

KENADYR METALS CORP.

AND

KARUS GOLD CORP.

ARRANGEMENT AGREEMENT

DATED December 29, 2022

TABLE OF CONTENTS

	Page
ARTICLE 1 INTERPRETATION	1
1.1 Definitions	1
1.2 Interpretation Not Affected by Headings.....	11
1.3 Number and Gender.....	11
1.4 Date for Any Action.....	11
1.5 Currency.....	12
1.6 Accounting Matters.....	12
1.7 Knowledge.....	12
1.8 Schedules	12
ARTICLE 2 THE ARRANGEMENT	12
2.1 Arrangement	12
2.2 Interim Order.....	12
2.3 U.S. Securities Law Matters	13
2.4 Karus Meeting.....	15
2.5 Karus Circular.....	15
2.6 Kenadyr Meeting	16
2.7 Kenadyr Disclosure Document.....	17
2.8 Preparation of Filings.....	18
2.9 Final Order.....	18
2.10 Court Proceedings.....	18
2.11 Effect of the Arrangement	19
2.12 Payment of Consideration.....	19
2.13 Announcement and Shareholder Communications.....	19
2.14 Withholding Taxes.....	19
2.15 Tax Matters	20
ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF KARUS	20
3.1 Representations and Warranties.....	20
3.2 Survival of Representations and Warranties	30
ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF KENADYR	30
4.1 Representations and Warranties.....	30
4.2 Survival of Representations and Warranties	41
ARTICLE 5 FINANCINGS	41
5.1 Kenadyr Financing.....	41
5.2 Kenadyr Flow-Through Financing	41
5.3 Minimum-Maximum Financing.....	41
ARTICLE 6 ESCROW	41
6.1 Escrow	41
ARTICLE 7 COVENANTS	42
7.1 Covenants of Karus Regarding the Conduct of Business	42
7.2 Covenants of Karus Relating to the Arrangement	44
7.3 Covenants of Kenadyr Regarding the Conduct of Business	45
7.4 Covenants of Kenadyr Relating to the Arrangement	46
7.5 Additional Covenants.....	48

ARTICLE 8	CONDITIONS	49
8.1	Mutual Conditions Precedent.....	49
8.2	Additional Conditions Precedent to the Obligations of Kenadyr.....	50
8.3	Additional Conditions Precedent to the Obligations of Karus.....	51
8.4	Satisfaction of Conditions.....	52
ARTICLE 9	ADDITIONAL AGREEMENTS	52
9.1	Notice and Cure Provisions	52
9.2	Expenses	52
9.3	Access to Information; Confidentiality.....	53
ARTICLE 10	TERM, TERMINATION, AMENDMENT AND	
WAIVER	53	
10.1	Term.....	53
10.2	Termination.....	53
10.3	Amendment.....	55
10.4	Waiver.....	55
ARTICLE 11	GENERAL PROVISIONS	55
11.1	Privacy	55
11.2	Notices	56
11.3	Governing Law	57
11.4	Injunctive Relief.....	57
11.5	Time of Essence.....	57
11.6	Entire Agreement, Binding Effect and Assignment.....	57
11.7	Severability	58
11.8	No Third-Party Beneficiaries	58
11.9	Rules of Construction	58
11.10	Counterparts, Execution.....	58
SCHEDULE A	PLAN OF ARRANGEMENT.....	A-1
SCHEDULE B	ARRANGEMENT RESOLUTION	B-1
SCHEDULE C	KEY REGULATORY APPROVALS	C-1
SCHEDULE D	KEY THIRD PARTY CONSENTS.....	D-1

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT dated December 29, 2022

BETWEEN:

KENADYR METALS CORP., a corporation existing under the Laws of the Province of British Columbia

(“**Kenadyr**”)

AND:

KARUS GOLD CORP., a corporation existing under the Laws of the Province of British Columbia

(“**Karus**”)

RECITALS:

- A. Kenadyr desires to acquire all of the issued and outstanding Karus Shares (as hereinafter defined).
- B. The Parties (as hereinafter defined) have determined that the transactions contemplated by this Agreement will be effected by means of a Plan of Arrangement under the BCBCA (as hereinafter defined) and Karus has agreed to submit the Plan of Arrangement for approval by the Karus Shareholders (as hereinafter defined) and the Supreme Court of British Columbia.
- C. The Karus Board (as hereinafter defined) has determined that the Arrangement is advisable and in the best interests of Karus and the Karus Board has resolved to recommend that the Karus Shareholders vote in favour of the Arrangement, all subject to the terms and the conditions contained in this Agreement.
- D. Kenadyr has entered into the Kenadyr Voting Agreements (as hereinafter defined) with the Karus Locked-Up Shareholders (as hereinafter defined), pursuant to which, among other things, such Karus Shareholders have agreed, subject to the terms and conditions thereof, to vote the Karus Shares held by them in favour of the Arrangement.

THIS AGREEMENT WITNESSES THAT in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires:

- (a) “**affiliate**” has the meaning ascribed thereto in the *Securities Act*;
- (b) “**Agreement**” means this arrangement agreement, including all schedules annexed hereto, together with the Karus Disclosure Letter and the Kenadyr Disclosure Letter, as

the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms hereof;

- (c) “**Applicable Anti-Corruption Laws**” has the meaning ascribed thereto in Section 3.1(gg)(i);
- (d) “**Arrangement**” means the arrangement under Section 288 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 10.3 hereof or the Plan of Arrangement or made at the direction of the Court in the Final Order (provided that any such amendment or variation is acceptable to both Karus and Kenadyr, each acting reasonably);
- (e) “**Arrangement Resolution**” means the special resolution of the Karus Shareholders approving the Plan of Arrangement which is to be considered at the Karus Meeting and shall be substantially in the form and content of Schedule “B” hereto;
- (f) “**Authorization**” means any authorization, order, permit, approval, grant, licence, registration, consent, right, notification, condition, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decision, decree, bylaw, rule or regulation, whether or not having the force of Law, and includes any Environmental Permit;
- (g) “**BCBCA**” means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;
- (h) “**BCSC**” means the British Columbia Securities Commission, and includes any successor thereto;
- (i) “**Borubai Project**” means Kenadyr’s mineral exploration project located in the Chuy Region, Kyrgyz Republic;
- (j) “**business day**” means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Vancouver, British Columbia;
- (k) “**Confidentiality Agreement**” means the confidentiality agreement between Kenadyr and Karus, dated September 20, 2022, as amended or supplemented from time to time;
- (l) “**Consideration**” means the consideration to be received by the Karus Shareholders pursuant to the Plan of Arrangement as consideration for their Karus Shares, consisting of 0.43 Kenadyr Shares per Karus Share (as such Kenadyr Shares are constituted following completion of the Kenadyr Consolidation);
- (m) “**Consideration Shares**” means the Kenadyr Shares to be issued as the Consideration pursuant to the Arrangement;
- (n) “**Contract**” means any contract, agreement, license, franchise, lease, arrangement, commitment, understanding, joint venture, partnership or other right or obligation (whether written or oral) to which a Party or any of its subsidiaries is a party or by which it or any of its subsidiaries is bound or affected or to which any of their respective properties or assets is subject;

- (o) “**Court**” means the Supreme Court of British Columbia;
- (p) “**Depository**” means Odyssey Trust Company, or any trust company, bank or other financial institution agreed to in writing by Karus and Kenadyr for the purpose of, among other things, exchanging certificates representing Karus Shares for the Consideration in connection with the Arrangement;
- (q) “**Dissent Rights**” means the rights of dissent exercisable by the Karus Shareholders in respect of the Arrangement described in Article 4 of the Plan of Arrangement;
- (r) “**Effective Date**” has the meaning ascribed thereto in Section 2.11(a);
- (s) “**Effective Time**” means the time on the Effective Date that the Arrangement will be deemed to have been completed, which shall be 12:01 am (Vancouver time) on the Effective Date or such other time as agreed to by Kenadyr and Karus in writing;
- (t) “**Eligible Holder**” has the meaning set forth in the Plan of Arrangement;
- (u) “**Environmental Laws**” means all Laws, including the laws of Canada and the Kyrgyz Republic, as applicable, imposing obligations, responsibilities, liabilities or standards of conduct for or relating to: (a) the regulation or control of pollution, contamination, activities, materials, substances or wastes in connection with or for the protection of human health or safety, the environment or natural resources (including climate, air, surface water, groundwater, wetlands, land surface, subsurface strata, wildlife, aquatic species and vegetation); or (b) the use, generation, disposal, treatment, processing, recycling, handling, transport, distribution, destruction, transfer, import, export or sale of Hazardous Substances;
- (v) “**Environmental Liabilities**” means, with respect to any Person, all liabilities, obligations, responsibilities, responses, losses, damages, punitive damages, property damages, consequential damages, treble damages, costs (including control, remedial and removal costs, investigation costs, capital costs, operation and maintenance costs), expenses, fines, penalties and sanctions incurred as a result of or related to any claim, suit, action, administrative or court order, investigation, proceeding or demand by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law, relating to any environmental matter, arising under or related to any Environmental Laws, Environmental Permits, or in connection with any: (a) Release or threatened Release or presence of a Hazardous Substance whether on, at, in, under, from or about or in the vicinity of any real or personal property; (b) tank, drum, pipe or other container that contains or contained a Hazardous Substance; or (c) use, generation, disposal, treatment, processing, recycling, handling, transport, transfer, import, export or sale of Hazardous Substance;
- (w) “**Environmental Permits**” means all Permits or program participation requirements, sign-offs or registrations required by or available with or from any Governmental Entity under any Environmental Laws;
- (x) “**Escrow Agent**” will have the meaning ascribed thereto in the Subscription Receipt Agreement, in the event the Subscription Receipt Agreement is entered into by the relevant parties;

- (y) “**Escrow Release Conditions**” will have the meaning ascribed thereto in the Subscription Receipt Agreement, in the event the Subscription Receipt Agreement is entered into by the relevant parties;
- (z) “**Escrow Release Notice**” will have the meaning ascribed thereto in the Subscription Receipt Agreement, in the event the Subscription Receipt Agreement is entered into by the relevant parties;
- (aa) “**FG Gold Project**” means Karus’ gold exploration project located 100 km east of Williams Lake, British Columbia, Canada;
- (bb) “**Final Order**” means the final order of the Court pursuant to Section 291 of the BCBCA, after being informed of the intention to rely upon the Section 3(a)(10) Exemption with respect to the Consideration Shares to be received by Karus Shareholders that are U.S. Holders, in a form acceptable to Karus and Kenadyr, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both Karus and Kenadyr, 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 Karus and Kenadyr, each acting reasonably) on appeal;
- (cc) “**Gold Creek Project**” means Karus’ gold exploration project located near the town of Likely in the Cariboo Region of British Columbia, Canada;
- (dd) “**Governmental Entity**” means, with respect to any jurisdiction, including without limitation Canada, United States or the Kyrgyz Republic: (a) any multinational, national, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or entity, domestic or foreign; (b) any stock exchange, including the TSXV; (c) any subdivision, agent, commission, board or authority of any of the foregoing; or (d) any quasi- governmental or private body, including any tribunal, commission, regulatory agency or self- regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; (e) any corporation or other body that is wholly or partially owned (20% or greater) or controlled by any of the above; or (f) any public international organization;
- (ee) “**Government Official**” includes (i) any employee, official or agent of any Government Entity; (ii) any person who holds a legislative, administrative, regulatory or judicial position with any Government Entity; or (iii) any member of a political party or candidate for public office outside of Canada or Kyrgyz Republic;
- (ff) “**Hazardous Substance**” means any pollutant, contaminant, waste or chemical or any toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous or deleterious substance, waste or material, including hydrogen sulphide, arsenic, cadmium, copper, lead, mercury, petroleum, polychlorinated biphenyls, asbestos and urea-formaldehyde insulation, and any other material, substance, pollutant or contaminant regulated or defined pursuant to, or that could result in liability under, any Environmental Law;
- (gg) “**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board;

- (hh) “**including**” means including without limitation, and “**include**” and “**includes**” have a corresponding meaning;
- (ii) “**Interim Order**” means the interim order of the Court in a form acceptable to Karus and Kenadyr, each acting reasonably, providing for, among other things, the calling and holding of the Karus Meeting, as the same may be amended by the Court with the consent of Karus and Kenadyr, each acting reasonably;
- (jj) “**Karus Aboriginal Contracts**” has the meaning ascribed thereto in Section 3.1(q)(xi);
- (kk) “**Karus Benefit Plans**” has the meaning ascribed thereto in Section 3.1(v)(i);
- (ll) “**Karus Board**” means the board of directors of Karus as the same is constituted from time to time;
- (mm) “**Karus Board Nominees**” means two persons nominated by Karus, acting reasonably, to be directors of Kenadyr as of the Effective Time, who, as of the date hereof, are anticipated to be Scott Trebilcock and David Whittle;
- (nn) “**Karus Circular**” means the notice of the Karus Meeting and accompanying management information circular of Karus, including all schedules, appendices and exhibits thereto and enclosures therewith, to be sent to the Karus Shareholders in connection with the Karus Meeting, as amended, supplemented or otherwise modified from time to time;
- (oo) “**Karus Debt Conversion Shares**” has the meaning ascribed thereto in Section 7.5(f);
- (pp) “**Karus Disclosure Letter**” means the disclosure letter executed by Karus and delivered to Kenadyr prior to the execution of this Agreement;
- (qq) “**Karus Financial Statements**” has the meaning ascribed thereto in Section 3.1(i);
- (rr) “**Karus Locked-up Shareholders**” means all directors and officers of Karus holding Karus Shares, all Karus Shareholders holding greater than 10% of the issued and outstanding Karus Shares;
- (ss) “**Karus Meeting**” means the special meeting of Karus Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;
- (tt) “**Karus Mineral Rights**” has the meaning ascribed thereto in Section 3.1(q)(i);
- (uu) “**Karus Omnibus Plan**” means the omnibus incentive plan of Karus, adopted by Karus Shareholders on June 17, 2022, which provides for the issuance of Karus RSUs, among other securities;
- (vv) “**Karus Options**” means the outstanding options to purchase Karus Shares granted under the Karus Stock Option Plan;
- (ww) “**Karus Projects**” means, collectively, the FG Gold Project and the Gold Creek Project;
- (xx) “**Karus Properties**” has the meaning ascribed thereto in Section 3.1(q)(i);

- (yy) “**Karus Public Disclosure Record**” means all prospectuses, information statements, reports, schedules, forms and other documents filed by Karus on SEDAR since January 25, 2021;
- (zz) “**Karus RSUs**” means restricted share units of Karus;
- (aaa) “**Karus Securityholders**” means the Karus Shareholders and holders of Karus Options, Karus RSUs and Karus Warrants;
- (bbb) “**Karus Shareholder Approval**” has the meaning ascribed thereto in Section 2.2(c);
- (ccc) “**Karus Shareholders**” means the holders of Karus Shares;
- (ddd) “**Karus Shares**” means the common shares in the authorized share capital of Karus;
- (eee) “**Karus Stock Option Plan**” means the incentive stock option plan of Karus, adopted by Karus Shareholders on June 17, 2022;
- (fff) “**Karus Warrants**” means warrants to acquire Karus Shares;
- (ggg) “**Kenadyr Benefit Plans**” has the meaning ascribed thereto in Section 4.1(v)(i);
- (hhh) “**Kenadyr Board**” means the board of directors of Kenadyr as the same is constituted from time to time;
- (iii) “**Kenadyr Board Nominees**” means three persons nominated by Kenadyr, acting reasonably, to be directors of Kenadyr as of the Effective Time, who, as of the date hereof, are anticipated to be R. Stuart Angus, Tim McCutcheon and Yulia Chekunaeva;
- (jjj) “**Kenadyr Consolidation**” means the consolidation of the outstanding Kenadyr Shares on the basis of one (1) post-consolidation Kenadyr Share for every ten (10) pre-consolidation Kenadyr Shares, as described in the news release of Kenadyr dated November 15, 2022;
- (kkk) “**Kenadyr Debt Settlement Shares**” has the meaning ascribed thereto in Section 7.5(e)(i);
- (lll) “**Kenadyr Disclosure Document**”, if Kenadyr Shareholder Approval is required, means the notice of the Kenadyr Meeting and accompanying management information circular of Kenadyr, including all schedules, appendices and exhibits thereto and enclosures therewith, to be sent to the Kenadyr Shareholders in connection with the Kenadyr Meeting, as amended, supplemented or otherwise modified from time to time, or if Kenadyr Shareholder Approval is not required in connection with the Arrangement, means a filing statement prepared in accordance with Form 3D2 of the TSXV, and, in each case, such Kenadyr Disclosure Document will append and describe in reasonable detail the proposed Kenadyr RSU Plan;
- (mmm) “**Kenadyr Disclosure Letter**” means the disclosure letter executed by Kenadyr and delivered to Karus prior to the execution of this Agreement;
- (nnn) “**Kenadyr Financial Statements**” has the meaning ascribed thereto in Section 4.1(i);

- (ooo) “**Kenadyr Financing**” means the private placement to be conducted by Kenadyr, in one or multiple tranches, pursuant to which Kenadyr will issue Kenadyr Subscription Receipts at a price of \$0.50 per Kenadyr Subscription Receipt prior to the Effective Date for minimum aggregate gross proceeds of \$2,000,000;
- (ppp) “**Kenadyr Flow-Through Financing**” means the private placement to be conducted by Kenadyr, in one or multiple tranches, pursuant to which Kenadyr will issue Kenadyr FT Shares at a price of \$0.50 per Kenadyr FT Share;
- (qqq) “**Kenadyr FT Shares**” means “flow-through” Kenadyr Shares which, when issued, will constitute “flow-through shares” as defined in subsection 66(15) of the Tax Act;
- (rrr) “**Kenadyr Meeting**” means the special meeting of Kenadyr Shareholders, if required, including any adjournment or postponement thereof, to be called for the purpose of obtaining Kenadyr Shareholder Approval;
- (sss) “**Kenadyr Mineral Rights**” has the meaning ascribed thereto in Section 4.1(q)(i);
- (ttt) “**Kenadyr Options**” means the outstanding options to purchase Kenadyr Shares;
- (uuu) “**Kenadyr Properties**” has the meaning ascribed thereto in Section 4.1(q)(i);
- (vvv) “**Kenadyr Public Disclosure Record**” means all prospectuses, information statements, reports, schedules, forms and other documents filed by Kenadyr on SEDAR since January 1, 2021;
- (www) “**Kenadyr Replacement Options**” means the Kenadyr Options issued in exchange for Karus Options pursuant to this Agreement and the Plan of Arrangement;
- (xxx) “**Kenadyr Replacement RSUs**” means the restricted share units of Kenadyr issued in exchange for Karus RSUs pursuant to this Agreement and the Plan of Arrangement and governed by the Kenadyr RSU Plan;
- (yyy) “**Kenadyr RSU Plan**” means the incentive restricted share unit plan, in such a form as may be agreed to by Karus and Kenadyr, to be adopted by Kenadyr and effective on or prior to the Effective Date, providing for substantially the same terms and conditions for the Kenadyr Replacement RSUs as are currently provided in the Karus Omnibus Plan for the Karus RSUs;
- (zzz) “**Kenadyr Shareholder Approval**” means any approval of Kenadyr Shareholders which may be required by the TSXV in connection with the Arrangement or the issuance of the Kenadyr Debt Settlement Shares;
- (aaaa) “**Kenadyr Shareholders**” means the holders of Kenadyr Shares;
- (bbbb) “**Kenadyr Shares**” means the common shares in the authorized capital of Kenadyr;
- (cccc) “**Kenadyr Subscription Receipts**” means the subscription receipts of Kenadyr that may be issued under the Kenadyr Financing, each of which would be deemed to be exercised and converted into one Kenadyr Share (or a unit consisting of a Kenadyr Share and a Kenadyr Warrant) as constituted following the completion of the Kenadyr Consolidation and immediately prior to closing of the Arrangement, without payment of any additional consideration and without further action on the part of the holder thereof, upon

satisfaction of the Escrow Release Conditions and delivery of the Escrow Release Notice, subject to adjustment in certain events;

- (dddd) “**Kenadyr Voting Agreements**” means the voting agreements (including all amendments thereto) between Kenadyr and the Karus Locked-up Shareholders setting forth the terms and conditions upon which the Karus Locked-up Shareholders have agreed, among other things, to vote their Karus Shares in favour of the Arrangement Resolution;
- (eeee) “**Kenadyr Warrants**” means warrants to purchase Kenadyr Shares;
- (ffff) “**Key Regulatory Approvals**” means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the waiver or lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities, as set out in Schedule “C” hereto;
- (gggg) “**Key Third Party Consents**” means those consents, approvals and notices required from any third party in respect of the completion of the Arrangement that are set out in Schedule “D” hereto;
- (hhhh) “**Law**” or “**Laws**” means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any Permit of or from any Governmental Entity or self-regulatory authority (including the TSXV), and the term “**applicable**” with respect to such Laws and in a context that refers to a Party, means such Laws as are applicable to such Party and/or its subsidiaries or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party and/or its subsidiaries or its or their business, undertaking, property or securities;
- (iiii) “**Liens**” means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third-party interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;
- (jjjj) “**Mailing Deadline**” means February 15, 2023;
- (kkkk) “**Material Adverse Effect**” means, in respect of any Person, any change, effect, event or circumstance that, individually or in the aggregate with other such changes, effects, events or circumstances, has had or would reasonably be expected to have a material adverse effect on the business, results of operations or financial condition of such Person and its subsidiaries, taken as a whole; provided that no change, effect, event or circumstance resulting from or attributable to any of the following shall be deemed to be, or taken into account in determining whether there has been or would reasonably be expected to be, a Material Adverse Effect: (i) the announcement of the execution of this Agreement or the transactions contemplated hereby; (ii) general political, economic or financial conditions in Canada or Kyrgyz Republic; (iii) the state of securities or commodity markets in general; (iv) any change in applicable Laws or in the interpretation or application thereof by any Governmental Entity provided that such change does not have the effect of expropriating or materially reducing the ownership interest in, or rights to, the property and the Mineral Rights of that Person; (v) any change in IFRS or in the

interpretation or application thereof by any Governmental Entity; (vi) any weather-related event or natural disaster or outbreak or escalation of hostilities or acts of war (whether or not declared) or act of terrorism; (vii) changes affecting the mining industry generally or the price of gold; (viii) any change, in and of itself, in the market price or trading volume of such Person's common shares (it being understood that the facts or occurrences giving rise to or contributing to such change may be taken into account in determining whether there has been, or will be, a Material Adverse Effect); provided that, in the case of clauses (ii), (iii), (iv), (v), (vi) and (vii), any such change, effect, event or circumstance shall not be excluded to the extent the same disproportionately affects (individually or together with other changes, effects, events or circumstances) such Person and its subsidiaries, taken as a whole, as compared to other similarly situated Persons operating in the same industry in which such Person and its subsidiaries operate;

- (llll) “**material fact**” and “**material change**” have the meanings ascribed thereto in the Securities Act;
- (mmmm) “**MD&A**” has the meaning ascribed thereto in Section 3.1(i);
- (nnnn) “**Meeting Deadline**” means thirty (30) days following the Mailing Deadline;
- (oooo) “**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators;
- (pppp) “**ordinary course of business**”, “**ordinary course of business consistent with past practice**”, or any similar reference, means, with respect to an action taken by a Person, that such action is consistent with the past practices of such Person and is taken in the ordinary course of the normal day-to-day business and operations of such Person; provided that in any event such action is not unreasonable or unusual;
- (qqqq) “**Outside Date**” means March 31, 2023, or such later date as may be agreed to in writing by the Parties;
- (rrrr) “**Parties**” means Karus and Kenadyr, and “**Party**” means any of them;
- (ssss) “**Permit**” means any license, permit, certificate, consent, order, grant, approval, agreement, classification, restriction, registration or other Authorization of, from or required by any Governmental Entity;
- (tttt) “**Permitted Liens**” means (i) easements, rights of way, zoning ordinances, and other similar land use and environmental regulations which are not, individually or in the aggregate, material in amount or effect to the business of the applicable Party and its consolidated subsidiaries; (ii) Liens arising under or pursuant to the organizational documents of the applicable Party or any of its subsidiaries; and (iii) Liens which do not, individually or in the aggregate, materially detract from the value or materially interfere with any present or intended use of such property or assets;
- (uuuu) “**Person**” includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;
- (vvvv) “**Plan of Arrangement**” means the plan of arrangement of Karus, substantially in the form of Schedule “A” hereto, and any amendments or variations thereto made in

accordance with the Plan of Arrangement or upon the direction of the Court in the Final Order with the consent of Karus and Kenadyr, each acting reasonably;

- (wwwww) “**Pre-Acquisition Reorganization**” has the meaning ascribed thereto in Section 7.5(c);
- (xxxx) “**Regulatory Authorities**” means any regulatory or governmental agency having jurisdiction over Karus, on the one hand, or Kenadyr or any of its subsidiaries, on the other hand, or their respective activities;
- (yyyy) “**Regulatory Authorizations**” has the meaning ascribed thereto in Section 3.1(u)(ii);
- (zzzz) “**Release**” means any release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of any Hazardous Substance in the indoor or outdoor environment, including the movement of Hazardous Substance through or in the air, soil, surface water, ground water or property;
- (aaaaa) “**Returns**” means all returns, reports, declarations, elections, notices, filings, information returns and statements in respect of Taxes that are filed or required to be filed with any Governmental Entity, including all amendments, schedules, attachments or supplements thereto and whether in tangible or electronic form;
- (bbbbb) “**Section 3(a)(10) Exemption**” has the meaning ascribed thereto in Section 2.2(i);
- (ccccc) “**Securities Act**” means the *Securities Act* (British Columbia) and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time;
- (dddd) “**Securities Authorities**” means the BCSC and the applicable securities commissions and other securities regulatory authorities in each of the other provinces of Canada;
- (eeeee) “**Securities Laws**” means the Securities Act, together with all other applicable state, federal and provincial securities Laws, rules and regulations and published policies thereunder, as now in effect and as they may be promulgated or amended from time to time;
- (ffff) “**SEDAR**” means the System for Electronic Document Analysis and Retrieval;
- (ggggg) “**Subscription Receipt Agreement**” means the subscription receipt agreement between Kenadyr and the Escrow Agent in the event the Kenadyr Financing includes the issuance of Kenadyr Subscription Receipts, providing for the creation of, and governing the terms of, the Kenadyr Subscription Receipts;
- (hhhhh) “**subsidiary**” has the meaning ascribed thereto in National Instrument 45-106 – *Prospectus and Registration Exemptions*;
- (iiii) “**Tax Act**” means the *Income Tax Act* (Canada) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;
- (jjjj) “**Tax Exempt person**” has the meaning set forth in the Plan of Arrangement;

- (kkkkk) “**Taxes**” includes any taxes, duties, fees, premiums, assessments, imposts, levies, expansion fees and other charges of any kind whatsoever imposed by any Governmental Entity, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, windfall, royalty, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other pension plan premiums or contributions imposed by any Governmental Entity, and any transferee liability in respect of any of the foregoing;
- (lllll) “**Transaction Personal Information**” has the meaning ascribed thereto in Section 11.1;
- (mmmmm) “**TSXV**” means the TSX Venture Exchange Inc.;
- (nnnnn) “**Underlying Shares**” means the Kenadyr Shares issuable following the Effective Time upon the exercise of Karus Warrants;
- (ooooo) “**United States**” means the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
- (ppppp) “**U.S. Holder**” means a person in or a resident of the United States;
- (qqqqq) “**U.S. Securities Act**” means the United States *Securities Act of 1933*, as amended and the rules and regulations promulgated thereunder; and
- (rrrrr) “**Yamana Investment Option**” means the option of Yamana Gold Inc. to acquire such number of Karus Shares equal to \$3,000,000 at \$0.50 per Karus Share in a non-brokered private placement (subject to TSXV minimum pricing requirements) exercisable at any time prior to March 28, 2025.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph or Schedule by number or letter or both refer to the Article, Section, subsection, paragraph or Schedule, respectively, bearing that designation in this Agreement.

1.3 Number and Gender

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.4 Date for Any Action

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

1.5 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada and “\$” refers to Canadian dollars.

1.6 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS and all determinations of an accounting nature required to be made shall be made in a manner consistent with IFRS consistently applied.

1.7 Knowledge

- (a) In this Agreement, references to “the knowledge of Karus” means the actual knowledge of Scott Trebilcock and Michael Tucker, in each case, after making due enquiries regarding the relevant matter.
- (b) In this Agreement, references to “the knowledge of Kenadyr” means the actual knowledge of Timothy McCutcheon and Kevin Ma, in each case, after making due enquiries regarding the relevant matter.

1.8 Schedules

The following Schedules are annexed to this Agreement and are incorporated by reference into this Agreement and form a part hereof:

Schedule A	-	Plan of Arrangement
Schedule B	-	Arrangement Resolution
Schedule C	-	Key Regulatory Approvals
Schedule D	-	Key Third Party Consents

ARTICLE 2 THE ARRANGEMENT

2.1 Arrangement

Karus and Kenadyr agree that the Arrangement will be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement.

2.2 Interim Order

As soon as reasonably practicable following the execution of this Agreement, and in any event in sufficient time to hold the Karus Meeting in accordance with Section 2.3, Karus shall apply to the Court in a manner acceptable to Kenadyr, acting reasonably, pursuant to Section 291 of the BCBCA and prepare, file and diligently pursue an application for the Interim Order, which shall provide, among other things:

- (a) for the class of Persons to whom notice is to be provided in respect of the Arrangement and the Karus Meeting and for the manner in which such notice is to be provided;
- (b) that the Karus securities for which holders shall be entitled to vote on the Arrangement Resolution shall be Karus Shares and the Karus Options;

- (c) that the requisite approval for the Arrangement Resolution shall be the affirmative vote of (i) at least two-thirds of the votes cast at the Karus Meeting in person or by proxy by the Karus Shareholders on the basis of one vote per Karus Share, (ii) a simple majority of the votes cast at the Karus Meeting in person or by proxy by Karus Shareholders and the holders of Karus Options, voting as a single class, on the basis of one vote per Karus Share and one vote per Karus Share underlying each Karus Option, and (iii) to the extent required by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*, the majority of the votes cast at the Karus Meeting in person or by proxy by the Karus Shareholders on the basis of one vote per Karus Share, excluding the votes cast in respect of Karus Shares held by certain interested or related parties or joint actors of Karus in accordance with the minority approval requirements of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (the “**Karus Shareholder Approval**”);
- (d) that, in all other respects, the terms, conditions and restrictions of the Karus constating documents, including quorum requirements and other matters, shall apply in respect of the Karus Meeting;
- (e) for the grant of Dissent Rights only to the Karus Shareholders who are registered Karus Shareholders;
- (f) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;
- (g) that the Karus Meeting may be adjourned from time to time by the management of Karus with the consent of Kenadyr without the need for additional approval of the Court;
- (h) that the record date for Karus Shareholders entitled to notice of and to vote at the Karus Meeting will not change in respect of any adjournment(s) of the Karus Meeting;
- (i) the Parties’ intention to rely on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) of the U.S. Securities Act (the “**Section 3(a)(10) Exemption**”) with respect to the Consideration Shares to be received by Karus Shareholders that are U.S. Holders pursuant to the Arrangement, based on the Court’s approval of the Arrangement; and
- (j) for such other matters as Kenadyr may reasonably require, subject to obtaining the prior consent of Karus, such consent not to be unnecessarily withheld.

2.3 U.S. Securities Law Matters

- (a) The Parties agree that the Arrangement will be carried out with the intention that the Consideration Shares to be received by Karus Shareholders that are U.S. Holders pursuant to the Arrangement, as described in the Plan of Arrangement, will be issued by Kenadyr in reliance on the Section 3(a)(10) Exemption.
- (b) With respect to any Karus Warrants outstanding immediately prior to the Effective Time, the issuance of Underlying Shares upon the exercise of such Karus Warrants held in the U.S. or by U.S. holders after the Effective Time shall NOT be covered by the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act, and will require the use of an available exemption, if any, from registration under the U.S. Securities Act

at the time of such later issuance of such Underlying Shares upon exercise of the Karus Warrants.

- (c) This Agreement and the Plan of Arrangement does not contain a discussion of such possible exemptions from registration under the U.S. Securities Act, if any, that could apply to the issuance of Kenadyr Shares upon the subsequent exercise of such securities. Karus Securityholders in the United States or that are U.S. Holders will be urged to consult with their own legal counsel with respect to matters related to the exercise of the Karus Warrants.
- (d) In order to ensure the availability of the Section 3(a)(10) Exemption with respect to the Consideration Shares to be received by Karus Shareholders that are U.S. Holders pursuant to the Arrangement, the parties agree that the Arrangement will be carried out on the following basis:
 - (i) the Arrangement will be subject to the approval of the Court;
 - (ii) the Court will be advised as to the intention of the parties to rely on the Section 3(a)(10) Exemption prior to the hearing required to approve the Arrangement;
 - (iii) the Court will be required to satisfy itself as to the procedural and substantive fairness of the Arrangement to the Karus Shareholders subject to the Arrangement;
 - (iv) the Final Order will expressly state that the Arrangement is approved by the Court as being procedurally and substantively fair to the Karus Shareholders and the Final Order shall have been granted in form and substance satisfactory to Kenadyr, and shall not have been set aside or modified in a manner unacceptable to Kenadyr, on appeal or otherwise;
 - (v) each Karus Shareholder entitled to receive the Consideration Shares pursuant to the Arrangement will be given adequate notice advising them of their right to attend the hearing of the Court to give approval of the Arrangement and providing them with sufficient information necessary for them to exercise that right;
 - (vi) the Interim Order approving the Karus Meeting will specify that each Karus Shareholder will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as they enter an appearance within a reasonable time; and
 - (vii) the Final Order shall include a statement to substantially the following effect:

“This Order will serve as a basis of a claim to an exemption, pursuant to Section 3(a)(10) of the U.S. Securities Act, from the registration requirements otherwise imposed by that act, regarding the distribution of securities of Kenadyr in the United States pursuant to the Plan of Arrangement.”

2.4 Karus Meeting

Subject to the terms of this Agreement:

- (a) Karus agrees to convene and conduct the Karus Meeting in accordance with the Interim Order, Karus' notice of articles, articles and applicable Law as soon as reasonably practicable, and in any event on or before the Meeting Deadline. Karus and Kenadyr agree to use their commercially reasonable efforts to schedule the Karus Meeting and Kenadyr Meeting, if applicable, on the same day.
- (b) Except as required for quorum purposes or otherwise permitted under this Agreement, Karus shall not adjourn (except as required by Law or by valid Karus Shareholder action), postpone or cancel (or propose or permit the adjournment (except as required by Law or by valid Karus Shareholder action), postponement or cancellation of) the Karus Meeting without Kenadyr's prior consent.
- (c) Karus will advise Kenadyr as Kenadyr may reasonably request, and at least on a daily basis on each of the last five (5) business days prior to the date of the Karus Meeting, as to the aggregate tally of the proxies received by Karus in respect of the Arrangement Resolution.
- (d) Karus will promptly advise Kenadyr of any written notice of dissent or purported exercise by any Karus Shareholder of Dissent Rights received by Karus in relation to the Arrangement and any withdrawal of Dissent Rights received by Karus and, subject to applicable Law, any written communications sent by or on behalf of Karus to any Karus Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement.
- (e) At the reasonable request of Kenadyr from time to time, Karus shall provide Kenadyr with lists (in written and/or electronic form), which lists shall include names, addresses and holdings, of (i) the registered Karus Shareholders, (ii) all Persons holding securities issued by Karus that are convertible into, or exercisable or exchangeable for, Karus Shares (including holders of Karus Options) and (iii) all non-objecting beneficial owners of Karus Shares. Kenadyr may from time-to-time request Karus to require, and Karus shall require, that the registrar and transfer agent for the Karus Shares furnish Kenadyr with such additional information and other assistance as Kenadyr may reasonably request.

2.5 Karus Circular

- (a) As promptly as reasonably practicable following execution of this Agreement, and in any event prior to the close of business on the Mailing Deadline, Karus shall (i) prepare the Karus Circular together with any other documents required by applicable Laws, (ii) file the Karus Circular in all jurisdictions where the same is required to be filed, and mail the Karus Circular as required under applicable Laws and by the Interim Order. On the date of mailing thereof, the Karus Circular shall comply in all material respects with all applicable Laws and the Interim Order and shall contain sufficient detail to permit the Karus Shareholders to form a reasoned judgment concerning the matters to be placed before them at the Karus Meeting.
- (b) Karus shall ensure that the Karus Circular complies in all material respects with all applicable Laws, and, without limiting the generality of the foregoing, that the Karus

Circular will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than in each case with respect to any information relating solely to Kenadyr and its affiliates, which information shall be the sole responsibility of Kenadyr) and to allow Kenadyr to rely upon the Section 3(a)(10) Exemption with respect to the Consideration Shares to be received by Karus Shareholders that are U.S. Holders pursuant to the Arrangement.

- (c) Subject to Article 7, Karus shall (i) solicit proxies in favour of the Arrangement Resolution and against any contrary resolution submitted by any other Karus Shareholder, (ii) recommend to Karus Shareholders that they vote in favour of the Arrangement Resolution, and (iii) include in the Karus Circular a statement that each director and executive officer of Karus and all of the other Karus Locked-Up Shareholders intend to vote all of such Person's Karus Shares (including any Karus Shares issued upon the exercise of any Karus Options or Karus Warrants) in favour of the Arrangement Resolution, subject to the other terms of this Agreement and the Kenadyr Voting Agreements.
- (d) Kenadyr will furnish to Karus all such information regarding Kenadyr and its respective affiliates as may be required by the Interim Order or applicable Laws for inclusion in the Karus Circular and in any amendments or supplements thereto or other documents related thereto.
- (e) Kenadyr and its legal counsel shall be given a reasonable opportunity to review and comment on the Karus Circular prior to the Karus Circular being printed, mailed to Karus Shareholders and filed with the applicable Securities Authorities, and reasonable consideration shall be given to any comments made by Kenadyr and its legal counsel; provided that all information included in the Karus Circular relating solely to Kenadyr and its affiliates shall be in form and substance satisfactory to Kenadyr, acting reasonably. Karus shall provide Kenadyr with a final copy of the Karus Circular prior to the mailing to the Karus Shareholders.
- (f) Each Party shall promptly notify the other Party if at any time before the Effective Date it becomes aware that the Karus Circular contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Karus Circular, and the Parties shall co-operate in the preparation of any amendment or supplement to the Karus Circular, as required or appropriate, and Karus shall promptly mail or otherwise publicly disseminate any amendment or supplement to the Karus Circular to Karus Shareholders and, if required by the Court or applicable Laws, file the same with the Securities Authorities and as otherwise required.

2.6 Kenadyr Meeting

If Kenadyr Shareholder Approval is required, subject to the terms of this Agreement:

- (a) Kenadyr agrees to convene and conduct the Kenadyr Meeting in accordance with Kenadyr's notice of articles and articles and applicable Law as soon as reasonably practicable, and in any event on or before the Meeting Deadline. Karus and Kenadyr agree to use their commercially reasonable efforts to schedule the Karus Meeting and Kenadyr Meeting on the same day.

- (b) Except as required for quorum purposes or otherwise permitted under this Agreement, Kenadyr shall not adjourn (except as required by Law or by valid Kenadyr Shareholder action), postpone or cancel (or propose or permit the adjournment (except as required by Law or by valid Kenadyr Shareholder action), postponement or cancellation of) the Kenadyr Meeting without Karus' prior consent.
- (c) Kenadyr will advise Karus as Karus may reasonably request, and at least on a daily basis on each of the last five (5) business days prior to the date of the Kenadyr Meeting, as to the aggregate tally of the proxies received by Kenadyr in respect of the Kenadyr Shareholder Approval.

2.7 Kenadyr Disclosure Document

- (a) As promptly as reasonably practicable following execution of this Agreement, and in any event prior to the close of business on the Mailing Deadline, Kenadyr shall (i) prepare the Kenadyr Disclosure Document together with any other documents required by applicable Laws, (ii) file the Kenadyr Disclosure Document in all jurisdictions where the same is required to be filed, and (iii) if applicable, mail the Kenadyr Disclosure Document as required under applicable Laws. The Kenadyr Circular shall comply in all material respects with all applicable Laws and, if Kenadyr Shareholder Approval is required, shall contain sufficient detail to permit the Kenadyr Shareholders to form a reasoned judgment concerning the matters to be placed before them at the Kenadyr Meeting.
- (b) Kenadyr shall ensure that the Kenadyr Disclosure Document complies in all material respects with all applicable Laws and, without limiting the generality of the foregoing, the Kenadyr Disclosure Document will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than in each case with respect to any information relating solely to Karus and its affiliates, which information shall be the sole responsibility of Karus).
- (c) Subject to Article 7, if Kenadyr Shareholder Approval is required, Kenadyr shall (i) solicit proxies in favour of the Kenadyr Shareholder Approval, and against any resolution submitted by any other Kenadyr Shareholder, (ii) recommend to Kenadyr Shareholders that they vote in favour of the Kenadyr Shareholder Approval and (iii) include in the Kenadyr Disclosure Document a statement that each director and executive officer of Kenadyr intends to vote all of such Person's Kenadyr Shares (including any Kenadyr Shares issued upon the exercise of any Kenadyr Options or Kenadyr Warrants) in favour of the Kenadyr Shareholder Approval, subject to the other terms of this Agreement.
- (d) Karus will furnish to Kenadyr all such information regarding Karus and its respective affiliates, as may be required by applicable Laws for inclusion in the Kenadyr Disclosure Document and in any amendments or supplements thereto or other documents related thereto.
- (e) Karus and its legal counsel shall be given a reasonable opportunity to review and comment on the Kenadyr Disclosure Document prior to the Kenadyr Disclosure Document being, as applicable, printed, mailed to Kenadyr Shareholders and filed with the Securities Authorities, and reasonable consideration shall be given to any comments made by Karus and its counsel; provided that all information included in the Kenadyr Disclosure Document relating solely to Karus and its affiliates shall be in form and

substance satisfactory to Karus, acting reasonably. Kenadyr shall provide Karus with a final copy of the Kenadyr Circular prior to filing with Securities Authorities.

- (f) Each Party shall promptly notify the other Party if at any time before the Effective Date it becomes aware that the Kenadyr Disclosure Document contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Kenadyr Disclosure Document, and the Parties shall co-operate in the preparation of any amendment or supplement to the Kenadyr Circular, as required or appropriate, and Kenadyr shall, as required, promptly mail or otherwise publicly disseminate any amendment or supplement to the Kenadyr Disclosure Document to Kenadyr Shareholders and, if required by the Court or applicable Laws, file the same with the Securities Authorities and as otherwise required.

2.8 Preparation of Filings

Kenadyr and Karus shall co-operate and use their reasonable commercial efforts in good faith to take, or cause to be taken, all reasonable actions, including the preparation of any applications for Key Regulatory Approvals and other orders, registrations, consents, filings, rulings, exemptions, no-action letters, circulars and approvals required in connection with this Agreement and the Arrangement and the preparation of any required documents, in each case as reasonably necessary to discharge their respective obligations under this Agreement, the Arrangement and the Plan of Arrangement, and to complete any of transactions contemplated by this Agreement, including their obligations under applicable Laws.

2.9 Final Order

Subject to the terms of this Agreement, if the Interim Order is obtained and the Arrangement Resolution is passed at the Karus Meeting, Karus shall, as soon as reasonably practicable thereafter and, in any event, within three (3) business days thereafter, take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to section 291 of the BCBCA.

2.10 Court Proceedings

Subject to the terms of this Agreement, Kenadyr will cooperate with and assist Karus in seeking the Interim Order and the Final Order, including by providing Karus on a timely basis any information reasonably required to be supplied by Kenadyr in connection therewith. The material to be filed with the Court in connection with the Arrangement shall not be inconsistent with the provisions of this Agreement. Karus will provide Kenadyr and its legal counsel with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and will give reasonable consideration to all such comments; provided that Karus shall include all comments of Kenadyr and its legal counsel as are required, in the reasonable judgment of Kenadyr and its legal counsel, to allow Kenadyr to rely upon the exemption from registration provided by Section 3(a)(10) of the U.S. Securities Act with respect to the issuance of the Consideration Shares to be issued pursuant to the Arrangement, based on the Court's approval of the Arrangement. Subject to applicable Law, Karus will not file any material with the Court in connection with the Arrangement or serve any such material, and will not agree to modify or amend materials so filed or served, except as contemplated by this Section 2.10 or with Kenadyr's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed; provided that nothing herein shall require Kenadyr to agree or consent to any increase in Consideration or other modification or amendment to such filed or served materials that expands or

increases Kenadyr's obligations set forth in any such filed or served materials or under this Agreement or the Arrangement.

2.11 Effect of the Arrangement

- (a) The Arrangement shall be effective at the Effective Time on the date that is the earlier of:
 - (i) the date that is two (2) business days after the satisfaction or waiver (subject to applicable Laws) of the conditions set forth in Article 6 (other than the delivery of items to be delivered on the Effective Date and the satisfaction of those conditions that, by their terms, cannot be satisfied until the Effective Date) and
 - (ii) such date as is mutually agreed in writing by the Parties (the "**Effective Date**").
- (b) From and after the Effective Time, the Plan of Arrangement will have all of the effects provided by applicable Law, including the BCBCA. Karus agrees to amend the Plan of Arrangement at any time prior to the Effective Time in accordance with Section 10.3 to include such other terms determined to be necessary or desirable by Kenadyr, provided that the Plan of Arrangement shall not be amended in any manner which has the effect of reducing the Consideration or which is otherwise prejudicial to the Karus Shareholders or other parties to be bound by the Plan of Arrangement or is inconsistent with the provisions of this Agreement or the Interim Order or the Final Order.
- (c) The closing of the Arrangement will take place at the offices of Farris LLP, Suite 2500, 700 W. Georgia Street, Vancouver, British Columbia at 10:00 a.m. on the Effective Date, or at such other time and place as may be agreed to by the Parties.

2.12 Payment of Consideration

Kenadyr will, following receipt by Karus of the Final Order and prior to the Effective Time, deposit with the Depository in escrow sufficient Kenadyr Shares to satisfy the Consideration payable to the Karus Shareholders.

2.13 Announcement and Shareholder Communications

Kenadyr and Karus shall jointly publicly announce the transactions contemplated hereby promptly following the execution of this Agreement, the text and timing of the joint announcement to be approved by each Party in advance, acting reasonably. Kenadyr and Karus agree to co-operate in the preparation of presentations, if any, to the Karus Shareholders or the Kenadyr Shareholders regarding the transactions contemplated by this Agreement, and no Party shall (a) issue any press release or otherwise make public announcements with respect to this Agreement or the Plan of Arrangement without the consent of the other Party (which consent shall not be unreasonably withheld or delayed) or (b) make any filing with any Governmental Entity with respect thereto without prior consultation with the other Party; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any disclosure or filing required under applicable Laws or stock exchange rules, and the Party making such disclosure shall use all commercially reasonable efforts to give prior written notice to the other Party and reasonable opportunity to review or comment on the disclosure or filing, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing.

2.14 Withholding Taxes

Kenadyr, Karus and the Depository shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any Person hereunder and from all dividends, interest or other distributions otherwise payable to any former Karus Securityholder such amounts as Kenadyr,

Karus or the Depositary may be required to deduct and withhold therefrom under any provision of applicable Laws in respect of Taxes. To the extent that such amounts are so deducted, withheld and remitted, such amounts shall be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid.

2.15 Tax Matters

Notwithstanding any representations and covenants set forth in this Agreement, it is understood and agreed that neither Kenadyr nor Karus provide any assurances to any Karus Securityholders regarding the income tax consequences of the Arrangement to any Karus Securityholder.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF KARUS

3.1 Representations and Warranties

Karus hereby represents and warrants to and in favour of Kenadyr as follows, except to the extent that such representations and warranties are qualified by the Karus Disclosure Letter (which shall make reference to the applicable section, subsection, paragraph or subparagraph below in respect of which such qualification is being made), and acknowledges that Kenadyr is relying upon such representations and warranties in connection with the entering into of this Agreement:

- (a) Board Approval. As of the date hereof, the Karus Board, after consultation with its financial and legal advisors, has determined that the Plan of Arrangement is in the best interests of Karus and has unanimously resolved to recommend to the Karus Shareholders that they vote in favour of the Arrangement Resolution. The Karus Board has approved the Arrangement pursuant to the Plan of Arrangement and the execution and performance of this Agreement.
- (b) Organization and Qualification. Karus is a corporation duly incorporated or an entity duly created and validly existing under all applicable Laws of its jurisdiction of incorporation, continuance or creation and has all necessary corporate or other power, authority and capacity to own its property and assets as now owned and to carry on its business as it is now being conducted. Karus:
 - (i) has all Permits necessary to conduct its business substantially as now conducted as disclosed in the Karus Public Disclosure Record, except where the failure to hold such Permits would not individually or in the aggregate have a Material Adverse Effect; and
 - (ii) is duly registered or otherwise authorized and qualified to do business and each is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such qualification necessary, except where the failure to be so qualified will not individually or in the aggregate have a Material Adverse Effect.
- (c) Authority Relative to this Agreement. Karus has the requisite corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by Karus and the performance by Karus of its obligations under this Agreement have been duly authorized by the Karus Board and no other corporate proceedings on its part are necessary to authorize this Agreement or the Arrangement pursuant to the Plan of Arrangement other than the Karus Shareholder

Approval. This Agreement has been duly executed and delivered by Karus and constitutes a legal, valid and binding obligation of Karus, enforceable against Karus in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other applicable Laws relating to or affecting rights of creditors generally and subject to the qualification that equitable remedies, including specific performance, are discretionary.

- (d) No Violation. The authorization, execution and delivery of this Agreement by Karus, the completion of the transactions contemplated by this Agreement and the Arrangement pursuant to the Plan of Arrangement and the performance of Karus' obligations hereunder or thereunder in accordance with the terms hereof and thereof will not:
- (i) violate, conflict with, or result (with or without notice or the passage of time) in a violation or breach of any provision of, or require, except in respect of the Key Third-Party Consents (which are the only consents, approvals and notices required from any third-party under any Contracts of Karus in order for Karus to proceed with the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement and the Plan of Arrangement), any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or cause any indebtedness to come due before its stated maturity, or cause any credit commitment to cease to be available, or cause any payment or other obligation to be imposed on Karus, under any of the terms, conditions or provisions of:
 - (A) its articles or charters or other comparable organizational documents; or
 - (B) any Permit or material Contract to which Karus is a party or to which it or any of its properties or assets, may be subject or by which Karus is bound; or
 - (ii) subject to obtaining the Key Regulatory Approvals,
 - (A) result (with or without notice or the passage of time) in a violation or breach of or constitute a default under any provisions of any Laws applicable to Karus or any of its properties or assets; or
 - (B) cause the suspension or revocation of any Permit currently in effect in regard of Karus;

(except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations, accelerations or any consents (expressly excluding clause (i)(A), the Key Third-Party Consents and Key Regulatory Approvals), approvals or notices which if not given or received, would not, individually or in the aggregate, reasonably be expected to have any Material Adverse Effect);
 - (iii) give rise to any rights of first refusal or trigger any change in control provisions under any note, bond, mortgage, indenture, contract, license, franchise or Permit to which Karus is a party; or
 - (iv) result in the imposition of any Liens upon any assets of Karus.

- (e) Capitalization. The authorized share capital of Karus consists of an unlimited number of Karus Shares and an unlimited number of preference shares. As of the date of this Agreement, there are issued and outstanding 90,910,108 Karus Shares and no preferred shares. As of the date of this Agreement, an aggregate of up to 4,000,000 Karus Shares are issuable upon the exercise of 4,000,000 Karus Options, an aggregate of up to 2,255,000 Karus Shares are issuable upon the vesting and payment of 2,255,000 Karus RSUs outstanding, and an aggregate of 1,417,582 Karus Shares are issuable upon the exercise of 1,417,582 Karus Warrants. Other than the Karus Options, the Karus Warrants, the Karus Debt Conversion Shares to be issued and the Yamana Investment Option, there are no options, warrants, conversion privileges or other rights, shareholder rights plans, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by Karus of any securities of Karus (including Karus Shares), or any securities (other than Karus RSUs) or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of Karus. Other than the Karus Shares, the Karus Options, the Karus RSUs, and the Karus Warrants, there are no securities of Karus outstanding. Schedule 3.1(e) of the Karus Disclosure Letter sets forth an accurate and complete list of all grants of Karus Options, Karus RSUs and Karus Warrants, including as applicable, the respective holders, grant dates, number of Karus Options, Karus RSUs, and Karus Warrants granted, vesting dates and exercise prices. All outstanding Karus Shares have been duly authorized and validly issued, are fully paid and non-assessable, and all Karus Shares issuable upon the exercise of Karus Options, Karus Warrants or vesting of Karus RSUs in accordance with their respective terms have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable, and are not and will not be subject to, or issued in violation of, any pre-emptive rights. All securities of Karus (including the Karus Shares, the Karus Options, the Karus Warrants and the Karus RSUs) have been issued in compliance with all applicable Laws. Other than the Karus Shares, the Karus Options, the Karus Warrants and the Karus RSUs, there are no securities of Karus outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the Karus Shareholders on any matter. There are no outstanding contractual or other obligations of Karus to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any of its outstanding securities. There are no outstanding bonds, debentures or other evidences of indebtedness of Karus having the right to vote with the holders of the outstanding Karus Shares on any matters.
- (f) Reporting Status and Securities Laws Matters. Karus is a “reporting issuer” and not on the list of reporting issuers in default under applicable Canadian provincial Securities Laws in British Columbia and Alberta. No delisting, suspension of trading in or cease trading order with respect to any securities of Karus and, to the knowledge of Karus, no inquiry or investigation (formal or informal) of any Securities Authority, is in effect or ongoing or, to the knowledge of Karus, expected to be implemented or undertaken.
- (g) No Subsidiaries. Karus does not hold any shares or securities of any Person and is not affiliated with, nor is it a holding corporation of, any other Person.
- (h) Public Filings. Karus has filed all documents required to be filed by it in accordance with applicable Securities Laws in Canada. Karus has filed all necessary documents and information required to be filed with the Securities Authorities. All such documents and information comprising the Karus Public Disclosure Record, as of their respective dates (and the dates of any amendments thereto):

- (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; and
 - (ii) complied in all material respects with the requirements of applicable Securities Laws in Canada, and any amendments to the Karus Public Disclosure Record required to be made have been filed on a timely basis with the Securities Authorities. Karus has not filed any confidential material change report with any Securities Authorities that at the date of this Agreement remains confidential.
- (i) Karus Financial Statements. Karus' audited financial statements as at and for the fiscal years ended December 31, 2021 and 2020 and Karus' management's discussion and analysis of results of operations and financial condition (the "MD&A") for the corresponding periods and unaudited financial statements as at and for the three and nine months ended September 30, 2022 and 2021 (including the notes thereto) and Karus' MD&A for the corresponding periods (collectively, the "**Karus Financial Statements**") were prepared in accordance with IFRS consistently applied (except as otherwise indicated in such financial statements and the notes thereto or in the related report of Karus' independent auditors, and except that the unaudited Karus Financial Statements may not contain footnotes and are subject to normal year-end adjustments, none of which individually or in the aggregate will be material in nature or amount) and fairly present in all material respects the consolidated financial position, results of operations and changes in financial position of Karus as of the dates thereof and for the periods indicated therein and reflect reserves required by IFRS in respect of all material contingent liabilities, if any, of Karus . There has been no material change in Karus' accounting policies, except as described in the notes to the Karus Financial Statements, since December 31, 2021.
- (j) Internal Controls and Financial Reporting. Karus has designed and implemented disclosure controls and procedures to provide reasonable assurance that material information relating to Karus is made known to the Chief Executive Officer and the Chief Financial Officer of Karus by others within those entities, as appropriate to allow timely decisions regarding required disclosure, particularly during the periods in which filings are being prepared. To the knowledge of Karus, as at September 30, 2022, there were no changes in internal controls that occurred during the period beginning on January 1, 2022 and ended on September 30, 2022 that has materially affected, or is reasonably likely to materially affect Karus' internal controls, and as of the date hereof, nothing has come to the attention of Karus that has caused Karus to believe that there are any material weaknesses or significant deficiencies in such internal controls.
- (k) Books and Records. The financial books, records and accounts of Karus, in all material respects:
- (i) have been maintained in accordance with good business practices and in accordance with IFRS and with the accounting principles generally accepted in the country of domicile of each such entity, on a basis consistent with prior years;
 - (ii) in each case are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of Karus; and
 - (iii) accurately and fairly reflect the basis for the Karus Financial Statements.

- (l) Minute Books. The Karus minute books, which have been provided to Kenadyr prior to the date hereof, are true and correct in all material respects, and contain the minutes of all meetings of the boards of directors, committees of the boards and shareholders and all resolutions passed by the boards of directors, committees of the boards and the shareholders.
- (m) No Undisclosed Liabilities. Except as disclosed in Schedule 3.1(m) of the Karus Disclosure Letter, Karus has no outstanding indebtedness or liabilities and none is a party to or bound by any surety-ship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any Person, other than those specifically identified in the Karus Public Disclosure Record or incurred in the ordinary course of business since September 30, 2022.
- (n) No Material Change. Since September 30, 2022, there has been no material change in respect of Karus taken as a whole, and the debt, business and material property of Karus conform in all respects to the description thereof contained in the Karus Public Disclosure Record, and there has been no dividend or distribution of any kind declared, paid or made by Karus on any Karus Shares.
- (o) Litigation. There are no material claims, actions, suits, grievances, complaints or proceedings pending or, to the knowledge of Karus, threatened affecting Karus or affecting any of its property or assets at law or in equity before or by any non-governmental organization, community, community group, aboriginal peoples or aboriginal group or any Governmental Entity, including matters arising under Environmental Laws. Neither Karus nor its assets or properties is subject to any outstanding material judgment, order, writ, injunction or decree.
- (p) Taxes. Except as disclosed in Schedule 3.1(p) of the Karus Disclosure Letter,
 - (i) Karus has duly and timely filed all Returns required to be filed by it prior to the date hereof, other than those which have been administratively waived, and all such Returns are complete and correct in all material respects.
 - (ii) Karus has paid on a timely basis all Taxes which are due and payable, all assessments and reassessments, other than those which are being or have been contested in good faith and in respect of which reserves have been provided in the most recently published Karus Financial Statements.
 - (iii) Except as provided for in the Karus Financial Statements, no material deficiencies, litigation, proposed adjustments or matters in controversy exist or have been asserted with respect to Taxes of Karus, and Karus is not a party to any action or proceeding for assessment or collection of Taxes and no such event has been asserted or, to the knowledge of Karus, threatened against Karus or any of its assets, that would reasonably be expected to have a Material Adverse Effect.
 - (iv) No claim has been made by any Governmental Entity in a jurisdiction where Karus does not file Returns that Karus is or may be subject to Tax by that jurisdiction.

- (v) There are no Liens for unpaid Taxes (other than in respect of Taxes not yet due and payable and for which adequate accruals or reserves have been established in accordance with IFRS) upon any of the assets of Karus.
 - (vi) Karus has withheld or collected all amounts required to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Entity when required by Law to do so, except where the failure to do so would not, individually or in the aggregate, result in a Material Adverse Effect.
 - (vii) There are no outstanding agreements extending or waiving the statutory period of limitations applicable to any claim for, or the period for the collection or assessment or reassessment of, Taxes due from Karus for any taxable period and no request for any such waiver or extension is currently pending.
 - (viii) Karus has given to Kenadyr true, correct and complete copies of all their income and capital tax returns and statements of deficiencies for taxable periods, or transactions consummated, for which the applicable statutory periods of limitations have not expired, and there are no material omissions in the foregoing.
 - (ix) For the purposes of the Tax Act and any other relevant Tax purposes, Karus is resident in Canada.
- (q) Interest in Properties and Mineral Rights.
- (i) All of Karus' material real properties, including all real property relating to the Karus Projects (collectively, the "**Karus Properties**") and Karus' material mineral interests and rights (including any material claims, concessions, exploration licences, exploitation licences, prospecting permits, mining leases and mining rights, in each case, either existing under contract, by operation of Law or otherwise), including all such interests and rights relating to the Karus Projects (collectively, the "**Karus Mineral Rights**"), are set out in Schedule 3.1(q)(i) of the Karus Disclosure Letter. Other than the Karus Properties and the Karus Mineral Rights set out in Schedule 3.1(q)(i) of the Karus Disclosure Letter, Karus does not own or have any interest in any material real property or any material mineral interests and rights.
 - (ii) Except as set out in Schedule 3.1(q)(i) of the Karus Disclosure Letter, Karus is the sole legal and beneficial owner of all right, title and interest in and to the Karus Properties and the Karus Mineral Rights, free and clear of any Liens (other than Permitted Liens).
 - (iii) All of the Karus Mineral Rights have been properly located and recorded in compliance with applicable Law and are comprised of valid and subsisting mineral claims.
 - (iv) The Karus Properties and the Karus Mineral Rights are in good standing under applicable Law and, to the knowledge of Karus, all work required to be performed and filed in respect thereof has been performed and filed, all Taxes, rentals, fees, expenditures and other payments in respect thereof have been paid or incurred and all filings in respect thereof have been made.

- (v) There is no material adverse claim against or challenge to the title to or ownership of the Karus Properties or any of the Karus Mineral Rights.
- (vi) Except as set out in Schedule 3.1(q)(i) of the Karus Disclosure Letter, no Person other than Karus has any interest in the Karus Properties or any of the Karus Mineral Rights, or the production or profits therefrom, or any royalty in respect thereof or any right to acquire any such interest, in each case held by any Person other than Karus.
- (vii) There are no back-in rights, earn-in rights, rights of first refusal or similar provisions or rights which would affect Karus' interest in the Karus Properties or any of the Karus Mineral Rights.
- (viii) There are no material restrictions on the ability of Karus to use, transfer or exploit the Karus Properties or any of the Karus Mineral Rights, except pursuant to applicable Law.
- (ix) Karus has not received any notice, whether written or oral, from any non-governmental organization, community, community group, aboriginal peoples or aboriginal group or any Governmental Entity of any revocation or intention to revoke any interest of Karus in any of the Karus Properties or any of the Karus Mineral Rights.
- (x) Karus has all surface rights, including fee simple estates, leases, easements, rights of way and permits or licences from landowners, any non-governmental organization, community, community group, aboriginal peoples or aboriginal group or Governmental Entities permitting the use of land by Karus, and mineral interests that are required to undertake activities as presently contemplated on the Karus Properties.
- (xi) All Contracts entered into by Karus with any non- governmental organization, community, community group, aboriginal peoples or aboriginal group ("**Karus Aboriginal Contracts**"), whether oral or written, are in full force and effect and Karus has complied in all material respects with all terms of such Karus Aboriginal Contracts, have paid all amounts due thereunder, have not waived any rights thereunder and no default or breach exists in respect thereof on the part of Karus or, to the knowledge of Karus, on the part of any other party thereto, and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a material default or breach or trigger a right of termination of any of the Karus Aboriginal Contracts. As at the date hereof, Karus has not received written notice that any party to a Karus Aboriginal Contract intends to cancel, terminate or otherwise modify or not renew such Karus Aboriginal Contract, and no such action has been threatened.
- (r) Contracts. Schedule 3.1(r) of the Karus Disclosure Letter includes a complete and accurate list of all material Contracts to which Karus is a party. All such material Contracts are in full force and effect, and Karus is entitled to all rights and benefits thereunder in accordance with the terms thereof. Karus has made available to Kenadyr for inspection true and completed copies of all material Contracts, and all such material Contracts have been provided to Kenadyr pursuant to its due diligence requests. All of the material Contracts are valid and binding obligations of Karus, enforceable in accordance with their respective terms, except as may be limited by bankruptcy,

insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction. Karus has complied in all material respects with all terms of such material Contracts, have paid all amounts due thereunder, have not waived any rights thereunder and no material default or breach exists in respect thereof on the part of Karus or, to the knowledge of Karus, on the part of any other party thereto, and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a material default or breach or trigger a right of termination of any of the material Contracts. As at the date hereof, Karus has not received written notice that any party to a material Contract intends to cancel, terminate or otherwise modify or not renew such material Contract, and to the knowledge of Karus, no such action has been threatened. Karus is not a party to any material Contract that contains any non-competition obligation or otherwise restricts in any material way the business of Karus.

- (s) Permits. Karus has obtained and is in compliance with all Permits required by applicable Laws that are necessary to conduct its current business as it is now being conducted, except where the failure to hold or comply with such Permits would not, individually or in the aggregate, have a Material Adverse Effect.
- (t) Environmental Matters. Except for any matters that, individually or in the aggregate, would not have or would not reasonably be expected to have a Material Adverse Effect, Karus and its businesses, operations, and properties:
 - (i) is in material compliance with all Environmental Laws and all terms and conditions of all Environmental Permits;
 - (ii) has not received any order, request or notice from any Person alleging a material violation of any Environmental Law;
 - (iii) is not a party to any litigation or administrative proceeding, nor to the knowledge of Karus is any litigation or administrative proceeding threatened against it or its property or assets, which in either case asserts or alleges that it violated any Environmental Laws, is required to clean up, remove or take remedial or other response action due to the Release of any Hazardous Substances, or is required to pay all or a portion of the cost of any past, present or future cleanup, removal or remedial or other response action which arises out of or is related to the Release of any Hazardous Substances;
 - (iv) has no knowledge of any conditions existing currently which could reasonably be expected to subject it to damages, penalties, injunctive relief or cleanup costs under any Environmental Laws or which require or are likely to require cleanup, removal, remedial action or other response by it pursuant to applicable Environmental Laws;
 - (v) is not subject to any judgment, decree, order or citation related to or arising out of applicable Environmental Law and has not been named or listed as a potentially responsible party by any Governmental Entity in a matter arising under any Environmental Laws; and
 - (vi) is not involved in operations and does not know of any facts, circumstances or conditions, including any Release of any Hazardous Substance, that would reasonably be expected to result in any Environmental Liabilities.

(u) Regulatory.

- (i) Karus has operated and are currently operating in material compliance with all applicable Laws, including all applicable rules, regulations, guidelines and policies of any Regulatory Authorities; and
- (ii) Karus has operated and are currently operating its businesses in compliance with all licenses, permits, authorizations, approvals, registrations and consents of the Regulatory Authorities (the “**Regulatory Authorizations**”) in all material respects and have made all requisite material declarations and filings with the Regulatory Authorities. Karus has not received any written notices or other correspondence from the Regulatory Authorities regarding any circumstances that have existed or currently exist which would lead to a loss, suspension, or modification of, or a refusal to issue, any material Regulatory Authorization relating to its activities which would reasonably be expected to restrict, curtail, limit or adversely affect the ability of Karus to operate its businesses.

(v) Employee Benefits.

- (i) Karus has complied, in all material respects, with the terms of all agreements, health, welfare, supplemental unemployment benefit, bonus, incentive, profit sharing, deferred compensation, stock purchase, stock compensation, stock option, disability, pension or retirement plans and other employee compensation or benefit plans, policies, arrangements, practices or undertakings, whether oral or written, formal or informal, funded or unfunded, insured or uninsured which are maintained by or binding upon Karus or in respect of which Karus has any actual or potential liability (collectively, the “**Karus Benefit Plans**”) and with all applicable Laws and collective bargaining agreements relating thereto.
- (ii) Schedule 3.1(v) of the Karus Disclosure Letter sets forth a complete list of the Karus Benefit Plans.

(w) Labour and Employment.

- (i) Schedule 3.1(w) of the Karus Disclosure Letter sets forth a complete list of all employees of Karus, together with their titles, service dates and material terms of employment, including current wages, salaries or hourly rate of pay, and bonus (whether monetary or otherwise). No such employee is on long-term disability leave, extended absence or worker’s compensation leave. All current assessments under applicable workers compensation legislation in relation to the employees listed in Schedule 3.1(w) of the Karus Disclosure Letter have been paid or accrued by Karus, as applicable, and Karus is not subject to any special or penalty assessment under such legislation which has not been paid.
- (ii) Except for those written employment contracts with employees of Karus identified in Schedule 3.1(w) of the Karus Disclosure Letter, there are no written contracts of employment entered into with any such employees. Except for those agreements or provisions described in Schedule 3.1(w) of the Karus Disclosure Letter, no employee of Karus is party to a change of control, severance, termination, golden parachute or similar agreement or provision or would receive payments under such agreement or provision as a result of the Arrangement.

- (iii) Karus is not party to any collective bargaining agreement, contract or legally binding commitment to any trade unions or employee organization or group. There are no threatened or apparent union organizing activities involving employees of Karus, nor is Karus currently negotiating any collective bargaining agreements.
- (x) Compliance with Laws. Karus has complied with and is not in violation of any applicable Laws, other than non-compliance or violations which would not, individually or in the aggregate, have a Material Adverse Effect.
- (y) Absence of Cease Trade Orders. No order ceasing or suspending trading in the Karus Shares (or any of them) or any other securities of Karus is outstanding and no proceedings for this purpose have been instituted or, to the knowledge of Karus, are pending, contemplated or threatened.
- (z) Related Party Transactions. Other than as set out in Schedule 3.1(z) of the Karus Disclosure Letter, there are no Contracts or other transactions currently in place between Karus and:
 - (i) any officer or director of Karus;
 - (ii) any holder of record or beneficial owner of 10% or more of the Karus Shares; and
 - (iii) to the knowledge of Karus, any affiliate or associate of any such officer, director, holder of record or beneficial owner.
- (aa) Expropriation. No part of the property or assets of Karus has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been given or commenced nor does Karus know of any intent or proposal to give such notice or commence any such proceedings.
- (bb) Registration Rights. No Karus Shareholder has any right to compel Karus to register or otherwise qualify the Karus Shares (or any of them) for public sale or distribution.
- (cc) Rights of Other Persons. Other than as set out in Schedule 3.1(cc) of the Karus Disclosure Letter, no Person has any right of first refusal or option to purchase or any other right of participation in any of the material properties or assets owned by Karus, or any part thereof.
- (dd) Restrictions on Business Activities. There is no arbitral award, judgment, injunction, constitutional ruling, order or decree binding upon Karus that has or could reasonably be expected to have the effect of prohibiting, restricting, or impairing any business practice of any of them, any acquisition or disposition of property by any of them, or the conduct of the business by any of them as currently conducted, which could reasonably be expected to have a Material Adverse Effect.
- (ee) Brokers. There is no investment banker, broker, finder or other financial intermediary that has been retained by or is authorized to act on behalf of Karus who is entitled to any fee or commission from Karus in connection with the transactions contemplated hereby or will have any ongoing commitment from Karus after the Effective Time.

- (ff) Insurance. As of the date hereof, Karus have such policies of insurance as are listed in Schedule 3.1(ff) of the Karus Disclosure Letter. All insurance maintained by Karus is in full force and effect and in good standing and Karus is not in default, whether as to payment of premium or otherwise, under the terms of any such insurance nor has Karus failed to give any notice or present any material claim under any such insurance in a due and timely fashion or received notice or otherwise become aware of any intent of an insurer to either claim any default on the part of Karus or not to renew any policy of insurance on its expiry or to increase any deductible or cost, except where such failure or default or other event would not reasonably be expected to have a Material Adverse Effect.
- (gg) Corrupt Practices Legislation. None of Karus, its affiliates, nor to the knowledge of Karus any of it, its affiliates' respective directors, officers or employees, or agents or other third-party representatives when acting on Karus or any of its affiliates' behalf, has:
- (i) violated any provision of Canada's Corruption of Foreign Public Officials Act or any applicable Law of similar effect (collectively, "**Applicable Anti-Corruption Laws**");
 - (ii) on behalf of Karus or any of its affiliates, made or authorized any contribution, payment or promise to make payment of any money, gift, loan, reward, advantage, benefit or anything of value, directly or indirectly, to or for the benefit of a Government Official to influence any act or omission of any Government Official or Government Entity;
 - (iii) used or is using any corporate funds for any direct or indirect illegal payments to any Government Officials; or
 - (iv) to the knowledge of Karus, been or is subject to any investigation by any governmental authority or regulatory agency regarding any actual, alleged or potential violation of, or failure to comply with, Applicable Anti-Corruption Laws.

To the knowledge of Karus, none of Karus or its affiliates' officers, directors, employees, agents, or other third-party representatives are Government Officials.

- (hh) No Shareholder Rights Plan. As of the date hereof, there is no shareholder rights plan, "poison pill" antitakeover plan or similar device in effect to which Karus is subject, party or otherwise bound.

3.2 Survival of Representations and Warranties

The representations and warranties of Karus contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF KENADYR

4.1 Representations and Warranties

Kenadyr hereby represents, and warrants to and in favour of Karus as follows except to the extent that such representations and warranties are qualified by the Kenadyr Disclosure Letter (which shall make

reference to the applicable section, subsection, paragraph or subparagraph below in respect of which such qualification is being made), and acknowledges that Karus is relying upon such representations and warranties in connection with the entering into of this Agreement:

- (a) Board Approval. As of the date hereof, the Kenadyr Board, after consultation with its financial and legal advisors, has determined that the Plan of Arrangement is in the best interests of Kenadyr. The Kenadyr Board has approved the Arrangement pursuant to the Plan of Arrangement and the execution and performance of this Agreement.
- (b) Organization and Qualification. Kenadyr and each of its subsidiaries is a corporation duly incorporated or an entity duly created and validly existing under all applicable Laws of its jurisdiction of incorporation, continuance or creation and has all necessary corporate or other power, authority and capacity to own its property and assets as now owned and to carry on its business as it is now being conducted. Kenadyr and each of its subsidiaries:
 - (i) has all Permits necessary to conduct its business substantially as now conducted as disclosed in the Kenadyr Public Disclosure Record, except where the failure to hold such Permits would not individually or in the aggregate have a Material Adverse Effect; and
 - (ii) is duly registered or otherwise authorized and qualified to do business and each is in good standing in each jurisdiction in which the character of its properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such qualification necessary, except where the failure to be so qualified will not individually or in the aggregate have a Material Adverse Effect.
- (c) Authority Relative to this Agreement. Kenadyr has the requisite corporate power, authority and capacity to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by Kenadyr and the performance by Kenadyr of its obligations under this Agreement have been duly authorized by the Kenadyr Board and no other corporate proceedings on its part are necessary to authorize this Agreement or the Arrangement pursuant to the Plan of Arrangement other than the Kenadyr Shareholder Approval. This Agreement has been duly executed and delivered by Kenadyr and constitutes a legal, valid and binding obligation of Kenadyr, enforceable against Kenadyr in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other applicable Laws relating to or affecting rights of creditors generally and subject to the qualification that equitable remedies, including specific performance, are discretionary.
- (d) No Violation. The authorization, execution and delivery of this Agreement by Kenadyr, the completion of the transactions contemplated by this Agreement and the Arrangement pursuant to the Plan of Arrangement and the performance of Kenadyr's obligations hereunder or thereunder in accordance with the terms hereof and thereof will not:
 - (i) violate, conflict with, or result (with or without notice or the passage of time) in a violation or breach of any provision of, or require, except in respect of the Key Third-Party Consents (which are the only consents, approvals and notices required from any third-party under any Contracts of Kenadyr or any of its subsidiaries in order for Kenadyr and its subsidiaries to proceed with the execution and delivery of this Agreement and the completion of the transactions contemplated by this Agreement and the Plan of Arrangement), any consent,

approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or cause any indebtedness to come due before its stated maturity, or cause any credit commitment to cease to be available, or cause any payment or other obligation to be imposed on Kenadyr or any of its subsidiaries, under any of the terms, conditions or provisions of:

- (A) their respective articles, charters or by-laws or other comparable organizational documents; or
- (B) any Permit or material Contract to which Kenadyr or any of its subsidiaries is a party or to which any of them, or any of their respective properties or assets, may be subject or by which Kenadyr or any of its subsidiaries is bound; or

(ii) subject to obtaining the Key Regulatory Approvals,

- (A) result (with or without notice or the passage of time) in a violation or breach of or constitute a default under any provisions of any Laws applicable to Kenadyr or any of its subsidiaries or any of their respective properties or assets; or
- (B) cause the suspension or revocation of any Permit currently in effect in regard of Kenadyr or any of its subsidiaries;

(except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations, accelerations or any consents (expressly excluding clause (i)(A), excluding the Key Third-Party Consents and Key Regulatory Approvals), approvals or notices which if not given or received, would not, individually or in the aggregate, reasonably be expected to have any Material Adverse Effect);

(iii) give rise to any rights of first refusal or trigger any change in control provisions under any note, bond, mortgage, indenture, contract, license, franchise or Permit to which Kenadyr is a party; or

(iv) result in the imposition of any Liens upon any assets of Kenadyr or any of its subsidiaries.

(e) Capitalization. The authorized share capital of Kenadyr consists of an unlimited number of Kenadyr Shares and an unlimited number of preferred shares. As of the date of this Agreement, there are issued and outstanding 11,803,955 Kenadyr Shares and no preferred shares. As of the date of this Agreement, an aggregate of 325,000 Kenadyr Shares are issuable upon the exercise of 325,000 Kenadyr Options, and an aggregate of 119,000 Kenadyr Shares are issuable upon exercise of 119,000 Kenadyr Warrants outstanding. Other than the Kenadyr Options, the Kenadyr Warrants, the Kenadyr Replacement Options, the Kenadyr Replacement RSUs and the Kenadyr Debt Settlement Shares, Kenadyr Subscription Receipts (and the underlying Kenadyr securities) and Kenadyr FT Shares, if any, to be issued, there are no options, warrants, conversion privileges or other rights, shareholder rights plans, agreements, arrangements or commitments (pre-emptive, contingent or otherwise) of any character whatsoever requiring or which may require the issuance, sale or transfer by Kenadyr of any securities of Kenadyr (including Kenadyr

Shares), or any securities or obligations convertible into, or exchangeable or exercisable for, or otherwise evidencing a right or obligation to acquire, any securities of Kenadyr (including Kenadyr Shares) or of any subsidiary of Kenadyr. Other than the Kenadyr Shares, Kenadyr Options and Kenadyr Warrants, there are no securities of Kenadyr outstanding. Schedule 4.1(e) of the Kenadyr Disclosure Letter sets forth an accurate and complete list of all grants of Kenadyr Options and Kenadyr Warrants, including as applicable, the respective holders, grant dates, number of Kenadyr Options and Kenadyr Warrants granted, vesting dates and exercise prices, as applicable. All outstanding Kenadyr Shares have been duly authorized and validly issued, are fully paid and non-assessable, and all Kenadyr Shares issuable upon the exercise of Kenadyr Options or Warrants, in accordance with their respective terms have been duly authorized and, upon issuance, will be validly issued as fully paid and non-assessable, and are not and will not be subject to, or issued in violation of, any pre-emptive rights. All securities of Kenadyr (including the Kenadyr Shares, Kenadyr Options and Kenadyr Warrants) have been issued in compliance with all applicable Laws. Other than the Kenadyr Shares, Kenadyr Options and Kenadyr Warrants, there are no securities of Kenadyr or of any of its subsidiaries outstanding which have the right to vote generally (or are convertible into or exchangeable for securities having the right to vote generally) with the Kenadyr Shareholders on any matter. There are no outstanding contractual or other obligations of Kenadyr or any subsidiary to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any of its outstanding securities. There are no outstanding bonds, debentures or other evidences of indebtedness of Kenadyr or any of its subsidiaries having the right to vote with the holders of the outstanding Kenadyr Shares on any matters.

- (f) Reporting Status and Securities Laws Matters. Kenadyr is a “reporting issuer” and not on the list of reporting issuers in default under applicable Canadian provincial Securities Laws in British Columbia and Alberta. No delisting, suspension of trading in or cease trading order with respect to any securities of Kenadyr and, to the knowledge of Kenadyr, no inquiry or investigation (formal or informal) of any Securities Authority, is in effect or ongoing or, to the knowledge of Kenadyr, expected to be implemented or undertaken.
- (g) Ownership of subsidiaries. Schedule 4.1(g) of the Kenadyr Disclosure Letter includes complete and accurate lists of all subsidiaries owned, directly or indirectly, by Kenadyr, each of which is wholly-owned other than as disclosed in Schedule 4.1(g) of the Kenadyr Disclosure Letter. All of the issued and outstanding shares of capital stock and other ownership interests in the subsidiaries of Kenadyr are duly authorized, validly issued, fully paid and non-assessable, and all such shares and other ownership interests held directly or indirectly by Kenadyr are legally and beneficially owned free and clear of all Liens, and there are no outstanding options, warrants, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to purchase or acquire, or securities convertible into or exchangeable for, any such shares of capital stock or other ownership interests in or material assets or properties of any of the subsidiaries of Kenadyr, except as disclosed in Schedule 4.1(g) of the Kenadyr Disclosure Letter. There are no contracts, commitments, agreements, understandings, arrangements or restrictions which require any subsidiaries of Kenadyr to issue, sell or deliver any shares in its share capital or other ownership interests, or any securities or obligations convertible into or exchangeable for, any shares of its share capital or other ownership interests. Except as otherwise disclosed in Schedule 4.1(g) of the Kenadyr Disclosure Letter there are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) providing to any third-party the right to acquire any shares or other ownership interests in any subsidiaries of Kenadyr.

- (h) Public Filings. Kenadyr has filed all documents required to be filed by it in accordance with applicable Securities Laws in Canada. Kenadyr has filed all necessary documents and information required to be filed with the Securities Authorities and the TSXV. All such documents and information comprising the Kenadyr Public Disclosure Record, as of their respective dates (and the dates of any amendments thereto):
- (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; and
 - (ii) complied in all material respects with the requirements of applicable Securities Laws in Canada, and any amendments to the Kenadyr Public Disclosure Record required to be made have been filed on a timely basis with the Securities Authorities or the TSXV. Kenadyr has not filed any confidential material change report with any Securities Authorities that at the date of this Agreement remains confidential.
- (i) Kenadyr Financial Statements. Kenadyr's audited financial statements as at and for the fiscal years ended December 31, 2021 and 2020 and Kenadyr's MD&A for the corresponding periods and unaudited financial statements as at and for the three and nine months ended September 30, 2022 and 2021 (including the notes thereto) and Kenadyr's MD&A for the corresponding periods (collectively, the "**Kenadyr Financial Statements**") were prepared in accordance with IFRS consistently applied (except as otherwise indicated in such financial statements and the notes thereto or in the related report of Kenadyr's independent auditors, and except that the unaudited Kenadyr Financial Statements may not contain footnotes and are subject to normal year-end adjustments, none of which individually or in the aggregate will be material in nature or amount) and fairly present in all material respects the consolidated financial position, results of operations and changes in financial position of Kenadyr and its subsidiaries as of the dates thereof and for the periods indicated therein and reflect reserves required by IFRS in respect of all material contingent liabilities, if any, of Kenadyr and its subsidiaries on a consolidated basis. There has been no material change in Kenadyr's accounting policies, except as described in the notes to the Kenadyr Financial Statements, since December 31, 2021.
- (j) Internal Controls and Financial Reporting. Kenadyr has designed and implemented disclosure controls and procedures to provide reasonable assurance that material information relating to Kenadyr, including its consolidated subsidiaries, is made known to the Chief Executive Officer and the Chief Financial Officer of Kenadyr by others within those entities, as appropriate to allow timely decisions regarding required disclosure, particularly during the periods in which filings are being prepared. Kenadyr has disclosed, based on the most recent evaluation of its Chief Executive Officer and its Chief Financial Officer prior to the date hereof, to Kenadyr's auditors and the audit committee of the Kenadyr Board:
- (i) any significant deficiencies in the design or operation of its internal controls over financial reporting that are reasonably likely to adversely affect Kenadyr's ability to record, process, summarize and report financial information and has identified for Kenadyr's auditors and the Kenadyr Board any material weaknesses in internal control over financial reporting; and

- (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in Kenadyr's internal control over financial reporting.

To the knowledge of Kenadyr, as at September 30, 2022, there were no changes in internal controls that occurred during the period beginning on January 1, 2022 and ended on September 30, 2022 that has materially affected, or is reasonably likely to materially affect Karus' internal controls and as of the date hereof, nothing has come to the attention of Kenadyr that has caused Kenadyr to believe that there are any material weaknesses or significant deficiencies in such internal controls.

- (k) Books and Records. The financial books, records and accounts of Kenadyr and its subsidiaries (during the period of time when owned by Kenadyr), in all material respects:
 - (i) have been maintained in accordance with good business practices and in accordance with IFRS and with the accounting principles generally accepted in the country of domicile of each such entity, on a basis consistent with prior years;
 - (ii) in each case are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of Kenadyr and its subsidiaries; and
 - (iii) accurately and fairly reflect the basis for the Kenadyr Financial Statements.
- (l) Minute Books. The minute books of each of Kenadyr and its subsidiaries, which have been provided to Karus prior to the date hereof, are true and correct in all material respects, and contain the minutes of all meetings of the boards of directors, committees of the boards and shareholders and all resolutions passed by the boards of directors, committees of the boards and the shareholders.
- (m) No Undisclosed Liabilities. Kenadyr and its subsidiaries have no outstanding indebtedness or liabilities and none is a party to or bound by any surety-ship, guarantee, indemnification or assumption agreement, or endorsement of, or any other similar commitment with respect to the obligations, liabilities or indebtedness of any Person, other than those specifically identified in the Kenadyr Public Disclosure Record or incurred in the ordinary course of business since December 31, 2021.
- (n) No Material Change. Since December 31, 2021, there has been no material change in respect of Kenadyr and its subsidiaries taken as a whole, and the debt, business and material property of Kenadyr and its subsidiaries conform in all respects to the description thereof contained in the Kenadyr Public Disclosure Record, and there has been no dividend or distribution of any kind declared, paid or made by Kenadyr on any Kenadyr Shares.
- (o) Litigation. There are no material claims, actions, suits, grievances, complaints or proceedings pending or, to the knowledge of Kenadyr, threatened affecting Kenadyr or any of its subsidiaries or affecting any of their respective property or assets at law or in equity before or by any non-governmental organization, community, community group, aboriginal peoples or aboriginal group or any Governmental Entity, including matters arising under Environmental Laws. Neither Kenadyr nor any of its subsidiaries nor their respective assets or properties is subject to any outstanding material judgment, order, writ, injunction or decree.

- (p) Taxes. Except as disclosed in Schedule 4.1(p) of the Kenadyr Disclosure Letter
- (i) Kenadyr and each of its subsidiaries has duly and timely filed all Returns required to be filed by it prior to the date hereof, other than those which have been administratively waived, and all such Returns are complete and correct in all material respects.
 - (ii) Kenadyr and each of its subsidiaries has paid on a timely basis all Taxes which are due and payable, all assessments and reassessments, other than those which are being or have been contested in good faith and in respect of which reserves have been provided in the most recently published Kenadyr Financial Statements.
 - (iii) Except as provided for in the Kenadyr Financial Statements, no material deficiencies, litigation, proposed adjustments or matters in controversy exist or have been asserted with respect to Taxes of Kenadyr or any of its subsidiaries, and neither Kenadyr nor any of its subsidiaries is a party to any action or proceeding for assessment or collection of Taxes and no such event has been asserted or, to the knowledge of Kenadyr, threatened against Kenadyr or any of its subsidiaries or any of their respective assets, that would reasonably be expected to have a Material Adverse Effect.
 - (iv) No claim has been made by any Governmental Entity in a jurisdiction where Kenadyr or any of its subsidiaries does not file Returns that Kenadyr or any of its subsidiaries is or may be subject to Tax by that jurisdiction.
 - (v) There are no Liens for unpaid Taxes (other than in respect of Taxes not yet due and payable and for which adequate accruals or reserves have been established in accordance with IFRS) upon any of the assets of Kenadyr or any of its subsidiaries.
 - (vi) Kenadyr and each of its subsidiaries has withheld or collected all amounts required to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Entity when required by Law to do so, except where the failure to do so would not, individually or in the aggregate, result in a Material Adverse Effect.
 - (vii) There are no outstanding agreements extending or waiving the statutory period of limitations applicable to any claim for, or the period for the collection or assessment or reassessment of, Taxes due from Kenadyr or any of its subsidiaries for any taxable period and no request for any such waiver or extension is currently pending.
 - (viii) Kenadyr and each of its subsidiaries have given to Karus true, correct and complete copies of all their income and capital tax returns and statements of deficiencies for taxable periods, or transactions consummated, for which the applicable statutory periods of limitations have not expired, and there are no material omissions in the foregoing.
 - (ix) The Kenadyr Shares are listed on a “recognized stock exchange” as defined by the Tax Act.

- (x) For the purposes of the Tax Act and any other relevant Tax purposes:
 - (A) Kenadyr is resident in Canada; and
 - (B) each subsidiary of Kenadyr is resident in the jurisdiction in which it is formed and is not resident in nor has a permanent establishment for tax purposes in any other country.

- (q) Interest in Properties and Mineral Rights.
 - (i) Kenadyr or one of its subsidiaries is the sole legal and beneficial owner of all right, title and interest in and to Kenadyr's and its subsidiaries' material real properties including all real Property relating to the Borubai Project (collectively, the "**Kenadyr Properties**") and Kenadyr's and its subsidiaries' material mineral interests and rights (including any material claims, concessions, exploration licences, exploitation licences, prospecting permits, mining leases and mining rights, in each case, either existing under contract, by operation of Law or otherwise) including all such interests and rights relating to the Borubai Project (collectively, the "**Kenadyr Mineral Rights**") are set out in Schedule 4.1(q) of the Kenadyr Disclosure Letter. Other than the Kenadyr Properties and the Kenadyr Mineral Rights, neither Kenadyr nor its subsidiaries own or has any interest in any other real property or any mineral interests and rights.
 - (ii) Other than those liabilities disclosed in the Kenadyr Financial Statements there are no liabilities of Kenadyr, contingent or otherwise, relating to the Kenadyr Properties, including, without limitation, any liabilities relating to unpaid Taxes or work performed on the Kenadyr Properties, other than liabilities incurred in the ordinary course of business.

- (r) Contracts. Schedule 4.1(r) of the Kenadyr Disclosure Letter includes a complete and accurate list of all material Contracts to which Kenadyr or any of its subsidiaries are a party. All such material Contracts are in full force and effect, and Kenadyr or its subsidiaries are entitled to all rights and benefits thereunder in accordance with the terms thereof. Kenadyr has made available to Karus for inspection true and completed copies of all material Contracts, and all such material Contracts have been provided to Karus pursuant to its due diligence requests. All of the material Contracts are valid and binding obligations of Kenadyr or its subsidiaries, as the case may be, enforceable in accordance with their respective terms, except as may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction. Kenadyr and its subsidiaries have complied in all material respects with all terms of such material Contracts, have paid all amounts due thereunder, have not waived any rights thereunder and no material default or breach exists in respect thereof on the part of Kenadyr or any of its subsidiaries or, to the knowledge of Kenadyr, on the part of any other party thereto, and no event has occurred which, after the giving of notice or the lapse of time or both, would constitute such a material default or breach or trigger a right of termination of any of the material Contracts. As at the date hereof, neither Kenadyr nor any of its subsidiaries has received written notice that any party to a material Contract intends to cancel, terminate or otherwise modify or not renew such material Contract, and to the knowledge of Kenadyr, no such action has been threatened.

- (s) Permits. Kenadyr and each of its subsidiaries has obtained and is in compliance with all Permits required by applicable Laws that are necessary to conduct its current business as it is now being conducted, except where the failure to hold or comply with such Permits would not, individually or in the aggregate, have a Material Adverse Effect.
- (t) Environmental Matters. Except for any matters that, individually or in the aggregate would not have or would not reasonably be expected to have a Material Adverse Effect, each of Kenadyr and its subsidiaries and their respective businesses, operations, and properties:
 - (i) is in material compliance with all Environmental Laws and all terms and conditions of all Environmental Permits;
 - (ii) has not received any order, request or notice from any Person alleging a material violation of any Environmental Law;
 - (iii) is not a party to any litigation or administrative proceeding, nor to the knowledge of Kenadyr is any litigation or administrative proceeding threatened against it or its property or assets, which in either case asserts or alleges that it violated any Environmental Laws, is required to clean up, remove or take remedial or other response action due to the Release of any Hazardous Substances, or is required to pay all or a portion of the cost of any past, present or future cleanup, removal or remedial or other response action which arises out of or is related to the Release of any Hazardous Substances;
 - (iv) has no knowledge of any conditions existing currently which could reasonably be expected to subject it to damages, penalties, injunctive relief or cleanup costs under any Environmental Laws or which require or are likely to require cleanup, removal, remedial action or other response by it pursuant to applicable Environmental Laws;
 - (v) is not subject to any judgment, decree, order or citation related to or arising out of applicable Environmental Law and has not been named or listed as a potentially responsible party by any Governmental Entity in a matter arising under any Environmental Laws; and
 - (vi) is not involved in operations and does not know of any facts, circumstances or conditions, including any Release of any Hazardous Substance, that would reasonably be expected to result in any Environmental Liabilities.
- (u) Regulatory.
 - (i) Kenadyr and its subsidiaries have operated and are currently operating in material compliance with all applicable Laws, including all applicable rules, regulations, guidelines and policies of any Regulatory Authorities; and
 - (ii) Kenadyr and its subsidiaries have operated and are currently operating their respective businesses in compliance with all Regulatory Authorizations in all material respects and have made all requisite material declarations and filings with the Regulatory Authorities. Kenadyr and its subsidiaries have not received any written notices or other correspondence from the Regulatory Authorities regarding any circumstances that have existed or currently exist which would

lead to a loss, suspension, or modification of, or a refusal to issue, any material Regulatory Authorization relating to its activities which would reasonably be expected to restrict, curtail, limit or adversely affect the ability of Kenadyr or its subsidiaries to operate their respective businesses.

- (v) Employment Matters.
 - (i) Kenadyr and each of its subsidiaries has complied, in all material respects, with the terms of all agreements, health, welfare, supplemental unemployment benefit, bonus, incentive, profit sharing, deferred compensation, stock purchase, stock compensation, stock option, disability, pension or retirement plans and other employee compensation or benefit plans, policies, arrangements, practices or undertakings, whether oral or written, formal or informal, funded or unfunded, insured or uninsured which are maintained by or binding upon Kenadyr or such subsidiary or in respect of which Kenadyr or any of its subsidiaries has any actual or potential liability (collectively, the “**Kenadyr Benefit Plans**”) and with all applicable Laws and collective bargaining agreements relating thereto.
 - (ii) Schedule 4.1(v) of the Kenadyr Disclosure Letter sets forth a complete list of the Kenadyr Benefit Plans.
 - (iii) Except for those written employment contracts with employees of Kenadyr and any of its subsidiaries identified in Schedule 4.1(v) of the Kenadyr Disclosure Letter, there are no written contracts of employment entered into with any such employees. Except for those agreements or provisions described in Schedule 4.1(v) of the Kenadyr Disclosure Letter, no employee, director or officer of Kenadyr or of any of its subsidiaries is party to a change of control, severance, termination, golden parachute or similar agreement or provision or would receive payments under such agreement or provision as a result of the Arrangement.
 - (iv) Neither Kenadyr nor any subsidiary is party to any collective bargaining agreement, contract or legally binding commitment to any trade unions or employee organization or group. There are no threatened or apparent union organizing activities involving employees of Kenadyr or any of its subsidiaries, nor is Kenadyr or any of its subsidiaries currently negotiating any collective bargaining agreements.
- (w) Compliance with Laws. Kenadyr and its subsidiaries have complied with and are not in violation of any applicable Laws, other than non-compliance or violations which would not, individually or in the aggregate, have a Material Adverse Effect.
- (x) Absence of Cease Trade Orders. No order ceasing or suspending trading in the Kenadyr Shares (or any of them) or any other securities of Kenadyr is outstanding and no proceedings for this purpose have been instituted or, to the knowledge of Kenadyr, are pending, contemplated or threatened.
- (y) Related Party Transactions. Except as disclosed in Schedule 4.1(y) of the Kenadyr Disclosure Letter or as expressly contemplated by this Agreement, there are no Contracts or other transactions currently in place between Kenadyr or any of its subsidiaries and:
 - (i) any officer or director of Kenadyr or any of its subsidiaries;

- (ii) any holder of record or beneficial owner of 10% or more of the Kenadyr Shares;
and
- (iii) to the knowledge of Kenadyr, any affiliate or associate of any such officer, director, holder of record or beneficial owner.
- (z) Expropriation. No part of the property or assets of Kenadyr or any of its subsidiaries has been taken, condemned or expropriated by any Governmental Entity nor has any written notice or proceeding in respect thereof been given or commenced nor does Kenadyr or any of its subsidiaries know of any intent or proposal to give such notice or commence any such proceedings.
- (aa) Registration Rights. No Kenadyr Shareholder has any right to compel Kenadyr to register or otherwise qualify the Kenadyr Shares (or any of them) for public sale or distribution.
- (bb) Rights of Other Persons. No Person has any right of first refusal or option to purchase or any other right of participation in any of the material properties or assets owned by Kenadyr or any of its subsidiaries, or any part thereof.
- (cc) Restrictions on Business Activities. There is no arbitral award, judgment, injunction, constitutional ruling, order or decree binding upon Kenadyr or any of its subsidiaries that has or could reasonably be expected to have the effect of prohibiting, restricting, or impairing any business practice of any of them, any acquisition or disposition of property by any of them, or the conduct of the business by any of them as currently conducted, which could reasonably be expected to have a Material Adverse Effect.
- (dd) Brokers. There is no investment banker, broker, finder or other financial intermediary that has been retained by or is authorized to act on behalf of any of Kenadyr or its subsidiaries who is entitled to any fee or commission from any of Kenadyr or its subsidiaries in connection with the transactions contemplated hereby or will have any ongoing commitment from Kenadyr or its subsidiaries after the Effective Time.
- (ee) Insurance. As of the date hereof, Kenadyr and its subsidiaries do not maintain any insurance policies.
- (ff) Corrupt Practices Legislation. None of Kenadyr, its subsidiaries or affiliates, nor to the knowledge of Kenadyr any of it, its subsidiaries or affiliates' respective directors, officers or employees, or agents or other third-party representatives when acting on Kenadyr or any of its subsidiaries or affiliates' behalf, has:
 - (i) violated any provision of Applicable Anti-Corruption Laws;
 - (ii) on behalf of Kenadyr or any of its subsidiaries or affiliates, made or authorized any contribution, payment or promise to make payment of any money, gift, loan, reward, advantage, benefit or anything of value, directly or indirectly, to or for the benefit of a Government Official to influence any act or omission of any Government Official or Government Entity;
 - (iii) used or is using any corporate funds for any direct or indirect illegal payments to any Government Officials; or
 - (iv) to the knowledge of Kenadyr, been or is subject to any investigation by any governmental authority or regulatory agency regarding any actual, alleged or

potential violation of, or failure to comply with, Applicable Anti-Corruption Laws.

To the knowledge of Kenadyr, none of Kenadyr or its subsidiaries or affiliates' officers, directors, employees, agents, or other third-party representatives are Government Officials.

(gg) No Shareholder Rights Plan. As of the date hereof, there is no shareholder rights plan, "poison pill" antitakeover plan or similar device in effect to which Kenadyr or any of its subsidiaries is subject, party or otherwise bound.

4.2 Survival of Representations and Warranties

The representations and warranties of Kenadyr contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 5 FINANCINGS

5.1 Kenadyr Financing

On or prior to the Effective Date, Kenadyr shall make commercially reasonable efforts to complete the Kenadyr Financing in compliance with applicable Securities Laws in Canada and to ensure the Kenadyr Subscription Receipts to be issued pursuant to the Kenadyr Financing will, upon issuance, be duly and validly issued in compliance with Applicable Laws.

5.2 Kenadyr Flow-Through Financing

On or prior to the Effective Date, Kenadyr shall make commercially reasonable efforts to complete the Kenadyr Flow-Through Financing in compliance with applicable Securities Laws in Canada and to ensure the Kenadyr FT Shares to be issued pursuant to the Kenadyr Flow-Through Financing, if any, will, upon issuance, be duly and validly issued in compliance with Applicable Laws.

5.3 Minimum-Maximum Financing

The Parties acknowledge and agree that the aggregate gross proceeds to be raised by Kenadyr pursuant to the Kenadyr Financing shall not be less than \$2,000,000 and, collectively with the Kenadyr Flow-Through Financing, shall not exceed \$5,000,000, unless otherwise agreed to in writing by the Parties and permitted by the TSXV.

ARTICLE 6 ESCROW

6.1 Escrow

The Parties acknowledge that a portion of the Kenadyr Shares to be issued pursuant to the Arrangement, the Kenadyr Financing or the Kenadyr Flow-Through Financing, in addition to existing Kenadyr Shares, may be subject to escrow provisions imposed by the policies of the TSXV. The Parties further acknowledge that such escrowed shares will be held in escrow and released, over time, as determined by the TSXV. The parties agree that the terms of any such escrow will be negotiated by counsel for Kenadyr, Kenadyr Shareholders and the TSXV, and the Parties hereto agree to accept such

terms as imposed by the TSXV provided such escrow is in compliance with the published policies of the TSXV.

ARTICLE 7 COVENANTS

7.1 Covenants of Karus Regarding the Conduct of Business

From the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required by applicable Laws, consented to by Kenadyr in writing, or otherwise expressly contemplated or permitted by this Agreement, Karus shall conduct the business of Karus, taken as a whole, in the ordinary course consistent with past practice and, to the extent consistent therewith, use its reasonable best efforts to (i) preserve intact the present business organization of Karus, (ii) maintain in effect all material Permits of Karus, (iii) keep available the services of present officers, key employees and key consultants of Karus, (iv) comply in all material respects with the terms of each material Contract to which Karus is a party, and (v) preserve intact the material relationships of Karus with suppliers, distributors and employees. Without limiting the generality of the foregoing, from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required by applicable Law, consented to by Kenadyr in writing or otherwise expressly contemplated or permitted by this Agreement, Karus shall not, directly or indirectly, without the prior written consent of Kenadyr (which consent shall not be unreasonably withheld or delayed):

- (a) take any action except in the ordinary course of business of Karus;
- (b) amend its notice of articles, articles, charter, by-laws or other comparable organizational documents or split, combine, reclassify or create a new class of any shares in the capital of Karus, or declare, set aside or pay any dividend or other distribution or payment (whether in cash, securities or property or any combination thereof) in respect of the Karus Shares or any other securities of Karus;
- (c) offer, issue, grant, deliver, sell or pledge, or agree to offer, issue, grant, deliver, sell or pledge, any shares or other securities of Karus, or any Karus Options, Karus Warrants, Karus RSUs or any other securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of Karus, other than the issuance of Karus Shares issuable pursuant to the terms of the outstanding Karus Options and Karus Warrants;
- (d) redeem, purchase or otherwise acquire, or offer or agree to redeem, purchase or otherwise acquire, any outstanding securities of Karus,
- (e) adopt a plan of liquidation or dissolution providing for the liquidation or dissolution of Karus;
- (f) amend its accounting policies or adopt new accounting policies, in each case except as required in accordance with IFRS;
- (g) make or amend any Tax election, change any method of Tax accounting, settle or compromise any Tax liability, file any material amended Return, surrender any right to claim a material Tax refund, or consent to the extension or waiver of the limitation period applicable to any material Tax claim or assessment;

- (h) except as set forth in Schedule 7.1(h) of the Karus Disclosure Letter:
 - (i) sell, pledge, hypothecate, lease, license, sell and lease back, mortgage, dispose of or encumber or otherwise transfer, any assets, securities, properties, interests or businesses of Karus for an amount greater than \$50,000 in the aggregate;
 - (ii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise), directly or indirectly, any assets, securities, properties, interests, businesses, corporation, partnership or other business organization or division thereof, or make any investment either by the purchase of securities, contributions of capital, property transfer, or purchase or agree to purchase of any other property or assets of any other Person, for an amount greater than \$50,000 in the aggregate;
 - (iii) except in the ordinary course of business consistent with past practice, incur, create, assume or otherwise become liable for, any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any other Person, or make any loans, capital contributions, investments or advances;
 - (iv) pay, discharge or satisfy any material claims, liabilities or obligations for an amount greater than \$50,000;
 - (v) waive, release, grant or transfer any rights of material value; or
 - (vi) authorize or propose any of the foregoing, or enter into or modify any Contract to do any of the foregoing;
- (i) other than as is necessary to comply with the Plan of Arrangement:
 - (i) grant to any officer, employee, consultant or director of Karus an increase in compensation in any form, or grant any general salary increase;
 - (ii) make any loan to any officer, employee, consultant or director of Karus;
 - (iii) take any action with respect to the grant of any severance, change of control, bonus or termination pay to, or enter into any employment agreement, deferred compensation or other similar agreement (or amend such existing agreement) with, or hire or terminate employment (except for just cause) of, any officer, employee, consultant or director of Karus;
 - (iv) increase any benefits payable under any existing severance or termination pay policies or employment agreements, or adopt or materially amend or make any contribution to any Karus Benefit Plan or other bonus, profit sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, compensation or other similar plan, agreement, trust, fund or arrangement for the benefit of directors, officers, consultants or employees or former directors, officers, consultants or employees of Karus;
 - (v) increase compensation, bonus levels or other benefits payable to any director, officer, consultant or employee of Karus;

- (vi) provide for accelerated vesting, removal of restrictions or an exercise of any stock based or stock related awards (including stock options, stock appreciation rights, deferred share units, performance units and restricted share awards) upon a change of control; or
- (vii) establish, adopt or amend (except as required by applicable Law) any collective bargaining agreement or similar agreement;
- (j) settle, pay, discharge, satisfy, compromise, waive, assign or release any action, claim or proceeding brought against Karus or any action, claim or proceeding brought by any present, former or purported holder of its securities in connection with the transactions contemplated by this Agreement or the Plan of Arrangement for an amount that exceeds \$50,000 in the aggregate;
- (k) enter into any agreement or arrangement that limits or otherwise restricts in any material respect Karus or any successor thereto, or that would, after the Effective Time, limit or restrict in any material respect Karus, from competing in any manner;
- (l) waive, release or assign any material rights, claims or benefits of Karus;
- (m) except as expressly contemplated by this Agreement, enter into any agreement that, if entered into prior to the date hereof, would be a material Contract or modify, amend in any material respect, transfer or terminate any material Contract, or waive, release or assign any material rights or claims thereto or thereunder;
- (n) take any action or fail to take any action, which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Entities to institute proceedings for the suspension, revocation or limitation of rights under, any material Permits necessary to conduct the business of Karus as now conducted, or fail to prosecute with commercially reasonable due diligence any pending applications to any Governmental Entities for regulatory approvals;
- (o) take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of Karus to consummate the Arrangement or the other transactions contemplated by this Agreement; or
- (p) agree, resolve or commit to do any of the foregoing.

7.2 Covenants of Karus Relating to the Arrangement

Karus shall perform all obligations required to be performed by Karus under this Agreement, cooperate with Kenadyr in connection therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by this Agreement and, without limiting the generality of the foregoing or the obligations in Section 2.3, Karus shall:

- (a) use commercially reasonable efforts to obtain and assist Kenadyr in obtaining all required Key Regulatory Approvals;

- (b) use commercially reasonable efforts to obtain as soon as practicable following execution of this Agreement all third-party consents, approvals and notices required under any material Contracts to which Karus is a party, and all Key Third Party Consents;
- (c) provide Kenadyr with all such documents and information relating to Karus as reasonably requested by the TSXV and to assist Kenadyr in connection with the application of Kenadyr for TSXV approval of the Arrangement;
- (d) defend all lawsuits or other legal, regulatory or other proceedings against Karus challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;
- (e) provide such assistance as may be reasonably requested by Kenadyr for the purposes of conducting the Kenadyr Meeting, if applicable;
- (f) subject to applicable Law, make available and cause to be made available to Kenadyr, and its agents and advisors, information reasonably requested by Kenadyr for the purposes of preparing, considering and implementing integration and strategic plans for the combined businesses of Kenadyr and Karus following completion of the Arrangement and confirming the representations and warranties of Karus set out in Section 3.1;
- (g) use commercially reasonable efforts to satisfy all conditions precedent in this Agreement and take all steps set forth in the Interim Order;
- (h) provided that the Effective Date has occurred, Karus will use its commercially reasonable efforts to obtain and deliver to Kenadyr at the Effective Time duly executed and legally binding resignations, effective as of the Effective Date, of each director and senior officer of Karus, other than the Karus Board Nominees and Michael Tucker, together with corresponding releases in favour of Karus, in such form as approved by Kenadyr, acting reasonably;
- (i) deliver to each director and officer who delivers a resignation under Section 7.2(h), a release in favour of such resigning director or officer, in such form as approved by Kenadyr, acting reasonably; and
- (j) vote any and all Kenadyr Shares held by it on the record date for the Kenadyr Meeting in favour of the issuance of the Consideration Shares and the reservation for the issuance of the Underlying Shares.

7.3 Covenants of Kenadyr Regarding the Conduct of Business

Except as set forth in Section 7.3 of the Kenadyr Disclosure Letter, from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required by applicable Laws, consented to by Karus in writing, or otherwise expressly contemplated or permitted by this Agreement, Kenadyr shall, and shall cause each of its subsidiaries to, conduct the business of Kenadyr and its subsidiaries, taken as a whole, in the ordinary course consistent with past practice and, to the extent consistent therewith, use its (and cause each of its subsidiaries to use its) reasonable best efforts to (i) preserve intact the present business organization of each of Kenadyr and its subsidiaries, (ii) maintain in effect all material Permits of each of Kenadyr and its subsidiaries, (iii) keep available the services of present officers, key employees and key consultants of each of Kenadyr and its subsidiaries, (iv) comply in all material respects with the terms of each material Contract to which Kenadyr or any of its subsidiaries is a party, and (v) preserve intact the material

relationships of each of Kenadyr and its subsidiaries with suppliers, distributors and employees. Without limiting the generality of the foregoing, from the date of this Agreement until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, except as required by applicable Law, consented to by Karus in writing or otherwise expressly contemplated or permitted by this Agreement, Kenadyr shall not, nor shall it permit any of its subsidiaries to, directly or indirectly, without the prior written consent of Kenadyr (which consent shall not be unreasonably withheld or delayed):

- (a) take any action except in the ordinary course of business of Kenadyr and its subsidiaries;
- (b) amend its notice of articles, articles, charter, by-laws or other comparable organizational documents to split, combine, reclassify or create a new class of any shares in the capital of Kenadyr or any of its subsidiaries;
- (c) offer, issue, grant, deliver, sell or pledge, or agree to offer, issue, grant, deliver, sell or pledge, any shares or other securities of Kenadyr or its subsidiaries, or any Kenadyr Options or Kenadyr Warrants or any other securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares or other securities of Kenadyr or its subsidiaries, other than:
 - (i) the issuance of Kenadyr Shares issuable pursuant to the terms of the outstanding Kenadyr Options and Kenadyr Warrants; and
 - (ii) the issuance of Kenadyr Subscription Receipts (and the underlying Kenadyr securities) and Kenadyr FT Shares, if any, in accordance with the terms of the Kenadyr Financing or the Kenadyr Flow-Through Financing, as applicable;
- (d) adopt a plan of liquidation or dissolution providing for the liquidation or dissolution of Karus or any of its subsidiaries;
- (e) take any action or fail to take any action, which action or failure to act would result in the material loss, expiration or surrender of, or the loss of any material benefit under, or reasonably be expected to cause any Governmental Entities to institute proceedings for the suspension, revocation or limitation of rights under, any material Permits necessary to conduct the business of Kenadyr and its subsidiaries as now conducted, or fail to prosecute with commercially reasonable due diligence any pending applications to any Governmental Entities for regulatory approvals;
- (f) take any action or fail to take any action that is intended to, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the ability of Kenadyr to consummate the Arrangement or the other transactions contemplated by this Agreement;
- (g) enter into any Contract pursuant to which Kenadyr would be required to make a change of control, severance, termination, golden parachute or similar payment to any Person as a result of the completion of the Arrangement; or
- (h) agree, resolve or commit to do any of the foregoing.

7.4 Covenants of Kenadyr Relating to the Arrangement

Kenadyr shall, and shall cause its subsidiaries to, perform all obligations required to be performed by Kenadyr or any of its subsidiaries under this Agreement, co-operate with Karus in connection

therewith, and do all such other acts and things as may be necessary or desirable in order to consummate and make effective, as soon as reasonably practicable, the transactions contemplated by this Agreement and, without limiting the generality of the foregoing or the obligations in Section 2.6, Kenadyr shall and, where applicable, shall cause its subsidiaries to:

- (a) use commercially reasonable efforts to obtain and assist Karus in obtaining all required Key Regulatory Approvals;
- (b) use commercially reasonable efforts to obtain as soon as practicable following execution of this Agreement all third-party consents, approvals and notices required under any material Contracts to which Kenadyr or any of its subsidiaries is a party and all Key Third Party Consents;
- (c) defend all lawsuits or other legal, regulatory or other proceedings against Kenadyr challenging or affecting this Agreement or the consummation of the transactions contemplated hereby;
- (d) provide such assistance as may be reasonably requested by Karus for the purposes of conducting the Karus Meeting;
- (e) apply for and use commercially reasonable efforts to obtain conditional approval of the listing and posting for trading on the TSXV of the Consideration Shares and Underlying Shares, subject only to satisfaction by Kenadyr of customary listing conditions of the TSXV;
- (f) subject to applicable Law, make available and cause to be made available to Karus, and its agents and advisors, information reasonably requested by Karus for the purposes of confirming the representations and warranties of Kenadyr set out in Section 4.1;
- (g) use commercially reasonable efforts to satisfy all conditions precedent in this Agreement;
- (h) upon request of an Eligible Holder, make joint elections with Eligible Holders in respect of the disposition of their Karus Shares pursuant to Section 85 of the Tax Act (or any similar provision of any provincial tax legislation) in accordance with the procedures and within the time limits set out in the Plan of Arrangement. The agreed amount under such joint elections shall be determined by each Eligible Holder in his or her sole discretion within the limits set out in the Tax Act;
- (i) obtain approval of the Kenadyr Board of the Kenadyr RSU Plan as of the Effective Date and, prior to the Effective Date, set the date of the annual general meeting of Kenadyr Shareholders which shall be called for the purpose of seeking Kenadyr Shareholder approval of the Kenadyr RSU Plan, on a date satisfactory to Karus, acting reasonably, and such date shall occur as soon as practicable following the Effective Date and not later than the date on which Kenadyr is required to hold its annual general meeting in the 2023 calendar year in the ordinary course of business;
- (j) provided that the Effective Date has occurred, Kenadyr will use its commercially reasonable efforts to obtain and deliver to Kenadyr at the Effective Time duly executed and legally binding resignations, effective as of the Effective Date, of each director and senior officer of Kenadyr and its subsidiaries, other than the Kenadyr Board Nominees and Kevin Ma, together with corresponding releases in favour of Kenadyr and its subsidiaries, as applicable, in such form as approved by Karus, acting reasonably;

- (k) deliver to each director and officer who delivers a resignation under Section 7.4(i), a release in favour of such resigning director or officer, in such form as approved by Karus, acting reasonably; and
- (l) vote any and all Karus Shares held by it on the record date for the Karus Meeting in favour of the Arrangement Resolution.

7.5 Additional Covenants

- (a) Karus shall use its commercially reasonable efforts to cause the current insurance (or re-insurance) policies maintained by Karus, including directors' and officers' insurance, not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable deductions and providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect.
- (b) Each Party shall promptly notify the other Party in writing of any circumstance or development that, to the knowledge of such Party, is or could reasonably be expected to constitute a Material Adverse Effect with respect to such Party.
- (c) Karus shall effect such reorganization of its business, operations, subsidiaries and assets or such other transactions as Kenadyr may reasonably request (each, a "**Pre-Acquisition Reorganization**") prior to or following the Effective Time, and the Plan of Arrangement, if required, shall be modified accordingly; Karus shall use commercially reasonable efforts to obtain all necessary consents, approvals or waivers from any persons to effect any such Pre-Acquisition Reorganization, and Karus shall cooperate with Kenadyr in structuring, planning and implementing any such Pre-Acquisition Reorganization.
- (d) Kenadyr shall provide written notice to Karus of any proposed Pre-Acquisition Reorganization at least ten (10) business days prior to the Effective Date. Upon receipt of such notice, Karus and Kenadyr shall work cooperatively and use their commercially reasonable efforts to prepare prior to the Effective Time all required documentation and do such other acts and things as are necessary to give effect to such Pre-Acquisition Reorganization, including any amendment to this Agreement or the Plan of Arrangement and shall seek to have any such Pre-Acquisition Reorganization made effective (i) as of the last moment of the business day ending immediately prior to the Effective Date, (ii) on the Effective Date (as part of the Plan of Arrangement or otherwise) or (iii) as the Parties may otherwise agree in writing.
- (e) Prior to or concurrent with the closing of the Arrangement, Kenadyr covenants and agrees to enter into agreements which provide that, effective immediately following the Effective Time, Kenadyr will settle indebtedness in the amount of \$500,000 by either:
 - (i) subject to the prior approval of the TSXV, issuing to such creditors an aggregate of up to 1,000,000 Kenadyr Shares (the "**Kenadyr Debt Settlement Shares**") at a deemed price of \$0.50 per Kenadyr Share on a post-Kenadyr Consolidation basis as full and final settlement of such indebtedness; or

- (ii) if the TSXV does not approve the manner in which such Kenadyr indebtedness is settled pursuant to Section 7.5(e)(i) above, the parties may increase the size of the Kenadyr Financing to a minimum of \$2,500,000.
- (f) Prior to or concurrent with the closing of the Arrangement, Karus covenants and agrees to settle certain of its indebtedness owed to KORE Mining Ltd. in the amount of \$200,000 by issuing to KORE Mining Ltd. such number of Karus Shares (the “**Karus Debt Conversion Shares**”) that would result in KORE Mining Ltd. receiving 400,000 Kenadyr Shares pursuant to the Arrangement at an effective price equal to the \$0.50 per Kenadyr Share on a post-Kenadyr Consolidation basis as full and final settlement of such indebtedness.

ARTICLE 8 CONDITIONS

8.1 Mutual Conditions Precedent

The obligations of the Parties to complete the Arrangement are subject to the fulfillment of each of the following conditions precedent on or before the Effective Time, each of which may only be waived with the mutual consent of the Parties:

- (a) the Arrangement Resolution shall have been approved and adopted by the Karus Shareholders at the Karus Meeting in accordance with the Interim Order;
- (b) the Interim Order and the Final Order shall each have been obtained on terms consistent with this Agreement, and shall not have been set aside or modified in a manner unacceptable to Karus or Kenadyr, acting reasonably, on appeal or otherwise;
- (c) if required by the TSXV, the Kenadyr Shareholder Approval shall have been obtained;
- (d) there shall not exist any prohibition at Law, including any final, non-appealable cease trade order, injunction or other prohibition or order of any Governmental Entity of competent jurisdiction, which shall restrain, enjoin, make illegal or otherwise prohibit or prevent the consummation of the Arrangement;
- (e) the Key Regulatory Approvals shall have been obtained;
- (f) Kenadyr shall have delivered evidence satisfactory to Karus that Kenadyr’s annual general meeting referred to in Section 7.4(i) has been duly called and, as of the Effective Time, not adjourned (except as required by Law or by valid Karus Shareholder action), postponed or canceled (or proposed or permitted to be postponed or canceled);
- (g) the Key Third Party Consents shall have been obtained;
- (h) the Kenadyr Financing and the Kenadyr Flow-Through Financing, if any, for aggregate gross proceeds of not less than \$2,000,000 and not more than \$5,000,000 shall have been completed prior to the Effective Date and a director or senior officer of Kenadyr will have executed and delivered a certificate to that effect to Karus as of the date the Kenadyr Financing and the Kenadyr Flow-Through Financing, if any, is completed;
- (i) the Kenadyr Consolidation shall have been completed;

- (j) the TSXV shall have conditionally approved the listing and posting for trading on the TSXV of the Consideration Shares and Underlying Shares, subject only to the satisfaction of customary listing conditions of the TSXV;
- (k) the distribution of the Consideration Shares shall be exempt from the prospectus requirements of the Securities Laws in Canada either by virtue of exemptive relief from the securities regulatory authorities of each of the provinces of Canada or by virtue of applicable exemptions under Canadian securities laws and shall not be subject to resale restrictions under applicable Canadian securities laws (other than as applicable to control persons or pursuant to section 2.6 of National Instrument 45-102); and
- (l) the distribution of the Consideration Shares to be received by Karus Shareholders that are U.S. Holders pursuant to the Arrangement shall be exempt from registration requirements under the U.S. Securities Act pursuant to Section 3(a)(10) Exemption; provided, however, that Karus shall not be entitled to rely on the provisions of this Section 8.1(l) in failing to complete the transactions contemplated by this Agreement in the event that Karus fails to advise the Court prior to the hearing in respect of the Final Order, as required by the terms of the foregoing exemption, that Kenadyr will rely on the foregoing exemption based on the Court's approval of the transaction.

8.2 Additional Conditions Precedent to the Obligations of Kenadyr

The obligation of Kenadyr to complete the Arrangement is subject to the fulfillment of each of the following conditions precedent on or before the Effective Time (each of which is for the exclusive benefit of Kenadyr and may be waived by it in whole or in part at any time):

- (a) all covenants of Karus under this Agreement to be performed on or before the Effective Time which have not been waived by Kenadyr shall have been duly performed by Karus in all material respects;
- (b) all representations and warranties of Karus set forth in this Agreement shall be true and correct as of the Effective Time, as though made as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where any failure or failures of any such representations and warranties would not reasonably be expected to have a Material Adverse Effect with respect to Karus; provided that (i) the representations and warranties of Karus set forth in Sections 3.1(g) and 3.1(gg) shall be true and correct in all respects as of the Effective Time, as though made as of the Effective Time; (ii) the representations and warranties of Karus set forth in Section 3.1(e) shall be true and correct in all respects as of the Effective Time, as though made as of the Effective Time, except for any failures to be so true and correct that, individually or in the aggregate, are *de minimis* (it being understood that any failures to be true and correct shall be deemed to be "*de minimis*" if and only if Karus' fully diluted capitalization as of the applicable determination date does not exceed Karus' fully diluted capitalization set forth in Section 3.1(e) by more than 0.25% in the aggregate); and (iii) the representations and warranties of Karus set forth in Section 3.1(q) shall be true and correct in all material respects as of the Effective Time, as though made as of the Effective Time;
- (c) since the date of this Agreement, there shall not have occurred a Material Adverse Effect with respect to Karus;

- (d) Karus shall not be party to, or have entered into, any Contract pursuant to which Karus would be required to make a change of control, severance, termination, golden parachute or similar payment to any Person as a result of the Arrangement;
- (e) holders of no more than 5% of the Karus Shares shall have exercised Dissent Rights; and
- (f) Kenadyr shall have received a certificate of Karus addressed to Kenadyr and dated the Effective Date, signed on behalf of Karus by two senior executive officers of Karus (on Karus' behalf and without personal liability), confirming the matters set forth in this Section 8.2 at the Effective Time.

The foregoing conditions will be for the sole benefit of Kenadyr and may be waived by it in whole or in part at any time.

8.3 Additional Conditions Precedent to the Obligations of Karus

The obligation of Karus to complete the Arrangement is subject to the fulfillment of each of the following conditions precedent on or before the Effective Time (each of which is for the exclusive benefit of Karus and may be waived by it at whole or in part at any time):

- (a) all covenants of Kenadyr under this Agreement to be performed on or before the Effective Time which have not been waived by Karus shall have been duly performed by Kenadyr in all material respects;
- (b) all representations and warranties of Kenadyr set forth in this Agreement shall be true and correct as of the Effective Time, as though made as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date), except where any failure or failures of any such representations and warranties would not reasonably be expected to have a Material Adverse Effect with respect to Kenadyr; provided that (i) the representations and warranties of Kenadyr set forth in Sections 4.1(g) and 4.1(ff) shall be true and correct in all respects as of the Effective Time, as though made as of the Effective Time; and (ii) the representations and warranties of Kenadyr set forth in Section 4.1(q) shall be true and correct in all material respects as of the Effective Time, as though made as of the Effective Time
- (c) Kenadyr shall have complied with its obligations under Section 2.12 and the Depository shall have confirmed receipt of the Consideration;
- (d) since the date of this Agreement, there shall not have occurred a Material Adverse Effect with respect to Kenadyr;
- (e) Kenadyr shall not be party to, or have entered into, any Contract pursuant to which Kenadyr would be required to make a change of control, severance, termination, golden parachute or similar payment to any Person as a result of the Arrangement;
- (f) the Karus Board Nominees shall have been appointed to the Kenadyr Board, subject to the consummation of the Arrangement and all other directors of Kenadyr, other than the Kenadyr Board Nominees, shall have resigned;
- (g) Karus shall have received a certificate of Kenadyr addressed to Karus and dated the Effective Date, signed on behalf of Kenadyr by two senior executive officers of Kenadyr

(on Kenadyr's behalf and without personal liability), confirming the matters set forth in this Section 8.3 at the Effective Time.

8.4 Satisfaction of Conditions

The conditions precedent set out in Section 8.1, Section 8.2 and Section 8.3 shall be conclusively deemed to have been satisfied, waived or released at the Effective Time.

ARTICLE 9 ADDITIONAL AGREEMENTS

9.1 Notice and Cure Provisions

Each Party will give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement and the Effective Time, of any event or state of facts which occurrence or failure would, or would be reasonably likely to:

- (a) cause the representations or warranties of Karus and Kenadyr contained in Sections 3.1(gg) or 4.1(ff), respectively, to be untrue or inaccurate in any respect on the date hereof or at the Effective Time;
- (b) cause any of the representations or warranties of any Party contained herein (other than the representations and warranties contained in Sections 3.1(gg) or 4.1(ff)) to be untrue or inaccurate in any material respect on the date hereof or at the Effective Time (provided that this paragraph (b) shall not apply in the case of any event or state of facts resulting from actions or omissions of a Party which are expressly permitted or required by this Agreement); or
- (c) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder prior to the Effective Time.

Kenadyr may not exercise its right to terminate this Agreement pursuant to Section 10.2(a)(iii)(A) and Karus may not exercise its right to terminate this Agreement pursuant to Section 10.2(a)(iv)(A) unless the Party intending to rely thereon has delivered a written notice to the other Party specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-fulfilment or the applicable condition or termination right, as the case may be. If any such notice is delivered, provided that a Party is proceeding diligently to cure such matter and such matter is capable of being cured, no Party may terminate this Agreement until the expiration of a period of fifteen (15) business days from such notice, and then only if such matter has not been cured by such date. If such notice has been delivered prior to the making of the application for the Final Order, such application shall be postponed until the expiry of such period. For greater certainty, in the event that such matter is cured within the time period referred to herein without a Material Adverse Effect, this Agreement may not be terminated as a result of the cured breach.

9.2 Expenses

Notwithstanding any other provision herein, each of the Parties hereto will be responsible for their own costs and charges incurred with respect to the transactions contemplated herein including, without limitation, all costs and charges incurred prior to the date of this Agreement and all legal and accounting fees and disbursements incurred by them in connection with this Agreement or otherwise relating to the transactions contemplated herein. Notwithstanding the foregoing, the TSXV filing fees and costs relating to any documentation relating to Karus required by the TSXV, the costs and fees payable regarding the Karus Meeting and the Karus Circular will be borne by Karus and all costs and fees

incurred in connection with the Kenadyr Financing and the Kenadyr Flow-Through Financing, if any, will be borne by Kenadyr.

9.3 Access to Information; Confidentiality

From the date hereof until the earlier of the Effective Time and the termination of this Agreement, subject to compliance with applicable Law and the terms of any existing Contracts, each Party shall, and shall cause its subsidiaries, if any, and their respective officers, directors, employees, independent auditors, accounting advisers and agents to, afford to the other Party and to the officers, employees, agents and representatives of such other Party such access as the requesting Party may reasonably require at all reasonable times, including for the purpose of facilitating integration business planning, to their officers, employees, agents, properties, books, records and Contracts, and shall furnish the requesting Party with all data and information as such Party may reasonably request. Each Party acknowledge and agree that information furnished pursuant to this Section 9.3 shall be subject to the terms and conditions of the Confidentiality Agreement.

ARTICLE 10 TERM, TERMINATION, AMENDMENT AND WAIVER

10.1 Term

This Agreement shall be effective from the date hereof until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms.

10.2 Termination

- (a) This Agreement may be terminated and the Arrangement may be abandoned at any time prior to the Effective Time (notwithstanding the Karus Shareholder Approval or Kenadyr Shareholder Approval having been obtained or the approval of the Arrangement by the Court):
 - (i) by mutual written agreement of Karus and Kenadyr; or
 - (ii) by either Karus or Kenadyr, if:
 - (A) the Effective Time shall not have occurred on or before the Outside Date, except that the right to terminate this Agreement under this Section 10.2(a)(ii)(A) shall not be available to any Party whose failure to fulfill any of its obligations or whose breach of any of its representations and warranties under this Agreement has been the cause of, or resulted in, the failure of the Effective Time to occur by such Outside Date; or
 - (B) after the date hereof, there exists any final and non-appealable prohibition at Law, including any cease trade order, injunction or other prohibition or order of any Governmental Entity of competent jurisdiction, which shall restrain, enjoin, make illegal or otherwise prohibit or prevent the consummation of the Arrangement; or
 - (C) the Arrangement Resolution shall have failed to obtain the Karus Shareholder Approval at the Karus Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order; or

- (D) if Kenadyr Shareholder Approval is required by the TSXV, Kenadyr shall have failed to obtain the Kenadyr Shareholder Approval at the Kenadyr Meeting (including any adjournment or postponement thereof); or
- (iii) by Kenadyr, if:
 - (A) any of the conditions set forth in Sections 8.1 or 8.2 are not satisfied, and such condition is incapable of being satisfied by the Outside Date; provided that Kenadyr is not then in breach of this Agreement so as to cause any of the conditions set forth in Sections 8.1 or 8.2 not to be satisfied; or
 - (B) subject to Section 9.1, including the cure period set forth therein, a representation or warranty of Karus contained in this Agreement shall be inaccurate or shall have become inaccurate as of a date subsequent to the date of this Agreement (as if made on such subsequent date), or a material failure to perform any covenant or agreement on the part of Karus set forth in this Agreement shall have occurred, in each case that would cause one or more conditions set forth in Section 8.1 or Section 8.2 not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date; provided that Kenadyr is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 8.1 or Section 8.3 not to be satisfied; or
- (iv) by Karus, if:
 - (A) any of the conditions set forth in Sections 8.1 or 8.3 is not satisfied, and such conditions is incapable of being satisfied by the Outside Date; provided that Karus is not then in breach of this Agreement so as to cause any of the conditions set forth in Sections 8.1 or 8.3 not to be satisfied; or
 - (B) subject to Section 9.1, including the cure period set forth therein, a representation or warranty of Kenadyr contained in this Agreement shall be inaccurate or shall have become inaccurate as of a date subsequent to the date of this Agreement (as if made on such subsequent date), or a material failure to perform any covenant or agreement on the part of Kenadyr set forth in this Agreement shall have occurred, in each case that would cause one or more conditions set forth in Section 8.1 or Section 8.3 not to be satisfied, and such conditions are incapable of being satisfied by the Outside Date; provided that Karus is not then in breach of this Agreement so as to cause any of the conditions set forth in Section 8.1 or Section 8.2 not to be satisfied.
- (b) The Party desiring to terminate this Agreement pursuant to this Section 10.2 (other than pursuant to Section 10.2(a)(i)) shall give notice of such termination to the other Party.
- (c) If this Agreement is terminated pursuant to this Section 10.2, this Agreement shall become void and of no effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party hereto, except as otherwise expressly contemplated hereby, and provided that the

provisions of this Section 10.2(c), Sections 9.2 [Expenses], 11.1 [Privacy], 11.2 [Notices], 11.3 [Governing Law], 11.6 [Entire Agreement, Binding Effect and Assignment], 11.7 [Severability], 11.8 [No Third Party Beneficiaries] and 11.9 [Rules of Construction] shall survive any termination hereof; provided further that neither the termination of this Agreement nor anything contained in this Section 10.2 shall relieve a Party from any liability arising on or prior to such termination.

10.3 Amendment

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Karus Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, and any such amendment may, subject to the Interim Order and the Final Order and applicable Law, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties;
- (d) waive compliance with or modify any mutual conditions precedent herein contained; and/or
- (e) amend the steps comprising the Arrangement.

10.4 Waiver

Any Party may:

- (a) extend the time for the performance of any of the obligations or acts of the other Party;
- (b) waive compliance, except as provided herein, with any of the other Party's agreements or the fulfillment of any conditions to its own obligations contained herein; or
- (c) waive inaccuracies in any of the other Party's representations or warranties contained herein or in any document delivered by the other Party,

provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise.

ARTICLE 11 GENERAL PROVISIONS

11.1 Privacy

Each Party shall comply with applicable privacy Laws in the course of collecting, using and disclosing personal information about an identifiable individual (the "**Transaction Personal Information**"). Neither Party shall disclose Transaction Personal Information to any Person other than to

its advisors who are evaluating and advising on the transactions contemplated by this Agreement. If the Arrangement is consummated, neither Party shall, following the Effective Date, without the consent of the individuals to whom such Transaction Personal Information relates or as permitted or required by applicable Law, use or disclose Transaction Personal Information:

- (a) for purposes other than those for which such Transaction Personal Information was collected prior to the Effective Date;
- (b) which does not relate directly to the carrying on of the business of such Party or to the carrying out of the purposes for which the transactions contemplated by this Agreement were implemented; and
- (c) as otherwise required by Law.

Each Party shall protect and safeguard the Transaction Personal Information against unauthorized collection, use or disclosure. Each Party shall cause its advisors to observe the terms of this Section 11.1 and to protect and safeguard Transaction Personal Information in their possession. If this Agreement shall be terminated, each Party shall promptly deliver to the other Party all Transaction Personal Information relating to such other Party or its Representatives in such Party's possession or in the possession of any of such Party's Representatives, including all copies, reproductions, summaries or extracts thereof.

11.2 Notices

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered if delivered personally or if sent by e-mail or other electronic transmission, on a business day between the hours of midnight and 5:00 p.m. recipient local time on that business day, provided if it is received later or not on a business day, then the next business day, or as of the following business day if sent by prepaid overnight courier, to the Parties at the following addresses (or at such other addresses as shall be specified by any Party by notice to the other given in accordance with these provisions):

- (a) if to Karus:

Karus Gold Corp.
960 - 1055 West Hastings Street
Vancouver, BC V6E 2E9

Attention: Scott Trebilcock
Email: [Redacted – email address]

with a copy (which shall not constitute notice) to:

Farris LLP
Suite 2500, 700 West Georgia Street
Vancouver, BC V7Y 1B3

Attention: Denise Nawata
Email: [Redacted – email address]

- (b) if to Kenadyr:

Kenadyr Metals Corp.
1430, 800 West Pender Street

Vancouver, BC V6C 2V6

Attention: Tim McCutcheon
Email: [Redacted – email address]

with a copy (which shall not constitute notice) to:

McMillan LLP
Suite 1500 Royal Centre, 1055 West Georgia Street
Vancouver, BC V6E 4N7

Attention: Mark Neighbor
Email: [Redacted – email address]

11.3 Governing Law

This Agreement shall be governed, including as to validity, interpretation and effect, by the Laws of the Province of British Columbia and the Laws of Canada applicable therein. Each of the Parties hereby irrevocably attorns to the non-exclusive jurisdiction of the Courts of the Province of British Columbia in respect of all matters arising under and in relation to this Agreement and the Arrangement.

11.4 Injunctive Relief

The Parties agree that irreparable harm would occur for which monetary damages would not be an adequate remedy at law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to seek an injunction or injunctions and other equitable relief to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, this being in addition to any other remedy at law (including monetary damages) or in equity, and the Parties hereby waive any requirement for the posting of any bond or similar collateral in connection therewith.

11.5 Time of Essence

Time shall be of the essence in this Agreement.

11.6 Entire Agreement, Binding Effect and Assignment

- (a) This Agreement shall be binding on and shall enure to the benefit of the Parties and their respective successors.
- (b) Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by any Party without the prior written consent of the other Party.
- (c) This Agreement (including the exhibits and schedules hereto, the Karus Disclosure Letter and the Kenadyr Disclosure Letter) and the Confidentiality Agreement constitute the entire agreement between the Parties, and supersede all other prior agreements and understandings, both written and oral, between the Parties, or any of them, with respect to the subject matter hereof and thereof. No representation, warranty, inducement, promise, understanding or condition not set forth in this Agreement has been made or relied upon by any of the Parties.

11.7 Severability

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

11.8 No Third-Party Beneficiaries

The Parties hereby agree that their respective representations, warranties, covenants and agreements set forth herein are solely for the benefit of the other Party hereto, in accordance with and subject to the terms of this Agreement, and this Agreement is not intended to, and does not, confer upon any Person other than the parties hereto any rights or remedies hereunder, including the right to rely upon the representations and warranties set forth herein.

11.9 Rules of Construction

The Parties have participated jointly in negotiating and drafting this Agreement. If an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favouring or disfavouring any Party by virtue of the authorship of any provision of this Agreement.

11.10 Counterparts, Execution

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of page intentionally left blank – Signature page follows]

IN WITNESS WHEREOF the Parties hereto have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

KENADYR METALS CORP.

By: “Tim McCutcheon”
Name: Tim McCutcheon
Title: Chief Executive Officer

KARUS GOLD CORP.

By: “Scott Trebilcock”
Name: Scott Trebilcock
Title: Director

**SCHEDULE A
PLAN OF ARRANGEMENT**

UNDER SECTION 288 OF THE

BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

In this Plan of Arrangement, unless the context otherwise requires, capitalized terms used but not defined shall have the meanings ascribed to them below:

“**Arrangement**” means the arrangement of Karus under Section 288 of the BCBCA 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 Section 10.3 of the Arrangement Agreement or this Plan of Arrangement or made at the direction of the Court in the Final Order (provided that any such amendment or variation is acceptable to both Karus and Kenadyr, each acting reasonably);

“**Arrangement Agreement**” means the arrangement agreement dated as of December 29, 2022 between Kenadyr and Karus, as may be amended, amended and restated or supplemented prior to the Effective Date;

“**Arrangement Resolution**” means the special resolution of the Karus Shareholders approving the Plan of Arrangement which is to be considered at the Karus Meeting;

“**BCBCA**” means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**business day**” means any day, other than a Saturday, a Sunday or a statutory or civic holiday in Vancouver, British Columbia;

“**Canadian Resident**” means a beneficial owner of Karus Shares immediately prior to the Effective Time who is a resident of Canada for purposes of the Tax Act and any applicable income tax treaty or convention (other than a Tax Exempt person), or a partnership any member of which is a resident of Canada for the purposes of the Tax Act and any applicable income tax treaty or convention (other than a Tax Exempt person);

“**Consideration**” means the consideration to be received by the Karus Shareholders pursuant to this Plan of Arrangement as consideration for their Karus Shares, consisting of 0.43 Kenadyr Shares per Karus Share;

“**Consideration Shares**” means the Kenadyr Shares to be issued as the Consideration pursuant to the Arrangement;

“**Court**” means the Supreme Court of British Columbia;

“**Depository**” means any trust company, bank or other financial institution agreed to in writing by Karus and Kenadyr for the purpose of, among other things, exchanging certificates representing Karus Shares for the Consideration in connection with the Arrangement;

“**Dissent Right**” shall have the meaning ascribed thereto in Section 4.1(a);

“**Dissenting Shareholder**” means a registered holder of Karus Shares who dissents in respect of the Arrangement in strict compliance with the Dissent Rights and who is ultimately entitled to be paid fair value for their Karus Shares;

“**Dissenting Shares**” means Karus Shares held by a Dissenting Shareholder who has demanded and perfected Dissent Rights in respect of the Karus Shares in accordance with the Interim Order and who, as of the Effective Time has not effectively withdrawn or lost such Dissent Rights;

“**Effective Date**” means the date upon which the Arrangement becomes effective as set out in Section 2.11 of the Arrangement Agreement;

“**Effective Time**” means the time on the Effective Date that the Arrangement will be deemed to have been completed, which shall be 12:01 am (Vancouver time) on the Effective Date or such other time as agreed to by Kenadyr and Karus in writing;

“**Eligible Holder**” means: (i) a Canadian Resident, or (ii) an Eligible Non-Resident;

“**Eligible Non-Resident**” means a beneficial owner of Karus Shares immediately prior to the Effective Time who is not, and is not deemed to be, a resident of Canada for purposes of the Tax Act and any applicable income tax treaty or convention and whose Karus Shares are “taxable Canadian property” and not “treaty-protected property”, in each case as defined in the Tax Act;

“**Final Order**” means the final order of the Court pursuant to Section 291 of the BCBCA, after being informed of the intention to rely upon the Section 3(a)(10) Exemption with respect to the Consideration Shares to be received by Karus Shareholders that are U.S. Holders, in a form acceptable to Karus and Kenadyr, each acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of both Karus and Kenadyr, 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 Karus and Kenadyr, each acting reasonably) on appeal;

“**final proscription date**” shall have the meaning ascribed thereto in Section 5.5;

“**Former Karus Shareholders**” means, at and following the Effective Time, the registered Karus Shareholders immediately prior to the Effective Time;

“**Interim Order**” means the interim order of the Court in a form acceptable to Karus and Kenadyr, each acting reasonably, providing for, among other things, the calling and holding of the Karus Meeting, as the same may be amended by the Court with the consent of Karus and Kenadyr, each acting reasonably;

“**Karus**” means Karus Gold Corp., a corporation existing under the BCBCA;

“**Karus Circular**” means the notice of the Karus Meeting and accompanying joint management information circular of Kenadyr and Karus, including all schedules, appendices and exhibits thereto and enclosures therewith, to be sent to the Karus Shareholders in connection with the Karus Meeting, as amended, supplemented or otherwise modified from time to time;

“**Karus Meeting**” means the special meeting of Karus Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

“**Karus Omnibus Plan**” means the omnibus incentive plan of Karus, adopted by Karus Shareholders on June 17, 2022, which provides for the issuance of Karus RSUs, among other securities;

“**Karus Options**” means the outstanding options to purchase Karus Shares granted under the Karus Stock Option Plan;

“**Karus RSUs**” means restricted share units of Karus;

“**Karus Securityholder**” means a Karus Shareholder and holders of Karus Options, Karus RSUs and/or Karus Warrants, as the case may be;

“**Karus Shareholders**” means the holders of Karus Shares;

“**Karus Shares**” means the common shares in the authorized share capital of Karus;

“**Karus Stock Option Plan**” means the incentive stock option plan of Karus, adopted by Karus Shareholders on June 17, 2022;

“**Karus Warrants**” means warrants to acquire Karus Shares;

“**Kenadyr**” means Kenadyr Metals Corp., a corporation existing under the BCBCA;

“**Kenadyr Replacement Options**” means the Kenadyr Options issued in exchange for Karus Options pursuant to this Plan of Arrangement;

“**Kenadyr Replacement RSUs**” means the restricted share units of Kenadyr issued in exchange for Karus RSUs pursuant to this Plan of Arrangement and governed by the Kenadyr RSU Plan;

“**Kenadyr RSU Plan**” means the restricted share unit plan, in such a form as may be agreed to by Karus and Kenadyr, to be adopted by Kenadyr and effective on or prior to the Effective Date, providing for substantially the same terms and conditions for the Kenadyr Replacement RSUs as are currently provided in the Karus Omnibus Plan for the Karus RSUs;

“**Kenadyr Shares**” means the common shares of Kenadyr;

“**Law**” or “**Laws**” means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgments, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any Permit of or from any Governmental Entity or self-regulatory authority (including the TSXV), and the term “**applicable**” with respect to such Laws and in a context that refers to a Party, means such Laws as are applicable to such Party and/or its subsidiaries or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party and/or its subsidiaries or its or their business, undertaking, property or securities;

“**Letter of Transmittal**” means the letter of transmittal to be forwarded by Karus to Shareholders together with the Karus Circular or such other equivalent form of letter of transmittal acceptable to Kenadyr acting reasonably;

“**Liens**” means any hypothecs, mortgages, pledges, assignments, liens, charges, security interests, encumbrances and adverse rights or claims, other third-party interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by Law, contract or otherwise) capable of becoming any of the foregoing;

“**Parties**” means Karus and Kenadyr, and “**Party**” means any of them;

“**Person**” includes an individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

“**Section 3(a)(10) Exemption**” means the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) of the U.S. Securities Act with respect to the Consideration Shares to be received by Karus Shareholders that are U.S. Holders pursuant to the Arrangement;

“**Section 85 Election**” shall have the meaning ascribed thereto in Section 3.3(a);

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**Tax Exempt person**” means a person who is exempt from tax under Part I of the Tax Act;

“**Taxes**” includes any taxes, duties, fees, premiums, assessments, imposts, levies, expansion fees and other charges of any kind whatsoever imposed by any Governmental Entity, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, windfall, royalty, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada, Québec and other pension plan premiums or contributions imposed by any Governmental Entity, and any transferee liability in respect of any of the foregoing;

“**U.S. Holder**” means a person in or a resident of the United States; and

“**U.S. Securities Act**” means the United States *Securities Act of 1933*, as amended and the rules and regulations promulgated thereunder.

In addition, words and phrases used herein and defined in the BCBCA and not otherwise defined herein or in the Arrangement Agreement shall have the same meaning herein as in the BCBCA unless the context otherwise requires.

1.2 Interpretation Not Affected by Headings

The division of this Plan of Arrangement into articles, sections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. The terms “this Plan of Arrangement”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions refer to this Plan of Arrangement and not to any particular article, section or other portion hereof and include any instrument supplementary or ancillary hereto.

1.3 Number, Gender and Persons

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

1.4 Date for any Action

If the date on which any action is required to be taken hereunder is not a business day, such action shall be required to be taken on the next succeeding day which is a business day.

1.5 Statutory References

Any reference in this Plan of Arrangement to a statute includes all regulations 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.

1.6 Currency

Unless otherwise stated, all references herein to amounts of money are expressed in lawful currency of Canada and “\$” refers to Canadian dollars.

1.7 Time

Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein are local time in Vancouver, British Columbia unless otherwise stipulated herein.

1.8 Governing Law

This Plan of Arrangement shall be governed, including as to validity, interpretation and effect, by the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

ARTICLE 2 ARRANGEMENT AGREEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant to, and is subject to the provisions of, the Arrangement Agreement, except in respect of the sequence of the steps comprising the Arrangement, which shall occur in the order set forth herein.

2.2 Binding Effect

At the Effective Time, this Plan of Arrangement shall be binding on:

- (a) Kenadyr;
- (b) Karus;
- (c) all registered and beneficial Karus Shareholders, including Dissenting Shareholders;
- (d) all registered and beneficial holders of Karus Options, Karus Warrants and Karus RSUs;
and
- (e) the Depositary.

ARTICLE 3 ARRANGEMENT

3.1 Arrangement

At the Effective Time, except as otherwise noted herein, the following shall occur and shall be deemed to occur sequentially, in the following order, without any further act or formality required on the part of any Person, in each case effective as at the Effective Time:

- (a) each Karus Share (excluding any Karus Shares held by Kenadyr and any Dissenting Shares) shall be deemed to be transferred to Kenadyr (free and clear of any Liens) in exchange for the Consideration, subject to Article 4 hereof;
- (b) each Dissenting Share of a Dissenting Shareholder shall be directly transferred and assigned by such Dissenting Shareholder to Karus (free and clear of any Liens) in accordance with Article 4 hereof;
- (c) with respect to each Karus Share transferred and assigned in accordance with Sections 3.1(a) and 3.1(c) hereto:
 - (i) the registered holder thereof shall cease to be the registered holder of such Karus Share and the name of such registered holder shall be removed from the register of Karus Shareholders as of the Effective Time;
 - (ii) the registered holder thereof shall be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer and assign such Karus Shares in accordance with Sections 3.1(a) and 3.1(c) hereto; and
 - (iii) Kenadyr will be the holder of all of the outstanding Karus Shares and the register of Karus Shareholders shall be revised accordingly;
- (d) notwithstanding the terms and conditions of the Karus Stock Option Plan or of any agreement or understanding evidencing the grant of any Karus Options, each Karus Option outstanding and not duly exercised immediately prior to the time of this step:
 - (i) that is not vested shall, without any further action on the part of any holder of Karus Options and for no additional consideration, be cancelled;
 - (ii) that is vested shall, without further action on the part of the holder thereof, be exchanged for an equivalent Kenadyr Option to purchase from Kenadyr the number of Kenadyr Shares (rounded down to the nearest whole share) equal to 0.43 multiplied by the number of Karus Shares subject to such Karus Option immediately prior to the Effective Time. The Kenadyr Replacement Options shall provide for an exercise price per Kenadyr Share (rounded down to the nearest whole cent) equal to: (x) the exercise price per Karus Share otherwise purchasable pursuant to each Karus Option; divided by (y) the 0.43. All terms and conditions of the Kenadyr Replacement Options, including the term to expiry, vesting schedule, conditions to and manner of exercising, will be the same as the Karus Option for which it was exchanged, subject to the terms and conditions of the stock option plan governing the Kenadyr Options;

and:

- (iii) the registered holder of such Karus Options referred to in Sections 3.1(d)(i) and 3.1(d)(ii) of this Plan of Arrangement shall cease to be the registered holder thereof and the name of such registered holder shall be removed from the register of holders of Karus Options as of the Effective Time; and
- (iv) the Karus Stock Option Plan and all agreements and understandings relating thereto shall be terminated and Karus shall not have any liabilities or obligations with respect thereto;
- (e) notwithstanding the terms and conditions of the Karus Omnibus Plan or of any agreement or understanding evidencing the grant of any Karus RSUs, each Karus RSU outstanding and not duly exercised immediately prior to the time of this step shall be, and shall be deemed to be, fully vested and:
 - (i) each such Karus RSU shall be surrendered and transferred to Karus in consideration for the issuance of 0.43 Kenadyr Replacement RSUs for every one (1) Karus RSU and such Karus RSUs shall be immediately cancelled;
 - (ii) each such Karus RSU and the names of the holder thereof shall be removed as holders from the register or records of the Karus RSUs maintained by or on behalf of Karus; and
 - (iii) the Karus Omnibus Plan and all agreements relating thereto shall be terminated and Karus shall not have any liabilities or obligations with respect thereto
- (f) the exchanges and cancellations provided for in this Section 3.1 will be deemed to occur on the Effective Date, notwithstanding certain procedures related thereto may not be completed until after the Effective Date.

3.2 Post-Effective Time Procedures

- (a) Following the receipt of the Final Order and prior to the Effective Date, Kenadyr shall deliver or arrange to be delivered to the Depositary the Consideration, including certificates representing the Consideration Shares required to be issued to Former Karus Shareholders in accordance with the provisions of Section 3.1(a) hereof, which certificates shall be held by the Depositary as agent and nominee for such Former Karus Shareholders for distribution to such Former Karus Shareholders in accordance with the provisions of Article 5 hereof.
- (b) Subject to the provisions of Article 5 hereof, and upon return of a properly completed letter of transmittal by a registered Former Karus Shareholder together with certificates, if any, which, immediately prior to the Effective Time represented Karus Shares and such other documents as the Depositary may require, Former Karus Shareholders shall be entitled to receive delivery of the certificates representing the Consideration Shares.

3.3 Tax Election

- (a) An Eligible Holder whose Karus Shares are exchanged for Kenadyr Shares pursuant to the Arrangement shall be entitled to make an income tax election, pursuant to Section 85 of the Tax Act (and any analogous provision of provincial income tax law) (a “**Section 85 Election**”). The Eligible Holder will have the option of submitting the necessary information electronically or manually (by mailing a manually completed worksheet to

an appointed representative, as directed by Kenadyr). A special purpose website may be made available to the Eligible Holder to assist with this process. The information to be provided by the Former Karus Shareholder will include the number of shares transferred, the transferred properties cost base, the applicable agreed amounts for the purposes of such election and other information necessary to complete the Section 85 Election. Kenadyr shall, within 90 days after receiving the electronic or manual submission, and subject to such submission being correct and complete and complying with requirements imposed under the Tax Act (or applicable provincial income tax law), sign and return a copy of a completed Section 85 Election to the Former Karus Shareholder for filing with the Canada Revenue Agency (or the applicable provincial tax authority). Neither Karus, Kenadyr nor any successor corporation shall be responsible for the proper completion of any election form nor, except for the obligation to sign and return duly completed election forms which are received within 90 days of the Effective Date, for any taxes, interest or penalties resulting from the failure of an Eligible Holder to properly complete or file such election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial legislation). Kenadyr or any successor corporation may choose to sign and return an election form received by it more than 90 days following the Effective Date, but will have no obligation to do so.

- (b) Upon receipt of a letter of transmittal in which an Eligible Holder has indicated that the Eligible Holder intends to make a Section 85 Election, Kenadyr will promptly deliver a tax instruction letter (and a tax instruction letter for the equivalent Quebec election, if applicable), together with the relevant tax election forms (including the Quebec tax election forms, if applicable) to the Eligible Holder.

3.4 No Fractional Kenadyr Shares

In no event shall any holder of Karus Shares be entitled to a fractional Kenadyr Share. Where the aggregate number of Consideration Shares to be issued to a Karus Shareholder as consideration under this Arrangement would result in a fraction of a Kenadyr Share being issuable, the number of Consideration Shares to be received by such Karus Shareholder shall be rounded down to the nearest whole Kenadyr Share in the event a Karus Shareholder is entitled to a fractional share representing less than 0.5 of a Kenadyr Share and shall be rounded up to the nearest whole Kenadyr Share in the event a Karus Shareholder is entitled to a fractional share representing 0.5 or more of a Kenadyr Share.

3.5 Karus Warrants

The parties hereto acknowledge and agree that immediately following the Effective Time, the Karus Warrants will be adjusted in accordance with their respective contractual terms to account for the Arrangement such that, upon the due exercise of the Karus Warrants, the holder thereof will be entitled to receive 0.43 fully paid and non-assessable Kenadyr Shares for every one (1) Karus Warrant.

ARTICLE 4 DISSENT RIGHTS

4.1 Rights of Dissent

- (a) Pursuant to the Interim Order, registered Karus Shareholders may exercise rights of dissent (“**Dissent Rights**”) under Sections 237 to 247 of the BCBCA, as modified by this Article 4, the Interim Order and the Final Order, with respect to Karus Shares in connection with the Arrangement, provided that the written notice setting forth the objection of such registered Karus Shareholders to the Arrangement and the exercise of Dissent Rights must be received by Karus not later than 5:00 p.m. on the business day that is two (2) business days before the Karus Meeting or any date to which the Karus

Meeting may be postponed or adjourned and provided further that holders who exercise such Dissent Rights and who:

- (i) are ultimately entitled to be paid fair value for their Karus Shares, which fair value, notwithstanding anything to the contrary contained in Section 245 of the BCBCA, shall be determined immediately prior to the approval of the Arrangement Resolution, shall be deemed to have transferred their Dissenting Shares to Karus as of the Effective Time, without any further act or formality and free and clear of all Liens, as consideration for a debt claim against Karus to be paid the fair value of such Dissenting Shares and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights and such Dissenting Shares shall be cancelled by Karus; and
 - (ii) are ultimately not entitled, for any reason, to be paid fair value for their Karus Shares shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of Karus Shares and shall be entitled to receive only the consideration contemplated in Section 3.1(a) hereof that such holder would have received pursuant to the Arrangement if such holder had not exercised Dissent Rights and such Karus Shares shall be cancelled by Karus.
- (b) In no circumstances shall Karus, Kenadyr or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is a registered holder of those Karus Shares in respect of which such rights are sought to be exercised.
 - (c) For greater certainty, in no case shall Karus, Kenadyr or any other Person be required to recognize Dissenting Shareholders as Karus Shareholders after the Effective Time, and the names of such Dissenting Shareholders shall be deleted from the register of Karus Shareholders as of the Effective Time. In addition to any other restrictions under Sections 237 to 247 of the BCBCA, and for greater certainty, none of the following shall be entitled to exercise Dissent Rights: (i) holders of Karus Options; (ii) holders of Karus RSUs; and (iii) Karus Shareholders who vote, or who have instructed a proxyholder to vote, in favour of the Arrangement Resolution.

ARTICLE 5 DELIVERY OF CONSIDERATION

5.1 Delivery of Consideration

- (a) Upon surrender to the Depositary for cancellation of a certificate that immediately before the Effective Time represented one or more outstanding Karus Shares that were exchanged for the Kenadyr Shares in accordance with Section 3.1, together with such other documents and instruments as would have been required to effect the transfer of the Karus Shares formerly represented by such certificate under the BCBCA and the articles of Karus and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate shall be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder following the Effective Time, a certificate representing the Consideration Shares that such holder is entitled to receive in accordance with Section 3.1.
- (b) After the Effective Time and until surrendered for cancellation as contemplated by Section 5.1(a) hereof, each certificate that immediately prior to the Effective Time represented one or more Karus Shares shall be deemed at all times to represent only the

right to receive in exchange therefor a certificate representing Consideration Shares that the holder of such certificate is entitled to receive in accordance with Section 3.1(a) hereof.

5.2 Lost Certificates

If any certificate, that immediately prior to the Effective Time represented one or more outstanding Karus Shares that were exchanged for Kenadyr Shares in accordance with Section 3.1, shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary shall deliver in exchange for such lost, stolen or destroyed certificate, a certificate representing Consideration Shares that such holder is entitled to receive in accordance with Section 3.1 hereof. When authorizing such delivery of a certificate representing Consideration Shares that such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the holder to whom such certificate is to be delivered shall, as a condition precedent to the delivery of such certificate representing Consideration Shares, give a bond satisfactory to Kenadyr and the Depositary in such amount as Kenadyr and the Depositary may direct, or otherwise indemnify Kenadyr and the Depositary in a manner satisfactory to Kenadyr and the Depositary, against any claim that may be made against Kenadyr or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the constating documents of Karus.

5.3 Distributions with Respect to Unsurrendered Certificates

No dividend or other distribution declared or made after the Effective Time with respect to Consideration Shares with a record date after the Effective Time shall be delivered to the holder of any unsurrendered certificate that, immediately prior to the Effective Time, represented outstanding Karus Shares unless and until the holder of such certificate shall have complied with the provisions of Section 5.1 or Section 5.2 hereof. Subject to applicable Law and to Section 5.4 hereof, at the time of such compliance, there shall, in addition to the delivery of a certificate representing Consideration Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such Consideration Shares.

5.4 Withholding Rights

Kenadyr, Karus and the Depositary shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any Person hereunder and from all dividends, interest or other distributions otherwise payable to any former Karus Securityholder such amounts as Kenadyr, Karus or the Depositary may be required to deduct and withhold therefrom under any provision of applicable Laws in respect of Taxes. To the extent that such amounts are so deducted, withheld and remitted, such amounts shall be treated for all purposes under this Arrangement as having been paid to the Person to whom such amounts would otherwise have been paid, provided that such deducted or withheld amounts are actually remitted to the appropriate taxation authority. To the extent the amount required to be deducted or withheld from any consideration payable or otherwise deliverable to any Person hereunder exceeds the amount of cash consideration, if any, otherwise payable to the Person, any of Kenadyr, Karus or the Depositary is hereby authorized to sell or otherwise dispose of any non-cash consideration payable to the Person as is necessary to provide sufficient funds to Kenadyr, Karus or the Depositary, as the case may be, to enable it to comply with all deduction or withholding requirements applicable to it, and Kenadyr, Karus and the Depositary shall notify such Person and remit to such Person any unapplied balance of the net proceeds of such sale.

5.5 Limitation and Proscription

To the extent that a Former Karus Shareholder shall not have complied with the provisions of Section 5.1 or Section 5.2 hereof on or before the date that is six (6) years after the Effective Date (the “**final proscription date**”), then the certificate representing Consideration Shares that such Former Karus Shareholder was entitled to receive shall be automatically cancelled without any repayment of capital in respect thereof, and the certificate representing the Consideration Shares to which such Former Karus Shareholder was entitled shall be delivered to Kenadyr by the Depositary and certificates representing Consideration Shares forming a portion of such Consideration Shares shall be cancelled by Kenadyr, and the interest of the Former Karus Shareholder in the Consideration Shares to which it was entitled shall be terminated as of such final proscription date.

5.6 No Liens

Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens.

5.7 Paramountcy

From and after the Effective Time: (i) this Plan of Arrangement shall take precedence and priority over any and all Karus Shares, Karus RSUs and Karus Options issued prior to the Effective Time, (ii) the rights and obligations of the registered Karus Shareholders, holders of Karus RSUs and holders of Karus Options, and Karus, Kenadyr, the Depositary and any transfer agent or other depositary therefor in relation thereto, shall be solely as provided for in this Plan of Arrangement, and (iii) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Karus Shares, Karus RSUs, Karus Options or Karus shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

ARTICLE 6 AMENDMENTS

6.1 Amendments to Plan of Arrangement

- (a) Kenadyr and Karus reserve the right to amend, modify or supplement this Plan of Arrangement at any time and from time to time, provided that each such amendment, modification or supplement must be: (i) set out in writing; (ii) agreed to in writing by Kenadyr and Karus; (iii) filed with the Court and, if made following the Karus Meeting, approved by the Court; and (iv) communicated to Karus Shareholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Karus at any time prior to the Karus Meeting provided that Kenadyr 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 Karus 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 by the Court following the Karus Meeting shall be effective only if: (i) it is consented to in writing by each of Kenadyr and Karus; (ii) it is filed with the Court (other than amendments contemplated in Section 6.1(d), which shall not require such filing) and (iii) if required by the Court, it is consented to by holders of the Karus Shares voting in the manner directed by the Court.

- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time unilaterally by Kenadyr, provided that it concerns a matter that, in the reasonable opinion of Kenadyr, 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 Former Karus Shareholder or former holder of Karus RSUs or Karus Options.
- (e) This Plan of Arrangement may be withdrawn prior to the Effective Time in accordance with the terms of the Arrangement Agreement.

**ARTICLE 7
FURTHER ASSURANCES**

7.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and 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 any of them in order further to document or evidence any of the transactions or events set out therein.

SCHEDULE B
ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the “**Arrangement**”) under Section 288 of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) involving Karus Gold Corp., a corporation existing under the Laws of the Province of British Columbia (“**Karus**”), all as more particularly described and set forth in the Management Proxy Circular (the “**Circular**”) of Karus dated [•], 2023, accompanying the notice of this meeting (as the Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted.
2. The plan of arrangement (the “**Plan of Arrangement**”), involving Karus and implementing the Arrangement, the full text of which is set out in Appendix [•] to the Circular (as the Plan of Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted.
3. The arrangement agreement (the “**Arrangement Agreement**”) between Karus and Kenadyr Metals Corp. a corporation existing under the laws of the Province of British Columbia (“**Kenadyr**”), dated December 29, 2022, and all the transactions contemplated therein, the actions of the directors of Karus in approving the Arrangement and the actions of the directors and officers of Karus in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified and approved.
4. Notwithstanding that this resolution has been passed (and the Arrangement approved) by the shareholders of Karus or that the Arrangement has been approved by the British Columbia Supreme Court, the directors of Karus are hereby authorized and empowered, without further notice to, or approval of, the securityholders of Karus:
 - (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
 - (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.
5. Any director or officer of Karus is hereby authorized and directed for and on behalf of Karus to execute, whether under corporate seal of Karus or otherwise, any and all documents that are required to be filed with the Registrar under the BCBCA in connection with the Arrangement Agreement or the Plan of Arrangement.
6. Any one or more directors or officers of Karus is hereby authorized, for and on behalf and in the name of Karus, to execute and deliver, whether under corporate seal of Karus or otherwise, all such agreements, forms waivers, notices, certificate, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:
 - (a) all actions required to be taken by or on behalf of Karus, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and

- (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by Karus;

such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE C
KEY REGULATORY APPROVALS

TSX Venture Exchange approval of the Arrangement and all issuances of securities contemplated by the Agreement.

SCHEDULE D
KEY THIRD PARTY CONSENTS

Nil.