SUPPLEMENT TO

MANAGEMENT INFORMATION CIRCULAR

FOR

AN ANNUAL GENERAL AND SPECIAL MEETING OF THE SHAREHOLDERS

OF

COBALT 27 CAPITAL CORP.

TO BE HELD ON

OCTOBER 11, 2019 AT 10:00 AM (TORONTO TIME)

The Cobalt 27 Board unanimously recommends that shareholders vote
FOR
the Arrangement Resolution

These materials are important and require your immediate attention. The shareholders of Cobalt 27 Capital Corp. are required to make important decisions. If you have questions as to how to deal with these documents or the matters to which they refer, please contact your financial, legal or other professional advisors. If you have questions or require more information with regard to the procedures for voting, please contact our proxy solicitation agent, Kingsdale Advisors, by email at contactus@kingsdaleadvisors.com or by telephone at 1-888-518-6554 (toll-free within Canada or the U.S.), or 416-867-2272 (for calls outside Canada and the U.S.).

October 3, 2019

HOW TO CAST YOUR VOTE OR CHANGE YOUR VOTE

Time is short and your vote is key to the success of the Arrangement. If you have not yet voted, or if you wish to change your vote, we urge you to cast or change your vote today or as soon as possible. The deadline for the receipt of your proxy or voting instruction form is 10:00 a.m. (Toronto Time) on October 9, 2019.

In order to ensure that your proxy or voting instructions are received in time for the Meeting to be held on October 11, 2019, we recommend that you vote your Cobalt 27 Shares in one of the following ways as soon as possible.

VOTING METHOD	NON-REGISTERED SHAREHOLDERS If your Cobalt 27 Shares are held with a broker, bank or other intermediary	REGISTERED SHAREHOLDERS If your Cobalt 27 Shares are held in your name and represented by a physical certificate
INTERNET	Visit www.proxyvote.com and enter your 16-digit control number located on the voting instruction form enclosed with the Circular If you are a non-registered shareholder and require a new voting instruction form, contact your intermediary for assistance	Visit www.voteproxyonline.com and enter your 12-digit control number located on the form of proxy enclosed with the Circular If you are a registered shareholder and you require a new form of proxy, contact the Company's transfer agent, TSX Trust Company
TELEPHONE	**Canada:** Call 1-800-474-7493 (English) or 1-800-474-7501 (French) and provide your 16-digit control number located on the voting instruction form enclosed with the Circular **U.S.:** Call 1-800-454-8683 and provide your 16-digit control number located on the voting instruction form enclosed with the Circular	NOT AVAILABLE
FACSIMILE	**Canada:** Fax your signed voting instruction form to 905-507-7793 or toll-free to 1-866-623-5305. **U.S.:** NOT AVAILABLE	Fax your signed form of proxy to 416-595-9593, or toll-free to 1-866-623-5305.
OVERNIGHT COURIER	Vote by sending your completed, signed voting instruction form via overnight courier.	Have your signed form of proxy couriered overnight to: TSX Trust Company 301-100 Adelaide Street West, Toronto, Ontario, Canada, M5H 4H1
	Please note that materials sent via standard mail will not be received in time to allow your vote to be counted. Please vote using one of the methods outlined above.	

If you have any questions or require any assistance with your proxy, voting instruction form or changing how you had previously voted your Cobalt 27 Shares, please call Kingsdale Advisors at:

North American Toll-Free Number: +1.888.518.6554
Outside North America, Banks, Brokers and Collect Calls: +1.416.867.2272
Email: contactus@kingsdaleadvisors.com
North American Toll-Free Facsimile: +1.888.683.6007
Facsimile: +1.416.867.2271

For up to date information please visit our website: www.cobalt27.com.

October 3, 2019

Dear Shareholder:

Cobalt 27 Capital Corp. ("**Cobalt 27**" or the "**Company**") is sending the accompanying supplement (the "**Supplement**") to its management information circular dated August 13, 2019 (the "**Circular**") further to certain amendments to the terms and conditions of the Arrangement (as defined below) announced on October 1, 2019.

On June 17, 2019, we entered into an arrangement agreement (the "**Arrangement Agreement**") with 1212771 B.C. Ltd. (the "**Purchaser**") and Pala Investments Limited ("**Pala**") pursuant to which, among other things, the Purchaser, a wholly-owned indirect subsidiary of Pala, agreed to acquire all of the outstanding Cobalt 27 Shares (other than any Cobalt 27 Shares already owned by Pala) pursuant to a statutory arrangement (the "**Arrangement**") pursuant to Section 288 of the *Business Corporations Act* (British Columbia).

On October 1, 2019, after extensive consultations with holders (the "**Cobalt 27 Shareholders**") of common shares of the Company (the "**Cobalt 27 Shares**") following the announcement of the Arrangement, we entered into an amendment (the "**Amendment**") to the Arrangement Agreement (as amended, the "**New Arrangement Agreement**") with Pala and the Purchaser pursuant to which the parties agreed to certain amendments to the Arrangement. As more particularly described in the accompanying Supplement, the New Arrangement Agreement provides for, among other things:

- Increased cash consideration to C$4.00 per Cobalt 27 Share from C$3.57 per Cobalt 27 Share, representing an additional C$30 million of cash consideration to Cobalt 27 Shareholders;

- A reduction in the cash change of control payments for management under their existing entitlements by US$7.13 million, representing a decrease of 46%; the balance of the entitlements will instead be satisfied in 4,817,345 common shares of Nickel 28 Capital Corp. ("**Nickel 28**") calculated based on the implied value per share of Nickel 28 of C$1.92 as described below;

- A 50% reduction in the termination fee payable to Pala in the event of a Superior Proposal (as such term is defined in the New Arrangement Agreement) from C$15.5 million to C$7.75 million; and

- Pala's interest in Nickel 28 to increase from 4.9% to 9.9%, demonstrating confidence in the ongoing prospects of Nickel 28.

The total consideration of C$5.92 per Cobalt 27 Share, which is comprised of C$4.00 in cash consideration and an implied value of C$1.92 for a Nickel 28 common share represents a 71% premium to Cobalt 27's unaffected closing price of C$3.47 on the TSX Venture Exchange (the "**TSXV**") on June 17, 2019 (being the last trading day prior to the announcement of the Arrangement) and a 50% premium to Cobalt 27's unaffected 20-day volume weighted average trading price on the TSXV of C$3.95 as at the same date.

You are invited to attend the annual general and special meeting (the "**Meeting**") of Cobalt 27 Shareholders to be held at the offices of Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, Canada, M5L 1B9 on October 11, 2019 at 10:00 a.m. (Toronto Time).

At the Meeting, you will be asked to consider and to approve, among other things, a special resolution approving the Arrangement. Under the Arrangement, Cobalt 27 Shareholders (other than Pala) will receive, in respect of each Cobalt 27 Share that they hold:

- C$4.00 in cash; and
- 1 common share (a "**Nickel 28 Share**") of Nickel 28.

On completion of the Arrangement, and assuming the exercise of all incentive securities of Cobalt 27, former Cobalt 27 Shareholders are expected to hold 81.8% of the outstanding Nickel 28 Shares, Pala is expected to hold 9.9%, Cobalt 27 management is expected to hold 7.8% and Regent Advisors LLC is expected to hold 0.5%.

In order to become effective, the Arrangement must be approved by a resolution passed by at least 66⅔% of the votes cast by the Cobalt 27 Shareholders present in person or by proxy at the Meeting and by a simple majority of the votes cast excluding the votes of Cobalt 27 Shares held or controlled by Pala and other "interested parties" as defined under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions.* In addition to that approval, completion of the Arrangement is subject to certain other conditions, including the approval of the Supreme Court of British Columbia with respect to the Arrangement, approval for listing on the TSXV of Nickel 28 Shares, and certain other regulatory approvals, which are described in the Circular. The Arrangement is expected to be completed by the end of October, 2019.

The board of directors of the Company (the "Cobalt 27 Board"), based in part on the unanimous recommendation of the special committee of the Cobalt 27 Board comprised of Philip Williams (chair), Frank Estergaard, Nick French and Candace MacGibbon, all of whom are independent directors (the "Special Committee") and after receiving advice from its legal and financial advisors, has unanimously determined that the Arrangement as amended by the New Arrangement Agreement is in the best interests of the Company and unanimously recommends that the Cobalt 27 Shareholders vote FOR the Arrangement. The determination of the Special Committee and the Cobalt 27 Board is based on various factors including those described under the headings "*The New Arrangement Agreement — Reasons for the New Arrangement Agreement"* and "*The New Arrangement Agreement — Background to the New Arrangement Agreement"* in this Supplement and the headings "*The Arrangement — Background to the Arrangement*" and "*The Arrangement — Reasons for the Arrangement*" in the Circular.

All directors and officers of the Company entered into agreements with the Purchaser on June 17, 2019 pursuant to which they have agreed, subject to the terms of those agreements, to vote in favour of the Arrangement. As of the date hereof, these directors and officers hold, in aggregate, 949,657 Cobalt 27 Shares which represent 1.1% of the issued and outstanding Cobalt 27 Shares (or approximately 2% on a fully diluted basis).

Other Matters to be Considered at the Meeting

At the Meeting, Cobalt 27 Shareholders will also be asked to receive and consider the audited consolidated financial statements of the Company for the most recently completed financial year together with the report of the auditor thereon, to fix the number of directors of the Company at six, to elect directors of the Company for the ensuing year, to appoint KPMG LLP, Chartered Accountants as auditors for the ensuing year and to authorize the directors to fix their remuneration, and to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution ratifying and approving the Company's Omnibus Long Term Incentive Plan, as more particularly described in the Circular. In addition, the Cobalt 27 Shareholders will also be asked to consider and vote upon an Omnibus Long Term Incentive Plan for Nickel 28.

The Supplement contains a description of the New Arrangement Agreement and includes certain other information to assist you in considering the matters to be voted upon. **You are urged to read this information carefully and, if you require assistance, to consult your financial or other professional advisors.**

Voting

Your vote is important regardless of the number of Cobalt 27 Shares you own.

If you are not registered as the holder of your Cobalt 27 Shares but hold your shares through a broker or other intermediary and you have not yet submitted your voting instruction form, you should follow the instructions provided by your broker or other intermediary to vote your Cobalt 27 Shares. If you have already submitted your voting instruction form you do not need to take any further action unless you wish to change your vote, in which case you should follow the instructions provided by your broker or other intermediary to change how you vote your Cobalt 27 Shares. See the section in the accompanying Supplement entitled "*General Proxy Information — Voting Options*" for further information on how to vote your Cobalt 27 Shares.

If you are a registered holder of Cobalt 27 Shares and you have not yet submitted your form of proxy, we encourage you to vote by completing the form of proxy enclosed with the Circular. You should specify your choice by marking the box on the form of proxy enclosed with the Circular and by dating, signing and returning your proxy via overnight courier addressed to TSX Trust Company, at its offices at 301 – 100 Adelaide Street West, Toronto, Ontario, Canada, M5H 4H1, Attention: Proxy Department, or by facsimile to 1-416-595-9593, to be received no later than 10:00 a.m. (Toronto Time) on October 9, 2019, or, if the Meeting is adjourned or postponed, no later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the adjourned or postponed Meeting. If you have already submitted your form of proxy you do not need to take any further action unless you wish to change your vote, in which case, follow the instructions in the section in the accompanying Supplement entitled "*General Proxy Information — Changing your mind*". Please do this as soon as possible. Voting by proxy will not prevent you from voting in person if you attend the Meeting and revoke your proxy but will ensure that your vote will be counted if you are unable to attend. The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion, without notice.

Letters of Transmittal for Cobalt 27 Shares

If you hold your Cobalt 27 Shares through a broker or other person, please contact that broker or other person for instructions and assistance in receiving the cash consideration and Nickel 28 Shares in respect of such Cobalt 27 Shares. If you are a registered holder of Cobalt 27 Shares, we also encourage you to complete and return the Letter of Transmittal enclosed with the Circular together with the certificate(s) representing your Cobalt 27 Shares and any other required documents and instruments, to the depositary, TSX Trust Company, in the return envelope enclosed with the Circular in accordance with the instructions set out in the Letter of Transmittal so that if the Arrangement is approved the consideration for your Cobalt 27 Shares can be sent to you as soon as possible following the Arrangement becoming effective. The Letter of Transmittal contains other procedural information related to the Arrangement and should be reviewed carefully.

The Company has retained Kingsdale Advisors as its strategic shareholder advisor and proxy solicitation agent to assist in securing the return of completed proxies and to solicit proxies as it pertains to this Meeting. If you have questions or require more information with regard to the procedures for voting, please contact Kingsdale Advisors by telephone at 1-888-518-6554 (toll-free within Canada or the U.S.), or 416-867-2272 (for calls outside Canada and the U.S.) or by email at contactus@kingsdaleadvisors.com.

Sincerely,

(signed) Anthony Milewski

Anthony Milewski
Chairman of the Board of Directors & Chief Executive Officer
Cobalt 27 Capital Corp.

TABLE OF CONTENTS

ADDENDA

COBALT 27 CAPITAL CORP.

SUPPLEMENT TO MANAGEMENT INFORMATION CIRCULAR

Introduction

This supplement (the "Supplement") to the management information circular dated August 13, 2019 (the "Circular") of Cobalt 27 Capital Corp. ("Cobalt 27" or the "Company") is furnished in connection with the solicitation of proxies by and on behalf of management of the Company for use at the annual general and special meeting (the "Meeting") of holders of common shares ("Cobalt 27 Shares") of the Company (the "Cobalt 27 Shareholders") to be held on October 11, 2019 at the offices of Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, Canada at 10:00 a.m. (Toronto Time), or any adjournment or postponement thereof, for the purposes set forth in the Notice of Annual General and Special Meeting of Shareholders appended to the Circular (the "Notice of Meeting").

All capitalized terms used in this Supplement but not otherwise defined herein have the meanings given to them in the "*Glossary of Terms*" appended to the Circular as Appendix A. Information contained in this Supplement is given as of October 3, 2019, except where otherwise noted. No person has been authorized to give any information or to make any representation in connection with the Arrangement and other matters described herein other than as contained in this Supplement and the Circular and, if given or made, any such information or representation should not be relied on and should not be considered to have been authorized by the Company, 1212771 B.C. Ltd. (the "**Purchaser**") or Pala Investments Limited ("**Pala**").

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

The Arrangement has not been approved or disapproved by any securities regulatory authority (including, without limitation, any securities regulatory authority of any Canadian province or territory, the SEC, or any securities regulatory authority of any U.S. state), nor has any securities regulatory authority passed upon the fairness or merits of the Arrangement or upon the accuracy or adequacy of the information contained in this Supplement and any representation to the contrary is unlawful.

Information contained in this Supplement should not be construed as legal, tax or financial advice and Cobalt 27 Shareholders are urged to consult their own professional advisors in connection therewith.

Descriptions in this Supplement and the Circular of the terms of the Plan of Arrangement, Arrangement Agreement, the Amendment, the Interim Order and the Fairness Opinions (which term shall now include the fairness opinions provided in connection with the New Arrangement Agreement and attached hereto as Appendix C and Appendix D) are summaries of the terms of those documents. Cobalt 27 Shareholders should refer to the full text of each of these documents attached to this Supplement, other than the Interim Order, which is attached to the Circular, and the Arrangement Agreement and the Amendment, which are both available under the Company's profile on www.sedar.com. **You are urged to carefully read the full text of these documents.**

Financial Information

Unless otherwise indicated, all financial information referred to in this Supplement was prepared in accordance with IFRS.

Currency

All dollar amounts set forth in this Supplement are in Canadian dollars, except where otherwise indicated.

Cautionary Statement Regarding Forward-Looking Statements

This Supplement and the Circular and the documents incorporated into this Supplement and the Circular by reference, contain "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 and "forward-looking information" within the meaning of applicable Canadian securities legislation (forward-looking information and forward-looking statements being collectively referred to herein as "forward-looking statements") that are based on expectations, estimates and projections as at the date of this Supplement or the Circular or the dates of the documents incorporated herein or therein by reference, as applicable. These forward-looking statements include but are not limited to statements and information concerning: the Arrangement; the Amendment; intentions, plans and future actions of the Company, Nickel 28 Capital Corp. ("**Nickel 28**") and Pala; the timing for the implementation of the Arrangement and the potential benefits of the Arrangement; the likelihood of the Arrangement being completed; principal steps of the Arrangement; statements made in, and based upon, the Fairness Opinions; statements relating to the business and future activities of and developments related to the Company, the Purchaser, Pala and Nickel 28 after the date of this Supplement and the Circular and prior to the Effective Time and to and of Nickel 28 after the Effective Time; Required Shareholder Approval and Court approval of the Arrangement; listing of the Nickel 28 Shares on the TSXV; market position, ability to compete and future financial or operating performance of Nickel 28; liquidity of Nickel 28 Shares following the Effective Time; participation of Cobalt 27 Shareholders in the assets of Nickel 28; the composition of the future management team of Nickel 28; anticipated developments in operations; the future price of metals (particularly cobalt and nickel) and factors affecting the market demand and supply thereof; the estimation of current and future mineral reserves and resources and the realization of mineral reserve and resource estimates; the timing and amount of estimated future production; costs of production and capital expenditures; mine life of mineral projects; the timing and amount of estimated capital expenditure; costs and timing of exploration and development and capital expenditures related thereto; operating expenditures; currency fluctuations; requirements for additional capital; government regulation of mining operations; environmental risks; unanticipated reclamation expenses; title disputes or claims; limitations on insurance coverage; the timing and possible outcome of regulatory and permitting matters; goals; strategies; future growth; planned exploration activities and planned future acquisitions; the adequacy of financial resources; and other events or conditions that may occur in the future.

Any statements that involve predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects", or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may" or "could", "would", "might", or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements.

These forward-looking statements are based on the beliefs of Cobalt 27's management as well as on assumptions, which such management believes to be reasonable based on information currently available at the time such statements were made. However, there can be no assurance that the forward-looking statements will prove to be accurate. Such assumptions and factors include, among other things, the satisfaction of the terms and conditions of the Arrangement, including the approval of the Arrangement by Cobalt 27 Shareholders and its fairness by the Court and approval for listing on the TSXV of Nickel 28 Shares.

By their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the

Company or Nickel 28 to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation: the New Arrangement Agreement may be terminated in certain circumstances; general business, economic, competitive, political, regulatory and social uncertainties; cobalt or nickel price volatility; uncertainty related to mineral properties; risks related to the ability to finance the continued operation of Nickel 28; expectation of future losses for Nickel 28; risks related to factors beyond the control of the Company and Nickel 28; limited business history of Nickel 28; risks and uncertainties associated with exploration and mining operations; risks related to operations in Papua New Guinea; risks related to the ability to obtain adequate financing for planned development activities; uncertainties related to title to mineral properties and the acquisition of surface rights; risks related to governmental regulations, including environmental laws and regulations and liability and obtaining permits and licences; future changes to environmental laws and regulations; unknown environmental risks for past activities; commodity price fluctuations; risks related to reclamation activities on mineral properties; risks related to political instability and unexpected regulatory change; currency fluctuations; influence of third party stakeholders; conflicts of interest; risks related to dependence on key individuals; risks related to the involvement of some of the directors and officers of the Company and Nickel 28 with other natural resource companies; enforceability of claims; the ability to maintain adequate control over financial reporting; risks related to the common shares of Nickel 28, including price volatility or trading liquidity due to events that may or may not be within such parties' control; disruptions or changes in the credit or security markets; risks related to international operations; risks related to joint venture operations; reserve and resource estimate risk; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production; possible variations in mineral resources, ore reserves, grade or recovery rates; 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; the ability to renew existing licenses or permits or obtain required licenses and permits; increased infrastructure and/or operating costs; risks of not meeting production and cost targets; discrepancies between actual and estimated production; mineral reserves and resources and metallurgical recoveries; mining operational and development risk; litigation risks; risks of sovereign investment and operating in foreign countries; foreign countries' regulatory requirements; risks related to directors and officers of the Company possibly having interests in the Arrangement that are different from other Cobalt 27 Shareholders; risks relating to the possibility that holders of more than 10% of the Cobalt 27 Shares may exercise their dissent rights; risks that other conditions to the consummation of the Arrangement are not satisfied; global economic climate; dilution; ability to complete acquisitions; environmental risks; and community and non-governmental actions and regulatory risks.

This list is not exhaustive of the factors that may affect any of the forward-looking statements of the Company or Nickel 28. 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 including as a result of the matters set out or incorporated by reference in this Supplement and the Circular generally and certain economic and business factors, some of which may be beyond the control of the Company and Nickel 28. Some of the important risks and uncertainties that could affect forward-looking statements are described further in the Circular under the heading "*Risk Factors — Risks Associated with the Arrangement*" and in Appendix G under the heading "*Information Concerning Nickel 28 — Risk Factors*". The Company and Nickel 28 do not intend, and do not assume any obligation, to update any forward-looking statements, other than as required by Law. For all of these reasons, Cobalt 27 Shareholders should not place undue reliance on forward-looking statements.

Note to U.S. Shareholders

THE ARRANGEMENT AND THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES IN ANY U.S. STATE, NOR HAS THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THIS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Class A Shares, Class B Shares and Nickel 28 Shares to be issued under the Arrangement have not been registered under the U.S. Securities Act or applicable state securities laws, and are being issued in reliance on the exemption from the registration requirements of the U.S. Securities Act set forth in Section 3(a)(10) thereof on the basis of the approval of the Court, which will be informed of the intention to rely on the exemption provided by Section 3(a)(10) of the U.S. Securities Act and will consider, among other things, the substantive and procedural fairness of the Arrangement to Cobalt 27 Shareholders as further described in the Circular under the heading "*Certain Legal and Regulatory Matters — United States Securities Law Matters*".

The solicitation of proxies made pursuant to this Supplement is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Accordingly, this Supplement has been prepared in accordance with disclosure requirements applicable in Canada, and the solicitations and transactions contemplated in this Supplement are made in the United States for securities of a Canadian issuer in accordance with Canadian corporate and securities laws. Cobalt 27 Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and to proxy statements under the U.S. Exchange Act.

The financial statements and information included or incorporated by reference in this Supplement or the Circular have been prepared in accordance with IFRS as issued by the International Accounting Standards Board and are subject to Canadian or international auditing and auditor independence standards and thus may not be comparable to financial statements prepared in accordance with United States standards.

This Supplement and the Circular and the information concerning the properties and operations of Cobalt 27 and Nickel 28 have been prepared in accordance with the requirements of the securities laws in effect in Canada, which are substantially different from the requirements of United States securities laws and uses terms that are not recognized by the SEC. The terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms defined in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum. These definitions differ from the definitions in the disclosure requirements promulgated by the SEC and contained in Industry Guide 7 ("**SEC Industry Guide 7**") under the U.S. Securities Act. In addition, the terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in and required to be disclosed by NI 43-101; however, these terms are not defined terms under the SEC Industry Guide 7 and U.S. companies have historically not been permitted to disclose mineral resources of any category in documents they file with the SEC. Cobalt 27 Shareholders are cautioned not to assume that any part or all of mineral deposits in these categories will ever be converted into mineral reserves. Inferred mineral resources have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. Cobalt 27 Shareholders are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable. Disclosure of "contained ounces" in a resource is permitted disclosure under Canadian regulations; however, the SEC under SEC Industry Guide 7 historically only permitted issuers to report mineralization that does not constitute "reserves" by SEC standards as in place tonnage and grade without reference to unit measures. Accordingly, information contained in this Supplement and information and documents incorporated by reference herein, as applicable, containing descriptions of mineral deposits may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder that disclose mineral reserves and mineral resources in accordance with SEC Industry Guide 7. SEC Industry Guide 7, the existing standard for the SEC, is in the process of being replaced by the adoption of new legislation under sub-part 1300 of Regulation S-K under the U.S. Securities Act ("**Modernization of Property Disclosure of Mining Registrants Standards**") which will be mandatory for issuers subject to U.S. reporting standards for the first fiscal year beginning on or after January 1, 2021. None of the reserve or resource estimates presented in this Supplement or the documents incorporated by reference herein or therein have been prepared in accordance with the Modernization of Property Disclosure of Mining Registrants Standards.

Cobalt 27 Shareholders who are resident in, or citizens of, the United States are advised to review the summary contained in the Circular under the heading "*Certain United States Federal Income Tax Considerations*" and to consult their own tax advisors to determine the particular United States tax consequences to them of the

Arrangement in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant non-U.S., state, local or other taxing jurisdiction.

The enforcement by investors of civil liabilities under United States federal or state securities laws may be affected adversely by the fact that each of the Company and Nickel 28, is incorporated or organized outside the United States, that many of their respective officers and directors and the experts named herein are residents outside of the United States, and that most of the assets of the Company and Nickel 28, and said persons are located outside the United States. As a result, it may be difficult or impossible for Cobalt 27 U.S. Shareholders to effect service of process within the United States upon the Company and Nickel 28, their respective officers or directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States. In addition, Cobalt 27 U.S. Shareholders should not assume that the courts of Canada: (i) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States; or (ii) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal securities laws of the United States or "blue sky" laws of any state within the United States.

QUESTIONS AND ANSWERS ABOUT THE NEW ARRANGEMENT AGREEMENT AND THE MEETING

The information contained below is of a summary nature and therefore is not complete. This summary information is qualified in its entirety by the more detailed information contained elsewhere in or incorporated by reference into this Supplement and the Circular, including the Appendices hereto and thereto and the form of proxy and the Letter of Transmittal enclosed with the Circular, all of which are important and should be reviewed carefully. Capitalized terms used in these questions and answers but not otherwise defined herein have the meanings set forth in the Glossary of Terms attached as Appendix A to the Circular.

What is the purpose of this Supplement?

This Supplement provides additional information with respect to the New Arrangement Agreement. As a result of the New Arrangement Agreement, you and the other Cobalt 27 Shareholders will be asked at the Meeting to approve an amended Arrangement involving Cobalt 27, Pala and the Purchaser under Section 288 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), pursuant to which the Purchaser will acquire all of the issued and outstanding Cobalt 27 Shares, other than the Cobalt 27 Shares already held by Pala, and the Cobalt 27 Shareholders (other than Pala) will receive, in respect of each Cobalt 27 Share that they hold, $4.00 in cash and one (1) Nickel 28 Share. See "*Certain Legal and Regulatory Matters – Required Shareholder Approval*" in the Circular.

When and where will the Meeting now be held?

The Meeting will be held at the offices of Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario, Canada, M5L 1B9 on October 11, 2019 at 10:00 a.m. (Toronto Time).

What is the Arrangement?

On June 17, 2019, Cobalt 27, Pala and the Purchaser entered into the Arrangement Agreement, as amended by the Amendment on October 1, 2019, whereby, among other things, the Purchaser, a wholly-owned indirect subsidiary of Pala, will acquire all of the outstanding Cobalt 27 Shares other than any Cobalt 27 Shares already owned by Pala pursuant to a court-approved arrangement under the BCBCA.

What will I receive for my Cobalt 27 Shares pursuant to the New Arrangement Agreement?

As a result of the New Arrangement Agreement, under the Arrangement, each Cobalt 27 Shareholder (other than Pala) will receive, for each Cobalt 27 Share held, $4.00 in cash and one (1) Nickel 28 Share. The total consideration of $5.92 per Cobalt 27 Share, which is comprised of $4.00 in cash consideration and an implied value of $1.92 for one (1) Nickel 28 Share, represents a 71% premium to Cobalt 27's unaffected closing price of $3.47 on the TSX on June 17, 2019 (being the last trading day prior to the announcement of the Arrangement) and a 50% premium to Cobalt 27's unaffected 20-day volume weighted average trading price on the TSXV of $3.95 as at the same date. See *"The New Arrangement Agreement — Reasons for the New Arrangement Agreement"* in this Supplement and "*The Arrangement –Reasons for the Arrangement*" and "*The Arrangement –Principal Steps of the Arrangement*" in the Circular.

Why has the Consideration to be received by Cobalt 27 Shareholders been increased?

Information concerning the background to and reasons behind the increase to the Consideration to be received by Cobalt 27 Shareholders pursuant to the Arrangement is provided under the heading "*The New Arrangement Agreement - Background to the New Arrangement Agreement*".

What is Nickel 28?

Nickel 28 will be a diversified battery metals streaming and royalty company and will provide additional value to the Cobalt 27 Shareholders. Nickel 28 will hold all of the issued and outstanding shares of Highlands Pacific Limited, which holds an indirect 8.56% joint venture interest in the producing Ramu mine, a low-cost nickel-cobalt operation located near Madang on the north coast of Papua New Guinea. Nickel 28 will also hold 11 royalties that were previously held by the Company and certain equity positions including in Giga Metals Corporation. Nickel 28 will be funded with US$5 million in cash at inception with no corporate debt. See "*Information Concerning Nickel 28*" and Appendix G to the Circular.

Does the Cobalt 27 Board support the New Arrangement Agreement?

Yes. The Cobalt 27 Board, based in part on the unanimous recommendation of the Special Committee and after receiving advice from its legal and financial advisors, has unanimously determined that the Arrangement is in the best interests of the Company, unanimously approved the Amendment and the Arrangement Agreement and unanimously recommends that the Cobalt 27 Shareholders vote **FOR** the Arrangement.

THE COBALT 27 BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE IN FAVOUR OF THE ARRANGEMENT RESOLUTION

In making its recommendation, the Cobalt 27 Board considered a number of factors as described in this Supplement under *"The New Arrangement Agreement — Recommendation of the Special Committee", "The New Arrangement Agreement — Recommendation of the Cobalt 27 Board" and "The New Arrangement Agreement — Reasons for the New Arrangement Agreement*", as well as *"The Arrangement – Recommendation of the Special Committee"*, *"The Arrangement – Recommendation of the Cobalt 27 Board"* and *"The Arrangement – Reasons for the Arrangement"* in the Circular, including the unanimous recommendation of the Special Committee, and the fairness opinion rendered by Scotia Capital to the Cobalt 27 Board to the effect that, subject to the assumptions, qualifications and limitations contained therein, as at October 1, 2019, the Consideration under the terms of the New Arrangement Agreement is fair, from a financial point of view, to the Cobalt 27 Shareholders (other than Pala). The Special Committee also received a fairness opinion rendered by TD Securities, its independent financial advisor to the effect that, subject to the assumptions, qualifications and limitations contained therein, as at October 1, 2019, the Consideration under the terms of the New Arrangement Agreement is fair, from a financial point of view, to the Cobalt 27 Shareholders (other than Pala). See *"The New Arrangement Agreement — Background to the New Arrangement Agreement" and "The New Arrangement Agreement — Updated Fairness Opinions"* in this Supplement and "*The Arrangement – Background to the Arrangement*" and "*The Arrangement – Fairness Opinions*" in the Circular.

Why is the Cobalt 27 Board making this recommendation?

In reaching their conclusions and formulating their unanimous recommendations, the Special Committee and the Cobalt 27 Board consulted with Cobalt 27 management and their respective legal and financial advisors. The Special Committee and the Cobalt 27 Board also reviewed a significant amount of financial and other information relating to the Amendment, the Arrangement and strategic alternatives and considered a number of factors, including those listed below. The following is a summary of the principal reasons for the unanimous recommendations of the Special Committee and the Cobalt 27 Board that Cobalt 27 Shareholders vote in favour of the special resolution approving the Arrangement, under the terms of the New Arrangement Agreement (the "**Arrangement Resolution**"), the full text of which is set forth in Appendix A to this Supplement, in addition to the reasons contained in the Circular.

- ✓ Increased cash portion of the Consideration to $4.00 per Cobalt 27 Share from $3.57 per Cobalt 27 Share;
- ✓ A reduction in the cash change of control payments for management under their existing entitlements by US$7.13 million, representing a decrease of 46%, with the balance of the entitlements instead satisfied in 4,817,345 shares of Nickel 28 calculated based on the implied value per share of Nickel 28 of $1.92;
- ✓ A 50% reduction in the termination fee payable to Pala in the event of a Superior Proposal from $15.5 million to $7.75 million;
- ✓ Pala's interest in Nickel 28 to increase from 4.9% to 9.9%, demonstrating confidence in the ongoing prospects of Nickel 28.
- ✓ Cobalt 27 Board's financial advisor, Scotia Capital, provided its opinion to the Cobalt 27 Board to the effect that, subject to the assumptions, qualifications and limitations contained in the Scotia Capital

Fairness Opinion, as at October 1, 2019, the Consideration under the terms of the New Arrangement Agreement is fair, from a financial point of view, to the Cobalt 27 Shareholders (other than Pala).

- ✓ The Special Committee's independent financial advisor, TD Securities, provided its opinion to the Special Committee to the effect that, subject to the assumptions, qualifications and limitations contained therein, as at October 1, 2019, the Consideration under the terms of the New Arrangement Agreement is fair, from a financial point of view, to the Cobalt 27 Shareholders (other than Pala).
- ✓ The New Arrangement Agreement is the result of an arm's length negotiation process that was supervised throughout and has been unanimously recommended by the Special Committee comprised of Philip Williams (chair), Frank Estergaard, Nick French and Candace MacGibbon, all of whom are independent directors.

For complete summaries of these and other reasons for the unanimous recommendations of the Special Committee and the Cobalt 27 Board that Cobalt 27 Shareholders vote in favour of the Arrangement Resolution, see *"The New Arrangement Agreement — Recommendation of the Special Committee"* and *"The New Arrangement Agreement — Recommendation of the Cobalt 27 Board"*, *"The New Arrangement Agreement — Reasons for the New Arrangement Agreement"*, as well as "*The Arrangement – Recommendation of the Special Committee*", "*The Arrangement – Recommendation of the Cobalt 27 Board*" and "*The Arrangement – Reasons for the Arrangement*" in the Circular.

I already voted - can I change or revoke my vote after I have voted by proxy or submitted my voting instructions?

Yes. A Cobalt 27 Shareholder executing the form of proxy enclosed with the Circular has the right to revoke it by providing a new proxy dated as at a later date, provided that the new proxy is received by TSX Trust Company before 10:00 a.m. (Toronto Time) on October 9, 2019 (or if the Meeting is adjourned or postponed, at least 48 hours (excluding non-Business Days) prior the date of the adjourned or postponed Meeting). A Registered Shareholder may also revoke any prior proxy without providing new voting instructions by clearly indicating in writing that such Cobalt 27 Shareholder wants to revoke his, her or its proxy and delivering this written document to (i) the registered office of Cobalt 27 at 666 Burrard Street, Suite 1700, Vancouver, British Columbia, V6C 2X8, Canada, Attention: Justin Cochrane at any time up to 5:00 p.m. (Toronto Time) on the last Business Day preceding the day of the Meeting, or any adjournment or postponement thereof, or (ii) the Chair of the Meeting at the Meeting or any adjournment or postponement thereof and prior to the vote in respect of the Arrangement Resolution or in any other way permitted by Law.

If you hold your Cobalt 27 Shares through an intermediary or nominee, the methods to revoke your voting instructions may be different and you should carefully follow the instructions provided to you by your intermediary or nominee. See "*General Proxy Information – Changing Your Mind*".

I have not already voted - how do I vote on the Arrangement Resolution?

Cobalt 27 Shareholders can vote online, on the phone, in writing or in person or by proxy at the Meeting. The procedure for voting is different for Registered Shareholders and Non-Registered Shareholders. You should carefully read and consider the information contained in this Supplement and the Circular. You are a Registered Shareholder if your Cobalt 27 Shares are held in your name or if you have a certificate for Cobalt 27 Shares. See "*General Proxy Information – Voting Options*".

Who can I contact if I have additional questions?

If you have any questions about this Supplement or the Circular, or the matters described in this Supplement or the Circular, please contact your professional advisor. If you would like additional copies, without charge, of this Supplement or the Circular or you have any questions or require assistance with voting your proxy, please contact Cobalt 27's proxy solicitation agent, Kingsdale Advisors, at +1-888-518-6554 toll free in North America, or call collect outside North America at +1-416-867-2272 or by e-mail at contactus@kingsdaleadvisors.com.

GENERAL PROXY INFORMATION

Solicitation of Proxies

This Supplement and the Circular are furnished in connection with the solicitation of proxies by the management of the Company for use at the Meeting, which will be held on October 11, 2019 at 10:00 a.m. (Toronto Time), at the place and for the purposes set forth in this Supplement and the Notice of Meeting accompanying the Circular. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors, officers and employees of the Company for no additional compensation. Additionally, the Company may utilize the Broadridge QuickVote™ service to assist Non-Registered Shareholders with voting their Common Shares over the telephone. The Company has retained Kingsdale Advisors as its strategic shareholder advisor and proxy solicitation agent for a fee of up to $150,000, plus out-of-pocket expenses. All fees payable to Kingsdale Advisors will be reimbursed to the Company by the Purchaser in accordance with the terms of the Arrangement. All other costs of solicitation by management will be borne by the Company at nominal cost.

Voting Options

VOTING METHOD	NON-REGISTERED SHAREHOLDERS If your Cobalt 27 Shares are held with a broker, bank or other intermediary	REGISTERED SHAREHOLDERS If your Cobalt 27 Shares are held in your name and represented by a physical certificate
INTERNET	Visit www.proxyvote.com and enter your 16-digit control number located on the voting instruction form enclosed with the Circular If you are a non-registered shareholder and require a new voting instruction form, contact your intermediary for assistance	Visit www.voteproxyonline.com and enter your 12-digit control number located on the form of proxy enclosed with the Circular If you are a registered shareholder and you require a new form of proxy, contact the Company's transfer agent, TSX Trust Company
TELEPHONE	**Canada:** Call 1-800-474-7493 (English) or 1-800-474-7501 (French) and provide your 16-digit control number located on the voting instruction form enclosed with the Circular **U.S.:** Call 1-800-454-8683 and provide your 16-digit control number located on the voting instruction form enclosed with the Circular	NOT AVAILABLE
FACSIMILE	**Canada:** Fax your signed voting instruction form to 905-507-7793 or toll-free to 1-866-623-5305. **U.S.:** NOT AVAILABLE	Fax your signed form of proxy to 416-595-9593, or toll-free to 1-866-623-5305.
OVERNIGHT COURIER	Vote by sending your completed, signed voting instruction form via overnight courier.	Have your signed form of proxy couriered overnight to: TSX Trust Company 301-100 Adelaide Street West, Toronto, Ontario, Canada, M5H 4H1
	Please note that materials sent via standard mail will not be received in time to allow your vote to be counted. Please vote using one of the methods outlined above.	

Voting for Non-Registered Shareholders

If your Cobalt 27 Shares are not registered in your own name, they will be held in the name of a "nominee", usually a bank, trust company, securities dealer or other financial institution and, as such, your nominee will be the entity legally entitled to vote your Cobalt 27 Shares and must seek your instructions as to how to vote your Cobalt 27 Shares.

Accordingly, unless you have previously informed your nominee that you do not wish to receive material relating to shareholders' meetings, you will have received the Circular from your nominee, together with a form of proxy or a voting instruction form. If that is the case, it is most important that you comply strictly with the instructions that have been given to you by your nominee on the voting instruction form. If you have voted and wish to change your voting instructions, you should contact your nominee to discuss what procedures you must follow.

If your Cobalt 27 Shares are not registered in your own name, Cobalt 27's transfer agent may not have a record of your name and, as a result, unless your nominee has appointed you as a proxyholder, will have no knowledge of your entitlement to vote. If you wish to vote in person at the Meeting, therefore, please insert your own name in the space provided on the form of proxy or voting instruction form that you have received from your nominee. If you do this, you will be instructing your nominee to appoint you as proxyholder. Please adhere strictly to the signature and return instructions provided by your nominee. It is not necessary to complete the form in any other respect, since you will be voting at the Meeting in person. Please register with the transfer agent, TSX Trust Company, upon arrival at the Meeting.

The Notice of Meeting and the Circular were sent to both registered and non-registered owners of Cobalt 27 Shares. If you are a Non-Registered Shareholder and we have sent these materials to you directly, your name and address and information about your holdings of Cobalt 27 Shares have been obtained in accordance with applicable securities regulatory requirements from the nominee holding the securities on your behalf. By choosing to send these materials to you directly, the Company (and not your nominee) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the voting instruction form. This Supplement will not be mailed to Cobalt 27 Shareholders but is available on SEDAR under the Company's issuer profile at www.sedar.com and on the Company's website at www.cobalt27.com.

If you have any questions or require more information with respect to voting your Cobalt 27 Shares at the Meeting, please contact our proxy solicitation agent Kingsdale Advisors, by email at contactus@kingsdaleadvisors.com or by telephone at 1-888-518-6554 (toll-free within Canada or the U.S.), or 416-867-2272 (for calls outside Canada and the U.S.).

Canadian Non-Registered Shareholders

To vote online, visit www.voteproxyonline.com, enter your 16-digit control number printed on your voting instruction form and follow the instructions on the website to vote your shares.

Non-Registered Shareholders in the United States

To vote online, visit www.proxyvote.com, enter your 16-digit control number printed on the voting instruction form and follow the instructions on the website to vote your shares.

Who can Vote?

If you were a Registered Shareholder as of the close of business on August 12, 2019, you are entitled to attend the Meeting and cast one vote for each Cobalt 27 Share registered in your name on all resolutions put before the Meeting. If Cobalt 27 Shares are registered in the name of a corporation, a duly authorized officer of the corporation may attend on its behalf, but documentation indicating such officer's authority should be presented at the Meeting. If you are a Registered Shareholder but do not wish to, or cannot, attend the Meeting in person you can appoint someone who will attend the Meeting and act as your proxyholder to vote in accordance with your instructions. If your Cobalt 27 Shares are registered in the name of a "nominee" (usually a bank, trust

company, securities dealer or other financial institution) you should refer to the section entitled "*Voting for Non-Registered Shareholders*" set out above.

It is important that your Cobalt 27 Shares be represented at the Meeting regardless of the number of Cobalt 27 Shares you hold. If you will not be attending the Meeting in person, we invite you to complete, date, sign and return your form of proxy as soon as possible so that your Cobalt 27 Shares will be represented.

Appointment of Proxies

If you do not come to the Meeting, you can still make your vote(s) count by appointing someone who will be there to act as your proxyholder at the Meeting. You can appoint the persons named in the forms of proxy enclosed with the Circular, who are directors of the Company. Alternatively, you can appoint any other person or entity (who need not be a Cobalt 27 Shareholder) other than the persons designated on the form of proxy enclosed with the Circular to attend the Meeting and act on your behalf. Regardless of who you appoint as your proxyholder, you can either instruct that person or company how you want to vote or you can let him or her decide for you. You can do this by completing a form of proxy. In order to be valid, you must return the completed form of proxy no later than 10:00 a.m. (Toronto Time) on October 9, 2019, or if the Meeting is adjourned or postponed, no later than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to any such adjourned or postponed Meeting to the transfer agent, TSX Trust Company, 301-100 Adelaide Street West, Toronto, Ontario, Canada, M5H 4H1.

What is a Proxy?

A form of proxy is a document that authorizes someone to attend the Meeting and cast your votes for you. We enclosed a form of proxy with the Circular. You should use it to appoint a proxyholder, although you can also use any other legal form of proxy.

Appointing a Proxyholder

The persons named in the form of proxy enclosed with the Circular are directors of the Company. **A Cobalt 27 Shareholder who wishes to appoint some other person to represent such Cobalt 27 Shareholder at the Meeting may do so by crossing out the name on the form of proxy and inserting the name of the person proposed in the blank space provided in the enclosed form of proxy. Such other person need not be a Cobalt 27 Shareholder.** To vote your Cobalt 27 Shares, your proxyholder must attend the Meeting. If you do not fill a name in the blank space in the form of proxy enclosed with the Circular, the persons named in the form of proxy are appointed to act as your proxyholder.

Instructing your Proxyholder and Exercise of Discretion by your Proxyholder

You may indicate on your form of proxy how you wish your proxyholder to vote your Cobalt 27 Shares. To do this, simply mark the appropriate boxes on the form of proxy. If you do this, your proxyholder must vote your Cobalt 27 Shares in accordance with the instructions you have given.

If you do not give any instructions as to how to vote on a particular issue to be decided at the Meeting, your proxyholder can vote your Cobalt 27 Shares as he or she thinks fit. If you have appointed the persons designated in the form of proxy as your proxyholder they will, unless you give contrary instructions, vote your Cobalt 27 Shares at the Meeting as follows:

- ✓ **FOR fixing the number of directors of the Company at six**
- ✓ **FOR each of the directors nominated by the Company**
- ✓ **FOR appointing KPMG LLP, as auditor of the Company**
- ✓ **FOR ratifying and approving the Cobalt 27 LTIP**
- ✓ **FOR the Arrangement Resolution**
- ✓ **FOR approving the Nickel 28 LTIP**

Further details about these matters are set out in this Supplement and the Circular. The forms of proxy enclosed with the Circular give the persons named on the form the authority to use their discretion in voting on amendments or variations to matters identified on the Notice of Meeting. At of the date of this Supplement, the management of the Company is not aware of any other matter to be presented for action at the Meeting. If, however, other matters do properly come before the Meeting, the persons named on the forms of proxy enclosed with the Circular will vote on them in accordance with their best judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

Changing your mind

If you want to revoke your proxy after you have delivered it, you can do so at any time before it is used. You may do this by (i) attending the Meeting and voting in person if you were a Registered Shareholder at the Record Date; (ii) signing a proxy bearing a later date and depositing it in the manner and within the time described above under the heading "*Appointment of Proxies*"; (iii) signing a written statement which indicates, clearly, that you want to revoke your proxy and delivering this signed written statement to the registered office of the Company at Suite 401, 4 King Street West, Toronto, ON M5H 1B6; or (iv) in any other manner permitted by law.

Your proxy will only be revoked if a revocation is received by 5:00 p.m. (Toronto Time) on the last Business Day before the day of the Meeting or delivered to the person presiding at the Meeting before it commences. If you revoke your proxy and do not replace it with another that is deposited with us before the deadline, you can still vote your Cobalt 27 Shares, but to do so you must attend the Meeting in person.

Voting Securities and Principal Holders of Voting Securities

The authorized capital of the Company consists of an unlimited number of Cobalt 27 Shares. Each holder of Cobalt 27 Shares is entitled to one vote for each Cobalt 27 Share registered in his or her name at the close of business on August 12, 2019, the date fixed by the Cobalt 27 Board as the Record Date for determining who is entitled to receive notice of and to vote at the Meeting.

At the close of business on August 12, 2019, being the date fixed by the Cobalt 27 Board as the Record Date for determining who is entitled to receive notice of and to vote at the Meeting, there were 85,474,974 Cobalt 27 Shares outstanding. To the knowledge of the directors and executive officers of the Company, as of the date of this Supplement, other than Pala as described below, there are no persons or corporations that beneficially own, directly or indirectly, or exercise control or direction over securities carrying in excess of 10% of the voting rights attached to any class of outstanding voting securities of the Company.

Pala has advised the Company that, as of the Record Date, Pala and its affiliates and associates held 16,267,282 Cobalt 27 Shares, representing approximately 19% of the outstanding Cobalt 27 Shares. Other than by virtue of the Cobalt 27 Shares owned by Pala, no insider of Pala beneficially owns or exercises control or direction over, directly or indirectly, any securities of the Company.

The quorum for the Meeting is two persons present and holding, or representing by proxy, at least 10% of the issued and outstanding Cobalt 27 Shares having the right to vote at the Meeting.

THE NEW ARRANGEMENT AGREEMENT

General

The description of the Amendment and the New Arrangement Agreement, both below and elsewhere in this Supplement and the Circular, is a summary only, is not exhaustive and is qualified in its entirety by reference to the terms of the Amendment and the Arrangement Agreement, which are incorporated by reference herein and therein and may be found under the Company's profile on SEDAR at www.sedar.com. Upon request, Cobalt 27

will promptly provide a copy of the Amendment or the Arrangement Agreement free of charge to a Cobalt 27 Shareholder.

Summary of the New Arrangement Agreement

Overview

On October 1, 2019, following extensive consultation with Cobalt 27 Shareholders, Cobalt 27, the Purchaser and Pala entered into an amendment (the "**Amendment**") to the previously announced Arrangement Agreement (as amended, the "**New Arrangement Agreement**") which provides significantly improved terms and conditions for the acquisition by Pala of 100% of Cobalt 27's issued and outstanding common shares, other than the approximately 19% that Pala already owns.

Pala and Cobalt 27 have agreed to the following amendments in the New Arrangement Agreement:

- Increased cash portion of the Consideration to $4.00 per Cobalt 27 Share from $3.57 per Cobalt 27 Share;

- A reduction in the cash change of control payments for management under their existing contractual entitlements by approximately US$7.13 million, representing a decrease of 46%; the balance of the entitlements will instead be satisfied in 4,817,345 shares of Nickel 28 calculated based on the implied value per share of Nickel 28 of $1.92;

- A 50% reduction in the Termination Fee payable to Pala in the event of a Superior Proposal from $15.5 million to $7,750,000; the Termination Fee payable to Pala in the other circumstances described in the Arrangement Agreement remains $15,500,000;

- Pala's interest in Nickel 28 to increase from 4.9% to 9.9%;

- The Purchaser continues to be required to repay Company Net Debt (as defined in the New Arrangement Agreement) up to a new maximum of US$41,939,574; consistent with the terms of the original Arrangement Agreement, Nickel 28 would be funded with US$5 million of cash on Closing of the Arrangement; and

- A further postponement of the Meeting until October 11, 2019 and an amended Outside Date for completion of the Arrangement of November 15, 2019.

In order to implement these and certain other changes provided in the Amendment, the Company and Pala have also agreed to an amended and restated form of the Plan of Arrangement, a copy of which is attached as Appendix B to this Supplement.

Nickel 28 Change of Control Consideration and Governance Matters

In connection with the New Arrangement Agreement, the Company has also agreed to the following governance arrangements for Nickel 28: (i) Justin Cochrane to serve as President & Chief Executive Officer of Nickel 28; (ii) Anthony Milewski to continue as a non-executive chairman of the board of directors of Nickel 28; and (iii) Nickel 28's audit, compensation, nomination and governance committees of the board of directors to be comprised solely of independent directors.

In addition, as noted above, in connection the New Arrangement Agreement, Anthony Milewski, Justin Cochrane and Martin Vydra have also agreed to a voluntary reduction in the cash change of control payments under their existing contractual entitlements by approximately US$7.13 million in the aggregate, representing a decrease of 46%. The balance of the entitlements will be satisfied by the issuance of an aggregate of 4,817,345 shares of Nickel 28 pursuant to the Plan of Arrangement calculated based on the implied value per share of Nickel 28 of $1.92 as follows:

Name of Employee or Consultant	Cash Change of Control Benefit[1]	Nickel 28 Shares in Lieu of Cash Change of Control Benefit[1]
Anthony Milewski	US$4,722,402	2,064,576
Justin Cochrane	US$2,303,313	2,064,576
Martin Vydra	US$1,130,000	688,192

(1) Assumes the employment and consulting contracts for each of the individuals listed above will terminate on the Effective Date. Amounts are inclusive of HST where applicable.

In addition, in furtherance of the New Arrangement Agreement, Regent Advisors LLC has agreed to take a portion of the completion fee that would be payable by the Company upon consummation of the Arrangement in the form of 412,915 shares of Nickel 28 calculated based on the implied value per share of Nickel 28 of $1.92 to be issued pursuant to the Plan of Arrangement.

Background to the New Arrangement Agreement

The execution of the Amendment and public announcement of the New Arrangement Agreement was the culmination of arm's length negotiations between representatives of Cobalt 27 (supervised by the Special Committee), on the one hand, and representatives of Pala, on the other hand, together with each of their respective financial and legal advisors. The following is a summary of the material events leading up the negotiation of the Amendment (including related documents) and meetings, negotiations, discussions and actions among the parties that preceded the public announcement and execution of the Amendment.

On June 18, 2019, the Company and Pala publicly announced by press release the execution of the Arrangement Agreement and related documents before the opening of markets. The Company subsequently prepared and mailed to Cobalt 27 Shareholders the Circular and related materials in connection with the Meeting to approve, among other things, the Arrangement. The Meeting was originally scheduled to be held on September 12, 2019.

On August 12, 2019, Cobalt 27 received an unsolicited, confidential, non-binding offer from a private streaming and royalty company (the "**Potential Offeror**"), pursuant to which the Potential Offeror had offered to acquire all of the issued and outstanding common shares of the Company by way of plan of arrangement for consideration per share comprised of $4.00 in cash plus one share of Nickel 28 (collectively, the "**Acquisition Proposal**"). The Acquisition Proposal was expressly subject to, among other things, completion of confirmatory due diligence, approval of the board of directors of the Potential Offeror, and negotiation of a definitive arrangement agreement with Cobalt 27.

On August 13, 2019, the Cobalt 27 Board and the Special Committee each met and determined, after consultation with their outside financial and legal advisors, that the Acquisition Proposal could reasonably be expected to lead to a Superior Proposal (as this term is defined in the Arrangement Agreement). Subsequently, Cobalt 27 and the Potential Offeror entered into a confidentiality and standstill agreement, following which the Potential Offeror was provided with full access to Cobalt 27's dataroom (including the same information as provided to Pala) as well as the Company's professional advisors for purposes of evaluating and negotiating the terms of a potential alternative transaction.

On August 24, 2019, an accidental waste discharge occurred at the Ramu nickel Basamak plant in Papua New Guinea which is operated by Metallurgical Corp. of China ("**MCC**"). Cobalt 27's subsidiary Highlands Pacific Limited holds an indirect 8.56% joint venture interest in the Ramu mining and processing operations. Based on information provided by MCC, Cobalt 27 was informed that the discharge had been contained, had a limited impact and that MCC was working with local authorities in Papua New Guinea on appropriate remedial measures.

After the close of trading on August 30, 2019, and after the Potential Offeror had been provided diligence information with respect to Cobalt 27, the Potential Offeror advised Cobalt 27 that its previous non-binding proposal had expired and that it would not be submitting any further proposal to Cobalt 27. The Potential Offeror attributed its decision to refrain from proceeding with a transaction to its own assessment of the risks of a

transaction given recent events in Papua New Guinea and the unresolved business issues that the parties had been discussing in relation to a definitive agreement, which issues related to which party would bear the regulatory risks of a transaction (as compared to the terms and conditions of the Arrangement), and the means by which the Potential Offeror would have had to fund the termination fee that would have been payable to Pala in the event that the Potential Offeror had ultimately made a Superior Proposal.

In the interim and throughout August 2019 and early September 2019, following mailing of the Circular, the Company, Pala and their respective advisors engaged with Cobalt 27 Shareholders with respect to their views on (and potential support of) the Arrangement.

On September 10, 2019, based on preliminary voting indications and the feedback received from Cobalt 27 Shareholders by the Company, Pala and their respective advisors, the Cobalt 27 Board approved a postponement of the Meeting and the Company publicly announced that the Meeting, which was previously scheduled to be held on September 12, 2019, would be postponed and rescheduled to September 23, 2019. At the time of such postponement, in light of the feedback received, the Cobalt 27 Board encouraged Pala to consider any potential improvements to the Arrangement that might result in additional support for the Arrangement from Cobalt 27 Shareholders.

During the period between September 11, 2019 and September 24, 2019, the Company and Pala continued to engage in formal and informal discussions with respect to certain potential indicative proposals for amendments to the Arrangement. During this period of time, the Special Committee and the Cobalt 27 Board met on a number of occasions to, among other things: receive updates from management on discussions with Pala and discussions with certain Cobalt 27 Shareholders; to consider, discuss and evaluate Pala's indicative proposals for amendments to the Arrangement (including extensive discussions on the relative merits and risks associated with such proposals for amendments to the Arrangement, with consideration also given to various other alternatives including, among other things, other potential strategic alternatives and continuing to execute on the Company's standalone business plan in the event the Arrangement was not approved by Cobalt 27 Shareholders at the Meeting); to consider potential next steps; and to provide instructions to management and their respective financial and legal advisors.

During this period of time, each of the Company and Pala also continued to engage with Cobalt 27 Shareholders with respect to the Arrangement and the potential for their support in respect of certain amendments to the terms thereof.

On September 18, 2019, the Cobalt 27 Board met and, based on additional feedback received by Pala and the Company from Cobalt 27 Shareholders at such time, and in light of ongoing negotiations with Pala with respect to a potential amendment to the terms of the Arrangement, approved a further postponement to the Meeting. Accordingly, on September 19, 2019, the Company publicly announced that the Meeting, which had previously been rescheduled for September 23, 2019, would be further postponed and rescheduled to October 10, 2019.

On September 25, 2019, Pala provided the Company with a letter setting forth a non-binding proposal for certain amendments to the Arrangement Agreement, including an increase in the cash portion of the Consideration from $3.57 per Cobalt 27 Share to $3.90. Between September 26 and September 30, 2019, the Company and Pala, together with their respective financial and legal advisors, negotiated at length specific terms and conditions for a proposed amendment to the Arrangement, including a further increase in the cash portion of the Consideration to $4.00 per Cobalt 27 Share.

In the evening of September 30, 2019, the Special Committee and the Cobalt 27 Board met to receive an update regarding the status of the discussions with Pala and an overview of the final terms of a proposed amendment to the Arrangement. Scotia Capital then provided a presentation to the Cobalt 27 Board with respect to its updated financial analyses of the proposed transaction. TD Securities subsequently provided a presentation to the Special Committee with respect to its updated financial analyses of the proposed transaction. During each of these presentations, the members of the Cobalt 27 Board and the Special Committee had discussions with Scotia Capital and TD Securities, as applicable, regarding their respective financial analyses and the assumptions upon which each of the financial advisor's financial analyses were based. Stikeman also provided the Special Committee and the Cobalt 27 Board with legal advice with respect to the ongoing negotiations and overall process. The Special Committee also held an in-camera session.

The Special Committee and the Cobalt 27 Board met before the open of markets on the morning of October 1, 2019 to receive an update and to review the resolution of the issues which remained outstanding with respect to the proposed amendments and the definitive documentation. Scotia Capital then reviewed its financial analyses and rendered an oral opinion to the Cobalt 27 Board, confirmed by delivery of the Scotia Capital Fairness Opinion, to the effect that, as of the date of the opinion and subject to the assumptions made, procedures followed, matters considered and limitations on review undertaken, the Consideration to be received by the Cobalt 27 Shareholders (other than Pala and the Purchaser) pursuant to the terms and subject to the conditions of the New Arrangement Agreement was fair, from a financial point of view, to such Cobalt 27 Shareholders. Following this presentation, the meeting of the Cobalt 27 Board was adjourned, and a meeting of the Special Committee was convened. TD Securities then reviewed its financial analyses and rendered an oral opinion to the Special Committee, confirmed by delivery of the TD Securities Fairness Opinion, to the effect that, as of the date of the opinion and subject to the assumptions made, procedures followed, matters considered and limitations on review undertaken, the Consideration to be received by the Cobalt 27 Shareholders (other than Pala and the Purchaser) pursuant to the terms and subject to the conditions of the New Arrangement Agreement was fair, from a financial point of view, to such Cobalt 27 Shareholders. Following these presentations, and following further discussions, the unanimous determination of the Special Committee was that: (i) the Arrangement under the terms of the New Arrangement Agreement is in the best interests of the Company; (ii) approval of the Arrangement under the terms of the New Arrangement Agreement, the New Arrangement Agreement and the other related documents be recommended to the Cobalt 27 Board; and (iii) the Cobalt 27 Board recommend that the Cobalt 27 Shareholders vote in favour of the Arrangement Resolution. Following completion of the Special Committee meeting, the meeting of the Cobalt 27 Board was reconvened, and the Chair of the Special Committee then presented the recommendations of the Special Committee to the Cobalt 27 Board. After discussion, the Cobalt 27 Board unanimously determined that: (i) the Arrangement under the terms of the New Arrangement Agreement is in the best interests of the Company; and (ii) the unanimous recommendation of the Cobalt 27 Board to the Cobalt 27 Shareholders is that they vote in favour of the Arrangement Resolution. Accordingly, the Cobalt 27 Board authorized and approved the entering into by the Company of the New Arrangement Agreement and related documents.

Following the conclusion of the meetings of the Special Committee and the Cobalt 27 Board, the Amendment and the other definitive transaction documentation were finalized by the parties and executed. The Company and Pala publicly announced by press release the execution of the Amendment and related documents during the afternoon on October 1, 2019.

Pala has indicated to the Company that it intends to vote its Cobalt 27 Shares in favour of the current directors of the Company at the Meeting.

On October 2, 2019, Anson Funds, a Cobalt 27 Shareholder that had previously issued public statements opposing the Arrangement, issued a news release in support of the Arrangement as amended by the Amendment, indicated that it intended to vote for the Arrangement Resolution, and encouraged other Cobalt 27 Shareholders to do the same.

Recommendation of the Special Committee

The Cobalt 27 Board originally established the Special Committee comprised of Frank Estergaard, Nick French, Candace MacGibbon and Philip Williams (Chair) to, among other things, review and oversee the negotiation of the Arrangement Agreement and make a recommendation to the Cobalt 27 Board with respect to the Arrangement. The Special Committee is comprised entirely of independent directors and it met on numerous occasions both as a committee with solely its members and advisors present and with management and the full Cobalt 27 Board present, where appropriate. In camera meetings of both the Special Committee and the Cobalt 27 Board were held on numerous occasions where appropriate.

The Special Committee, having taken into account such matters as it considered relevant and after receiving legal and financial advice, unanimously determined that the Arrangement under the terms of the New Arrangement Agreement is in the best interests of the Company and unanimously recommended that the Cobalt 27 Board approve the Amendment and related documents and unanimously recommend that the Cobalt 27 Shareholders vote **FOR** the Arrangement Resolution.

In forming its recommendation to the Cobalt 27 Board, the Special Committee considered a number of factors, including, without limitation, those listed below under "*Reasons for the New Arrangement Agreement*" and under "*Reasons for the Arrangement*" in the Circular. The Special Committee based its recommendation upon the totality of the information presented to and considered by it in light of the members of the Special Committee's knowledge of the business, financial condition and prospects of the Company and after taking into account the advice of the Company's financial, legal and other advisors and the advice and input of senior management of the Company.

TD Securities was previously retained by the Special Committee to act as its independent financial advisor and provided fairness opinions to the Special Committee with respect to the Arrangement.

Recommendation of the Cobalt 27 Board

After careful consideration of, among other things, the recommendation of the Special Committee, advice of legal and financial advisors and such other matters as it considered relevant, the Cobalt 27 Board unanimously determined that the Arrangement under the terms of the New Arrangement Agreement is in the best interests of the Company and approved the Amendment and related documents. **Accordingly, the Cobalt 27 Board unanimously recommends that the Cobalt 27 Shareholders vote FOR the Arrangement Resolution**. Each director and officer of the Company had previously agreed on June 17, 2019 pursuant to the Voting and Support Agreements, among other things, to vote all of his or her Cobalt 27 Shares (including any Cobalt 27 Shares issued upon the exercise of any Incentive Securities) in favour of the Arrangement Resolution, subject to the terms of the Arrangement Agreement and the Voting and Support Agreements.

In forming its recommendation, the Cobalt 27 Board considered a number of factors, including, without limitation, the recommendation of the Special Committee and the factors listed below under "*Reasons for the Arrangement*" and under "*Reasons for the Arrangement*" in the Circular. The Cobalt 27 Board based its recommendation upon the totality of the information presented to and considered by it in light of the members of the Cobalt 27 Board's knowledge of the business, financial condition and prospects of the Company and after taking into account the advice of the Company's financial, legal and other advisors and the advice and input of management of the Company.

Scotia Capital and Regent Advisors LLC were retained by the Cobalt 27 Board to act as financial advisors.

Scotia Capital provided fairness opinions to the Cobalt 27 Board in respect of the Arrangement.

Reasons for the New Arrangement Agreement

The Special Committee and the Cobalt 27 Board reviewed and considered a significant amount of information and considered a number of factors relating to the New Arrangement Agreement with the benefit of advice from the Company's senior management and their respective financial and legal advisors. The following is a summary of the principal reasons for the unanimous conclusion of the Special Committee and the Cobalt 27 Board that the Arrangement under the terms of the New Arrangement Agreement is in the best interests of the Company, the unanimous determination of the Cobalt 27 Board to approve the Amendment and authorize the submission of the Arrangement under the terms of the New Arrangement Agreement to the Cobalt 27 Shareholders and to the Court for approval, and the unanimous recommendation of the Cobalt 27 Board that Cobalt 27 Shareholders vote **FOR** the Arrangement Resolution:

(a) *Increased Cash Portion of the Consideration*. Pursuant to the New Arrangement Agreement, the cash portion of the Consideration has been increased to $4.00 per share from $3.57 per Cobalt 27 Share, representing an additional $30 million of cash consideration to Cobalt 27 Shareholders. The Consideration to be received by the Cobalt 27 Shareholders of $5.92 per Cobalt 27 Share, which is comprised of $4.00 in cash consideration and an implied value of $1.92 for a Nickel 28 common share, represents a 71% premium to Cobalt 27's unaffected closing price of $3.47 on the TSXV on June 17, 2019 (being the last trading day prior to the announcement of the Arrangement) and a 50% premium to Cobalt 27's unaffected 20-day volume weighted average trading price on the TSXV of $3.95 as at the same date.

(b) *Reduced Cash Change of Control Payments*. The New Arrangement Agreement provides for a voluntary reduction in the cash change of control payments for management under their existing contractual entitlements by US$7.13 million, representing a decrease of 46%; the balance of the entitlements will instead be satisfied in 4,817,345 shares of Nickel 28 calculated based on the implied value per share of Nickel 28 of $1.92.

(c) *Reduced Termination Fee for Superior Proposals*. The New Arrangement Agreement provides for a 50% reduction in the termination fee payable to Pala in the event of a "Superior Proposal" from $15.5 million to $7.75 million, which would reduce a key impediment to the receipt of potentially superior Acquisition Proposals from other interested parties.

(d) *Increased Pala Ownership in Nickel 28*. Under the New Arrangement Agreement, Pala's interest in Nickel 28 will increase from 4.9% to 9.9%, demonstrating confidence in the ongoing prospects of Nickel 28.

(e) *Updated Fairness Opinion of Scotia Capital*. The Cobalt 27 Board's financial advisor, Scotia Capital, provided its opinion to the Cobalt 27 Board to the effect that, subject to the assumptions, qualifications and limitations contained in the Scotia Capital Fairness Opinion, as at October 1, 2019, the Consideration under the terms of the New Arrangement Agreement is fair, from a financial point of view, to the Cobalt 27 Shareholders (other than Pala). See "*The New Arrangement Agreement — Updated Fairness Opinions*".

(f) *Updated Fairness Opinion of TD Securities*. The Special Committee's independent financial advisor, TD Securities, provided its opinion to the Special Committee to the effect that, subject to the assumptions, qualifications and limitations contained therein, as at October 1, 2019, the Consideration under the terms of the New Arrangement Agreement is fair, from a financial point of view, to the Cobalt 27 Shareholders (other than Pala). See "*The New Arrangement Agreement — Updated Fairness Opinions*".

(g) *Arm's Length Negotiated Transaction.* The New Arrangement Agreement is the result of an arm's length negotiation process that was supervised throughout and has been unanimously recommended by the Special Committee comprised of Philip Williams (chair), Frank Estergaard, Nick French and Candace MacGibbon, all of whom are independent directors.

In the course of its deliberations, the Special Committee and the Cobalt 27 Board also identified and considered a variety of risks. See *"Risk Factors"* in this Supplement and *"Risk Factors"* in the Circular. The foregoing summary of the information and factors considered by the Special Committee and the Cobalt 27 Board is not, and is not intended to be, exhaustive. In view of the wide variety of factors and information considered in connection with their evaluation of the New Arrangement Agreement, the Special Committee and the Cobalt 27 Board did not find it practicable to, and therefore did not, quantify or otherwise attempt to assign any relative weight to each specific factor or item of information considered in reaching its conclusion and recommendation. In addition, individual members of the Special Committee and the Cobalt 27 Board may have given different weight to different factors or information.

Updated Fairness Opinions

Scotia Capital Fairness Opinion

In connection with the evaluation by the Cobalt 27 Board of the New Arrangement Agreement, the Cobalt 27 Board received the Scotia Capital Fairness Opinion that, based on and subject to the assumptions, qualifications and limitations contained therein, as of October 1, 2019, the Consideration to be received by the Cobalt 27 Shareholders pursuant to the Arrangement under the terms of the New Arrangement Agreement is fair from a financial point of view to the Cobalt 27 Shareholders other than Pala. The Scotia Capital Fairness Opinion was only one of many factors considered by the Cobalt 27 Board in evaluating the Arrangement and was not determinative of the views of the Cobalt 27 Board with respect to the Arrangement or the Consideration set forth in the New Arrangement Agreement. **The following summary of the Scotia Capital Fairness Opinion is qualified in its entirety by reference to the full text of the Scotia Capital Fairness Opinion attached as Appendix C to this Supplement. Cobalt 27 Shareholders are urged to, and should, read the Scotia Capital Fairness Opinion in its**

entirety.

Scotia Capital was engaged by the Company, on behalf of the Cobalt 27 Board, as a financial advisor to the Company and the Cobalt 27 Board pursuant to a letter agreement dated March 26, 2019, as amended (the "**Scotia Engagement Letter**"). Pursuant to the Scotia Engagement Letter, Scotia Capital agreed to provide financial advice and assistance to the Company in evaluating the Arrangement, including providing the Scotia Capital Fairness Opinion to the Cobalt 27 Board as to the fairness, from a financial point of view, of the Consideration to be received pursuant to the Arrangement by the Cobalt 27 Shareholders other than Pala and its affiliates.

At the meeting of the Cobalt 27 Board held on October 1, 2019, Scotia Capital delivered an oral opinion, which was subsequently confirmed in writing by the Scotia Capital Fairness Opinion.

The full text of the Scotia Capital Fairness Opinion, which sets forth among other things, assumptions made, matters considered, information reviewed and limitations on the review undertaken by Scotia Capital in connection with the Scotia Capital Fairness Opinion, is attached as Appendix C to this Supplement. **The Scotia Capital Fairness Opinion was provided solely for use of the Cobalt 27 Board in connection with, and for the purpose of, its consideration of the Arrangement and may not be used or relied upon by any other person. The Scotia Capital Fairness Opinion is not and is not intended to be and does not constitute a recommendation as to how Cobalt 27 Shareholders should vote in respect of the Arrangement Resolution.**

Pursuant to the Scotia Engagement Letter, the Company is obligated to pay Scotia Capital certain fees for its services as financial advisor, a portion of which is contingent on the completion of the Arrangement. The Company has also agreed to reimburse Scotia Capital for its reasonable out-of-pocket expenses and to indemnify Scotia Capital in respect of certain liabilities that may arise out of the engagement of Scotia Capital.

In the past two years, Scotia Capital and affiliates of Scotia Capital have been engaged in the following capacities for the Company, the Purchaser, Pala or any of their respective associates or affiliates: (i) participating in equity offerings of the Company as joint bookrunner and co-manager and acted as a bookrunner on the Company's initial public offering; (ii) acting as agent on the Company's share buyback program; (iii) acting as lender to the Company as part of its corporate credit facilities; (iv) acting as financial advisor to the Company in connection with the acquisition of Highlands Pacific Limited; (v) acting as financial advisor to the Company in connection with the acquisition of a lithium royalty on ore mined under Westgold Resources Limited's Reed Industrial Minerals Pty Ltd sub-lease agreement, where the transaction was subsequently terminated; (vi) providing foreign exchange hedging services to the Company; and (vii) participating in equity offerings for Nevada Copper Corp. (Pala was a significant shareholder of Nevada Copper Corp. and participated in the equity offerings). In addition to the services being provided under the Scotia Engagement Letter, Scotia Capital may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for the Company, Nickel 28, the Purchaser, Pala or any of their respective associates or affiliates. In addition, the Bank of Nova Scotia ("**BNS**"), of which Scotia Capital is a wholly-owned subsidiary, or one or more affiliates of BNS, may provide banking or other financial services to one or more of the Company, Nickel 28, the Purchaser, Pala or any of their respective associates or affiliates in the ordinary course of business.

TD Securities Fairness Opinion

In connection with the evaluation by the Special Committee of the New Arrangement Agreement, the Special Committee received the TD Securities Fairness Opinion that, based upon and subject to the assumptions, qualifications and limitations contained therein and such other matters that TD Securities considered relevant, as of October 1, 2019, the Consideration to be received by the Cobalt 27 Shareholders other than Pala pursuant to the Arrangement under the terms of the New Arrangement Agreement is fair, from a financial point of view, to the Cobalt 27 Shareholders other than Pala. The TD Securities Fairness Opinion was only one of the many factors considered by the Special Committee with respect to the Arrangement or the Consideration set forth in the New Arrangement Agreement. **The following summary of the TD Securities Fairness Opinion is qualified in its entirety**

by reference to the full text of the TD Securities Fairness Opinion attached as Appendix D to this Supplement. Cobalt 27 Shareholders are urged to, and should, read the TD Securities Fairness Opinion in its entirety.

TD Securities was engaged by the Special Committee pursuant to an engagement agreement effective May 15, 2019, as amended (the "**TD Engagement Letter**") to act as independent financial advisor to the Special Committee and to prepare and deliver an opinion regarding the fairness, from a financial point of view, of the Consideration to be received by the Cobalt 27 Shareholders other than Pala pursuant to the Arrangement.

At the meeting of the Special Committee held on October 1, 2019, TD Securities delivered an oral opinion, which was subsequently confirmed in writing by the TD Securities Fairness Opinion.

The full text of the TD Securities Fairness Opinion which sets out, among other things, the assumptions made, information reviewed and matters considered by TD Securities in rendering the TD Securities Fairness Opinion, as well as the limitations and qualifications the opinion is subject to, is attached as Appendix D to this Supplement. **The TD Securities Fairness Opinion was provided for the exclusive use of the Special Committee in connection with the Arrangement and is not intended to be, and does not constitute, a recommendation to the Special Committee. The TD Securities Fairness Opinion may not be used or relied upon by any other person or for any other purpose.**

Pursuant to the TD Engagement Letter, the Company is obligated to pay TD Securities certain fixed fees for its services, a portion of which was payable on execution of the TD Engagement Letter, a portion of which was payable upon TD Securities notifying the Special Committee that it is prepared to deliver its preliminary indications of value presentation and a portion of which was payable on delivery of the TD Securities Fairness Opinion (regardless of its conclusion or whether the Arrangement is completed). The Company has also agreed to reimburse TD Securities for its reasonable out-of-pocket expenses and to indemnify TD Securities, in certain circumstances, against certain expenses, losses, claims (including shareholder actions, derivative and otherwise), actions, suits, proceedings, investigations, damages and liabilities which may arise directly or indirectly from services performed by TD Securities in connection with the TD Engagement Letter.

In the past two years, TD Securities has acted in the following capacities for the Company: (i) financial advisor in connection with the Company's US$4.5 million acquisition of royalties on the Flemington Cobalt-Scandium-Nickel project and Nyngan Scandium project in January 2019; (ii) financial advisor to the Company in connection with its US$300 million acquisition of a cobalt stream on Voisey's Bay Mine and joint bookrunner on the $300 million bought deal offering of Cobalt 27 Shares to fund the stream acquisition in June 2018; (iii) strategic advisor to the Cobalt 27 Board on the US$113 million acquisition of a nickel-cobalt stream on Highlands Pacific Limited's interest in the Ramu Mine announced in May 2018 and subsequently terminated; (iv) joint bookrunner on Cobalt 27's $200 million private placement of equity in March 2018; (v) joint bookrunner on Cobalt 27's $98 million equity offering in December 2017; and (vi) joint bookrunner on Cobalt 27's $206 million public offering in June 2017. In addition, TD Securities acted as financial advisor to the Special Committee of the board of directors of Nevada Copper Corp. in connection with its US$115 million project financing and $40 million equity offering in May 2019 (Pala was a significant shareholder of Nevada Copper Corp. and participated in the financing). In addition to the services being provided under the TD Engagement Letter, the Toronto-Dominion Bank, the parent company of TD Securities, directly or through one or more affiliates, may provide banking services and other financing services to entities related to the Company and Pala in the normal course of business.

RISK FACTORS

In evaluating the Amendment and the Arrangement, Cobalt 27 Shareholders should carefully consider the risk factors relating to the Arrangement described in the Circular. Such risk factors are not a definitive list of all risk factors associated with the Arrangement. Additional risks and uncertainties, including those currently unknown or considered immaterial by the Company, may also adversely affect the Cobalt 27 Shares, the Nickel 28 Shares and/or the business of Nickel 28 following the Arrangement. In addition to the risk factors relating to the Arrangement set out in the Circular, Cobalt 27 Shareholders should also carefully consider the risk factors associated with the business of Nickel 28 (See "*Information Concerning Nickel 28 — Risk Factors"* in Appendix G to the Circular) included in the Circular and in the documents incorporated by reference therein. If any of the risk factors materialize, the expectations, and the forward-looking statements based on them, may need to be re-evaluated.

AMENDMENT TO INTERIM ORDER IN RESPECT OF THE ARRANGEMENT AND DISSENT RIGHTS

Amendment to the Interim Order

On September 17, 2019, the Company obtained an order of the Supreme Court of British Columbia that provided, among other things, that the order (the "**Interim Order**") pronounced and entered on August 13, 2019 (a copy of which is included as part of Appendix F to the Circular) is amended such that paragraph 25 of the Interim Order is deleted and replaced with the following:

> The sending of the Meeting Materials in the manner contemplated by paragraphs 9 to 11 shall constitute good and sufficient service and no other form of service need be effected and no other material need be served on such persons in respect of these proceedings, except with respect to any person who shall:
>
> (a) file a Response to Petition, in the form prescribed by the Supreme Court Civil Rules, together with any evidence or material which is to be presented to the Court at the hearing of the Application; and
>
> (b) deliver the filed Response to Petition together with a copy of any evidence or material which is to be presented to the Court at the hearing of the Application, to Cobalt 27's counsel at:
>
> Stikeman Elliott LLP
> Barristers and Solicitors
> 1700 – 666 Burrard Street
> Vancouver, British Columbia
> V6C 2X8
> Attention: David Brown
>
> by or before 4:00 p.m. (Vancouver time) on the Business Day that is two Business Days immediately preceding the date of the Meeting.

In addition, the order provided, among other things, that the hearing of the application for the final order originally set for September 17, 2019 at 9:45 a.m. (Vancouver Time) be adjourned generally, and that Cobalt 27 shall have leave to set the date for the Final Order hearing at any time (such date, the "**New Hearing Date**") by providing not less than five days' notice of the New Hearing Date to the Cobalt 27 Shareholders and holders of Cobalt 27 incentive securities, such notice to be provided by press release, news release or newspaper advertisement or by notice sent by one of the methods specified in paragraph 9 of the Interim Order as determined to be the most appropriate method of communication by the Cobalt 27 Board and the hearing of the Final Order shall be heard at 9:45 am (Vancouver Time) on the New Hearing Date or as soon thereafter as may be convenient to the Court.

Dissent Rights

The Interim Order provides that each Registered Shareholder will have the right to dissent and, if the Arrangement becomes effective, to have his or her Cobalt 27 Shares cancelled in exchange for a cash payment from the Purchaser equal to the fair value of his or her Cobalt 27 Shares in accordance with the requirements of the Dissent Rights set out in Division 2 of Part 8 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), as modified by Article 3 of the Plan of Arrangement, the Interim Order and the Final Order.

In order to validly dissent, any such Registered Shareholder must, among other things, not vote any Cobalt 27 Shares in respect of which Dissent Rights have been exercised in favour of the Arrangement Resolution and must provide the Company with written objection to the Arrangement by 5:00 p.m. (Toronto Time) on October 9, 2019, which is the Business Day that is two Business Days immediately preceding the date of the Meeting (as may be postponed or adjourned from time to time). A Non-Registered Shareholder who wishes to exercise Dissent Rights must arrange for the Cobalt 27 Shares beneficially owned by such holder to be registered in such holder's name prior to the time the written objection to the Arrangement Resolution is required to be received by the Company or, alternatively, arrange for the Registered Shareholder(s) holding its Cobalt 27 Shares to deliver the notice of dissent on its behalf. If a Dissenting Shareholder fails to strictly comply with the requirements of the Dissent Rights set out in Division 2 of Part 8 of the BCBCA, as modified by Article 3 of the Plan of Arrangement,

the Interim Order and the Final Order, it will lose its Dissent Rights. See *"Dissent Rights of Shareholders"* in the Circular.

OTHER INFORMATION

Information Contained in this Supplement regarding the Purchaser and Pala

The information concerning the Purchaser and Pala and their affiliates contained in this Supplement has been provided by the Purchaser and Pala, respectively, for inclusion in this Supplement. Although the Company has no knowledge that would indicate any statements contained herein relating to the Purchaser, Pala and their affiliates are untrue or incomplete, neither the Company nor any of its officers or directors assumes any responsibility for the accuracy or completeness of the information relating to the Purchaser, Pala and their affiliates, or for any failure by the Purchaser or Pala to disclose facts or events that may have occurred or may affect the significance or accuracy of any such information but which are unknown to the Company.

Other Matters

Management of the Company is not aware of any matters to come before the Meeting other than as set forth in the Notice of Meeting that accompanies the Circular. If any other matter properly comes before the Meeting, it is the intention of the persons named in the form of proxy enclosed with the Circular to vote the Cobalt 27 Shares represented thereby in accordance with their best judgment on such matter.

Additional Information

Additional information regarding the Company can be found on SEDAR at www.sedar.com. Financial information regarding the Company is provided in the Company's audited financial statements and management's discussion and analysis for the financial year ended December 31, 2018, as well as in the Company's unaudited condensed interim consolidated financial statements for the six months ended June 30, 2019 and related management's discussion and analysis, which can be found on SEDAR at www.sedar.com, together with the Company's other public disclosure. Cobalt 27 Shareholders may contact the Company at 4 King Street West, Suite 401, Toronto, Ontario M5H 1B6 to request copies of these documents.

LEGAL MATTERS

Certain Canadian legal matters in connection with the Arrangement will be passed upon by Stikeman Elliott LLP on behalf of Cobalt 27 and Nickel 28. As of the date hereof, the partners and associates of Stikeman Elliott LLP as a group beneficially owned, directly or indirectly, less than one percent of the Cobalt 27 Shares.

APPROVAL OF DIRECTORS

The contents and filing of this Supplement have been approved and authorized by the Cobalt 27 Board.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) Anthony Milewski

Anthony Milewski
Chairman of the Board of Directors &
Chief Executive Officer

October 3, 2019

CONSENT OF SCOTIA CAPITAL INC.

To: The Board of Directors of Cobalt 27 Capital Corp.

We hereby consent (i) to the references within the supplement to the management information circular of Cobalt 27 Capital Corp. ("**Cobalt 27**") dated October 3, 2019 (the "**Supplement**") to our fairness opinion dated October 1, 2019, which we prepared for the Cobalt 27 Board in connection with the amendment agreement dated October 1, 2019 to the arrangement agreement dated June 17, 2019 among Cobalt 27, 1212771 B.C. Ltd. and Pala Investments Limited, (ii) to the inclusion of the full text of the Scotia Capital Fairness Opinion as Appendix C to the Supplement, and (iii) to the filing of the Supplement with the Scotia Capital Fairness Opinion included therein with the applicable securities regulatory authorities. In providing this consent, we do not intend that any persons other than the Cobalt 27 Board rely upon the Scotia Capital Fairness Opinion.

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Supplement.

"SCOTIA CAPITAL INC."

Scotia Capital Inc.

Toronto, Ontario

October 3, 2019

CONSENT OF TD SECURITIES INC.

To: The Special Committee of Independent Directors of Cobalt 27 Capital Corp. (the "**Special Committee**")

We hereby consent (i) to the references within the supplement to the management information circular of Cobalt 27 Capital Corp. ("**Cobalt 27**") dated October 3, 2019 (the "**Supplement**") to our firm name and a summary of the fairness opinion dated October 1, 2019 (the "**TD Securities Fairness Opinion**"), which we prepared solely for the Special Committee in connection with the amendment agreement dated October 1, 2019 to the arrangement agreement dated June 17, 2019 among Cobalt 27, 1212771 B.C. Ltd. and Pala Investments Limited, (ii) to the inclusion of the full text of the TD Securities Fairness Opinion as Appendix D to the Supplement, and (iii) to the filing of the Supplement with the TD Securities Fairness Opinion included therein with the applicable securities regulatory authorities. In providing this consent, we do not intend that any persons other than the Special Committee rely upon the TD Securities Fairness Opinion. The TD Securities Fairness Opinion was given as at October 1, 2019 and remains subject to the assumptions, qualifications and limitations contained therein.

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Supplement.

"TD SECURITIES INC."

TD Securities Inc.

Toronto, Ontario

October 3, 2019

APPENDIX A
ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "**Arrangement**") under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) (the "**BCA**") of Cobalt 27 Capital Corp. (the "**Company**"), pursuant to the arrangement agreement among Pala Investments Limited, 1212771 B.C. Ltd. and the Company dated June 17, 2019, as amended on October 1, 2019 (as it may be further modified or amended in accordance with its terms, the "**Arrangement Agreement**"), all as more particularly described and set forth in the management information circular of the Company dated August 13, 2019 (the "**Original Circular**"), as supplemented on October 3, 2019 (the "**Supplement**" and, together with the Original Circular, the "**Circular**"), accompanying the notice of this meeting (as the Arrangement may be further modified or amended in accordance with its terms) is hereby authorized, approved and adopted.

2. The plan of arrangement of the Company (as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement and its terms (the "**Plan of Arrangement**")), the full text of which is set out in Appendix B to the Supplement, is hereby authorized, approved and adopted.

3. The (i) Arrangement Agreement and related transactions, (ii) actions of the directors of the Company in approving the Arrangement Agreement, and (iii) actions of the directors and officers of the Company in executing and delivering the Arrangement Agreement, and any amendments, modifications or supplements thereto, are hereby ratified and approved.

4. The Company be and is hereby authorized to apply for a final order from the Supreme Court of British Columbia (the "**Court**") to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented and as described in the Circular).

5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of the Company or that the Arrangement has been approved by the Court, the directors of the Company are hereby authorized and empowered to, at their discretion, without notice to or approval of the shareholders of the Company: (i) amend, modify or supplement the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement; and (ii) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions.

6. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver any and all documents as are necessary or desirable to give effect to the Arrangement in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.

7. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or instrument or the doing of any such act or thing.

APPENDIX B
AMENDED AND RESTATED PLAN OF ARRANGEMENT

See attached.

PLAN OF ARRANGEMENT

made pursuant to

Section 288 of the *Business Corporations Act* (British Columbia)

ARTICLE 1
INTERPRETATION

Section 1.1 Definitions

In this Plan of Arrangement, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

"**Affected Securityholders**" means, collectively, Company Shareholders and the holders of Incentive Securities;

"**affiliate**" has the meaning ascribed thereto in the Arrangement Agreement;

"**Arrangement**" means the arrangement under Section 288 of the BCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the terms of the Arrangement Agreement or Article 6 hereof or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably;

"**Arrangement Agreement**" means the agreement dated as of June 17, 2019 among the Company, the Purchaser and the Parent, together with the schedules attached thereto, as amended, supplemented or restated in accordance therewith prior to the Effective Date, providing for, among other things, the Arrangement;

"**Arrangement Resolution**" means the special resolution approving the Plan of Arrangement considered at the Meeting;

"**BCA**" means the *Business Corporations Act*, S.B.C. 2002, c. 57.

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

"**Cash Consideration**" means $4.00 in cash per Share, as adjusted pursuant to Section 2.5;

"**Class A Shares**" means the Class A Shares in the capital of the Company to be created and issued pursuant to the terms hereof;

"**Class B Shares**" means the Class B Shares in the capital of the Company to be created and issued pursuant to the terms hereof;

"**Company**" means Cobalt 27 Capital Corp.;

"**Company Circular**" means the notice of the Meeting and accompanying management information circular, including all schedules, appendices and exhibits to, and information

incorporated by reference in, such management information circular, sent to Affected Securityholders in connection with the Meeting, as amended, supplemented or otherwise modified from time to time in accordance with the terms of the Arrangement Agreement;

"**Company Promissory Note**" means the demand non-interest bearing promissory note of the Company to be issued to SpinCo pursuant to Section 2.3(n) in a principal amount equal to the sum of the Redemption Amounts of all issued and outstanding Class B Shares;

"**Company Shareholders**" means the registered and/or beneficial holders of the Shares, as the context requires;

"**Consideration**" means the consideration to be received by Company Shareholders (other than Dissenting Shareholders) pursuant to this Plan of Arrangement consisting, in respect of each Share that is issued and outstanding immediately prior to the Effective Time, the sum of (i) the Cash Consideration and (ii) the SpinCo Share Consideration;

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

"**Depositary**" means TSX Trust Company or such other Person as the Company may appoint to act as depositary in relation to the Arrangement, with the approval of the Purchaser, acting reasonably;

"**Dissent Rights**" has the meaning specified in Section 3.1;

"**Dissenting Shareholder**" means a registered holder of Shares who has validly exercised its Dissent Rights in accordance with the Interim Order and who, as of the Effective Time, has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, but only in respect of the Shares in respect of which such Dissent Rights are validly exercised by such holder;

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

"**Effective Date**" means the date on which the Arrangement takes effect pursuant to the BCA;

"**Effective Time**" means 12:01 a.m. (Eastern Time) on the Effective Date;

"**Final Order**" means the final order of the Court pursuant to section 291(4) of the BCA, in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal;

"**Governmental Entity**" means: (i) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, commission, commissioner, board, bureau, minister, ministry, governor in council, cabinet, agency or instrumentality, in Canada or otherwise; (ii) any subdivision or authority of any of the above; (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; (iv) any arbitrator or arbitration tribunal; (v) any Securities Authority; or (vi) any stock exchange including the TSX-V, Frankfurt Stock Exchange or OTCQX Best Market;

"**Incentive Securities**" means collectively, the Options, PSUs, RSUs, Legacy Options and Legacy RSUs;

"**Interim Order**" means the interim order of the Court pursuant to section 291(2) of the BCA, to be issued following the application therefor contemplated by Section 2.2 of the Arrangement Agreement, in a form acceptable to the Company and the Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Meeting, as such order may be amended, supplemented or varied by the Court with the consent of the Company and the Purchaser, each acting reasonably;

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

"**Legacy Option Plan**" means the stock option plan which was approved, as amended by Company Shareholders, on May 8, 2017;

"**Legacy Options**" means outstanding options to purchase Shares issued pursuant to and governed by the Legacy Option Plan;

"**Legacy RSU Plan**" means the restricted share unit plan adopted by the board of directors of the Company on August 8, 2017;

"**Legacy RSUs**" means outstanding restricted share units granted under the Legacy RSU Plan and governed by the LTIP;

"**Letter of Transmittal**" means the letter of transmittal for use by the Company Shareholders, in the form accompanying the Company Circular;

"**Liens**" means any mortgage, charge, pledge, encumbrance, hypothec, security interest, prior claim, right of first refusal or first offer, occupancy right, covenant, contractual right of set-off, right of distraint, assignment, lien (statutory or otherwise), defect of title, or restriction, or adverse right or claim, or other third party interest or other encumbrance of any kind, in each case, whether contingent or absolute;

"**LTIP**" means the Omnibus Long-Term Incentive Plan adopted by Company Shareholders on August 14, 2018;

"**Meeting**" means the special meeting of Company Shareholders, including any adjournment or postponement thereof in accordance with the terms of the Arrangement Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in the Company Circular and agreed to in writing by the Purchaser;

"**Non-Resident**" means (i) a person who is not a resident of Canada for the purposes of the ITA; or (ii) a partnership that is not a "Canadian partnership" for purposes of the ITA;

"**Options**" means options to purchase Shares issued pursuant to and governed by the LTIP;

"**Parent**" means Pala Investments Limited;

"**Person**" includes any individual, partnership, association, body corporate, company, corporation, organization, trust, estate, trustee, executor, administrator, legal representative,

government (including a Governmental Entity), syndicate or other entity, whether or not having legal status;

"**Pi Holdings**" means 1212770 B.C. Ltd.;

"**Plan of Arrangement**" means this plan of arrangement and any amendments or variations hereto made in accordance with the Arrangement Agreement and Article 6 hereof or made at the direction of the Court in the Final Order with the prior written consent of the Company and the Purchaser, each acting reasonably;

"**PSUs**" means performance share units of the Company issued pursuant to and governed by the LTIP;

"**Public Shareholder Percentage**" means the percentage determined by dividing (X) the aggregate number of SpinCo Shares issued to the holders of Shares in Section 2.3(j) of this Plan, by (Y) the total number of SpinCo Shares that are issued and outstanding immediately after Section 2.3(k) of this Plan;

"**Purchaser**" means 1212771 B.C. Ltd.;

"**Redemption Amount**" means with respect to the Class B Shares, the amount determined by the directors of the Company at the time of issuance of such Class B Shares, being an amount per Class B Share equal to (A) the Public Shareholder Percentage of the amount by which the fair market value of the SpinCo Assets exceeds the SpinCo Liabilities at the time such Class B Shares are issued, divided by (B) the number of such Class B Shares so issued;

"**RSUs**" means restricted share units of the Company issued pursuant to and governed by the LTIP;

"**Shares**" means the common shares in the capital of the Company and includes, for greater certainty, any Shares issued upon the valid exercise of any Incentive Securities;

"**Special Multiple Voting Shares**" means the Special Multiple Voting Shares in the capital of SpinCo to be created and issued pursuant to the terms hereof;

"**Specified Assets**" has the meaning ascribed thereto in the Arrangement Agreement;

"**SpinCo**" means a company to be incorporated under the laws of the Province of British Columbia prior to the Effective Time as a wholly-owned subsidiary of the Company in order to facilitate the Arrangement;

"**SpinCo Assets**" has the meaning ascribed thereto in the Arrangement Agreement;

"**SpinCo Change of Control Share Consideration**" has the meaning ascribed thereto in the Arrangement Agreement;

"**SpinCo Contribution Agreement**" means the agreement entered into between the Company and SpinCo dated as of the Effective Date concerning the transfer of the SpinCo Assets to SpinCo pursuant to the Arrangement;

"**SpinCo Liabilities**" has the meaning ascribed thereto in the Arrangement Agreement;

"**SpinCo Preferred Share**" means a preferred share in the capital of SpinCo having the terms and conditions specified in Schedule B;

"**SpinCo Promissory Note**" means the demand non-interest bearing promissory note of SpinCo issued pursuant to Section 2.3(o) in a principal amount equal to the SpinCo Redemption Amount;

"**SpinCo Redemption Amount**" has the meaning ascribed in Section 2.3(k);

"**SpinCo Share Consideration**" means one (1) SpinCo Share per Share or Class B Share, as applicable, to be received pursuant to Sections 2.3(h) or 2.3(i), as applicable; and

"**SpinCo Shares**" means common shares in the capital of SpinCo.

Any capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Arrangement Agreement.

Section 1.2 Sections and Headings

The division of this Plan of Arrangement into sections and the insertion of headings are for reference purposes only and shall not affect the interpretation of this Plan of Arrangement. Unless otherwise indicated, any reference in this Plan of Arrangement to a section or a schedule refers to the specified section of or schedule to this Plan of Arrangement.

Section 1.3 Number and Gender

In this Plan of Arrangement, unless the context otherwise requires, words importing the singular only shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter.

Section 1.4 Date for any Action

If the date on which any action is required to be taken hereunder by any Party hereto is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day.

Section 1.5 Time

Time shall be of the essence in every matter or action contemplated hereunder. All times express herein or in any letter of transmittal contemplated herein are local time (Toronto, Ontario) unless otherwise stipulated herein or therein. A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day. If the date on which any action is required or permitted to be taken under this Plan of Arrangement by a Person is not a Business Day, such action shall be required or permitted to be taken on the next succeeding day which is a Business Day.

Section 1.6 Statutory Reference

Any reference in this Plan of Arrangement to a statute includes all regulations and rules made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

Section 1.7 Certain Phrases, etc.

The words (i) "including", "includes" and "include" mean "including (or includes or include) without limitation," (ii) "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of," and (iii) unless stated otherwise, "Article", "Section", and "Schedule" followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Plan of Arrangement.

Section 1.8 Currency

Unless otherwise stated, all references in this Plan of Arrangement to amounts of money are expressed in lawful money of Canada and "$" refers to Canadian dollars.

Section 1.9 Schedules

The following schedules are attached to this Plan of Arrangement and are incorporated in and form part hereof:

Schedule A – Conditions of Class A Shares, Class B Shares and Special Multiple Voting Shares
Schedule B – Conditions of SpinCo Preferred Shares

ARTICLE 2
ARRANGEMENT

Section 2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to the provisions of the Arrangement Agreement and constitutes an arrangement as referred to in Section 288 of the BCA.

Section 2.2 Binding Effect

This Plan of Arrangement and the Arrangement become effective at, and be binding at and after, the Effective Time on the Company, the Purchaser, the Parent, SpinCo, all Company Shareholders (including Dissenting Shareholders), all holders of Incentive Securities, the registrar and transfer agent of the Company, the Depositary and all other Persons, without any further act or formality required on the part of any Person.

Section 2.3 Arrangement

At the Effective Time, without any further act or formality, each of the events set out below shall occur and be deemed to occur in the following sequence and at the times specified below, unless specifically noted:

(a) The Effective Date shall be deemed to be the vesting date for all of the then issued and outstanding RSUs, and at the Effective Time the Company shall allot and issue, to each holder of an issued and outstanding RSU, one Share in respect of each such RSU,

and thereafter none of the former holders of RSUs, the Company, the Parent, the Purchaser, SpinCo or any of their respective successors or assigns shall have any rights, liabilities or obligations in respect of such RSUs. Each holder of RSUs directs that any amounts that are required to be withheld in connection with the vesting and settlement of such RSUs be paid to the Company from Cash Consideration to which such holder would otherwise be entitled under step 2.31(l) below;

(b) One minute following the Effective Time, all unexercised Incentive Securities and the LTIP, Legacy Option Plan and Legacy RSU Plan shall be cancelled and be of no further force and effect and none of the Company, the Parent, the Purchaser, SpinCo or any of their respective affiliates or successors shall have any liability in respect thereof;

(c) Five minutes following the Effective Time (i) Parent shall be deemed to transfer each Share it (or any of its affiliates) holds to Pi Holdings in exchange for one common share of Pi Holdings, and (ii) Pi Holdings shall be deemed to transfer each Share it holds (including the Shares received pursuant to Section 2.31(c)(i)) to the Purchaser in exchange for one common share of the Purchaser;

(d) Ten minutes following the Effective Time and subject to Section 3.1, the Shares held by Dissenting Shareholders in respect of which Dissent Rights have been validly exercised shall be deemed to have been transferred to the Purchaser (free and clear of any Liens) without any further act or formality in exchange for a debt claim against the Purchaser to be paid fair value in respect of such Shares as set out in Section 3.1, and:

(i) such Dissenting Shareholders shall cease to be the holders of such Shares and to have any rights as holders of such Shares other than the right to be paid fair value for such Shares as set out in Section 3.1; and

(ii) such Dissenting Shareholders' names shall be removed as the holders of such Shares from the registers of Shares maintained by or on behalf of Company and the Purchaser shall be entered in the central securities register of the Company as the holder thereof;

(e) Fifteen minutes following the Effective Time, the articles of SpinCo will be amended to create an unlimited number of SpinCo Preferred Shares;

(f) Twenty minutes following the Effective Time, the capital of the Company shall be reorganized by amending the articles of the Company as follows:

(i) creating a new class of shares designated as "Class A Shares", in an unlimited number, having the rights, privileges, restrictions and conditions set out in Schedule A attached hereto;

(ii) creating a new class of shares designated as "Class B Shares", in an unlimited number, having the rights, privileges, restrictions and conditions set out in Schedule A attached hereto; and

(iii) creating a new class of shares designated as "Special Multiple Voting Shares", in an unlimited number, having the rights, privileges, restrictions and conditions set out in Schedule A attached hereto.

(g) Twenty-five minutes following the Effective Time, the Company will issue one Special Multiple Voting Share to SpinCo in consideration for $1. SpinCo shall be added to the central securities register of the Company as the holder of one Special Multiple Voting Share of the Company;

(h) Thirty minutes following the Effective Time, each issued and outstanding Share held by (i) a Company Shareholder who acquired such Share pursuant to an Option or Legacy Option, in each case within 2 years prior to the Effective Time or (ii) a Non-Resident, is transferred to the Purchaser in exchange for the Cash Consideration; and as additional consideration for each such Share, the Purchaser shall deliver to each such Company Shareholder the Spinco Share Consideration pursuant to Section 2.31(m) below;

(i) Thirty-five minutes following the Effective Time, each then issued and outstanding Share (excluding those Shares held by the Purchaser other than those Shares acquired by the Purchaser pursuant to Section 2.31(h) above) will be deemed to be exchanged (without any action on the part of the holder of the Shares) for one Class A Share and one Class B Share and the Shares so exchanged shall thereupon be cancelled. No other consideration will be received by any holder of the Shares. The Company will not file a joint election under subsection 85(1) or subsection 85(2) of the ITA, or any relevant provincial legislation, with any holder of Shares in respect of this share exchange.

Upon the exchange contemplated by this Section 2.31(i), the stated capital account maintained in respect of the Class B Shares shall be an amount equal to the lesser of:

(i) the aggregate paid-up capital (within the meaning of the ITA) of the Shares so exchanged immediately before such exchange; and

(ii) the aggregate Redemption Amount in respect of the Class B Shares,

and the stated capital account maintained in respect of the Class A Shares shall be an amount equal to the amount, if any, by which the aggregate paid-up capital (within the meaning of the ITA) of the Shares so exchanged immediately before such exchange exceeds the amount allocated to the stated capital of the Class B Shares as determined in accordance with the foregoing.

Upon the exchange contemplated by this Section 2.31(i), each holder of Shares so exchanged shall be deemed to cease to be the holder of the Shares so exchanged, shall cease to have any rights with respect to such Shares and shall be deemed to be the holder of the number of Class A Shares and Class B Shares issued to such holder. The name of each such registered holder shall be removed from the central securities register of the Company in respect of the Shares so exchanged and shall be added to the central securities register of the Company as the holder of the number of Class A Shares and Class B Shares so issued to such holder, and each such holder shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to exchange such shares as described in this Section 2.31(i);

(j) Forty minutes following the Effective Time, each Class B Share will be transferred to SpinCo (free and clear of any Liens) in consideration for the issuance by SpinCo of one SpinCo Share for each Class B Share transferred to it. SpinCo will not file a joint election under subsection 85(1) or subsection 85(2) of the ITA, or any relevant provincial legislation, with any holder of Class B Shares in respect of this share transfer. The stated capital account of the SpinCo Shares shall be an amount equal to the aggregate stated capital of the Class B Shares transferred to SpinCo pursuant to this Section 2.31(j). In connection with such transfer, each holder of Class B Shares so transferred shall be deemed to cease to be the holder of the Class B Shares so transferred and shall be deemed to be the holder of the number of SpinCo Shares issued to such holder in consideration for such transfer. The name of each such registered holder shall be removed from the central securities register of the Company in respect of the Class B Shares so transferred and shall be added to the central securities register of SpinCo as the registered holder of the number of the SpinCo Shares so issued to such holder, and SpinCo shall be and shall be deemed to be the transferee of the Class B Shares so transferred and the name of SpinCo shall be entered in the central securities register of the Company in respect of the Class B Shares so transferred to SpinCo;

(k) Forty-five minutes following the Effective Time, the SpinCo Contribution Agreement becomes effective. The Company retains the Specified Assets and sells, transfers and assigns to SpinCo, the SpinCo Assets in consideration for:

(i) The issuance by SpinCo to the Company of one SpinCo Preferred Share having a redemption amount equal to the sum of the Redemption Amounts of each issued and outstanding Class B Share (the "**SpinCo Redemption Amount**");

(ii) The issuance by SpinCo to the Company of: (x) such number of SpinCo Shares as is equal to the aggregate SpinCo Shares to be delivered in satisfaction of the SpinCo Change of Control Share Consideration as described in Section 2.3(r) of this Plan (the "**COC Shares**"); plus (y) such number of SpinCo Shares such that, immediately following such issuance, the Company holds nine decimal nine percent (9.9%) of the issued and outstanding SpinCo Shares; provided that, for the purposes of the calculation of this percentage, the Company shall be considered not to hold the COC Shares issued to the Company in (x) above (and such COC Shares shall therefore not be considered in the numerator in calculating such percentage) but such COC Shares shall be considered to be issued and outstanding SpinCo Shares (and such COC Shares shall therefore be considered in the denominator in calculating such percentage); and

(iii) The assumption by SpinCo of the SpinCo Liabilities;

in each case, all as is more specifically described in the SpinCo Contribution Agreement. In connection with such transfers, a joint election may be filed under subsection 85(1) of the ITA and under any relevant provincial legislation in accordance with the SpinCo Contribution Agreement;

(l) Fifty minutes following the Effective Time, each issued and outstanding Class A Share (other than those held by the Purchaser) shall be transferred to the Purchaser (free and clear of any Liens) in exchange for the Cash Consideration; and

(i) the holders of such Class A Shares immediately prior to such transfer shall cease to be the holders thereof and to have any rights as holders of such Class A Shares other than the right to be paid the Cash Consideration per Class A Share in accordance with this Plan of Arrangement;

(ii) the name of each such registered holders shall be removed from the central securities register of the Company with respect to such Class A Shares; and

(iii) the Purchaser shall, and shall be deemed to be, the transferee of such shares (free and clear of any Liens) and shall be entered in the central securities register of the Company as the holder thereof;

(m) Fifty-five minutes following the Effective Time, the Purchaser shall deliver to each Company Shareholder whose Shares were transferred to the Purchaser pursuant to Section 2.31(h), such number of SpinCo Shares as are deliverable to such Company Shareholder pursuant to Section 2.31(h);

(n) Sixty minutes following the Effective Time, each Class B Share shall be redeemed by the Company in consideration of the payment of the Redemption Amount, which shall be satisfied by the issuance by the Company to SpinCo of the Company Promissory Note. All notices, consents, releases, assignments, waivers (including a waiver of notice of redemption), statutory or otherwise, required to redeem the Class B Shares shall be deemed given by each of the Company and SpinCo, as applicable;

(o) Sixty-five minutes following the Effective Time, the SpinCo Preferred Share shall be redeemed by SpinCo in consideration of the payment of the SpinCo Redemption Amount, which shall be satisfied by the issuance by SpinCo to the Company of the SpinCo Promissory Note. All notices, consents, releases, assignments, waivers (including a waiver of notice of redemption), statutory or otherwise, required to redeem the SpinCo Preferred Share shall be deemed given by each of the Company and SpinCo, as applicable;

(p) Seventy minutes following the Effective Time, the Company Promissory Note and the SpinCo Promissory Note are, and are deemed to be, set-off against one another in full satisfaction and payment of the Company Promissory Note and the SpinCo Promissory Note;

(q) Seventy-five minutes following the Effective Time, the Special Multiple Voting Share held by SpinCo is redeemed by the Company for $1. SpinCo shall cease to be the holder thereof and to have any rights as holder of the Special Multiple Voting Share and its name shall be removed from the central securities register of the Company with respect to such Special Multiple Voting Share. All notices, consents, releases, assignments, waivers (including a waiver of notice of redemption), statutory or otherwise, required to redeem the Special Multiple Voting Share shall be deemed given by each of the Company and SpinCo, as applicable;

(r) Eighty minutes following the Effective Time, the Company shall deliver (i) 2,064,576 SpinCo Shares to Black Vulcan Resources LLC, (ii) 2,064,576 SpinCo Shares to Justin Cochrane (iii) 688,192 SpinCo Shares to Nonoc Ventures Inc. and (iv) 412,915 SpinCo Shares to Regent Advisors, LLC, in full satisfaction of the SpinCo Change of Control Share Consideration; and

(s) Eighty-five minutes following the Effective Time, the resignations referred to in Section 5.1 shall become effective;

provided that none of the foregoing shall occur unless all of the foregoing occur.

Section 2.4 Transfers Free and Clear

Any transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens or other claims of third parties of any kind.

Section 2.5 Adjustment to Consideration

Notwithstanding any restriction or any other matter in the Arrangement Agreement to the contrary, if, between the date of the Arrangement Agreement and the Effective Time, the Company sets a record date for any dividend or other distribution on the Shares that is prior to the Effective Time or pays any dividend or other distribution on the Shares prior to the Effective Time, then: (i) to the extent that three times the amount of such dividends or distributions per Share (the "**Adjustment Amount**") does not exceed the Cash Consideration, the Cash Consideration shall be reduced by the Adjustment Amount; and (ii) to the extent that the Adjustment Amount exceeds the Cash Consideration, the Purchaser shall make such adjustment to the Consideration as it determines, acting reasonably and in good faith, to be necessary achieve an effect economically equivalent to reducing the Consideration by an aggregate value equal to the Adjustment Amount.

ARTICLE 3
RIGHTS OF DISSENT

Section 3.1 Rights of Dissent for Company Shareholders

Registered holders of Shares may exercise rights of dissent with respect to Shares ("**Dissent Rights**") pursuant to and in the manner set forth in Division 2 of Part 8 of the BCA and this Section 3.1 in connection with the Arrangement, as modified by the Interim Order and the Final Order and this Section 3.1; provided that the written notice setting forth the objection to the Arrangement must be received by Company not later than 5:00 p.m. (Eastern time) two (2) Business Days immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time). Dissenting Shareholders who duly exercise Dissent Rights shall be deemed to have transferred the Shares held by them and in respect of which Dissent Rights have been validly exercised to the Purchaser free and clear of all Liens (other than the right to be paid fair value for such Shares as set out in this Section 3.1), as provided in Section 2.3(d), and if they:

(a) ultimately are entitled to be paid fair value for their Shares: (i) shall be deemed not to have participated in the transactions in Article 2 (other than Section 2.3(d)); (ii) will be entitled to be paid the fair value of such Shares by the Purchaser, which fair value, notwithstanding anything contrary contained in Section 245 of the BCA, shall be determined as of the close of business on the Business Day before the Arrangement Resolution was adopted; and (iii) will not be entitled to any other payment or consideration, including any SpinCo Share Consideration or Cash Consideration to which such holder would have been entitled under the Arrangement had such holder not exercised Dissent Rights in respect of such Shares; or

(b) ultimately are not entitled, for any reason, to be paid fair value for their Shares shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Shares.

Section 3.2 Recognition of Dissenting Holders

(a) In no circumstances shall the Purchaser, the Parent or the Company or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is the registered holder of those Shares in respect of which such rights are sought to be exercised.

(b) For greater certainty, in no case shall the Purchaser, the Parent or the Company or any other Person be required to recognize any Dissenting Shareholders as holders of Shares in respect of which Dissent Rights have been validly exercised after the completion of the step in Section 2.3(d), and the names of such Dissenting Shareholders shall be removed from the registers of holders of the Shares in respect of which Dissent Rights have been validly exercised at the same time as the step described in Section 2.3(d) occurs. In addition to any other restrictions under Division 2 of Part 8 of the BCA, none of the following shall be entitled to exercise Dissent Rights: (i) holders of any Incentive Securities; and (ii) Company Shareholders who vote or have instructed a proxyholder to vote such Shares in favour of the Arrangement Resolution (but only in respect of such Shares).

ARTICLE 4
CERTIFICATES AND PAYMENTS

Section 4.1 Share Certificates

(a) After the Effective Time, certificates formerly representing Shares shall represent only the right to receive the ultimate consideration which the former holder of such Shares is entitled to receive pursuant to Article 2 of this Plan of Arrangement, subject to compliance with the requirements set forth in this Article 4.

(b) No new share certificates shall be issued with respect to the Class A Shares issued in connection with the Arrangement.

(c) Recognizing that all of the Class B Shares issued to the Company Shareholders will subsequently be transferred to SpinCo in exchange for SpinCo Shares and will thereafter be redeemed (other than in each case those Class B Shares issued to the Parent), no share certificates shall be issued with respect to the Class B Shares issued and outstanding in connection with the Arrangement to any person other than the Parent.

(d) As soon as practicable after the Effective Time, SpinCo shall cause to be issued to the registered holders of SpinCo Shares on the Effective Date following the completion of the steps contemplated by Section 2.3 hereof, share certificates representing the number of the SpinCo Shares to which such holders are entitled following the Effective Date and shall cause such certificates to be delivered or mailed to such holder in accordance with the terms hereof.

Section 4.2 Payment of Consideration

(a) At or prior to the Effective Time, the Purchaser shall (i) deposit with the Depositary, for the benefit of Company Shareholders, cash in an amount sufficient for the purchase of all Shares or Class A Shares, as applicable pursuant to Section 2.31(h) and Section 2.31(l), and (ii) deliver or cause to be delivered to the Depositary in escrow certificates representing such number of SpinCo Shares sufficient to satisfy the aggregate SpinCo Share Consideration as provided in and in the amount specified in Section 2.31(h) and Section 2.31(m), which cash and certificates shall be held by the Depositary as agent and nominee for the Company Shareholders for distribution to the Company Shareholders in accordance with this Section 4.2.

(b) All amounts receivable by Company Shareholders pursuant to the Arrangement shall be without interest and any interest earned on funds held in trust by the Depositary for the benefit of such Persons shall be for the sole benefit of the Purchaser.

(c) The Company, the Parent, the Purchaser and the Depositary shall be entitled to deduct and withhold from any consideration otherwise payable to any Person pursuant to this Plan of Arrangement (including any former holder of Incentive Securities) such amounts as it is required to deduct or withhold or is required to deduct or withhold with respect to such payment under the ITA, or any applicable provision of federal, provincial, state, local or foreign tax Law and remit such deduction or withholding amount to the appropriate Governmental Entity. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes hereof as having been paid to the Company Shareholder (or holder of Incentive Securities) in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

Section 4.3 No Fractional SpinCo Shares and Rounding of Cash Consideration

(a) In no event shall any fractional SpinCo Shares be issued under this Plan of Arrangement. Where the aggregate number of SpinCo Shares to be issued to a Company Shareholder as consideration under this Plan of Arrangement would result in a fraction of a SpinCo Share being issuable, then the number of SpinCo Shares to be issued to such Company Shareholder shall, without any additional compensation, be rounded down to the nearest whole SpinCo Share.

(b) If the aggregate Cash Consideration which a Company Shareholder is entitled to receive pursuant to Section 2.31(h) and (l) would otherwise include a fraction of $0.01, then the aggregate cash amount which such Company Shareholder shall, without any additional compensation, be entitled to receive shall be rounded down to the nearest whole $0.01.

Section 4.4 Lost Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Shares that were transferred pursuant to Section 2.3 shall have been lost, stolen or destroyed, upon the making of an affidavit or statutory declaration of that fact by the Person claiming such certificate to be lost, stolen or destroyed and who was listed immediately prior to the Effective Time as the registered holder thereof on the securities registers maintained by or on behalf of the Company, the Depositary will issue in exchange for such lost, stolen or destroyed certificate the Consideration that such holder has the right to receive in accordance with Section 2.3 and such holder's Letter of Transmittal.

When authorizing such exchange for any lost, stolen, or destroyed certificate, the Person to whom such Consideration is to be shall, as a condition precedent to the delivery of such Consideration, give a bond satisfactory to the Parent, the Purchaser and the Depositary (each acting reasonably) in such sum as the Parent, the Purchaser and the Depositary may direct, or otherwise indemnify the Parent, the Purchaser and the Depositary in a manner satisfactory to the Parent, the Purchaser and the Depositary (each acting reasonably) against any claim that may be made against Parent, the Purchaser or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 4.5 Extinction of Rights

If any instrument or certificate which immediately prior to the Effective Time represented outstanding Company Shares that were transferred pursuant to Section 2.3 (or an affidavit of loss and bond or other indemnity pursuant to Section 4.4), together with such other documents or instruments that are required to be delivered by such former Company Shareholder in order to receive payment for its Company Shares, are not deposited on or prior to the sixth anniversary of the Effective Date, such instrument and certificate shall cease to represent a claim or interest of any kind or nature against the Company, the Purchaser or the Parent. On such date, the aggregate Consideration to which the former Company Shareholder referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered for no consideration to the Purchaser and shall be returned to the Purchaser (or any successor) by the Depositary.

Section 4.6 Calculations

All calculations and determinations made by the Parent, the Purchaser and the Company or the Depositary, as applicable, for the purposes of this Plan of Arrangement shall be conclusive, final and binding.

ARTICLE 5
RESIGNATIONS

Section 5.1 Resignations

At the effective time of the step in Section 2.3(s), all directors of the Company shall be deemed to have resigned from such positions and to have been replaced by the new directors specified by the Purchaser, but, for greater clarity, nothing in this Section 5.1 shall affect the status or role of any of them insofar as they are officers of such or any other entity.

ARTICLE 6
AMENDMENTS

Section 6.1 Amendments to Plan of Arrangement

(a) The Parent, the Purchaser and the Company may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be (i) set out in writing; (ii) approved by the Parent, the Purchaser and the Company in writing (in each case, acting reasonably); (iii) filed with the Court and, if made following the Meeting, approved by the Court; and (iv) communicated to Affected Securityholders in the manner required by the Court (if so required).

(b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Parent, the Purchaser or the Company at any time prior to the Meeting

(provided that the other Parties shall have consented thereto in writing) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Meeting shall be effective only if (i) it is consented to in writing by each of the Parent, the Purchaser and the Company (in each case, acting reasonably), and (ii) if required by the Court, it is consented to by Company Shareholders voting in the manner directed by the Court.

(d) Any amendment, modification or supplement to this Plan of Arrangement may be made at any time after receipt of the Final Order but prior to the Effective Time, provided that it concerns a matter which, in the reasonable opinion of the Purchaser, the Parent and the Company, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any Affected Securityholders, and such amendment, modification or supplement need not be filed with the Court or communicated to Affected Securityholders.

(e) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by the Parent or the Purchaser, provided that it concerns a matter which, in the reasonable opinion of the Parent or the Purchaser, as the case may be, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any Affected Securityholders, and such amendment, modification or supplement need not be filed with the Court or communicated to Affected Securityholders.

ARTICLE 7
MISCELLANEOUS

Section 7.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order further to document or evidence any of the transactions or events set out herein.

Section 7.2 Paramountcy

From and after the Effective Time:

(a) this Plan of Arrangement shall take precedence and priority over any and all rights related to any Incentive Securities issued and outstanding prior to the Effective Time;

(b) the rights and obligations of the holders of Shares, the holders of any Incentive Securities, the Depositary and any trustee and transfer agent therefor, shall be solely as provided for in this Plan of Arrangement; and

(c) all actions, causes of action, claims or proceedings (actual or contingent, and whether or not previously asserted) based on or in any away relating to Shares or any Incentive Securities shall be deemed to have been settled, compromised, released and determined without any liability except as set forth herein.

SCHEDULE A
TO PLAN OF ARRANGEMENT
CONDITIONS OF CLASS A SHARES, CLASS B SHARES AND SPECIAL MULTIPLE VOTING SHARES

PART 1:

SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO THE CLASS A SHARES

Voting.

The holders of the Class A Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company and shall have two votes for each Class A Share held at all meetings of the shareholders of the Company, except meetings at which only holders of another specified class or series of shares of the Company are entitled to vote separately as a class or series.

Dividends.

Subject to the prior rights of the holders of the Class B Shares and any other shares ranking in priority to the holders of the Class A Shares with respect to priority in the payment of dividends, the holders of the Class A Shares shall be entitled to receive and the Company shall pay thereon, as and when declared by the directors of the Company out of the monies of the Company properly available for the payment of dividends, dividends in such amount and in such form as the directors of the Company may from time to time determine and all dividends which the directors of the Company may declare on the Class A Shares shall be declared and paid in equal amounts per share on all Class A Shares at the time outstanding. No dividends shall be declared or paid on the Class A Shares if such payment will impair the ability of the Company to redeem any of the Class B Shares then outstanding.

Dissolution, Liquidation or Winding-up.

In the event of the dissolution, liquidation or winding-up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs or upon a reduction in capital, the holders of the Class A Shares shall, subject to the prior rights of the holders of the Class B Shares and the Special Multiple Voting Shares and any other shares ranking in priority to the Class A Shares in respect of priority in the distribution of assets upon the dissolution, liquidation or winding-up of the Company or any other distribution of the assets of the Company among its shareholders for the purpose of winding-up its affairs or upon a reduction in capital, be entitled to receive the remaining assets and property of the Company.

PART 2:

SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO THE CLASS B SHARES

Redemption Amount.

"Redemption Amount" means with respect to the Class B Shares, the amount determined by the directors at the time of issuance of such Class B Shares.

Voting.

Except as otherwise required by law, the holders of the Class B Shares shall not be entitled to receive notice of, to attend at, or to vote at meetings of shareholders of the Company.

Dividends.

The holders of the Class B Shares shall be entitled to receive in preference and priority to the holders of the Class A Shares, and the Company shall pay thereon, as and when declared by the directors of the Company out of the monies of the Company properly available for the payment of dividends, dividends in such amount and in such form as the directors of the Company may from time to time determine and all dividends which the directors of the Company may declare on the Class B Shares shall be declared and paid in equal amounts per share on all Class B Shares at the time outstanding. No dividends shall be declared or paid on the Class B Shares if such payment will impair the ability of the Company to redeem any of the Class B Shares then outstanding.

Dissolution, Liquidation or Winding-up.

In the event of the dissolution, liquidation or winding-up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs or upon a reduction of capital, the holders of the Class B Shares shall be entitled to receive the Redemption Amount per Class B Share before any assets of the Company shall be distributed to the holders of the Class A Shares or Special Multiple Voting Shares. After payment of the amount so payable to them, the holders of the Class B Shares shall not be entitled to share in any further distribution of the assets of the Company.

Redeemable by the Company.

(a) The Company may redeem at any time the whole or from time to time part of any Class B Shares then outstanding on payment of the Redemption Amount for each such share to be redeemed.

(b) If only part of the Class B Shares is at any time to be redeemed, the shares to be redeemed shall be selected by the directors in their absolute discretion and need not be redeemed pro rata.

(c) If only part of the shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the expense of the Company.

(d) Payment of the Redemption Amount (less any amount required to be withheld by the Company) for the Class B Shares to be redeemed shall be made by such method as determined by the directors of the Company, including by set-off with any amounts owing by the holder to the Company or by cheque payable to the holder thereof at par at any branch of the Company's bankers in Canada. Such set-off or cheque shall discharge all liability of the Company for the Redemption Amount, to the extent of the amount represented thereby, unless such cheque is not paid on due presentation.

(e) The Company shall have the right, at any time on or after the call for redemption of the Class B Shares to be redeemed, to deposit the Redemption Amount of such Class B Shares called for redemption, or of such of the Class B Shares which are represented by certificate(s) which have not at the date of such deposit been surrendered by the holders in connection with such redemption to a special account maintained by the Company with any chartered bank or any trust company in Toronto, Ontario designated by the Company (the "**Trustee**") to be paid without interest to or to the order of the respective holders of such Class B Shares called for redemption upon presentation and surrender to the Trustee of the certificate(s) representing such shares. Upon such deposit being made the Class B Shares in respect of which such deposit shall have been made shall be

deemed to be redeemed and shall be cancelled. The rights of the holders thereof after such deposit shall be limited to receiving without interest their proportionate part of the total amount so deposited against presentation and surrender to the Trustee of the certificate(s) representing the Class B Shares to be redeemed. Any interest allowed on any such deposit shall belong to the Company.

(f) Notwithstanding anything contained in this Part, the Company shall be under no obligation to redeem any Class B Shares to the extent that such redemption would, in the reasonable opinion of the directors, be in violation of the laws of the Province of British Columbia or any other applicable law.

(g) Any redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed (including monies held on deposit to a special account) for a period of one year from the date of redemption shall be forfeited to the Company.

Specified Amount

The "specified amount" for purposes of subsection 191(4) of the *Income Tax Act* (Canada) in respect of each Class B Share shall be the amount specified by a director or an officer of the Company in a certificate that is made effective concurrently with the issuance of the Class B Shares (expressed as a dollar amount).

Retractable by the Securities Holder.

(a) Any holder of Class B Shares may, at the holder's option, at any time, upon giving notice as provided in (b) below, require the Company to redeem at any time the whole or from time to time any part of the Class B Shares held by the holder by payment of the Redemption Amount for each share to be redeemed.

(b) If a holder of Class B Shares desires the Company to redeem any of the holder's Class B Shares, the holder shall, at least one day before the date specified for redemption (the "**Retraction Date**"), give to the Company, at its Registered Office written notice thereof (the "**Retraction Notice**").

(c) The Retraction Notice shall set out the Retraction Date and if only part of a class of Class B Shares held by such shareholder is to be redeemed, the number thereof so to be redeemed.

(d) On the Retraction Date, the Company shall pay or cause to be paid, to the order of the registered holder of the Class B Shares to be redeemed, the Redemption Amount for each such share, on presentation and surrender at the Registered Office of the Company of the certificate(s) for such shareholder's Class B Shares to be redeemed.

(e) Payment of the Redemption Amount (less any amount required to be withheld by the Company) for the Class B Shares to be redeemed shall be made by cheque payable to the holder thereof at par at any branch of the Company's bankers in Canada. Such cheque shall discharge all liability of the Company for the Redemption Amount, to the extent of the amount represented thereby, unless such cheque is not paid on due presentation. Such Class B Shares shall thereupon be deemed to be redeemed and shall be cancelled.

(f) If a part only of the shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the expense of the Company.

(g) If a holder of Class B Shares gives a Retraction Notice but fails to present the certificate(s) for such holder's Class B Shares to be redeemed on the Retraction Date, the Retraction Notice given by such holder shall be null and void and the Company shall have no obligation to make the redemption called for in the Retraction Notice. Notwithstanding the foregoing, the Company shall have the right to proceed with such redemption notwithstanding such failure. If the Company elects to proceed, the Company shall deposit the Redemption Amount for the Class B Shares to be redeemed in a special account maintained by the Company with any chartered bank or trust company in Toronto, Ontario (the "**Trustee**"), to be paid without interest to or to the order of the holder of such Class B Shares upon presentation and surrender to the Trustee of the certificate(s) representing such shares. Upon such deposit being made, the Class B Shares in respect of which such deposit shall have been made shall thereupon be deemed to be redeemed and shall be cancelled. The rights of the holder thereof after such deposit shall be limited to receiving without interest the amount so deposited upon presentation and surrender to the Trustee of the certificate(s) representing the Class B Shares to be redeemed. Any interest allowed on any such deposit shall belong to the Company.

(h) Notwithstanding anything contained in this Part, the Company shall be under no obligation to redeem any Class B Shares to the extent that such redemption would, in the reasonable opinion of the directors, be in violation of the laws of the Province of British Columbia or any other applicable law.

(i) Any redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed (including monies held on deposit to a special account) for a period of one year from the Retraction Date shall be forfeited to the Company.

PART 3:

SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO THE SPECIAL MULTIPLE VOTING SHARES

Redemption Amount.

"Redemption Amount" means, with respect to each Special Multiple Voting Share, $1.

Voting.

The holders of the Special Multiple Voting Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company and shall have one billion votes for each Special Multiple Voting Share held at all meetings of the shareholders of the Company, except meetings at which only holders of another specified class or series of shares of the Company are entitled to vote separately as a class or series.

Dividends.

No dividends shall be declared or paid on the Special Multiple Voting Shares.

Dissolution, Liquidation or Winding-up.

In the event of the dissolution, liquidation or winding-up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs or upon a reduction of capital, the holders of the Special Multiple Voting Shares shall, subject to the prior rights of the holders of Class B Shares, be entitled to receive the Redemption Amount per Special Multiple Voting Share before any assets of the Company shall be distributed to the holders of the Class A Shares. After payment of the amount so payable to them, the holders of the Special Multiple Voting Shares shall not be entitled to share in any further distribution of the assets of the Company.

Redeemable by the Company.

(a) The Company may redeem at any time the whole or from time to time part of any Special Multiple Voting Shares then outstanding on payment of the Redemption Amount for each such share to be redeemed.

(b) If only part of the Special Multiple Voting Shares is at any time to be redeemed, the shares to be redeemed shall be selected by the directors in their absolute discretion and need not be redeemed pro rata.

(c) If only part of the shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the expense of the Company.

(d) Payment of the Redemption Amount (less any amount required to be withheld by the Company) for the Special Multiple Voting Shares to be redeemed shall be made by such method as determined by the directors of the Company, including by set-off with any amounts owing by the holder to the Company or by cheque payable to the holder thereof at par at any branch of the Company's bankers in Canada. Such set-off or cheque shall discharge all liability of the Company for the Redemption Amount, to the extent of the amount represented thereby, unless such cheque is not paid on due presentation.

(e) The Company shall have the right, at any time on or after the call for redemption of the Special Multiple Voting Shares to be redeemed, to deposit the Redemption Amount of such Special Multiple Voting Shares called for redemption, or of such of the Special Multiple Voting Shares which are represented by certificate(s) which have not at the date of such deposit been surrendered by the holders in connection with such redemption to a special account maintained by the Company with any chartered bank or any trust company in Toronto, Ontario designated by the Company (the "**Trustee**") to be paid without interest to or to the order of the respective holders of such Special Multiple

Voting Shares called for redemption upon presentation and surrender to the Trustee of the certificate(s) representing such shares. Upon such deposit being made the Special Multiple Voting Shares in respect of which such deposit shall have been made shall be deemed to be redeemed and shall be cancelled. The rights of the holders thereof after such deposit shall be limited to receiving without interest their proportionate part of the total amount so deposited against presentation and surrender to the Trustee of the certificate(s) representing Special Multiple Voting Shares to be redeemed. Any interest allowed on any such deposit shall belong to the Company.

(f) Notwithstanding anything contained in this Part, the Company shall be under no obligation to redeem any Special Multiple Voting Shares to the extent that such redemption would, in the reasonable opinion of the directors, be in violation of the laws of the Province of British Columbia or any other applicable law.

(g) Any redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed (including monies held on deposit to a special account) for a period of one year from the date of redemption shall be forfeited to the Company.

Retractable by the Securities Holder.

(a) Any holder of Special Multiple Voting Shares may, at the holder's option, at any time, upon giving notice as provided in (b) below, require the Company to redeem at any time the whole or from time to time any part of the Special Multiple Voting Shares held by the holder by payment of the Redemption Amount for each share to be redeemed.

(b) If a holder of Special Multiple Voting Shares desires the Company to redeem any of the holder's Special Multiple Voting Shares, the holder shall, at least one day before the date specified for redemption (the "**Retraction Date**"), give to the Company, at its Registered Office written notice thereof (the "**Retraction Notice**").

(c) The Retraction Notice shall set out the Retraction Date and if only part of a class of Special Multiple Voting Shares held by such shareholder is to be redeemed, the number thereof so to be redeemed.

(d) On the Retraction Date, the Company shall pay or cause to be paid, to the order of the registered holder of the Special Multiple Voting Shares to be redeemed, the Redemption Amount for each such share, on presentation and surrender at the Registered Office of the Company of the certificate(s) for such shareholder's Special Multiple Voting Shares to be redeemed.

(e) Payment of the Redemption Amount (less any amount required to be withheld by the Company) for Special Multiple Voting Shares to be redeemed shall be made by cheque payable to the holder thereof at par at any branch of the Company's bankers in Canada. Such cheque shall discharge all liability of the Company for the Redemption Amount, to the extent of the amount represented thereby, unless such cheque is not paid on due presentation. Such Special Multiple Voting Shares shall thereupon be deemed to be redeemed and shall be cancelled.

(f) If a part only of the shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the expense of the Company.

(g) If a holder of Special Multiple Voting Shares gives a Retraction Notice but fails to present the certificate(s) for such holder's Special Multiple Voting Shares to be redeemed on the Retraction Date, the Retraction Notice given by such holder shall be null and void and the Company shall have no obligation to make the redemption called for in the Retraction Notice. Notwithstanding the foregoing, the Company shall have the right to proceed with such redemption notwithstanding such failure. If the Company elects to proceed, the Company shall deposit the Redemption Amount for the Special Multiple Voting Shares to be redeemed in a special account maintained by the Company with any chartered bank or trust company in Toronto, Ontario (the "**Trustee**"), to be paid without interest to or to the order of the holder of such Special Multiple Voting Shares upon presentation and surrender to the Trustee of the certificate(s) representing such shares. Upon such deposit being made, the Special Multiple Voting Shares in respect of which such deposit shall have been made shall thereupon be deemed to be redeemed and shall be cancelled. The rights of the holder thereof after such deposit shall be limited to receiving without interest the amount so deposited upon presentation and surrender to the Trustee of the certificate(s) representing Special Multiple Voting Shares to be redeemed. Any interest allowed on any such deposit shall belong to the Company.

(h) Notwithstanding anything contained in this Part, the Company shall be under no obligation to redeem any Special Multiple Voting Shares to the extent that such redemption would, in the reasonable opinion of the directors, be in violation of the laws of the Province of British Columbia or any other applicable law.

(i) Any redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed (including monies held on deposit to a special account) for a period of one year from the Retraction Date shall be forfeited to the Company.

SCHEDULE B
TO PLAN OF ARRANGEMENT
CONDITIONS OF SPINCO PREFERRED SHARES

SPECIAL RIGHTS AND RESTRICTIONS ATTACHED TO THE PREFERRED SHARES

Redemption Amount.

Redemption Amount means with respect to a Preferred Share, the amount determined by the directors at the time of issuance of such Preferred Share.

Voting.

Except as otherwise required by law, the holders of the Preferred Shares shall not be entitled to receive notice of, to attend at, or to vote at meetings of shareholders of the Company.

Dividends.

The holders of the Preferred Shares shall be entitled to receive and the Company shall pay thereon, as and when declared by the directors of the Company out of the monies of the Company properly available for the payment of dividends, dividends in such amount and in such form as the directors of the Company may from time to time determine and all dividends which the directors of the Company may declare on the Preferred Shares shall be declared and paid in equal amounts per share on all Preferred Shares at the time outstanding. No dividends shall be declared or paid on the Preferred Shares if such payment will impair the ability of the Company to redeem any of the Preferred Shares then outstanding.

Dissolution, Liquidation or Winding-up.

In the event of the dissolution, liquidation or winding-up of the Company or other distribution of assets of the Company among its shareholders for the purpose of winding-up its affairs or upon a reduction of capital, the holders of the Preferred Shares shall be entitled to receive the Redemption Amount per Preferred Share before any assets of the Company shall be distributed to the holders of the Common Shares. After payment of the amount so payable to them, the holders of the Preferred Shares shall not be entitled to share in any further distribution of the assets of the Company.

Redeemable by the Company.

(a) The Company may redeem at any time the whole or from time to time part of any Preferred Shares then outstanding on payment of the Redemption Amount for each such share to be redeemed.

(b) If only part of the Preferred Shares is at any time to be redeemed, the shares to be redeemed shall be selected by the directors in their absolute discretion and need not be redeemed pro rata.

(c) If a part only of the shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the expense of the Company.

(d) Payment of the Redemption Amount (less any amount required to be withheld by the Company) for the Preferred Shares to be redeemed shall be made by such method as determined by the directors of the Company, including by issuance of a promissory note

by the Company or by cheque payable to the holder thereof at par at any branch of the Company's bankers in Canada. Such promissory note or cheque shall discharge all liability of the Company for the Redemption Amount, to the extent of the amount represented thereby, unless such cheque is not paid on due presentation.

(e) The Company shall have the right, at any time on or after the date of the Redemption Notice, to deposit the Redemption Amount of the Preferred Shares called for redemption, or of such of the Preferred Shares which are represented by certificate(s) which have not at the date of such deposit been surrendered by the holders in connection with such redemption to a special account maintained by the Company with any chartered bank or any trust company in Toronto, Ontario designated by the Company (the "**Trustee**") to be paid without interest to or to the order of the respective holders of such Preferred Shares called for redemption upon presentation and surrender to the Trustee of the certificate(s) representing such shares. Upon such deposit being made the Preferred Shares in respect of which such deposit shall have been made shall be deemed to be redeemed and shall be cancelled. The rights of the holders thereof after such deposit shall be limited to receiving without interest their proportionate part of the total amount so deposited against presentation and surrender to the Trustee of the certificate(s) representing the Preferred Shares to be redeemed. Any interest allowed on any such deposit shall belong to the Company.

(f) Notwithstanding anything contained in this Part, the Company shall be under no obligation to redeem any Preferred Shares to the extent that such redemption would, in the reasonable opinion of the directors, be in violation of the Business Corporations Act (British Columbia) or any other applicable law.

(g) Any redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed (including monies held on deposit to a special account) for a period of one year from the Redemption Date shall be forfeited to the Company.

Retractable by the Securities Holder.

(a) Any holder of Preferred Shares may, at the holder's option, at any time, upon giving notice as provided in (b) below, require the Company to redeem at any time the whole or from time to time any part of the Preferred Shares held by the holder by payment of the Redemption Amount for each share to be redeemed.

(b) If a holder of Preferred Shares desires the Company to redeem any of the holder's Preferred Shares, the holder shall, at least 60 days before the date specified for redemption (the "**Retraction Date**"), give to the Company, at its Registered Office written notice thereof (the "**Retraction Notice**").

(c) The Retraction Notice shall set out the Retraction Date and if only part of a class of Preferred Shares held by such shareholder is to be redeemed, the number thereof so to be redeemed.

(d) On the Retraction Date, the Company shall pay or cause to be paid, to the order of the registered holder of the Preferred Shares to be redeemed, the Redemption Amount for each such share, on presentation and surrender at the Registered Office of the Company of the certificate(s) for such shareholder's Preferred Shares to be redeemed.

(e) Payment of the Redemption Amount (less any amount required to be withheld by the Company) for the Preferred Shares to be redeemed shall be made by cheque payable to the holder thereof at par at any branch of the Company's bankers in Canada. Such cheque shall discharge all liability of the Company for the Redemption Amount, to the extent of the amount represented thereby, unless such cheque is not paid on due presentation. Such Preferred Shares shall thereupon be deemed to be redeemed and shall be cancelled.

(f) If a part only of the shares represented by any certificate are redeemed, a new certificate for the balance shall be issued at the expense of the Company.

(g) If a holder of Preferred Shares gives a Retraction Notice but fails to present the certificate(s) for such holder's Preferred Shares to be redeemed on the Retraction Date, the Retraction Notice given by such holder shall be null and void and the Company shall have no obligation to make the redemption called for in the Retraction Notice. Notwithstanding the foregoing, the Company shall have the right to proceed with such redemption notwithstanding such failure. If the Company elects to proceed, the Company shall deposit the Redemption Amount for the Preferred Shares to be redeemed in a special account maintained by the Company with any chartered bank or trust company in Toronto, Ontario (the "**Trustee**"), to be paid without interest to or to the order of the holder of such Preferred Shares upon presentation and surrender to the Trustee of the certificate(s) representing such shares. Upon such deposit being made, the Preferred Shares in respect of which such deposit shall have been made shall thereupon be deemed to be redeemed and shall be cancelled. The rights of the holder thereof after such deposit shall be limited to receiving without interest the amount so deposited upon presentation and surrender to the Trustee of the certificate(s) representing the Preferred Shares to be redeemed. Any interest allowed on any such deposit shall belong to the Company.

(h) Notwithstanding anything contained in this Part, the Company shall be under no obligation to redeem any Preferred Shares to the extent that such redemption would, in the reasonable opinion of the directors, be in violation of the Business Corporations Act (British Columbia) or any other applicable law.

(i) Any redemption monies that are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remains unclaimed (including monies held on deposit to a special account) for a period of one year from the Retraction Date shall be forfeited to the Company.

Specified Amount.

The "specified amount" for purposes of subsection 191(4) of the *Income Tax Act* (Canada) in respect of each Preferred Share shall be the amount specified by a director or an officer of the Company in a certificate that is made effective concurrently with the issuance of the Preferred Shares (expressed in a dollar amount).

APPENDIX C
SCOTIA CAPITAL FAIRNESS OPINION

See attached.

Scotia Capital Inc.
Scotia Plaza
40 King Street West
Box 4085, Station "A"
Toronto, Ontario
Canada M5W 2X6

Scotia Capital

October 1, 2019

The Board of Directors
Cobalt 27 Capital Corp.
4 King St. W., Suite 401
Toronto, ON, Canada M5H 1B6

To the Board of Directors:

Scotia Capital Inc. ("Scotia Capital", "we", "us" or "our") understands that Cobalt 27 Capital Corp. ("Cobalt 27" or the "Company"), 1212771 B.C. Ltd. (the "Acquirer"), and Pala Investments Limited ("Pala") propose to enter into an amendment (the "Amendment") to their previously announced arrangement agreement dated June 17, 2019 (the "Arrangement Agreement") to be dated October 1, 2019 (as amended, the "New Arrangement Agreement") pursuant to which, among other things, the Acquirer will agree to acquire all of the outstanding common shares (the "Shares") of the Company, other than any Shares owned by Pala and its affiliates, in consideration for C$4.00 in cash, together with one common share of a newly listed company to be named Nickel 28 Capital Corp. ("Nickel 28") per Share (collectively, the "Consideration"). Nickel 28 will hold Cobalt 27's 8.56% joint venture interest in the Ramu nickel-cobalt mine, a portfolio of 11 royalties focused on nickel and cobalt, shares of Giga Metals Corporation, shares of Minerva Intelligence Inc., and will be capitalized with US$5.0 million in cash and no debt. We understand the acquisition is proposed to be effected by way of a statutory plan of arrangement (the "Arrangement") under the *Business Corporations Act* (British Columbia). The terms and conditions of the New Arrangement Agreement will be more fully described in a supplement to the Cobalt 27 management information circular dated August 13, 2019 (the "Supplement"), which will be made available under Cobalt 27's profile at www.sedar.com.

We have been retained to provide financial advice and assistance to the Company in evaluating the Arrangement, including providing our opinion (the "Opinion") to the board of directors of the Company (the "Board of Directors") as to the fairness, from a financial point of view, of the Consideration to be received pursuant to the Arrangement by the Shareholders other than Pala and its affiliates.

This Opinion has been prepared in accordance with the Disclosure Standards for Formal Valuations and Fairness Opinions of the Investment Industry Regulatory Organization of Canada ("IIROC") but IIROC has not been involved in the preparation or review of this Opinion.

Engagement of Scotia Capital

The Company initially contacted Scotia Capital regarding a potential advisory assignment on December 11, 2018 and our engagement was formalized by a letter agreement dated March 26, 2019 and amended on September 30, 2019 (the "Engagement Letter"). Under the terms of the Engagement Letter, the Company has agreed to pay Scotia Capital certain fees for providing our services as financial advisor, including a fee for rendering the Opinion. A portion of the fees that Scotia Capital will receive for its advisory services is contingent upon the completion of the Arrangement. In addition, the Company has agreed to reimburse Scotia Capital for our reasonable out-of-pocket expenses and to indemnify us in respect of certain liabilities that may arise out of our engagement.

Subject to the terms of the Engagement Letter, Scotia Capital consents to the inclusion of the Opinion in its entirety and a summary thereof in the Supplement and to the filing of the Opinion by the

Company, as necessary, with the applicable securities commissions, stock exchanges and other similar regulatory authorities in Canada.

Credentials of Scotia Capital

Scotia Capital represents the global corporate and investment banking and capital markets business of Scotiabank Group ("Scotiabank"), one of North America's premier financial institutions. In Canada, Scotia Capital is one of the country's largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. Scotia Capital has participated in a significant number of transactions involving private and public companies and has extensive experience in preparing fairness opinions.

The Opinion expressed herein represents the opinion of Scotia Capital. The form and content of the Opinion have been approved for release by a committee of directors and other professionals of Scotia Capital, each of whom is experienced in merger, acquisition, divestiture, fairness opinion and valuation matters.

Relationships of Scotia Capital

None of Scotia Capital or any of its affiliates is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario)) of the Company, the Acquirer, Pala or any of their respective associates or affiliates (collectively, the "Interested Parties"). None of Scotia Capital or any of its affiliates has been engaged to provide any financial advisory services, nor has Scotia Capital or any of its affiliates participated in any financing, involving the Interested Parties within the past two years, other than pursuant to the Engagement Letter and as described herein. In the past two years, Scotia Capital and affiliates of Scotia Capital have been engaged in the following capacities for the Interested Parties: (i) participating in equity offerings of the Company as joint bookrunner and co-manager and acted as a bookrunner on the Company's initial public offering; (ii) acting as agent on the Company's share buyback program; (iii) acting as lender to the Company as part of its corporate credit facilities; (iv) acting as financial advisor to the Company in connection with the acquisition of Highlands Pacific Limited ("Highlands"); (v) acting as financial advisor to the Company in connection with the acquisition of a lithium royalty on ore mined under Westgold Resources Limited's Reed Industrial Minerals Pty Ltd sub-lease agreement, where the transaction was subsequently terminated; (vi) providing foreign exchange hedging services to the Company; and (vii) participating in equity offerings for Nevada Copper Corp. (Pala was a significant shareholder of Nevada Copper Corp. and participated in the equity offerings). There are no understandings, agreements or commitments between Scotia Capital and the Interested Parties with respect to any future business dealings. Scotia Capital may, in the future, in the ordinary course of its business, perform financial advisory or investment banking services for the Interested Parties. In addition, the Bank of Nova Scotia ("BNS"), of which Scotia Capital is a wholly-owned subsidiary, or one or more affiliates of BNS, may provide banking or other financial services to one or more of the Interested Parties in the ordinary course of business.

Scotia Capital acts as a trader and dealer, both as principal and agent, in the financial markets in Canada, the United States and elsewhere and, as such, it and Scotiabank may have had and may have positions in the securities of the Interested Parties from time to time and may have executed or may execute transactions on behalf of such companies or clients for which it receives compensation. As an investment dealer, Scotia Capital conducts research on securities and may, in the ordinary course of business, provide research reports and investment advice to its clients on investment matters, including with respect to the Interested Parties, or with respect to the Arrangement.

Scope of Review

In preparing the Opinion, we have reviewed, considered and relied upon, among other things, the following:

1. the Arrangement Agreement and a draft of the Amendment dated October 1, 2019;

2. the form of voting support agreement (the "Support Agreement") dated June 17, 2019 between the Acquirer, and each of the directors of the Company and certain of the Company's senior management;

3. the debt financing commitment letter dated June 17, 2019 entered into by Pala to fund the cash portion of the Consideration under the Arrangement;

4. the audited annual financial statements of the Company and management's discussion and analysis related thereto for the fiscal years ended December 31, 2017 and 2018;

5. the unaudited interim financial statements of the Company and management's discussion and analysis related thereto for the quarters ended March 31, 2018, June 30, 2018, September 30, 2018, March 31, 2019, and June 30, 2019;

6. the notices of annual meeting of the Shareholders and the management information circulars of the Company for the meetings dated May 18, 2017 and August 14, 2018;

7. the notice of the annual general and special meeting of the Shareholders and the management information circular for the meeting dated August 13, 2019;

8. the annual information form of the Company for the fiscal year ended December 31, 2017;

9. certain internal management forecasts, projections, estimates and budgets prepared or provided by or on behalf of management of the Company;

10. certain internal financial, operating and corporate information or reports of the Company;

11. certain discussions with senior management and the Board of Directors of the Company relating to the business, operations, financial position and certain other financial and operating data of the Company;

12. certain discussions with the Company's legal counsel;

13. certain public information relating to the business, operations, financial performance and stock trading history of the Company and other selected public companies considered by us to be relevant;

14. certain public information with respect to other transactions of a comparable nature considered by us to be relevant;

15. certain historical commodity prices and the impact of various commodity pricing assumptions on the business, prospects and financial forecasts of the Company;

16. certain technical reports and publicly available information relating to the projects underlying the streams and royalty interests owned by the Company;

17. stream, royalty, and joint venture agreements for interests held by the Company;

18. physical metal holdings reports, inspection reports and title certificates;

19. certain reports published by equity research analysts and industry sources we considered relevant;

20. certain historical market prices and trading activity for the Shares;

21. the representations contained in a certificate addressed to Scotia Capital, dated as of the date hereof, from senior officers of the Company as to the completeness, accuracy and fair presentation of the information upon which the Opinion is based; and

22. such other corporate, industry and financial market information, investigations and analyses as Scotia Capital considered necessary or appropriate in the circumstances.

Scotia Capital has not, to the best of its knowledge, been denied access by the Company to any information requested by Scotia Capital.

Prior Valuations

Certain senior officers of the Company have represented to Scotia Capital that, to the best of their knowledge, there have been no prior valuations (as that term is defined in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*) or appraisals of the Company or any material property of the Company or any of its subsidiaries or affiliates, made in the preceding 24 months and in the possession or control or knowledge of the Company, which have not been provided to Scotia Capital.

Assumptions and Limitations

The Opinion is subject to the assumptions, qualifications and limitations set forth below.

With the Board of Directors' approval and as provided in the Engagement Letter, we have relied upon the completeness, accuracy and fair presentation of all information, data, advice, agreements and opinions, obtained by us from public sources, or that was provided to us, by the Company, and its associates and affiliates and advisors (collectively, the "Information"). The Opinion is conditional upon the completeness, accuracy and fair presentation of the Information. Subject to the exercise of our professional judgment and except as expressly described herein, we have not attempted to verify independently the completeness, accuracy or fair presentation of the Information.

We are not legal, regulatory, accounting or tax experts and have relied on the assessments made by the Company and its other professional advisors with respect to such matters. We have assumed the accuracy and fair presentation of, and relied upon the Company's audited financial statements and the reports of the auditors thereon and the Company's interim unaudited financial statements. We have assumed that forecasts, projections, estimates and budgets provided to us and used in our financial analysis supporting this Opinion, were reasonably prepared on bases reflecting the best currently available estimates and judgments of management of the Company as to the matters covered thereby.

Senior officers of the Company have represented to Scotia Capital in a certificate delivered as at the date hereof, among other things, that to the best of their knowledge (a) the Company has no information or knowledge of any facts public or otherwise not specifically provided to Scotia Capital relating to the Company or any of its subsidiaries which would reasonably be expected to affect materially the Opinion; (b) with the exception of forecasts, projections, estimates and budgets referred to in (d), below, the written Information provided to Scotia Capital by or on behalf of the Company in respect of the Company and its subsidiaries, in connection with the Arrangement is or, in the case of historical information or data, was, at the date of preparation, true and accurate in all material respects, and no additional material, data or information would be required to make the data provided to Scotia Capital by the Company not misleading in light of circumstances in which it was prepared; (c) to the extent that any of the Information identified in (b), above, is historical, there have been no changes in material facts or new material facts since the respective dates thereof which have not been disclosed to Scotia Capital or updated by more current Information that has been disclosed to Scotia Capital; and (d) any portions of the Information provided to Scotia Capital which constitute forecasts, projections, estimates and budgets were prepared using the assumptions identified therein, which, in the reasonable opinion of management of the Company, are (or were at the time of

preparation) reasonably prepared on bases reflecting the best currently available estimates and judgments of management of the Company as to the matters covered thereby.

In preparing the Opinion, Scotia Capital made several assumptions, including that the final executed version of the Amendment will be identical to the most recent draft thereof reviewed by us, and that the Arrangement will be consummated in accordance with the terms set forth in the New Arrangement Agreement without any waiver or amendment of any terms or conditions. In addition, we have assumed that the conditions precedent to the completion of the Arrangement can be satisfied in due course, all consents, permissions, exemptions or orders of relevant third parties or regulatory authorities will be obtained without adverse condition or qualification, and the procedures being followed to implement the Arrangement are valid and effective.

The Opinion is rendered on the basis of the securities markets and economic, financial and general business conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of the Company and its subsidiaries and affiliates, as they were reflected in the Information and as they have been represented to Scotia Capital in discussions with management of the Company and its representatives. In its analyses and in preparing the Opinion, Scotia Capital made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Scotia Capital or any party involved in the Arrangement.

The Opinion has been provided for the sole use and benefit of the Board of Directors in connection with, and for the purpose of, its consideration of the Arrangement and may not be used or relied upon by any other person. Our opinion was not intended to be, and does not constitute, a recommendation to the Board of Directors as to whether they should approve the Arrangement or to any Shareholder as to how such Shareholder should vote or act with respect to the Arrangement or its Shares. The Opinion does not address in any manner the prices at which the Company's securities will trade at any time. The Opinion does not address the relative merits of the Arrangement as compared to other transactions or business strategies that might be available to the Company or the Company's underlying business decision to effect the Arrangement. At your direction, we have not been asked to, nor do we, offer any opinion as to the material terms (other than the Consideration) of the New Arrangement Agreement or the Arrangement.

Except for the inclusion of the Opinion in its entirety and a summary thereof in a form acceptable as in the Supplement, the Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without our prior written consent. We have not been asked to prepare and have not prepared a formal valuation or appraisal of the securities or assets of the Company or any of its affiliates, and the Opinion should not be construed as such. The Opinion is given as of the date hereof, and Scotia Capital disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of Scotia Capital after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Opinion after the date hereof, Scotia Capital reserves the right to change, modify or withdraw the Opinion.

Approach to Fairness

In support of the Opinion, Scotia Capital has performed certain analyses on the Company based on the methodologies and assumptions that Scotia Capital considered appropriate in the circumstances for the purposes of providing its Opinion. Scotia Capital believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

Conclusion

Based upon and subject to the foregoing, Scotia Capital is of the opinion that, as of the date hereof, the Consideration to be received by the Shareholders pursuant to the Arrangement is fair from a financial point of view to the Shareholders other than Pala and its affiliates.

Yours very truly,

SCOTIA CAPITAL INC.

APPENDIX D
TD SECURITIES FAIRNESS OPINION

See attached.

TD Securities
TD Securities Inc.
66 Wellington Street West
TD Bank Tower, 7th Floor
Toronto, Ontario M5K 1A2

October 1, 2019

Special Committee of the Board of Directors
Cobalt 27 Capital Corp.
4 King Street West, Suite 401
Toronto, Ontario
M5H 1B6

To the Special Committee of the Board of Directors:

TD Securities Inc. ("TD Securities") understands that Cobalt 27 Capital Corp. ("Cobalt 27") is considering entering into an amendment (the "Amendment") to their arrangement agreement dated June 17, 2019 (as amended by the Amendment, the "Arrangement Agreement") with Pala Investments Limited ("Pala") and an indirect wholly-owned subsidiary of Pala, 1212771 B.C. Ltd. (the "Purchaser"), pursuant to which the Purchaser would acquire all of the issued and outstanding common shares of Cobalt 27 (the "Common Shares"), other than the approximately 19% of the outstanding Common Shares that Pala already owns, pursuant to an arrangement under the *Business Corporations Act* (British Columbia) (the "Arrangement"). Pursuant to the terms of the Arrangement Agreement, the holders of the Common Shares (the "Shareholders"), other than Pala (the "Non-Pala Shareholders") will receive C$4.00 in cash and one share of Nickel 28 Capital Corp. (the "SpinCo") (together, the "Consideration") per Common Share. Upon completion of the Arrangement, SpinCo and its wholly-owned subsidiaries will hold Cobalt 27's 8.56% joint venture interest in the Ramu nickel-cobalt mine, its royalty portfolio other than its cobalt stream on the Voisey's Bay mine, certain equity positions and US$5 million in cash. Upon completion of the Arrangement, the Purchaser will hold a 9.9% ownership interest in SpinCo, with the remaining ownership interest being held by certain recipients of change of control payments, certain financial advisors (other than TD Securities) and the Non-Pala Shareholders. The above description is summary in nature. The specific terms and conditions of the Arrangement are set out in the Arrangement Agreement and will be more fully described in Cobalt 27's supplement (the "Supplement") to the management information circular of Cobalt 27 dated August 13, 2019, which Supplement is to be made available to shareholders on SEDAR.

ENGAGEMENT OF TD SECURITIES

TD Securities was initially contacted by Cobalt 27 on May 9, 2019, and was formally engaged by the special committee of the Board of Directors of Cobalt 27 (the "Special Committee") pursuant to an engagement agreement effective May 15, 2019 and amended on October 1, 2019 (as amended, the "Engagement Agreement"). Pursuant to the Engagement Agreement, the Special Committee has asked TD Securities to prepare and deliver to the Special Committee an opinion (the "Opinion") regarding the fairness, from a financial point of view, of the Consideration to be received by the Non-Pala Shareholders pursuant to the Arrangement. TD Securities has not prepared a valuation of Cobalt 27, or any of its securities or assets, and the Opinion should not be construed as such. TD Securities initially delivered an opinion dated June 17, 2019 to the Special Committee in respect of the Arrangement prior to the Amendment (the "Original Opinion").

The terms of the Engagement Agreement provide that TD Securities will receive a fixed fee for its services in rendering the Opinion, which is payable on delivery of the Opinion (regardless of its conclusion), and provide that TD Securities will be reimbursed for its reasonable out-of-pocket expenses. Furthermore, Cobalt 27 has agreed to indemnify TD Securities, in certain circumstances, against certain expenses, losses

(other than loss of profits), claims (including shareholder actions, derivative and otherwise), actions, suits, proceedings, investigations, damages and liabilities which may arise directly or indirectly from services performed by TD Securities in connection with the Engagement Agreement. TD Securities also received a fixed fee pursuant to the Engagement Agreement in connection with the Original Opinion.

On October 1, 2019, at the request of the Special Committee, TD Securities orally delivered the Opinion to the Special Committee based upon and subject to the scope of review, assumptions and limitations and other matters described herein and contemplated by the Engagement Agreement. This Opinion provides the same opinion, in writing, as that given orally by TD Securities to the Special Committee on October 1, 2019. This Opinion supersedes and replaces the Original Opinion.

CREDENTIALS OF TD SECURITIES

TD Securities is one of Canada's largest investment banking firms with operations in a broad range of investment banking activities, including corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading, investment management and investment research. TD Securities also has significant international operations. TD Securities has been a financial advisor in a large number of transactions involving public and private companies and has extensive experience in preparing valuations and fairness opinions.

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

RELATIONSHIP WITH INTERESTED PARTIES

Neither TD Securities nor any of its affiliated entities is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Ontario) (the "Securities Act")) of Cobalt 27, Pala or any of their respective associates or affiliates (collectively, the "Interested Parties"). Neither TD Securities nor any of its affiliates is an advisor to any of the Interested Parties with respect to the Arrangement other than to Cobalt 27 pursuant to the Engagement Agreement.

TD Securities and its affiliates have not been engaged to provide any financial advisory services, have not acted as lead or co-lead manager on any offering of securities of Cobalt 27, Pala or any other Interested Party, and have not had a material financial interest in any transaction involving Cobalt 27, Pala or any other Interested Party during the 24 months preceding the date on which TD Securities was first contacted with respect to the engagement of TD Securities by Cobalt 27, other than services provided under the Engagement Agreement and as described herein. TD Securities has acted in the following capacities for Cobalt 27: (i) financial advisor in connection with Cobalt 27's US$4.5 million acquisition of royalties on the Flemington cobalt-scandium-nickel project and Nyngan scandium project in January 2019; (ii) financial advisor to Cobalt 27 in connection with its US$300 million acquisition of a cobalt stream on Vale S.A.'s Voisey's Bay mine and joint bookrunner on the C$300 million bought deal offering of common shares to fund the stream acquisition in June 2018; (iii) strategic advisor to the Board of Directors of Cobalt 27 on the announced US$113 million acquisition of a nickel-cobalt stream on Highlands Pacific Limited's interest in the Ramu nickel-cobalt mine announced in May 2018 and subsequently terminated; (iv) joint bookrunner on Cobalt 27's C$200 million private placement of equity in March 2018; (v) joint bookrunner on Cobalt 27's C$98 million equity offering in December 2017; and (vi) joint bookrunner on Cobalt 27's C$206 million initial public offering in June 2017. TD Securities acted as financial advisor to the Special Committee of the Board of Directors of Nevada Copper Corp. in connection with its US$115 million project financing and C$40 million equity offering in May 2019 (Pala was a significant shareholder of Nevada

Copper Corp. and participated in the financing). The Toronto-Dominion Bank ("TD Bank"), the parent company of TD Securities, directly or through one or more affiliates, may provide banking services and other financing services to entities related to Cobalt 27 and Pala in the normal course of business.

TD Securities and its affiliates act as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have and may in the future have positions in the securities of any Interested Party, and, from time to time, may have executed or may execute transactions on behalf of any Interested Party or other clients for which it may have received or may receive compensation. As an investment dealer, TD Securities conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including matters with respect to the Arrangement, Cobalt 27, Pala or any other Interested Party.

The fees paid to TD Securities in connection with the foregoing activities, together with the fees payable to TD Securities pursuant to the Engagement Agreement, are not financially material to TD Securities. No understandings or agreements exist between TD Securities and any Interested Party with respect to future financial advisory or investment banking business. TD Securities may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for Cobalt 27, Pala or any other Interested Party. TD Bank may continue to provide in the future, in the ordinary course of business, banking services including loans to Cobalt 27, Pala or any other Interested Party.

SCOPE OF REVIEW

In connection with the Opinion, TD Securities reviewed and relied upon (without attempting to verify independently the completeness or accuracy of) or carried out, among other things, the following:

1. Audited financial statements of Cobalt 27 and management's discussion and analysis related thereto for the fiscal years ended April 30, 2017, December 31, 2017 and December 31, 2018;

2. Quarterly interim reports of Cobalt 27 including the unaudited financial statements and management's discussion and analysis related thereto, for each of the three month periods ended March 31 and June 30, 2019;

3. Annual Information Forms of Cobalt 27 for the fiscal years ended April 30, 2017 and December 31, 2017;

4. Management Information Circular dated August 13, 2019 for the Annual and Special Meeting of Cobalt 27 shareholders;

5. Management Information Circular dated July 16, 2018 for the Annual Meeting of Cobalt 27 shareholders held on August 14, 2018;

6. National Instrument 43-101 Technical Report on the Ramu nickel-cobalt mine, located in the Madang Province – Papua New Guinea, dated July 19, 2019, prepared by Behre Dolbear Australia Pty Limited;

7. National Instrument 43-101 Technical Reports on the Dumont nickel-cobalt project, Launay and Trécesson Townships, Québec, Canada, dated July 25, 2013 and July 11, 2019, prepared by Ausenco Solutions Canada Inc.;

8. Cobalt 27 management's operating and financial forecasts for the Voisey's Bay mine, the Ramu nickel-cobalt mine, and the Dumont nickel-cobalt project;

9. Non-public documents relating to Cobalt 27 including operating plans, general and administrative expenses, corporate and asset specific information and other relevant information contained in an electronic data room;

10. Discussions with Cobalt 27's financial advisors with respect to any discussions with, and offers received from, third parties;

11. Arrangement Agreement dated June 17, 2019;

12. Draft of Amendment to Arrangement Agreement dated October 1, 2019;

13. Various research publications prepared by equity research analysts regarding Cobalt 27 and other selected public entities considered relevant;

14. Public information relating to the business, operations, financial performance and trading history of Cobalt 27 and other selected public entities considered relevant;

15. Public information with respect to other mining transactions of a comparable nature considered relevant;

16. Discussions with senior management of Cobalt 27 with respect to various risks related to production, Cobalt 27's long-term prospects and other issues and matters deemed relevant by TD Securities;

17. Representations contained in a certificate dated October 1, 2019, from senior officers of Cobalt 27 (the "Certificate");

18. Discussions with members of the Special Committee; and

19. Other financial, legal and operating information and materials assembled by Cobalt 27 management and such other corporate, industry, and financial market information, investigations and analyses as TD Securities considered necessary or appropriate in the circumstances.

TD Securities has not, to the best of its knowledge, been denied access by Cobalt 27 to any information requested by TD Securities. TD Securities did not meet with the auditors of Cobalt 27 and has assumed the accuracy, completeness and fair presentation of, and has relied upon, without independent verification, the financial statements of Cobalt 27 and any reports of the auditors thereon.

PRIOR VALUATIONS

Senior officers of Cobalt 27, on behalf of Cobalt 27 and not in their personal capacities, have represented to TD Securities that, among other things, to the best of their knowledge, information and belief after due inquiry, there have been no valuations or appraisals relating to Cobalt 27 or any affiliate or any of their respective material assets or liabilities made in the preceding 24 months and in the possession or control of Cobalt 27 other than those which have been provided to TD Securities or, in the case of valuations known to Cobalt 27 which it does not have within its possession or control, notice of which has not been given to TD Securities.

ASSUMPTIONS AND LIMITATIONS

With Cobalt 27's acknowledgement and agreement as provided for in the Engagement Agreement, TD Securities has relied upon the accuracy, completeness and fair presentation of all financial and other data and information filed by Cobalt 27 with securities regulatory or similar authorities (including on the System for Electronic Document Analysis and Retrieval ("SEDAR")), provided to it by or on behalf of Cobalt 27, its representatives or its affiliates, or otherwise obtained by TD Securities, including the Certificate identified above (collectively, the "Information"). The Opinion is conditional upon such accuracy, completeness and fair presentation and there being no misrepresentation (as defined in the Securities Act) of the Information. Subject to the exercise of professional judgment, and except as expressly described herein, TD Securities has not attempted to verify independently the accuracy, completeness or fair presentation of any of the Information.

With respect to the budgets, forecasts, projections or estimates provided to TD Securities and used in its analyses, TD Securities notes that projecting future results is inherently subject to uncertainty. TD Securities has assumed, however, that such budgets, forecasts, projections or estimates provided to TD Securities and used in its analyses were prepared using the assumptions identified therein or otherwise disclosed to TD Securities, which TD Securities has been advised by Cobalt 27, in the reasonable opinion of Cobalt 27, are (or were at the time of preparation and continue to be) reasonable in the circumstances. TD Securities expresses no independent view as to the reasonableness of such budgets, forecasts, projections and estimates or the assumptions on which they are based. TD Securities was not engaged to review and has not reviewed any of the legal, tax, regulatory or accounting aspects of the Arrangement. TD Securities has assumed that the Arrangement complies with all applicable laws and will not give rise to material adverse tax consequences for Cobalt 27.

Senior officers of Cobalt 27, on behalf of Cobalt 27 and not in their personal capacities, have represented to TD Securities in the Certificate dated October 1, 2019, to the best of their knowledge, information and belief after due inquiry with the intention that TD Securities may rely thereon in connection with the preparation of the Opinion: (i) that Cobalt 27 has no information or knowledge of any facts public or otherwise not specifically provided to TD Securities relating to Cobalt 27 which would reasonably be expected to affect materially the Opinion to be given by TD Securities; (ii) with the exception of forecasts, projections or estimates referred to in subparagraph (iv) below, the information, data and other material (collectively, the "Cobalt 27 Information") as filed under Cobalt 27's profile on SEDAR and/or provided to TD Securities by or on behalf of Cobalt 27 or its representatives in respect of Cobalt 27 and its affiliates in connection with the Arrangement is or, in the case of historical Cobalt 27 Information was, at the date of preparation, true, complete and accurate and did not and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary to make the Cobalt 27 Information not misleading in the light of circumstances in which it was presented; (iii) to the extent that any of the Cobalt 27 Information identified in subparagraph (ii) above is historical, there have been no changes in any material facts or new material facts since the respective dates thereof which have not been disclosed to TD Securities or updated by more current information not provided to TD Securities by Cobalt 27 and there has been no material change, financial or otherwise in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of Cobalt 27 and no material change has occurred in the Cobalt 27 Information or any part thereof which would have or which would reasonably be expected to have a material effect on the Opinion; (iv) any portions of the Cobalt 27 Information provided to TD Securities (or filed on SEDAR) which constitute forecasts, projections or estimates were prepared using the assumptions identified therein, which, in the reasonable opinion of Cobalt 27, are (or were at the time of preparation and continue to be) reasonable in the circumstances; (v) there have been no valuations or appraisals relating to Cobalt 27 or any affiliate or any of their respective material assets or liabilities made in the preceding 24 months and in the possession or control of Cobalt 27 other than those which have been provided to TD

Securities or, in the case of valuations known to Cobalt 27 which it does not have within its possession or control, notice of which has not been given to TD Securities; (vi) there have been no verbal or written offers or serious negotiations for or transactions involving any material property of Cobalt 27 or any of its affiliates during the preceding 24 months which have not been disclosed to TD Securities. For the purposes of paragraphs (v) and (vi), "material assets", "material liabilities" and "material property" shall include assets, liabilities and property of Cobalt 27 or its affiliates having a gross value greater than or equal to $5,000,000; (vii) since the dates on which the Cobalt 27 Information was provided to TD Securities (or filed on SEDAR), no material transaction has been entered into by Cobalt 27 or any of its affiliates; (viii) other than as disclosed in the Cobalt 27 Information, neither Cobalt 27 nor any of its affiliates has any material contingent liabilities and there are no actions, suits, claims, proceedings, investigations or inquiries pending or threatened against or affecting the Arrangement, Cobalt 27 or any of its affiliates at law or in equity or before or by any federal, national, provincial, state, municipal or other governmental department, commission, bureau, board, agency or instrumentality which may, in any way, materially adversely affect Cobalt 27 or its affiliates or the Arrangement; (ix) all financial material, documentation and other data concerning the Arrangement, Cobalt 27 and its affiliates, including any projections or forecasts provided to TD Securities, were prepared on a basis consistent in all material respects with the accounting policies applied in the most recent audited consolidated financial statements of Cobalt 27; (x) there are no agreements, undertakings, commitments or understanding (whether written or oral, formal or informal) relating to the Arrangement, except as have been disclosed in complete detail to TD Securities; (xi) the contents of any and all documents prepared in connection with the Arrangement for filing with regulatory authorities or delivery or communication to securityholders of Cobalt 27 (collectively, the "Disclosure Documents") have been, are and will be true, complete and correct in all material respects and have not and will not contain any misrepresentation (as defined in the Securities Act) and the Disclosure Documents have complied, comply and will comply with all requirements under applicable laws; (xii) Cobalt 27 has complied in all material respects with the Engagement Letter, including the terms and conditions of the Indemnity attached thereto; and (xiii) to the best of its knowledge, information and belief after due inquiry, there is no plan or proposal for any material change (as defined in the Securities Act) in the affairs of Cobalt 27 which have not been disclosed to TD Securities.

In preparing the Opinion, TD Securities has made a number of assumptions, including that all final or executed versions of agreements and documents will conform in all material respects to the drafts provided to TD Securities, that all conditions precedent to the consummation of the Arrangement can and will be satisfied, that all approvals, authorizations, consents, permissions, exemptions or orders of relevant regulatory authorities, courts of law, or third parties required in respect of or in connection with the Arrangement will be obtained in a timely manner, in each case without adverse condition, qualification, modification or waiver, that all steps or procedures being followed to implement the Arrangement are valid and effective and comply in all material respects with all applicable laws and regulatory requirements, that all required documents have been or will be distributed to Cobalt 27 shareholders in accordance with applicable laws and regulatory requirements, and that the disclosure in such documents is or will be complete and accurate in all material respects and such disclosure complies or will comply in all material respects with the requirements of all applicable laws and regulatory requirements. In its analysis in connection with the preparation of the Opinion, TD Securities made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of TD Securities or Cobalt 27. Among other things, TD Securities has assumed the accuracy, completeness and fair presentation of and has relied upon the financial statements forming part of the Information. The Opinion is conditional on all such assumptions being correct.

The Opinion has been provided for the exclusive use of the Special Committee in connection with the Arrangement and is not intended to be, and does not constitute, a recommendation to the Special Committee. The Opinion may not be used or relied upon by any other person or for any other purpose

without the express prior written consent of TD Securities. The Opinion does not address the relative merits of the Arrangement as compared to other transactions or business strategies that might be available to Cobalt 27, nor does it address the underlying business decision to implement the Arrangement or any other term or aspect of the Arrangement or the Arrangement Agreement or any other agreements entered into or amended in connection with the Arrangement. TD Securities' conclusion as to the fairness, from a financial point of view, of the Consideration to be received by the Non-Pala Shareholders pursuant to the Arrangement is based on its review of the Arrangement taken as a whole, rather than any particular element. TD Securities expresses no opinion with respect to future trading prices of securities of Cobalt 27 or SpinCo or as to the future value of the respective assets of Cobalt 27 or SpinCo. The Fairness Opinion does not constitute a recommendation to acquire or dispose of securities of any Interested Party. The Opinion is rendered as of October 1, 2019, on the basis of securities markets, economic and general business and financial conditions prevailing on that date and the condition and prospects, financial and otherwise, of Cobalt 27 as they were reflected in the Information provided to TD Securities. Any changes therein may affect the Opinion and, although TD Securities reserves the right to change, withdraw or supplement the Opinion in such event, it disclaims any undertaking or obligation to advise any person of any such change that may come to its attention, or to change, withdraw or supplement the Opinion after such date. TD Securities is not an expert on, and did not provide advice to Cobalt 27 regarding, legal, accounting, regulatory or tax matters. The Opinion may not be summarized, published, reproduced, disseminated, quoted from or referred to without the express written consent of TD Securities.

The preparation of a fairness opinion, such as the Opinion, is a complex process and is not necessarily amenable to partial analysis or summary description. TD Securities believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create an incomplete or misleading view of the process underlying the Opinion. Accordingly, the Opinion should be read in its entirety.

OVERVIEW OF COBALT 27

Cobalt 27 is a Canadian streaming and royalty company focused on offering exposure to metals considered integral to key technologies of the electric vehicle and energy storage markets, specifically nickel and cobalt. Cobalt 27's portfolio consists of: (i) 2,905 metric tonnes of physical cobalt, (ii) a 32.6% cobalt stream commencing on January 1, 2021 on Vale S.A.'s Voisey's Bay mine located in Canada ("Voisey's Bay Stream"), (iii) an 8.56% joint venture interest in the Ramu nickel-cobalt mine located in Papua New Guinea ("Ramu Joint Venture Interest"), (iv) a 1.75% royalty on RNC Mineral Corp's Dumont nickel-cobalt project located in Canada ("Dumont Royalty"), (v) a portfolio of ten royalties on earlier stage projects, and (vi) certain equity positions. Cobalt 27's Common Shares are listed on the TSX Venture Exchange ("TSXV") under the symbol "KBLT".

APPROACH TO FAIRNESS

In considering the fairness, from a financial point of view, of the Consideration to be received by the Non-Pala Shareholders pursuant to the Arrangement, TD Securities primarily considered a sum-of-the-parts net asset value ("SOTP NAV") based on:

i. a comparison of the value of the Consideration to the value of the Common Shares; and

ii. a comparison of the value of the assets to be acquired by the Purchaser to the cash to be paid by the Purchaser and Pala's foregone ownership in SpinCo.

TD Securities' primary focus was on the assets to be acquired by the Purchaser (the Voisey's Bay Stream and the physical cobalt) given that the Non-Pala Shareholders will continue to own a similar portion of the remaining assets (to be included in SpinCo) after the completion of the Arrangement as they owned prior to the completion of the Arrangement.

SOTP NAV Analysis – Precedent Transactions Approach

As a primary approach, TD Securities used a SOTP NAV analysis to derive an implied transaction value range. For purposes of the SOTP NAV analysis, an individual discounted cash flow ("DCF") was completed for each of the Voisey's Bay Stream, the Dumont Royalty and the Ramu Joint Venture Interest using discount rates of 8.5% for the Voisey's Bay Stream, 10% for the Dumont Royalty and 12% for the Ramu Joint Venture Interest, all of which are in real terms. Each DCF analysis was prepared by calculating the estimated present value (as at October 31, 2019) of the unlevered, after-tax free cash flows the asset was forecasted to generate between November 1, 2019 and the end of the asset life. TD Securities believes that its selection of discount rates, factoring in among other things development and geopolitical risk, is in line with discount rates used by financial and industry participants in evaluating assets of this nature. In selecting the commodity price forecast ("Selected Commodity Price Forecast"), TD Securities considered equity research analyst estimates and industry specialist research estimates for future commodity prices. The Selected Commodity Price Forecast is forecasted in real terms.

Selected Commodity Price Forecast	Remainder of 2019[1]	2020	2021	2022	2023+
Cobalt (US$/lb)	$18.00	$20.00	$25.00	$25.00	$25.00
Nickel (US$/lb)	$7.80	$6.00	$7.00	$7.00	$7.50

A range of price to net asset value multiples were thereafter applied to the asset net present values based on precedent transactions multiples. Finally, adjustments were made for assets and liabilities not reflected in the DCF including: (i) value of the physical cobalt at spot prices as of September 27, 2019 of US$18.25 / lb Co (Alloy Grade as per Metals Bulletin) and US$17.85 / lb Co (Standard Grade as per Metals Bulletin); (ii) value of Cobalt 27's other royalties at their acquisition costs; (iii) Cobalt 27's estimated balance sheet as at October 31, 2019; (iv) the present value of projected corporate general and administrative expenses; and (v) value of synergies relating to general and administrative expenses.

TD Securities relied on the following key operating assumptions: (i) Voisey's Bay mine and Ramu nickel-cobalt mine production profiles based on mine plans provided by management of Cobalt 27, and (ii) Dumont nickel-cobalt project's production profile based on the latest feasibility study dated July 11, 2019.

In determining the implied transaction value range of Cobalt 27, TD Securities estimated the value of the synergies based on management's view of the amount of general and administrative expense a strategic acquiror would need to operate Cobalt 27 on an annual basis for the life of the assets. TD Securities determined the net present value of the estimated savings and applied a 50% synergy sharing.

TD Securities reviewed selected precedent transactions that TD Securities considered relevant for its analysis of the Voisey's Bay Stream. For each precedent transaction, TD Securities analyzed the multiple of price to net asset value based on the average of equity research analyst estimates of the net asset value at the date of each precedent transaction available to TD Securities. TD Securities analyzed these multiples for select transactions greater than US$10 million that were non-precious metal royalty and stream transactions.

[1] November 1, 2019 to December 31, 2019

Announcement Date	Purchaser	Underlying Asset (Seller)	% Royalty / % Streamed
29-Aug-19	Orion Mine Finance	Araguaia ferro-nickel project (Horizonte Minerals Plc)	2.25% Royalty
11-Jun-18	Cobalt 27	Voisey's Bay mine (Vale S.A.)	Variable % Stream
22-Mar-18	Altius Minerals Corporation	Potash Royalty Limited Partnership (Liberty Metals & Mining Holdings, LLC)	Various Royalties
22-Feb-18	Cobalt 27	Dumont nickel-cobalt project (Undisclosed Seller)	1.75% Net Smelter Return
31-Mar-16	Altius Minerals Corporation	Chapada copper-gold mine (Yamana Gold Inc.)	Variable % Stream
27-Oct-15	Sandstorm Gold Ltd.	Chapada copper-gold mine (Yamana Gold Inc.)	Variable % Stream
23-Mar-15	Sandstorm Gold Ltd.	Diavik diamond mine (IAMGOLD Corporation)	1% Gross Proceeds Royalty
9-Apr-14	Orion Co-Investments I Limited and Caisse de dépôt et placement du Québec	Renard diamond project (Stornoway Diamond Corporation)	20% Stream
8-Aug-13	Royal Gold, Inc.	El Morro copper-gold project (Xstrata Copper Chile S.A.)	70% Interest in 2% Net Smelter Return

Based on these precedent transactions, TD Securities selected a transaction price to net asset value multiple range of 0.8x to 1.0x for the Voisey's Bay Stream.

No transaction utilized in the precedent transactions analysis is identical to the acquisition of the Voisey's Bay Stream under the Arrangement. Accordingly, an analysis of the results of the foregoing necessarily involves complex considerations and judgements concerning the differences between the Voisey's Bay Stream and the assets within the transactions to which it is being compared as well as other factors that could affect transaction values.

SOTP NAV Analysis – Comparable Companies Trading Approach

As a secondary approach, TD Securities also considered a SOTP NAV analysis to derive an implied trading value range, which involved an analysis identical to the approach described above, except that multiples were applied based on trading of peers rather than precedent transactions, no value was attributed to synergies, and trading values were reflected (i.e., no premium and no synergies).

TD Securities reviewed selected peer companies that TD Securities considered relevant for its analysis of the Voisey's Bay Stream. For each comparable company, TD Securities analyzed the multiple of price to net asset value based on the average of equity research analyst estimates of the net asset value of each comparable company as at September 27, 2019 available to TD Securities. TD Securities analyzed these multiples for select non-precious metal royalty and streaming companies.

Labrador Iron Ore Royalty Corporation
Anglo Pacific Group Plc
Altius Minerals Corporation

Based on these comparable companies, TD Securities selected a price to net asset value range of 0.7x to 0.9x for the Voisey's Bay Stream.

No company utilized in the comparable companies trading analysis has assets identical to the Voisey's Bay Stream. Accordingly, an analysis of the results of the foregoing necessarily involves complex considerations and judgements concerning the differences between the Voisey's Bay Stream and the assets within the companies to which they are being compared as well as other factors that could affect trading values.

Value of the Consideration

In assessing the value of the Consideration, TD Securities added the cash portion of the consideration to the portion of the value of SpinCo attributable to Non-Pala Shareholders. TD Securities determined the implied value of SpinCo by applying the same methodology used to value the SpinCo assets within Cobalt 27 in the "SOTP NAV Analysis – Comparable Companies Trading Approach" section above.

Other Factors Considered

Although not forming part of TD Securities' financial analysis, TD Securities also considered a number of other factors in rendering at the Opinion, including the following:

i. the historical trading prices of the Common Shares on the TSXV during the 52-week period ended June 17, 2019;

ii. forward price targets for the Common Shares, as at June 17, 2019, as reflected in equity research analyst reports available to TD Securities;

iii. the premiums implied by the Consideration relative to the closing price of Cobalt 27 on the TSXV as at June 17, 2019 and September 27, 2019; and

iv. the outcome of the process undertaken by Cobalt 27 and Scotia Capital commencing in March 2019, during which various parties were contacted with regards to seeking out strategic alternatives for Cobalt 27, and the withdrawn third party acquisition proposal publicly disclosed on September 3, 2019.

CONCLUSION

Based upon and subject to the foregoing and such other matters that TD Securities considered relevant, TD Securities is of the opinion that, as of October 1, 2019, the Consideration to be received by the Non-Pala Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Non-Pala Shareholders.

Yours very truly,

(signed) *"TD Securities Inc."*

TD SECURITIES INC.

QUESTIONS? NEED HELP VOTING?

CONTACT US

North American Toll Free Phone:

1.888.518.6554

E-mail: contactus@kingsdaleadvisors.com
Fax: 416.867.2271
Toll-Free Fax: 1.866.545.5580
Outside North America, Banks and Brokers
Call Collect: 416.867.2272

KINGSDALE
Advisors