paid bonus shares pro rata to the Members.

20.2. The Board may capitalise any amount for the time being standing to the credit of a reserve account or amounts otherwise available for dividend or distribution by applying such amounts in paying up in full, partly or nil paid shares of those Members who would have been entitled to such amounts if they were distributed by way of dividend or distribution.

MEETINGS OF MEMBERS

21. ANNUAL GENERAL MEETINGS

The Company may in each year hold a general meeting as its annual general meeting. The annual general meeting of the Company may be held at such time and place as the Chairman of the Company (if there is one) (the "Chairman") or any two Directors or any Director and the Secretary or the Board shall appoint.

22. EXTRAORDINARY GENERAL MEETINGS

22.1. General meetings other than annual general meetings shall be called extraordinary general meetings.

22.2. The Chairman or any two Directors or any Director and the Secretary or the Board may convene an extraordinary general meeting whenever in their judgment such a meeting is necessary.

23. REQUISITIONED GENERAL MEETINGS

23.1. The Board shall, on the requisition of Members holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up share capital of the Company as at the date of the deposit carries the right to vote at general meetings, forthwith proceed to convene an extraordinary general meeting. To be effective the requisition shall state the objects of the meeting, shall be in writing, signed by the requisitionists, and shall be deposited at the registered office. The requisition may consist of several documents in like form each signed by one or more requisitionists.

23.2. If the Board does not, within twenty-one days from the date of the requisition, duly proceed to call an extraordinary general meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene an extraordinary general meeting; but any meeting so called shall not be held more than ninety days after the requisition. An extraordinary general meeting called by requisitionists shall be called in the same manner, as nearly as possible, as that in which general meetings are to be called by the Board.

24. NOTICE

24.1. At least five days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held and if different, the record date for determining Members entitled to attend and vote at the general meeting, and, as far as practicable, the other business to be conducted at the meeting.

24.2. At least five days' notice of an extraordinary general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, time, place and the general nature of the business to be considered at the meeting.

24.3. The Board may fix any date as the record date for determining the Members entitled to receive notice of and to vote at any general meeting of the Company but, unless so fixed, as regards the entitlement to receive notice of a meeting or notice of any other matter, the record date shall be the date of despatch of the notice and, as regards the entitlement to vote at a meeting, and any adjournment thereof, the record date shall be the date of the original meeting.

24.4. A general meeting shall, notwithstanding that it is called on shorter notice than that specified in these Articles, be deemed to have been properly called if it is so agreed by (i) all the Members entitled to attend and vote thereat in the case of an annual general meeting; and (ii) in the case of an extraordinary general meeting, by seventy-five percent of the Members entitled to attend and vote thereat.

24.5. The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

25. GIVING NOTICE AND ACCESS

25.1. A notice may be given by the Company to a Member:

(a) by delivering it to such Member in person, in which case the notice shall be deemed to have been served upon such delivery; or

(b) by sending it by post to such Member's address in the Register of Members, in which case the notice shall be deemed to have been served seven days after the date on which it is deposited, with postage prepaid, in the mail; or

(c) by sending it by courier to such Member's address in the Register of Members, in which case the notice shall be deemed to have been served two days after the date on which it is deposited, with courier fees paid, with the courier service; or

(d) by transmitting it by electronic means (including facsimile and electronic mail, but not telephone) in accordance with such directions as may be given by such Member to the Company for such purpose, in which case the notice shall be deemed to have been served at the time that it would in the ordinary course be transmitted; or

(e) by publication of an electronic record of it on a website and notification of such publication (which shall include the address of the website, the place on the website where the document may be found, and how the document may be accessed on the website), such notification being given by any of the methods set out in paragraphs (a) through (d) hereof, in which case the notice shall be deemed to have been served at the time when the instructions for access and the posting on the website are complete.

25.2. Any notice required to be given to a Member shall, with respect to any shares held jointly by two or more persons, be given to whichever of such persons is named first in the Register of Members and notice so given shall be sufficient notice to all the holders of such shares.

25.3. In proving service under paragraphs 25.1(b), (c) and (d), it shall be sufficient to prove that the notice was properly addressed and prepaid, if posted or sent by courier, and the time when it was posted, deposited with the courier, or transmitted by electronic means.

26. POSTPONEMENT OF GENERAL MEETING

The Board may postpone any general meeting called in accordance with these Articles provided that notice of postponement is given to the Members before the time for such meeting. Fresh notice of the date, time and place for the postponed meeting shall be given to each Member in accordance with these Articles.

27. ELECTRONIC PARTICIPATION IN MEETINGS

Members may participate in any general meeting by such telephonic, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

28. QUORUM AT GENERAL MEETINGS

28.1. At any general meeting two or more Members present in person or by proxy or, if a corporation, by its authorised representative throughout the meeting shall form a quorum for the transaction of business, provided that if the Company shall at any time have only one Member, one Member present in person or by proxy shall form a quorum for the transaction of business at any general meeting held during such time.

28.2. If within half an hour from the time appointed for the meeting a quorum is not present, then, in the case of a meeting convened on a requisition, the meeting shall be deemed cancelled and, in any other case, the meeting shall stand adjourned to the same day one week later, at the same time and place or to such other day, time or place as the Board may determine. Unless the meeting is adjourned to a specific date, time and place announced at the meeting being adjourned, fresh notice of the resumption of the meeting shall be given to each Member entitled to attend and vote thereat in accordance with these Articles.

29. CHAIRMAN TO PRESIDE

Unless otherwise agreed by a majority of those attending and entitled to vote thereat, the Chairman, if there be one, shall act as chairman at all meetings of the Members at which such person is present. In his absence, a chairman of the meeting shall be appointed or elected by those present at the meeting and entitled to vote.

30. VOTING ON RESOLUTIONS

30.1. Subject to the Law and these Articles, any question proposed for the consideration of the Members at any general meeting shall be decided by the affirmative votes of a majority of the votes cast in accordance with these Articles and in the case of an equality of votes the resolution shall fail.

30.2. No Member shall be entitled to vote at a general meeting unless such Member has paid all the calls on all shares held by such Member.

30.3. At any general meeting a resolution put to the vote of the meeting shall, in the first instance, be voted upon by a show of hands and, subject to any rights or restrictions for the time being lawfully attached to any class of shares and subject to these Articles, every Member present in person and every person holding a valid proxy at such meeting shall be entitled to one vote and shall cast such vote by raising his hand.

30.4. At any general meeting if an amendment is proposed to any resolution under consideration and the chairman of the meeting rules on whether or not the proposed amendment is out of order, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.

30.5. At any general meeting a declaration by the chairman of the meeting that a question proposed for consideration has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in a book containing the minutes of the proceedings of the Company shall, subject to these Articles, be conclusive evidence of that fact.

31. POWER TO DEMAND A VOTE ON A POLL

31.1. Notwithstanding the foregoing, a poll may be demanded by the chairman of the meeting or at least one Member.

31.2. Where a poll is demanded, subject to any rights or restrictions for the time being lawfully attached to any class of shares, every person present at such meeting shall have one vote for each share of which such person is the holder or for which such person holds a proxy and such vote shall be counted by ballot as described herein, or in the case of a general meeting at which one or more Members are present by telephone, electronic or other communication facilities or means, in such manner as the chairman of the meeting may direct and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded and shall replace any previous resolution upon the same matter which has been the subject of a show of

hands. A person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

31.3. A poll demanded for the purpose of electing a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and in such manner during such meeting as the chairman of the meeting may direct. Any business other than that upon which a poll has been demanded may be conducted pending the taking of the poll.

31.4. Where a vote is taken by poll, each person physically present and entitled to vote shall be furnished with a ballot paper on which such person shall record his vote in such manner as shall be determined at the meeting having regard to the nature of the question on which the vote is taken, and each ballot paper shall be signed or initialled or otherwise marked so as to identify the voter and the registered holder in the case of a proxy. Each person present by telephone, electronic or other communication facilities or means shall cast his vote in such manner as the chairman of the meeting shall direct. At the conclusion of the poll, the ballot papers and votes cast in accordance with such directions shall be examined and counted by a committee of not less than two Members or proxy holders appointed by the chairman of the meeting for the purpose and the result of the poll shall be declared by the chairman of the meeting.

32. VOTING BY JOINT HOLDERS OF SHARES

In the case of joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

33. INSTRUMENT OF PROXY

33.1. An instrument appointing a proxy shall be in writing or transmitted by electronic mail in substantially the following form or such other form as the chairman of the meeting shall accept:

Proxy

[Name of Company] (the "Company")

I/We, [insert names here] , being a Member of the Company with [number] shares, HEREBY APPOINT [name] of [address] or failing him, [name] of [address] to be my/our proxy to vote for me/us at the meeting of the Members to be held on [date] and at any adjournment thereof. [Any restrictions on voting to be inserted here].

Signed this [date]

_____

Member(s)

33.2. The instrument of proxy shall be signed or, in the case of a transmission by electronic mail, electronically signed in a manner acceptable to the chairman of the meeting, by the appointor or by the appointor's attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or signed or, in the case of a transmission by electronic mail, electronically signed in a manner acceptable to the chairman of the meeting, by a duly authorised officer or attorney.

33.3. A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf in respect of different shares.

33.4. The decision of the chairman of any general meeting as to the validity of any appointment of a proxy shall be final.

34. REPRESENTATION OF CORPORATE MEMBER

34.1. A corporation which is a Member may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Member, and that Member shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.

34.2. Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at general meetings on behalf of a corporation which is a Member.

35. ADJOURNMENT OF GENERAL MEETING

The chairman of a general meeting may, with the consent of the Members at any general meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting. Unless the meeting is adjourned to a specific date, place and time announced at the meeting being adjourned, fresh notice of the date, place and time for the resumption of the adjourned meeting shall be given to each Member entitled to attend and vote thereat, in accordance with these Articles.

36. WRITTEN RESOLUTIONS

36.1. Subject to these Articles, anything which may be done by resolution of the Company in general meeting or by resolution of a meeting of any class of the Members may be done without a meeting by written resolution in accordance with this Article.

36.2. A written resolution is passed when it is signed by (or in the case of a Member that is a corporation, on behalf of) all the Members, or all the Members of the relevant class thereof, entitled to vote thereon and may be signed in as many counterparts as may be necessary.

36.3. A resolution in writing made in accordance with this Article is as valid as if it had been passed by the Company in general meeting or by a meeting of the relevant class of Members, as the

case may be, and any reference in any Article to a meeting at which a resolution is passed or to Members voting in favour of a resolution shall be construed accordingly.

36.4. A resolution in writing made in accordance with this Article shall constitute minutes for the purposes of the Law.

36.5. For the purposes of this Article, the date of the resolution is the date when the resolution is signed by (or in the case of a Member that is a corporation, on behalf of) the last Member to sign and any reference in any Article to the date of passing of a resolution is, in relation to a resolution made in accordance with this Article, a reference to such date.

37. DIRECTORS ATTENDANCE AT GENERAL MEETINGS

The Directors shall be entitled to receive notice of, attend and be heard at any general meeting.

DIRECTORS AND OFFICERS

38. ELECTION OF DIRECTORS

38.1. The Directors shall be elected (including re-elected) by Ordinary Resolution at the annual general meeting of the Company or at any extraordinary general meeting called for that purpose. There shall be no shareholding qualification for Directors unless prescribed by Special Resolution.

38.2. The Board may from time to time appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, subject to any upper limit on the number of Directors prescribed pursuant to these Articles.

39. NUMBER OF DIRECTORS

The Board shall initially consist of not less than three Directors and the Board may increase the number of Directors by up to one third of the number holding office for the time being at any time prior to the next annual general meeting, provided that such increase shall not cause the number of Directors to exceed the maximum number of Directors for the time being determined by Ordinary Resolution.

40. TERM OF OFFICE OF DIRECTORS

A Director shall automatically retire from office (unless he has sooner vacated office) at the next annual general meeting but shall be eligible to be nominated for re-election.

41. ALTERNATE DIRECTORS

41.1. At any general meeting, the Members may elect a person or persons to act as a Director in the alternative to any one or more Directors or may authorise the Board to appoint such Alternate Directors.

41.2. Unless the Members otherwise resolve, any Director may appoint a person or persons to act as a Director in the alternative to himself by notice deposited with the Secretary.

41.3. Any person elected or appointed pursuant to this Article shall have all the rights and powers of the Director or Directors for whom such person is elected or appointed in the alternative, provided that such person shall not be counted more than once in determining whether or not a quorum is present.

41.4. An Alternate Director shall be entitled to receive notice of all Board meetings and to attend and vote at any such meeting at which a Director for whom such Alternate Director was appointed in the alternative is not personally present and generally to perform at such meeting all the functions of such Director for whom such Alternate Director was appointed.

41.5. An Alternate Director's office shall terminate -

(a) in the case of an alternate elected by the Members:

(i) on the occurrence in relation to the Alternate Director of any event which, if it occurred in relation to the Director for whom he was elected to act, would result in the termination of that Director; or

(ii) if the Director for whom he was elected in the alternative ceases for any reason to be a Director, provided that the alternate removed in these circumstances may be re-appointed by the Board as an alternate to the person appointed to fill the vacancy; and

(b) in the case of an alternate appointed by a Director:

(i) on the occurrence in relation to the Alternate Director of any event which, if it occurred in relation to his appointor, would result in the termination of the appointor's directorship; or

(ii) when the Alternate Director's appointor revokes the appointment by notice to the Company in writing specifying when the appointment is to terminate; or

(iii) if the Alternate Director's appointor ceases for any reason to be a Director.

41.6. If an Alternate Director is himself a Director or attends a Board meeting as the Alternate Director of more than one Director, his voting rights shall be cumulative.

41.7. Unless the Board determines otherwise, an Alternate Director may also represent his appointor at meetings of any committee of the Board on which his appointor serves; and the provisions of this Article shall apply equally to such committee meetings as to Board meetings.

41.8. Save as provided in these Articles an Alternate Director shall not, as such, have any power to act as a Director or to represent his appointor and shall not be deemed to be a Director for the purposes of these Articles.

42. REMOVAL OF DIRECTORS

The Company may from time to time by Special Resolution remove any Director from office, whether or not appointing another in his stead, and the Board may at any time remove from office any Director who has been convicted in any jurisdiction of an indictable offence.

43. VACANCY IN THE OFFICE OF DIRECTOR

The office of Director shall be vacated if the Director:

(a) is removed from office pursuant to these Articles;

(b) dies or becomes bankrupt, or makes any arrangement or composition with his creditors generally;

(c) is or becomes of unsound mind or an order for his detention is made under the Mental Health Law of the Cayman Islands or any analogous law of a jurisdiction outside the Cayman Islands, or dies; or

(d) resigns his office by notice to the Company.

44. REMUNERATION OF DIRECTORS

The remuneration (if any) of the Directors shall, subject to any direction that may be given by the Company in general meeting, be determined by the Board as it may from time to time determine and shall be deemed to accrue from day to day. The Directors may also be paid all travel, hotel and other expenses properly incurred by them in attending and returning from Board meetings, any committee appointed by the Board, general meetings, or in connection with the business of the Company or their duties as Directors generally.

45. DEFECT IN APPOINTMENT

All acts done in good faith by the Board, any Director, a member of a committee appointed by the Board, any person to whom the Board may have delegated any of its powers, or any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or person acting as aforesaid, or that he was, or any of them were, disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director or act in the relevant capacity.

46. DIRECTORS TO MANAGE BUSINESS

The business of the Company shall be managed and conducted by the Board. In managing the business of the Company, the Board may exercise all such powers of the Company as are not, by the Law or by these Articles, required to be exercised by the Company in general meeting subject, nevertheless, to these Articles and the provisions of the Law.

47. POWERS OF THE BOARD OF DIRECTORS

The Board may:

(a) appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their remuneration and determine their duties;

(b) exercise all the powers of the Company to borrow money and to mortgage or charge or otherwise grant a security interest in its undertaking, property and uncalled capital, or any part thereof, and may issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party;

(c) appoint one or more Directors to the office of managing director or chief executive officer of the Company, who shall, subject to the control of the Board, supervise and administer all of the general business and affairs of the Company;

(d) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;

(e) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney;

(f) procure that the Company pays all expenses incurred in promoting and incorporating the Company;

(g) delegate any of its powers (including the power to sub-delegate) to a committee of one or more persons appointed by the Board and every such committee shall conform to such directions as the Board shall impose on them. Subject to any directions or regulations made by the Board for this purpose, the meetings and proceedings of any such committee shall be governed by the provisions of these Articles regulating the meetings and proceedings of the Board, including provisions for written resolutions;

(h) delegate any of its powers (including the power to sub-delegate) to any person on such terms and in such manner as the Board may see fit;

(i) present any petition and make any application in connection with the liquidation or reorganisation of the Company;

(j) in connection with the issue of any share, pay such commission and brokerage as may be permitted by law; and

(k) authorise any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any deed, agreement, document or instrument on behalf of the Company.

48. REGISTER OF DIRECTORS AND OFFICERS

The Board shall keep and maintain a Register of Directors and Officers in accordance with the Law.

49. OFFICERS

The Officers shall consist of a Secretary and such additional Officers as the Board may determine all of whom shall be deemed to be Officers for the purposes of these Articles.

50. APPOINTMENT OF OFFICERS

The Secretary (and additional Officers, if any) shall be appointed by the Board from time to time.

51. DUTIES OF OFFICERS

The Officers shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Board from time to time.

52. REMUNERATION OF OFFICERS

The Officers shall receive such remuneration as the Board may determine.

53. CONFLICTS OF INTEREST

53.1. Any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company on such terms, including with respect to remuneration, as may be agreed between the parties. Nothing herein contained shall authorise a Director or a Director's firm, partner or company to act as Auditor to the Company.

53.2. A Director who is directly or indirectly interested in a contract or proposed contract with the Company (an "Interested Director") shall declare the nature of such interest.

53.3. An Interested Director who has complied with the requirements of the foregoing Article may:

(a) vote in respect of such contract or proposed contract; and/or

(b) be counted in the quorum for the meeting at which the contract or proposed contract is to be voted on,

and no such contract or proposed contract shall be void or voidable by reason only that the Interested Director voted on it or was counted in the quorum of the relevant meeting and the Interested Director shall not be liable to account to the Company for any profit realised thereby.

54. INDEMNIFICATION AND EXCULPATION OF DIRECTORS AND OFFICERS

54.1. The Directors, Secretary and other Officers (such term to include any person appointed to any committee by the Board) acting in relation to any of the affairs of the Company or any subsidiary thereof, and the liquidator or trustees (if any) acting in relation to any of the affairs of the Company or any subsidiary thereof and every one of them (whether for the time being or formerly) and their heirs, executors, administrators and personal representatives (each an "indemnified party") shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no indemnified party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any monies or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any monies of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company which may attach to any of the indemnified parties. Each Member agrees to waive any claim or right of action such Member might have, whether individually or by or in the right of the Company, against any Director or Officer on account of any action taken by such Director or Officer, or the failure of such Director or Officer to take any action in the performance of his duties with or for the Company or any subsidiary thereof, PROVIDED THAT such waiver shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company which may attach to such Director or Officer.

54.2. The Company may purchase and maintain insurance for the benefit of any Director or Officer against any liability incurred by him in his capacity as a Director or Officer or indemnifying such Director or Officer in respect of any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or Officer may be guilty in relation to the Company or any subsidiary thereof.

MEETINGS OF THE BOARD OF DIRECTORS

55. BOARD MEETINGS

The Board may meet for the transaction of business, adjourn and otherwise regulate its meetings as it sees fit. A resolution put to the vote at a Board meeting shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the resolution shall fail.

56. NOTICE OF BOARD MEETINGS

A Director may, and the Secretary on the requisition of a Director shall, at any time summon a Board meeting. Notice of a Board meeting shall be deemed to be duly given to a Director if it is given to such Director verbally (including in person or by telephone) or otherwise communicated or sent to such Director by post, electronic means or other mode of representing words in a visible form at such Director's last known address or in accordance with any other instructions given by such Director to the Company for this purpose.

57. ELECTRONIC PARTICIPATION IN MEETINGS

Directors may participate in any meeting by such telephonic, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

58. REPRESENTATION OF DIRECTOR

58.1. A Director which is a corporation may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Director, and that Director shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.

58.2. Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he thinks fit as to the right of any person to attend and vote at Board meetings on behalf of a corporation which is a Director.

58.3. A Director who is not present at a Board meeting, and whose Alternate Director (if any) is not present at the meeting, may be represented at the meeting by a proxy duly appointed, in which event the presence and vote of the proxy shall be deemed to be that of the Director. All the provisions of these Articles regulating the appointment of proxies by Members shall apply equally to the appointment of proxies by Directors.

59. QUORUM AT BOARD MEETINGS

The quorum necessary for the transaction of business at a Board meeting shall be two Directors, provided that if there is only one Director for the time being in office the quorum shall be one.

60. BOARD TO CONTINUE IN THE EVENT OF VACANCY

The Board may act notwithstanding any vacancy in its number.

61. CHAIRMAN TO PRESIDE

Unless otherwise agreed by a majority of the Directors attending, the Chairman, if there be one, shall act as chairman at all Board meetings at which such person is present. In his absence a chairman of the meeting shall be appointed or elected by the Directors present at the meeting.

62. WRITTEN RESOLUTIONS

62.1. Anything which may be done by resolution of the Directors may, without a meeting and without any previous notice being required, be done by written resolution in accordance with this Article. For the purposes of this Article only, "the Directors" shall not include an Alternate Director.

62.2. A written resolution may be signed by (or in the case of a Director that is a corporation, on behalf of) all the Directors in as many counterparts as may be necessary.

62.3. A written resolution made in accordance with this Article is as valid as if it had been passed by the Directors in a directors' meeting, and any reference in any Article to a meeting at which a resolution is passed or to Directors voting in favour of a resolution shall be construed accordingly.

62.4. A resolution in writing made in accordance with this Article shall constitute minutes for the purposes of the Law.

62.5. For the purposes of this Article, the date of the resolution is the date when the resolution is signed by (or in the case of a Director that is a corporation, on behalf of) the last Director to sign and any reference in any Article to the date of passing of a resolution is, in relation to a resolution made in accordance with this Article, a reference to such date.

63. VALIDITY OF PRIOR ACTS OF THE BOARD

No regulation or alteration to these Articles made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation or alteration had not been made.

CORPORATE RECORDS

64. MINUTES

The Board shall cause minutes to be duly entered in books provided for the purpose:

(a) of all elections and appointments of Officers;

(b) of the names of the Directors present at each Board meeting and of any committee appointed by the Board; and

(c) of all resolutions and proceedings of general meetings of the Members, Board meetings, meetings of managers and meetings of committees appointed by the Board.

65. REGISTER OF MORTGAGES AND CHARGES

65.1. The Board shall cause to be kept the Register of Mortgages and Charges required by the Law.

65.2. The Register of Mortgages and Charges shall be open to inspection in accordance with the Law, at the registered office of the Company on every business day in the Cayman Islands, subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each such business day be allowed for inspection.

66. FORM AND USE OF SEAL

66.1. The Company may adopt a seal, which shall bear the name of the Company in legible characters, and which may, at the discretion of the Board, be followed with or preceded by its dual foreign name or translated name (if any), in such form as the Board may determine. The Board may adopt one or more duplicate seals for use in or outside Cayman and, if the Board thinks fit, a duplicate Seal may bear on its face the name of the country, territory, district or place where it is to be issued.

66.2. The Seal (if any) shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that behalf and, until otherwise determined by the Board, the Seal shall be affixed in the presence of a Director or the Secretary or an assistant secretary or some other person authorised for this purpose by the Board or the committee of the Board.

66.3. Notwithstanding the foregoing, the Seal (if any) may without further authority be affixed by way of authentication to any document required to be filed with the Registrar of Companies in the Cayman Islands, and may be so affixed by any Director, Secretary or assistant secretary of the Company or any other person or institution having authority to file the document as aforesaid.

ACCOUNTS

67. BOOKS OF ACCOUNT

67.1. The Board shall cause to be kept proper books of account including, where applicable, material underlying documentation including contracts and invoices, and with respect to:-

(a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the Company; and

(c) all assets and liabilities of the Company.

67.2. Such books of account shall be kept and proper books of account shall not be deemed to be kept with respect to the matters aforesaid if there are not kept, at such place as the Board thinks fit, such books as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

67.3. Such books of account shall be retained for a minimum period of five years from the date on which they are prepared.

67.4. No Member (not being a Director) shall have any right of inspecting any account or book or document of the Company.

68. FINANCIAL YEAR END

The financial year end of the Company shall be 31st December in each year but, subject to any direction of the Company in general meeting, the Board may from time to time prescribe some other period to be the financial year, provided that the Board may not without the sanction of an Ordinary Resolution prescribe or allow any financial year longer than eighteen months.

AUDITS

69. AUDIT

Nothing in these Articles shall be construed as making it obligatory to appoint Auditors.

70. APPOINTMENT OF AUDITORS

70.1. The Company may in general meeting appoint Auditors to hold office for such period as the Members may determine.

70.2. Whenever there are no Auditors appointed as aforesaid the Board may appoint Auditors to hold office for such period as the Board may determine or earlier removal from office by the Company in general meeting.

70.3. The Auditor may be a Member but no Director, Officer or employee of the Company shall, during his continuance in office, be eligible to act as an Auditor of the Company.

71. REMUNERATION OF AUDITORS

71.1. The remuneration of an Auditor appointed by the Members shall be fixed by the Company in general meeting.

71.2. The remuneration of an Auditor appointed by the Board in accordance with these Articles shall be fixed by the Board.

72. DUTIES OF AUDITOR

The Auditor shall make a report to the Members on the accounts examined by him and on every set of financial statements laid before the Company in general meeting, or circulated to Members, pursuant to this Article during the Auditor's tenure of office.

73. ACCESS TO RECORDS

73.1. The Auditor shall at all reasonable times have access to the Company's books, accounts and vouchers and shall be entitled to require from the Company's Directors and Officers such

information and explanations as the Auditor thinks necessary for the performance of the Auditor's duties and, if the Auditor fails to obtain all the information and explanations which, to the best of his knowledge and belief, are necessary for the purposes of their audit, he shall state that fact in his report to the Members.

73.2. The Auditor shall be entitled to attend any general meeting at which any financial statements which have been examined or reported on by him are to be laid before the Company and to make any statement or explanation he may desire with respect to the financial statements.

VOLUNTARY WINDING-UP AND DISSOLUTION

74. WINDING-UP

74.1. The Company may be voluntarily wound-up by a Special Resolution.

74.2. If the Company shall be wound up the liquidator may, with the sanction of a Special Resolution, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

CHANGES TO CONSTITUTION

75. CHANGES TO ARTICLES

Subject to the Law and to the conditions contained in its memorandum, the Company may, by Special Resolution, alter or add to its Articles.

76. CHANGES TO THE MEMORANDUM OF ASSOCIATION

Subject to the Law and these Articles, the Company may from time to time by Special Resolution alter its Memorandum of Association with respect to any objects, powers or other matters specified therein.

77. DISCONTINUANCE

The Board may exercise all the powers of the Company to transfer by way of continuation the Company to a named country or jurisdiction outside the Cayman Islands pursuant to the Law.

SCHEDULE E
PART, 8 DIVISION 2 OF THE BCBCA

Division 2 — Dissent Proceedings

Definitions and application

237 (1) In this Division:

"**dissenter**" means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

"**notice shares**" means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

"**payout value**" means,

(a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

(b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,

(c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or

(d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

(a) under section 260, in respect of a resolution to alter the articles

(i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or

(ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91;

(b) under section 272, in respect of a resolution to adopt an amalgamation agreement;

(c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

(d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;

(e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;

(f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;

(g) in respect of any other resolution, if dissent is authorized by the resolution;

(h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

(a) prepare a separate notice of dissent under section 242 for

(i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,

(b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and

(c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

(a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and

(b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

(a) provide to the company a separate waiver for

(i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and

(b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

(a) a copy of the resolution,

(b) a statement advising of the right to send a notice of dissent, and

(c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

(a) a copy of the entered order, and

(b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

(a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

(b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or

(c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of

(i) the date on which the shareholder learns that the resolution was passed, and

(ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must send written notice of dissent to the company

(a) on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or

(b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company

(a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or

(b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

(i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,

(a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

(i) the date on which the company forms the intention to proceed, and

(ii) the date on which the notice of dissent was received, or

(b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1) (a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

(b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and

(c) advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

(a) a written statement that the dissenter requires the company to purchase all of the notice shares,

(b) the certificates, if any, representing the notice shares, and

(c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1) (c) must

(a) be signed by the beneficial owner on whose behalf dissent is being exercised, and

(b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

(a) the dissenter is deemed to have sold to the company the notice shares, and

(b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice

shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

245 (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

(a) promptly pay that amount to the dissenter, or

(b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

(a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and

(c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

(a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

(b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

(a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or

(b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

(a) the company is insolvent, or

(b) the payment would render the company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

(a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;

(b) the resolution in respect of which the notice of dissent was sent does not pass;

(c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;

(d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;

(e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;

(f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;

(g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;

(h) the notice of dissent is withdrawn with the written consent of the company;

(i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

(a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,

(b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and

(c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.