

AFRICAN METALS CORPORATION

**Special Meeting
to be held on October 5, 2018**

**Notice of Special Meeting
and
Information Circular**

September 3, 2018

AFRICAN METALS CORPORATION

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting (the “**Meeting**”) of the shareholders of African Metals Corporation (the “**Company**”) will be held at the offices of Lawson Lundell LLP at 1600-925 West Georgia Street, Vancouver, British Columbia V6C 3L2 on Friday, October 5, 2018 at 10:00 a.m. (Vancouver, British Columbia time) for the following purposes:

1. to consider and, if deemed appropriate, approve by special resolution, the sale of all or substantially all of the Company’s assets and guarantee of Luisha Mining Enterprise SARL’s obligations under the related sale agreement; and
2. to transact such other business as may properly be put before the Meeting, or any adjournment or adjournments thereof.

The Board of Directors (the “**Board**”) has fixed the close of business on Wednesday, August 29, 2018, as the record date for determining shareholders who are entitled to receive notice and to vote at the Meeting or any adjournment of the Meeting. No person who becomes a shareholder of the Company after the record date will be entitled to vote or act at the Meeting or any adjournment thereof.

The Board requests that all shareholders who will not be attending the Meeting in person read, date and sign the accompanying proxy and deliver it to Computershare Investor Services Inc. (“**Computershare**”). If a shareholder does not deliver a proxy to Computershare by 10:00 a.m. (Vancouver, British Columbia time) on Wednesday, October 3, 2018 (or 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the Meeting at which the proxy is to be used) then the shareholder may not be entitled to vote at the Meeting by proxy. A proxy may be deposited with Computershare (i) by mail using the enclosed return envelope or (ii) by hand delivery to Computershare, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1

An information circular and a form of proxy accompany this notice.

DATED at Toronto, Ontario as of the 3rd day of September, 2018.

ON BEHALF OF THE BOARD

“John F. O’Donnell”

John O’Donnell

Director

AFRICAN METALS CORPORATION

INFORMATION CIRCULAR

(as at September 3, 2018 except as otherwise indicated)

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This information circular (“**Circular**”) contains forward-looking information within the meaning of applicable Canadian securities legislation (“**forward-looking statements**”). All statements, other than statements of historical fact, are forward-looking statements.

Generally, forward-looking statements can be identified by the use of words or phrases such as “expects,” “anticipates,” “plans,” “projects,” “estimates,” “assumes,” “intends,” “strategy,” “goals,” “objectives,” “potential,” or variations thereof, or stating that certain actions, events or results “may,” “could,” “would,” “might” or “will” be taken, occur or be achieved, or the negative of any of these terms or similar expressions. The forward-looking statements or information included in this Circular relate to projections, outlook, forecasts, and other statements regarding future financial and/or operational performance, events, and other activities and achievements of African Metals Corporation (the “**Company**”), including, among other things: the anticipated timing of the closing of the sale of the Company’s assets; the anticipated benefits to the Company of the sale of its assets, including the Company’s intention to use the proceeds from such sale to pay a finders fee, settle its debts, bring its books and records back to good order, hold an annual general meeting of Shareholders, seek the revocation of the current cease trade order dated December 1, 2016, and seek out further business opportunities; the anticipated ability of the Company to satisfy the conditions precedent to the sale of its assets, including the obtaining of approval from the authorities in the Democratic Republic of Congo regarding the transfer of No. 4881 Mining License and the entering into of various agreements with third parties; and the possibility that Traxys Europe SA will realize on its security over the Company’s assets in connection with debts owed by the Company.

In respect of the forward-looking statements and information concerning the anticipated completion of the sale of the Company’s assets and the timing thereof, the parties have provided them in reliance on certain assumptions that they believe are reasonable at this time, including assumptions as to the ability of the parties to receive, in a timely manner, the necessary approvals, including shareholder, governmental and/or regulatory approval, including the ability to obtain approval from the authorities in the Democratic Republic of Congo regarding the transfer of the No. 4881 Mining License; the ability of the Company to successfully settle its debts post-closing; the ability and willingness of relevant third parties to enter into various agreements on satisfactory terms in order to satisfy the conditions precedent to the sale of its assets and the timing thereof; and the ability of the other parties involved in the transaction to perform their respective obligations in a timely manner. These dates may change for a number of reasons, including inability to secure necessary shareholder, court, stock exchange, creditor and/or regulatory approvals in the time assumed or the need for additional time to satisfy the other conditions to the completion of the sale of the Company’s assets.

In respect of the forward-looking statements and information concerning the anticipated benefits of the sale of the Company’s assets and the future prospects of the Company, these forward-looking statements are subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those expressed or implied, including, without limitation, the following: there may be unanticipated delays in completing the sale of the Company’s assets; the

possibility that the sale of the Company's assets will not be completed for a variety of reasons, including the possibility that one or more of the conditions precedent to the sale of the Company's assets may not be satisfied or waived, including obtaining approval from the authorities in the Democratic Republic of Congo regarding the transfer of No. 4881 Mining License and the entering into of various agreements with third parties on satisfactory terms; the risk that one or more of the Company's creditors will not agree to settle the Company's debts for the amount that the Company is willing and/or able to pay using the sale proceeds; and those other various risks and uncertainties identified in this Circular under the heading "Particulars of Certain Matters to be Acted Upon - Risk Factors and Additional Factors for Consideration".

You are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. We cannot assure you that actual events, performance or results will be consistent with these forward-looking statements, and management's assumptions may prove to be incorrect. Our forward-looking statements reflect current expectations regarding future events and operating performance and speak only as of the date hereof and we do not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change other than as required by applicable law. For the reasons set forth above, you should not place undue reliance on forward-looking statements.

SOLICITATION OF PROXIES

This Circular is provided in connection with the solicitation of proxies by the management of African Metals Corporation. The form of proxy which accompanies this Circular (the "**Proxy**") is for use at the special meeting of the shareholders of the Company (the "**Shareholders**") to be held on Friday, October 5, 2018 (the "**Meeting**"), at the time and place set out in the accompanying notice of Meeting (the "**Notice of Meeting**").

In this Circular, references to "the Company", "we" and "our" refer to African Metals Corporation and "Common Shares" or "Shares" means common shares in the capital of the Company. "Beneficial Shareholders" or "Non-Registered Shareholders" means shareholders who do not hold Common Shares in their own name and "Intermediaries" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

The solicitation will be primarily by mail, but directors, officers and regular employees of the Company may also solicit proxies personally or by telephone. The Company has arranged for intermediaries to forward the meeting materials to certain Beneficial Shareholders of the Common Shares held of record by those Intermediaries and we may reimburse the Intermediaries for their reasonable fees and disbursements in that regard. No solicitation will be made by agents. The cost of solicitation will be borne by the Company.

APPOINTMENT OF PROXYHOLDER

A duly completed form of proxy will constitute the person(s) named in the enclosed form of proxy as the shareholder's proxyholder. The persons whose names are printed in the enclosed form of proxy for the Meeting are officers or directors of the Company (the "**Management Proxyholders**").

A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder. The only methods by which you may appoint a person as proxy are submitting a proxy in the manner set out under the heading "Completion and Return of Proxy" below.

VOTING BY PROXY

A proxy will not be valid unless it is signed by the registered shareholder, or by the registered shareholder's attorney with proof that they are authorized to sign. If you represent a registered shareholder that is a corporation or an association, your proxy should have the seal of the corporation or association, and must be executed by an officer or an attorney who has written authorization. If you execute a proxy as an attorney for an individual registered shareholder, or as an officer or attorney of a registered shareholder that is a corporation or association, you must include the original or notarized copy of the written authorization for the officer or attorney with your proxy form.

Common Shares of the Company represented by properly executed proxies in the accompanying form will be voted or withheld from voting on each respective matter in accordance with the instructions of the shareholder on any ballot that may be called for.

If no choice is specified and one of the Management Proxyholders is appointed by a shareholder as proxyholder, such Management Proxyholder will vote in favour of the matters proposed at the Meeting and for all other matters proposed by management at the Meeting.

The enclosed form of proxy also confers discretionary authority upon the person named therein as proxyholder with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified;
- (b) amendments or variations to matters identified therein; and
- (c) other matters which may properly come before the Meeting.

At the date of this Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

COMPLETION AND RETURN OF PROXY

A proxy will not be valid unless it is deposited with our transfer agent Computershare, (i) by mail using the enclosed return envelope or (ii) by hand delivery to Computershare, 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1. Alternatively, you may vote by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America), by facsimile to 1-866-249-7775 or 1-416-263-9524 (if outside North America), or by internet using the 15 digit control number located at the bottom of your proxy at www.investorvote.com. All instructions are listed in the enclosed form of proxy. Your proxy or voting instructions must be received in each case no later than 10:00 a.m. (Vancouver, British Columbia time) on October 3, 2018 or, if the Meeting is adjourned, 48 hours (excluding Saturdays and holidays) before the beginning of any adjournment of the Meeting.

INFORMATION FOR NON-REGISTERED HOLDERS

The information set forth in this section is of significant importance to many shareholders of the Company as a substantial number of shareholders do not hold their common shares in their own names (“Non-Registered Shareholders”) and, instead, hold common shares through a broker, agent, nominee or other intermediary

This Circular and the accompanying materials (collectively, the “**Meeting Materials**”) are being sent to registered shareholders. Further, in accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Meeting Materials to

intermediaries for onward distribution to Non-Registered Shareholders. However, the Company does not intend to pay for delivery of the Meeting Materials to those Non-Registered Shareholders who have objected to disclosing ownership information about themselves to the Company (“OBOs”). Accordingly, such OBOs will not receive the Meeting Materials unless the respective intermediaries of such OBOs assume the costs of delivery.

Non-Registered Shareholders should note that only proxies deposited by shareholders whose names appear on the share register of the Company will be recognized and acted upon 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 the shareholder’s name on the records of the Company. Such common shares will more likely be registered under the name of an intermediary, typically the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc.), which company acts as a nominee for many Canadian brokerage firms. Common shares held by brokers (or their agents or nominees) on behalf of a broker’s client may only be voted (for or against resolutions) in accordance with instructions received from the Non-Registered Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for Non-Registered Shareholders.

Additional Information for Beneficial Holders

Securities regulatory policies require brokers and other intermediaries to seek voting instructions from Non-Registered Shareholders in advance of shareholders’ meetings. Each broker or other intermediary has its own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Non-Registered Shareholders in order to ensure that their common shares are voted at the Meeting. Often the form of proxy or voting instruction form (“VIF”) supplied to a Non-Registered Shareholder by its broker is identical to the form of proxy provided by the Company to the registered shareholders. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Non-Registered Shareholder.

Most brokers delegate responsibility for obtaining instructions from clients to Broadridge in the United States and in Canada. Broadridge mails a VIF in lieu of a Proxy provided by the Company. The VIF will name the same persons as the Company’s Proxy to represent your shares at the Meeting. The completed VIF must be returned by mail (using the return envelope provided) or by facsimile. Alternatively, Non-Registered Shareholders may call a toll-free number or go online to www.proxyvote.com to vote. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the Company’s shares to be represented at the Meeting and the appointment of any Shareholder’s representative.

The Company may utilize Broadridge’s QuickVote™ system to assist Shareholders with voting their shares. Certain Non-Registered Shareholders who have not objected to the Company knowing who they are (non-objecting beneficial owners) may be contacted by the Company to conveniently obtain a vote directly over the phone.

A Non-Registered Shareholder who receives a VIF or form of proxy cannot use that form to vote common shares directly at the Meeting. The VIF or form of proxy must be returned following the instructions set out on the form well in advance of the Meeting in order to have the common shares voted at the Meeting on your behalf.

Accordingly, each Non-Registered Shareholder should: (a) carefully review the VIF or form of proxy and voting procedures that the shareholder’s broker, agent, nominee or other intermediary has furnished with

this Information Circular; and (b) provide instructions as to the voting of the shareholder's common shares in accordance with those voting procedures.

Although Non-Registered Shareholders may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of such shareholder's broker, a Non-Registered Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. Non-Registered Shareholders who wish to attend the Meeting and indirectly vote their common shares as proxyholder for the registered shareholder should enter their own names in the blank space on the VIF or form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.

All references to Shareholders in this Circular and the accompanying form of proxy and Notice of Meeting are to shareholders of record unless specifically stated otherwise.

REVOCABILITY OF PROXY

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing, including a proxy bearing a later date, executed by the registered shareholder or by his, her or its attorney authorized in writing or, if the registered shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the Chairman of the Meeting on the day of the Meeting. **Only registered shareholders have the right to revoke a proxy. Non-Registered Shareholders who wish to change their vote must contact their intermediary in sufficient time prior to the Meeting to arrange to change the vote and, if necessary, revoke the proxy.**

ABOUT THE MEETING

Time, Date and Place

The Meeting will be held at the offices of Lawson Lundell LLP at 1600-925 West Georgia Street, Vancouver, British Columbia V6C 3L2 on Friday, October 5, 2018 at 10:00 a.m. (Vancouver, British Columbia time) as set out in the Notice of Meeting.

Items of Business

The following items of business will be covered at the Meeting:

1. Approve by special resolution, the sale of all or substantially all of the Company's assets and guarantee of Luisha Mining Enterprise SARL's obligations under the related sale agreement, as more particularly described and set forth in the Circular; and
2. Approve the transaction of such other business as may properly be put before the Meeting, or any adjournment or adjournments thereof.

Quorum and Approval

We need a quorum of Shareholders to transact business. A quorum is one person present in person or by proxy.

We require a special majority (66^{2/3}%) of the votes cast at the Meeting by Shareholders to approve the Special Resolution (defined below).

Further, because the items of business which will be covered at the Meeting engage *Multilateral Instrument 61-101 - Protection of Minority Security holders in Special Transactions* (“MI 61-101”) due to the fact that such items constitute a “related party transaction”, we also require approval of a simple majority of the votes cast at the Meeting in person or by proxy of the disinterested Shareholders, which Shareholders are all Shareholders other than TSM Entrepise S.A.R.L. (“TSM”) and Simeon Tshisangama (“Tshisangama”), who are considered “related parties” under MI 61-101. For more information on MI 61-101 considerations, see “Particulars of Matters to be Acted Upon - Related Party Considerations” below.

Interest of Certain Persons in Matters to be Acted Upon

Tshisangama is a director of the Company and also controls TSM, which has a 23.75% interest in Luisha Mining Enterprise SARL (“LME”), the entity selling the assets which are the subject of the items of business at the Meeting. As Tshisangama has an indirect interest in the sale of such assets, Tshisangama has a material interest in matters to be acted upon at the Meeting. For more information on Tshisangama’s interest in such matters, see “Particulars of Matters to be Acted Upon - Related Party Considerations”, “Interest of Certain Persons or Companies in Matters to be Acted Upon”, and “Interest of Informed Persons in Material Transactions” below.

Voting Securities and Principal Holders of Voting Securities

As at the date of the accompanying Notice of Meeting, the Company’s authorized capital consists of an unlimited number of common shares of which 14,038,681 Common Shares are issued and outstanding.

Each Common Share in the capital of the Company carry the right to one vote.

Shareholders registered as at Wednesday, August 29, 2018 are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must deliver their Proxies at the place and within the time set forth in the notes to the Proxy in order to entitle the person appointed by the Proxy to attend and vote.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, the following person beneficially owns, directly or indirectly, or exercises control or direction over, 10% or more of the issued and outstanding common shares of the Company:

Name of shareholder	Approximate Number of Shares	Approximate Percentage of Outstanding Shares
Simeon Tshisangama ⁽¹⁾	2,227,923	15.9%

Notes:

(1) Of these shares, 1,185,800 are held directly and 1,042,123 are held indirectly through TSM.

Other than as set out herein, no securities are beneficially owned or controlled by any director or officer of the Company, nor, after reasonable enquiry, by: (i) each associate or affiliate of an insider of the Company; (ii) each associate or affiliate of the issuer; (iii) an insider of the issuer, other than a director or officer of the issuer; and (iv) each person acting jointly or in concert with the issuer.

Dividend Policy

The Company does not currently have a dividend policy, and during the two years preceding the date hereof, the Company has not issued any dividends and is currently unable to issue dividends due to its significant, ongoing, financial difficulties. Accordingly, the Company does not plan or intend to declare any dividends in the foreseeable future.

PARTICULARS OF MATTERS TO BE ACTED UPON

Sale of Substantially All Assets

At the Meeting, Shareholders will be asked to approve a special resolution authorizing the sale of substantially all of the Company's assets (the "**Sale**"). The full text of the special resolution is set out under the heading "Particulars of Matters to be Acted Upon - Resolution Sought".

Below is an overview of the Company's current assets and liabilities relevant to the Sale and the proposed terms and conditions of the Sale.

Current Assets

The Company is currently experiencing ongoing and significant financial difficulties, which have resulted in, among other things, the Company failing to maintain good standing with the British Columbia Registrar of Companies (the "**Registrar**") and failing to maintain the listing requirements of the TSX Venture Exchange. Despite such difficulties, the Company retains ownership of several assets which are the subject of the Sale.

Through LME, an indirect subsidiary of the Company (the Company indirectly owns 71.25% of LME, TSM owns 23.75% of LME, and the government of the Democratic Republic of Congo ("**Congo**") owns 5% of LME), the Company currently controls the ownership of: (i) mining rights in the mining area (the "**Mining Area**") governed by No. 4881 Mining License (the "**Mining License**") in the Congo; (ii) ore mined from the Mining Area; and (iii) other movables and real estates (collectively, the "**LME Assets**").

The Company also currently directly or indirectly through a subsidiary owns a 100% interest in a dense medium separation plant (the "**DMS Plant**", and collectively with the LME Assets, the "**Target Assets**"). The Company initially obtained ownership of the DMS Plant through its subsidiary by the name of Kundelungu Minerals SPRL ("**Kundelungu**").

Current Liabilities

Kundelungu Minerals SPRL ("**Kundelungu**"), a subsidiary of the Company, initially financed its purchase of the DMS Plant with the proceeds of a US\$3.7 million loan facility dated September 6, 2011 (the "**Kundelungu Loan Contract**") with Traxys Europe SA ("**Traxys**"), a corporation incorporated under the laws of Luxembourg. Interest under the Kundelungu Loan Contract is 7.8% per annum plus an additional 2% during any period that Kundelungu is in default. Under the terms of the Kundelungu Loan Contract, Kundelungu was required to repay the loan facility from 60% of production profits, with the first installment being due on the earlier of January 31, 2012 and 120 days after the date of the agreement (January 4, 2012). As security for the Kundelungu Loan Contract, among other things, the Company (i) guaranteed Kundelungu's payment obligations (the "**Guarantee**") under the Kundelungu Loan Contract, (ii) caused a now dissolved subsidiary to pledge its shares in Kundelungu to Traxys (the "**Kundelungu Pledge**"), and (iii) pledged its own shares in Chevalier Resources Inc. ("**Chevalier**") (another wholly-owned subsidiary of the Company), to Traxys (collectively, with the Kundelungu Pledge, the "**Pledges**").

Installment payments under the Kundelungu Loan Contract did not commence when due and Kundelungu has been in default under the Kundelungu Loan Contract since January 31, 2012. Pursuant to the terms of the Guarantee, the Company is currently liable to Traxys in the aggregate amount of approximately US\$4.6 million in respect of the Kundelungu Loan Contract (the “**Kundelungu-Traxys Debt**”).

In connection with the execution of the Kundelungu Loan Contract, LME entered into an agreement with Kundelungu which provides that the ore mined in the Mining Area will be processed by Kundelungu in the DMS Plant (the “**LME Contract**”). LME also entered into an exclusive off-take agreement with Traxys (the “**Off-Take Agreement**”), under which Traxys agreed to purchase, at a competitive London Metal Exchange market price, the copper oxide and sulphide concentrates produced from the Mining Area for a period of 48 months from commencement of production. In connection with the Sale, Traxys has agreed to terminate the Off-Take Agreement and settle the Kundelungu-Traxys Debt owing under the Kundelungu Loan Contract if LME agrees to pay to Traxys the aggregate amount of US\$6 million (the “**Traxys Settlement Debt**”). Pursuant to the Amended Agreement, LME and the Company have agreed to pay Traxys the Traxys Settlement Debt in connection with the Sale.

In addition to the Traxys Settlement Debt, as at the date hereof, LME is currently indebted to the Company in an aggregate amount of US\$3,518,000 (the “**LME Debt**”).

The Company also has other debts that will not be affected by the Sale but which it plans to settle using some of the proceeds from the settlement of the LME Debt upon receipt of the Sale Proceeds (defined below). For more information on the Company’s intended use of the Sale Proceeds, see the section entitled “Use of Proceeds” below.

The Sale

Overview and Background

The Company entered into a purchase agreement dated May 23, 2018 (the “**Original Agreement**”) with LME, Excellen Minerals SARL (“**Project Company**”) and Tshisangama (collectively, the “**Parties**”), with the intention to effect the Sale by transferring the Target Assets to the Project Company. Such Original Agreement was subsequently amended and supplemented by the Parties by a supplemental agreement dated August 9, 2018 (the “**Supplemental Agreement**”).

Under the Original Agreement, as amended and supplemented by the Supplemental Agreement (the “**Amended Agreement**”), the Parties intend that, on closing of the Sale (the “**Closing**”), the Target Assets will be transferred to the Project Company.

The Closing is subject to several conditions precedent, including: (i) approval from the relevant authorities in the Congo of the transfer of the Mining License, which approval will not be sought until after Shareholder approval of the Sale is obtained; (ii) the entering into of various agreements with various parties; and (iii) certain shareholders’ and/or directors’ resolutions of the Company’s subsidiaries in connection with the Sale. The full list of conditions precedent to which the Closing is subject can be found below at “Particulars of Matters to be Acted Upon - Summary of Amended Agreement - (b) Conditions for Closing”. The Company expects that the Closing will occur immediately following the approval and registration by the Congo government of the transfer of the Mining License, which approval will be sought immediately following the requisite approval of the sale by the Shareholders.

During the past 24 months, the board of directors of the Company (the “**Board**”) and management of the Company have examined and pursued various opportunities to sell the Target Assets or complete other

transactions, such as potential joint ventures, other potential business partnerships, and other paths whereby Shareholder value could be maintained based on the financial health of the Company. However, during such time, the Company did not receive a bona fide offer from any purchaser and suffered difficulties in successfully negotiating for the sale of the Target Assets. Such difficulties continued until October, 2017, when the Company began negotiations with the Project Company to sell the Target Assets, which negotiations were facilitated by an arm's length, third party resident in China (the "**Finder**"), and resulted, after extensive negotiations, in the Company receiving its first and only bona fide offer for the Target Assets from the Project Company. Following a strategic review and after regular meetings whereby the Board discussed the particulars of any potential offers and the details of the offer received from the Project Company, the Board has determined that the Sale pursuant to the Amended Agreement is currently the only opportunity available to the Company to maximize Shareholder value based on the future outlook of the Company's business and its current, ongoing, and significant financial difficulties. The Company has, together with LME, agreed to pay the Finder a finder's fee in the amount of US\$500,000 (the "**Finders Fee**") in connection with, and from the proceeds of, the Sale.

Summary of Amended Agreement

Below is a summary of the material terms and conditions of the proposed Sale. Please refer to the Original Agreement and the Supplemental Agreement, copies of which are available on SEDAR at www.sedar.com, for more information on the terms of the Sale.

(a) Purchase Price

In consideration of the transfer of the Target Assets, free and clear of all encumbrances, by the Company or one or more of its subsidiaries to the Project Company, the Project Company has agreed to pay a purchase price in the amount of US\$10,000,000 (the "**Sale Proceeds**"). Pursuant to the terms of the Amended Agreement, the Project Company is required to deposit the Sale Proceeds with the Escrow Agent within five days after the Company receives the requisite approvals of the Shareholders of the Special Resolution (defined below).

(b) Conditions for Closing

Closing of the Sale is subject to the following conditions precedent (collectively, the "**Conditions Precedent**"):

- (a) Approval from the relevant authorities in the Congo of the transfer of the Mining License ("**Congo Approval**");
- (b) Approval of the Special Resolution;
- (c) Shareholders' and/or directors' resolutions of African Metals Holdings (BVI) Ltd. ("**AMH**"), a wholly-owned subsidiary of the Company, authorizing LME to transfer the Target Assets;
- (d) Shareholders' resolutions of LME to approve the transfer of the Target Assets and the repayment of the LME Debt; and
- (e) The entering into of the following agreements: (i) the Escrow Account Agreement (defined below); (ii) a Repayment Agreement (defined below); and (iii) the Multi-Party Agreement (defined below).

As at the date hereof, each of Conditions Precedent have been satisfied or waived other than the following: (i) Congo Approval (which approval will not be sought until after the Special Resolution has been passed); (ii) Shareholder approval of the Special Resolution which will be sought at the Meeting; and (iii) the entering into of the Escrow Account Agreement and the Multi-Party Agreement.

The Company expects that the Closing will occur immediately following the approval and registration by the Congo government of the transfer of the Mining License, which approval will be sought immediately following the requisite approval of the sale by the Shareholders.

(c) Guarantee

The Amended Agreement contains a number of representations, warranties and covenants on the part of LME, all of which have been guaranteed by the Company. Specifically, under the Amended Agreement, the Company has guaranteed the due and punctual performance by LME of each of LME's obligations, including any resulting liability if its representations and warranties are false or cease to be accurate and are not cured within thirty calendar days. In addition, the Company has agreed to indemnify the Project Company and/or its affiliates against all losses arising from a breach by LME under the Amended Agreement, which includes LME's indemnification of the Project Company against losses suffered as a result of "the ownership of the Mining License". The Amended Agreement does not provide for the termination of the representations and warranties after Closing and therefore such guarantee and indemnification by the Company is perpetual, even if the Amended Agreement is terminated or if the transaction closes.

(d) Additional Terms

The Amended Agreement further provides that, upon the Project Company depositing the Sale Proceeds within five days of receiving Shareholder approval of the Sale and until Closing, the Project Company has the right to commence the following construction activities on the Target Assets at its own risk and account: establishing a camp, building or improving roads in a certain area, and non-invasive, surface, geological work. However, the Amended Agreement does not allow the Project Company to conduct any drilling or certain other more invasive work in the Mining Area, including work involving explosives or the movement of ore, or the operation of heavy equipment and equipment at the DMS Plant.

As at the date hereof, the Project Company has not conducted any work on the Target Assets. If the Sale does not complete or if the Shareholders do not approve of the Sale, the Project Company will abandon and vacate the premises of the Target Assets.

The Escrow Account Agreement, the Repayment Agreement, and the Multi-Party Agreement

(a) Escrow Account Agreement

According to the Amended Agreement, the Parties have agreed to enter into an escrow account agreement (the "**Escrow Account Agreement**") prior to Closing to govern the deposit and release of the Sale Proceeds. It is anticipated that the Escrow Account Agreement will provide that the Sale Proceeds be deposited with the escrow agent within five days after the Company receives the requisite approvals of the Shareholders of the Special Resolution and will be released upon Closing as follows: (i) US\$6,000,000 will be released to Traxys to settle the Traxys Settlement Debt (the "**Traxys Settlement**") pursuant to the proposed terms of the Multi-Party Agreement; and (ii) the remaining Sale Proceeds will be paid directly to the Company, less any fees required to be submitted to the government of Congo in connection with the transfer of the Mining License pursuant to the Repayment Agreement.

As there can be no assurance that the Escrow Account Agreement will be entered into by the relevant parties on satisfactory terms, if at all, there is a risk that the Sale will not complete given that the entering into of such Escrow Account Agreement is a Condition Precedent.

(b) Repayment Agreement

The Company, LME, Kundelungu, and AMH have entered into a repayment agreement dated May 25, 2018 (the “**Repayment Agreement**”).

Pursuant to the Repayment Agreement, upon Closing, LME will pay to the Company the Sale Proceeds payable under the Amended Agreement in full satisfaction of the US\$10,018,000 debt owing by LME to the Company, being the aggregate of the Traxys Settlement Debt, the LME Debt and the Finders Fee. The Repayment Agreement requires that the Company use US\$6 million of the Sale Proceeds to pay the Traxys Settlement Debt and pay the Finder the full amount of the Finders Fee, being US\$500,000. After the Company has paid out the amounts required under the Repayment Agreement it expects to have approximately US\$3,400,000. The Company will use a portion of these funds to settle accounts payable of LME and the Company, which accounts payable owing to third parties is estimated to be between US\$1,300,000 and US\$1,600,000. The Repayment Agreement provides that upon payment to the Company of the Sale Proceeds, the Company will release and forever discharge LME and Kundelungu from any, and all claims, demands, liabilities and indebtedness of any kind and nature whatsoever.

(c) Multi-Party Agreement

As a Condition Precedent to the Sale, the Company, Traxys, and LME must enter into a settlement agreement (the “**Multi-Party Agreement**”), pursuant to which, among other things, Traxys consents to the transfer of the Target Assets to the Project Company and release and forever discharge the Company of its current liabilities owing to Traxys (including its liabilities with respect to the Guarantee and the Pledges), upon full payment of the Traxys Settlement. For more information on the liabilities which the Company anticipates being released by virtue of the Multi-Party Agreement, see the section entitled “Current Liabilities” above.

Traxys is an arm’s length third party and has no obligation to enter into the Multi-Party Agreement. As such, there can be no assurance that the Company will be able to successfully negotiate with Traxys to agree to the required terms of the Multi-Party Agreement as stipulated above or on other terms satisfactory to the Company and the Project Company. If the Multi-Party Agreement is not entered into by the relevant parties there is a risk that the Sale will not complete as the Multi-Party Agreement is a Condition Precedent of the Sale.

Related Party Considerations

The Sale under the Amended Agreement must comply with MI 61-101 because section 5.8 of the NEX Policy imposes the requirements of MI 61-101 on the Company by virtue of its listing on the NEX. MI 61-101 regulates certain types of related party transactions to ensure equality of treatment among securityholders and may require enhanced disclosure, approval by a majority of security holders (excluding “interested parties” under applicable law), independent valuations and, in certain instances, approval and oversight of certain transactions by a special committee of independent directors. In particular, section 5.6 of MI 61-101 requires an issuer to seek minority shareholder approval before completing a related party transaction.

LME is considered a “related party” of the Company under MI 61-101 because the Company controls 71.25% of LME. Tshisagama and TSM are also considered “related parties” of the Company because

TSM, together with Tshisangama, a director of the Company and the controlling shareholder of TSM, owns or controls more than 10% of the Company. Further, TSM owns 23.75% of LME.

The Sale is therefore a “related party transaction” within the meaning of MI 61-101 due to the following reasons. First, the Sale involves the Company releasing and forgiving the LME Debt which exceeds the Sale Proceeds by US\$18,000, which calculation includes the Finders Fee, which is payable by LME in connection with the Sale. Second, the Company has agreed to guarantee LME’s obligations under the Amended Agreement.

As such, under section 5.6 of MI 61-101, the Company must obtain minority approval (50% plus 1 of the votes cast at the Meeting) for the Sale from the Shareholders, provided that the Company must exclude the votes attached to affected securities that, to the knowledge of the Company or any interested party or their respective directors or senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised by: (i) the Company; (ii) an interested party; (iii) a related party of an interested party, unless the related party meets that description solely in its capacity as a director or senior officer of one or more persons that are neither interested parties nor insiders of the issuer; or (iv) a joint actor with a person referred to in paragraph (ii) or (iii) in respect of the transaction. Accordingly, the Company must exclude the votes of Tshisangama and TSM in the course of obtaining such minority approval, which votes total an aggregate of 2,227,923, being approximately 15.9% of the outstanding Common Shares.

The Company is not required to obtain a formal valuation for the Sale due to the fact that no securities of the Company are listed or quoted on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc.

As at the date hereof, no prior valuations relating to the Target Assets and/or the Sale have been made in the 24 months preceding the date of this Circular, the existence of which are known after reasonable inquiry to the Company or to any director or senior officer of the Company.

Use of Proceeds

If the Sale is approved, the Company plans to use the Sale Proceeds to settle its current debts and liabilities, including the Traxys Settlement Debt (collectively, the “**Debts**”). In particular, upon Closing, in respect of its Debts other than the Traxys Settlement Debt, the Company plans to initiate negotiations with various parties to whom the Company is indebted to settle such Debts, the total of which Debts is estimated to be between US\$1,300,000 and US\$1,600,000.

The Company also intends to use the Sale Proceeds to reinstate the Company’s corporate standing, bring its books and records back to good order, hold an annual general meeting of Shareholders and complete all necessary steps to have the current cease trade order dated December 1, 2016 revoked. Once the Company’s Debts are settled, the Company plans to use the remaining Sale Proceeds, which are expected to be approximately US\$1,800,000 to US\$2,100,000, to seek out further business opportunities, which are currently unknown.

Recommendation of the Board

The Board, with Tshisangama abstaining, has unanimously approved the Sale and the resulting disposition of substantially all of the Company’s assets. The Board believes that the Sale is in the best interests of the Company and, based on the factors set out below, the Sale is fair to the Company’s

shareholders. Accordingly, the Board unanimously recommends that Shareholders allow for the completion of the Sale.

The conclusions and recommendations of the Board are based upon the following factors, amongst others:

1. **Shareholder Value:** The Board concluded that the value offered to Shareholders under the Amended Agreement is the most favourable option to maximize shareholder value, particularly given the Company's current, ongoing, and significant financial difficulties. The Board has come to this conclusion due to the Company's financial position and in light of the fact that if the Sale does not complete, there is a strong possibility that Traxys will realize on its security over the Target Assets in connection with the debts owed by the Company to Traxys and leave the Company without any assets and insolvent.
2. **Proceeds from Sale:** The Board considers that the proceeds from the Sale would best position the Company for pursuing other strategic acquisitions, joint ventures or other transactions by allowing the Company to settle its Debts and eliminating the costs of carrying and maintaining the Target Assets.

Risk Factors and Additional Factors for Consideration

There are various risk factors and additional factors for consideration in connection with the Sale, including, without limitation, the following:

1. There is no assurance that the Sale will close even if it is approved by the Shareholders at the Meeting as several of the Conditions Precedent remain outstanding as at the date hereof. In particular, the satisfaction of certain of the Conditions Precedent is contingent on the actions of third parties and the timing thereof, such as obtaining the Congo Approval and the entering into of the Escrow Account Agreement and the Multi-Party Agreement.
2. The Company intends to use any proceeds remaining from the Sale after the settlement of the Debts to pursue a new opportunity. There is no assurance that the Company will be successful in finding a new opportunity or that if a new opportunity is found that the Company will be successful in pursuing such opportunity.
3. There is no guarantee that, after Closing, the Company will be successful in settling all of its Debts on satisfactory terms. Further, upon Closing and upon receipt of the Sale Proceeds, the Company may become subject to litigation from its various creditors in respect of its Debts.
4. Even if the Company is successful in completing the Sale and bringing the Company back to trading on the NEX or the TSX Venture Exchange, a market for the Company's shares may not develop or, if a market does develop, the market price at which shareholders may be able to sell their shares may not reflect the net asset value of the Company.
5. If the Sale does not complete for any reason, the Company will remain liable to its creditors for its Debts, including Traxys in connection with the Traxys Settlement Debt.
6. There may be unanticipated delays in completing the Sale.
7. The Company does not intend to declare or pay out any dividends following the Closing.

8. Pursuant to the Amended Agreement, the Company is guaranteeing the obligations, representations and warranties of LME in the Amended Agreement and, as a result, will become exposed to liabilities it would not otherwise have. The Amended Agreement does not include a cap on the indemnification to the Project Company for a breach of the Amended Agreement and, therefore, should LME and/or the Company for any reason breach the Amended Agreement, the Company may become liable to the Project Company for an amount equal to or greater than the Purchase Price.
9. The Company has expended significant resources and incurred further expenses in negotiating the Amended Agreement and in engaging in other activities to complete the Sale and restructuring of the Company, including professional fees in the aggregate amount estimated to be \$250,000 (the “**Expenditures**”).

Shareholders’ Right to Dissent

Shareholders may dissent (the “**Dissent Right**”) in respect of the Special Resolution under Part 8, Division 2 of the *Business Corporations Act* (British Columbia) (“**BCBCA**”). If the Sale is completed, dissenting shareholders (“**Dissenting Shareholders**”) who comply with the procedures set forth in the BCBCA will be entitled to be paid the fair value of their shares. This Dissent Right is summarized in Schedule “A” hereto and the text of Part 8, Division 2 of the BCBCA is set forth in Schedule “B” to this Circular. Only registered shareholders are entitled to exercise their Dissent Right. Non-Registered Shareholders who wish to dissent should contact their intermediary for assistance with exercising their Dissent Right. Failure to comply strictly with the requirements set forth in Part 8, Division 2 of the BCBCA may result in the loss or unavailability of the Dissent Right.

Resolutions Sought

At the meeting, Shareholders will be asked to approve by special resolution (the “**Special Resolution**”) in substantially the following form:

“**BE IT RESOLVED** as a special resolution that:

- (a) the sale of substantially all of the assets of African Metals Corporation (the “**Company**”), as described in the management information circular of the Company dated September 3, 2018 (the “**Sale**”), be and is hereby authorized and approved;
- (a) the entering into, execution, and delivery of:
 - (i) the purchase agreement dated May 23, 2018 (the “**Original Agreement**”) among the Company, Luisha Mining Enterprise SARL (“**LME**”), Excellen Minerals SARL (the “**Project Company**”), and Simeon Tshisangama (collectively, the “**Parties**”); and
 - (ii) the supplemental agreement dated August 9, 2018 (the “**Supplemental Agreement**”, and collectively with the Original Agreement, the “**Agreements**”) among the Parties amending and supplementing the terms and conditions of the Original Agreement;

be and are hereby authorized, approved, ratified, and confirmed;

- (d) the Company be and is hereby authorized to perform all of its obligations under each of the Agreements, including, without limitation, its obligation to guarantee the due and punctual performance by LME of each of LME's obligations under the Amended Agreement and to indemnify the Project Company and/or its affiliates against all losses arising from a breach by LME under the Amended Agreement;
- (e) the Company be and is hereby authorized to take all such further actions and to execute and deliver all such further agreements, instruments or documents relating to, contemplated by, or considered necessary or desirable in connection with the Sale and/or each of the Agreements, including, without limitation, the Escrow Account Agreement, and the Multi-Party Agreement (such terms as defined in the management information circular of the Company dated September 3, 2018); and
- (f) any officer or director of the Company be and is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered all such documents, agreements and instruments, and to perform or cause to be performed all such acts and things, as such officer or director shall determine to be in connection with, or are necessary or desirable to give full effect to, these resolutions and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such documents, agreements or instruments or the performing or causing to be performed of such other acts or things."

The Board has determined that passing the Special Resolution is in the best interests of the Company and its Shareholders and recommends that Shareholders vote **IN FAVOUR** of the Special Resolution. Pursuant to Section 301(1)(b) of the BCBCA, to be approved, the Special Resolution requires the affirmative vote of at least two-thirds (66^{2/3}%) of the votes cast by Shareholders present in person or by proxy at the Meeting. Further, pursuant to section 5.6 of MI 61-101, the Company must obtain minority approval (50% plus 1 of the votes cast at the Meeting) for the Sale from the Shareholders, provided that the Company must exclude the votes attached to affected securities that, to the knowledge of the Company or any interested party or their respective directors or senior officers, after reasonable inquiry, are beneficially owned or over which control or direction is exercised by: (i) the Company; (ii) an interested party; (iii) a related party of an interested party, unless the related party meets that description solely in its capacity as a director or senior officer of one or more persons that are neither interested parties nor insiders of the issuer; or (iv) a joint actor with a person referred to in paragraph (ii) or (iii) in respect of the transaction. In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed Proxy intend to vote **FOR** the Special Resolution.

General Matters

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

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

No director or executive officer of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise,

since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than as set out in this section.

Tshisangama has a material interest with respect to the Sale as he is: (i) a director of the Company; (ii) the controlling shareholder of TSM, which owns a 23.75% interest in LME; and (iii) together with TSM, beneficially owns or controls 15.9% of the Common Shares of the Company. Further, because TSM is an "associate" of Tshisangama and because of its 23.75% in LME, TSM also has a material interest in connection with the Sale.

LME is also an interested party to the Sale because: (i) the Closing of the Sale will result in the LME Debt being fully satisfied by the Company despite the fact that the LME Debt exceeds the Sale Proceeds by US\$18,000, which calculation includes the Finders Fee; and (ii) the Company has agreed to guarantee each of LME's obligations under the Amended Agreement.

Further, John O'Donnell may be paid legal fees towards this transaction and the reorganization. Daniel Gregory as CFO may be paid accounting and administration fees towards this transaction and the reorganization. These fees have not been determined and may be commensurate with the success of this transaction and reorganization. It is anticipated that such fees will form part of the Expenditures incurred by the Company in connection with the Sale.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the persons who were directors or executive officers of the Company or a subsidiary at any time during the Company's last completed financial year, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company, other than as set out in this section.

Tshisangama has a material interest with respect to the Sale (which is a material transaction) as he is: (i) a director of the Company; (ii) the controlling shareholder of TSM, which owns a 23.75% interest in LME; and (iii) together with TSM, beneficially owns or controls 15.9% of the Common Shares of the Company. Further, because TSM is an "associate" of Tshisangama, TSM also has a material interest in connection with the Sale.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Due to the significant financial difficulties currently facing the Company, the Company has not been able to have financial statements prepared since 2016 and has not complied with its continuous disclosure obligations. Accordingly, the Company is unable to send a recent interim financial report to any Shareholder requesting them.

BOARD APPROVAL

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

DATED at Toronto, Ontario, the 3rd day of September, 2018.

ON BEHALF OF THE BOARD

“John F. O’Donnell”

John O’ Donnell

Director

SCHEDULE "A"

A Dissenting Shareholder who wishes to exercise his or her Dissent Right must give written notice of dissent to the Company by depositing such notice of dissent with the Company, or by mailing it to the Company by registered mail at its registered office at 1600-925 West Georgia Street, Vancouver, BC, V6C 3L2 marked to the attention of the Secretary not later than the close of business on the day that is at least two days before the Meeting.

A Shareholder of the Company who wishes to dissent must prepare a separate notice of dissent for: (i) the Registered Shareholder, if the Shareholder of the Company is dissenting on their own behalf, and (ii) each person who beneficially owns Common Shares of the Company in the Shareholder's name and on whose behalf the Beneficial Shareholder is dissenting.

To be valid, a notice of dissent must:

- (a) identify in each notice of dissent the person on whose behalf dissent is being exercised;
- (b) identify whether the dissent is in respect of the Special Resolution;
- (c) set out the number of Common Shares in respect of which the Shareholder of the Company is exercising the Dissent Right (the "**Notice Shares**"), which number cannot be less than all of the Common Shares held by the Beneficial Shareholder on whose behalf the Dissent Right is being exercised;
- (d) if the Notice Shares constitute all of the shares of which the Dissenting Shareholder is both a Registered Shareholder and Beneficial Shareholder and the Dissenting Shareholder owns no other Common Shares as a Beneficial Shareholder, a statement to that effect;
- (e) if the Notice Shares constitute all of the Common Shares of which the Dissenting Shareholder is both a Registered Shareholder and Beneficial Shareholder but the Dissenting Shareholder owns other Common Shares as a Beneficial Shareholder, a statement to that effect, and
 - (i) the names of the Registered Shareholders of those other Common Shares,
 - (ii) the number of those other Common Shares that are held by each of those Registered Shareholders, and
 - (iii) a statement that Notices of Dissent are being or have been sent in respect of all those other Common Shares;
- (f) if dissent is being exercised by the Dissenting Shareholder on behalf of a Beneficial Shareholder who is not the Dissenting Shareholder, a statement to that effect, and
 - (i) the name and address of the Beneficial Shareholder, and
 - (ii) a statement that the Dissenting Shareholder is dissenting in relation to all of the Common Shares beneficially owned by the Beneficial Shareholder that are registered in the Dissenting Shareholder's name.

The giving of a Notice of Dissent does not deprive a Dissenting Shareholder of his or her right to vote at the Meeting on the Special Resolution. A vote against the Special Resolution or the execution or exercise of a proxy does not constitute a Notice of Dissent. A Shareholder is not entitled to exercise a Dissent Right with respect to any Common Shares if the Shareholder votes (or instructs or is deemed, by submission of any incomplete proxy, to have instructed his or her proxy holder to vote) in favour of the Special Resolution. A Dissenting Shareholder, however, may vote as a proxy for a Shareholder whose proxy required an affirmative vote, without affecting his or her right to exercise the Dissent Right. If the Company intends to act on the authority of the Special Resolution, it must send a notice (the “**Notice to Proceed**”) to the Dissenting Shareholder promptly after the later of:

- (a) the date on which the Company forms the intention to proceed, and
- (b) the date on which the Notice of Dissent was received.

If the Company has acted on the Special Resolution it must promptly send a Notice to Proceed to the Dissenting Shareholder. The Notice to Proceed must be dated not earlier than the date on which it is sent and state that the Company intends to act or has acted on the authority of the Special Resolution and advise the Dissenting Shareholder of the manner in which dissent is to be completed. On receiving a Notice to Proceed, the Dissenting Shareholder is entitled to require the Company to purchase all of the Common Shares in respect of which the Notice of Dissent was given. A Dissenting Shareholder who receives a Notice to Proceed, and who wishes to proceed with the dissent, must send to the Company within one month after the date of the Notice to Proceed:

- (a) a written statement that the Dissenting Shareholder requires the Company to purchase all of the Notice Shares;
- (b) the certificates representing the Notice Shares; and
- (c) if dissent is being exercised by the Shareholder on behalf of a Beneficial Shareholder who is not the Dissenting Shareholder, a written statement signed by the Beneficial Shareholder setting out whether the Beneficial Shareholder is the Beneficial Shareholder of other Common Shares and if so, setting out
 - (i) the names of the Registered Shareholders of those other Common Shares,
 - (ii) the number of those other Common Shares that are held by each of those Registered Shareholders, and
 - (iii) that dissent is being exercised in respect of all of those other Common Shares, whereupon the Company is bound to purchase them in accordance with the Notice of Dissent.

The Company and the Dissenting Shareholder may agree on the amount of the payout value of the Notice Shares and in that event, the Company must either promptly pay that amount to the Dissenting Shareholder or send a notice to the Dissenting Shareholder that the Company is unable lawfully to pay Dissenting Shareholders for their shares as the Company is insolvent or if the payment would render the Company insolvent. If the Company and the Dissenting Shareholder do not agree on the amount of the payout value of the Notice Shares, the Dissenting Shareholder or the Company may apply to the Court and the Court may:

- (a) determine the payout value of the Notice Shares or order that the payout value of the Notice Shares be established by arbitration or by reference to the registrar or a referee of the Court;
- (b) join in the application each Dissenting Shareholder who has not agreed with the Company on the amount of the payout value of the Notice Shares; and
- (c) make consequential orders and give directions it considers appropriate.

Promptly after a determination of the payout value of the Notice Shares has been made, the Company must either pay that amount to the Dissenting Shareholder or send a notice to the Dissenting Shareholder that the Company is unable lawfully to pay Dissenting Shareholders for their shares as the Company is insolvent or if the payment would render the Company insolvent.

If the Dissenting Shareholder receives a notice that the Company is unable to lawfully pay Dissenting Shareholders for their Common Shares, the Dissenting Shareholder may, within 30 days of receipt of such notice, withdraw his or her Notice of Dissent, in which case the Company is deemed to consent to such withdrawal. Otherwise, a Dissenting Shareholder may, with the written consent of the Company, at any time prior to the payment to the Dissenting Shareholder of the full amount of money to which the Dissenting Shareholder is entitled, abandon such Dissenting Shareholder's dissent to the Sale by giving written notice to the Company and depositing such notice with the Company, or mailing it to the Company by registered mail, at its registered office at 1600-925 West Georgia Street, Vancouver, BC V6C 3L2.

If the Notice of Dissent is not withdrawn, the Dissenting Shareholder remains 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 the Shareholders.

A Dissenting Shareholder who properly exercises the Dissent Right by strictly complying with all of the procedures ("**Dissent Procedures**") required to be complied with by a Dissenting Shareholder, will cease to have any rights as a Shareholder other than the right to be paid the fair value of the Common Shares by the Company in accordance with the Dissent Procedures.

As failure to adhere strictly to the Dissent Right requirements may result in the loss of the Dissent Right, Shareholders who wish to exercise their Dissent Right should carefully review the dissent procedures described in Sections 237 to 247 of the BCBCA and seek independent legal advice.

SCHEDULE "B"

[See attached.]

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.