NOTICE OF MEETING

and

MANAGEMENT INFORMATION CIRCULAR

for the

SPECIAL MEETING OF SHAREHOLDERS OF SOUTHERN ARC MINERALS INC.

to be held on

SEPTEMBER 30, 2020

DATED AS OF AUGUST 21, 2020

Your Board of Directors recommends that you vote <u>FOR</u> the Arrangement Resolution

These materials affect your legal rights as a shareholder of Southern Arc Minerals Inc. and should receive your immediate attention. Shareholders of Southern Arc Minerals Inc. will be required to make an important decision. If you are in doubt as to how to make the decision, please contact your professional advisors.

Suite 650, 669 Howe Street
Vancouver, British Columbia
V6C 0B4 Canada
www.southernarcminerals.com

Dear Shareholders of Southern Arc Minerals Inc.:

The board of directors of Southern Arc Minerals Inc. ("**Southern Arc**" or the "**Company**") cordially invites you to attend the special meeting (the "**Meeting**") of the shareholders of Southern Arc (the "**Shareholders**") to be held at 10:00 a.m. (*Pacific Daylight Time*) on September 30, 2020. In order to comply with measures imposed by the federal and provincial governments related to the COVID-19 pandemic, and to mitigate risks to the health and safety of our communities, shareholders, and other stakeholders, unless we advise otherwise by way of news release and on our website (www.southernarcminerals.com), the Meeting will be held in **virtual only format**, which will be conducted via telephone conference. Registered Shareholders and validly appointed proxyholders may attend the meeting by calling 877-407-2991 (toll-free in Canada and the United States) or 201-389-0925 (international). Registered Shareholders who attend the virtual meeting will have an equal opportunity to participate at the Meeting, regardless of geographic location.

The Arrangement

The Meeting will be held to consider and vote upon a proposed plan of arrangement (the "**Arrangement**"). The Arrangement involves, among other things, a distribution of common shares (currently owned by the Company) of Japan Gold Corp. ("**Japan Gold**"), Tethyan Resource Corp. ("**Tethyan**") and Rise Gold Corp. ("**Rise Gold**"), and common share purchase warrants (currently owned by the Company) of Japan Gold (collectively, the "**Transaction Securities**"), and such other assets as determined by the directors of the Company, to the shareholders of the Company (the "**Shareholders**") on a pro-rata basis. In particular, the Company proposes to exchange its existing common shares (the "**Existing Shares**") for new Class A Shares (the "**Class A Shares**") and redeemable shares (the "**Redeemable Shares**") of the Company. The Class A Shares of the Company will have similar rights and attributes as the Existing Shares and may remain listed on the TSX Venture Exchange (the "**TSXV**") or may be listed on the NEX Board of the TSXV. The Redeemable Shares will be issued notionally under the Arrangement, will not be listed or traded and will be cancelled immediately upon redemption. Upon completion of the share exchange, the Company will immediately redeem the Redeemable Shares in consideration for the Transaction Securities noted above. On the Effective Date (defined below) of the Arrangement, each Shareholder (other than dissenting Shareholders) will be entitled to receive their pro-rata share of the Redeemable Shares. The exact number of Redeemable Shares to which a Shareholder will be entitled will be determined on October 15, 2020, or such other date as the Company's board of directors may determine (the "**Distribution Record Date**") based on the number of Existing Shares outstanding at such time.

Under the terms of the Arrangement, Southern Arc will on completion, effectively, transfer and distribute all of its common shares of Japan Gold (the "**Japan Gold Shares**"), common share purchase warrants of Japan Gold (the "**Japan Gold Warrants**"), common shares of Tethyan (the "**Tethyan Shares**") and common shares of Rise Gold (the "**Rise Gold Shares**") on a pro rata basis to the Shareholders by way of a court-approved plan of arrangement in British Columbia.

Upon completion of the Arrangement, it is anticipated that Shareholders will own Japan Gold Shares, Japan Gold Warrants, Tethyan Shares, Rise Gold Shares, and each Shareholder will retain its respective interest in Southern Arc through its Class A Shares.

On May 10, 2020, Tethyan and Adriatic Metals plc ("**Adriatic**") entered into a binding letter agreement pursuant to which Adriatic agreed to acquire all of the issued and outstanding common shares of Tethyan by way of a plan of arrangement under the BCBCA. If the foregoing acquisition is completed, then the Shareholders may receive the ordinary shares of Adriatic (the "**Adriatic Shares**") held by the Company instead of the Tethyan Shares. Adriatic is a publicly listed company existing under the laws of England and Wales with its shares listed for trading on each of the London Stock Exchange and the Australian Securities Exchange. **There is no guarantee that the foregoing acquisition by Adriatic will be completed prior to the Arrangement or at all.**

In order to become effective, among other things, the special resolution approving the Arrangement (the "**Arrangement Resolution**") must be passed by a majority of no less than two-thirds of the votes cast on the Arrangement Resolution by the Shareholders present in person or by proxy at the virtual Meeting.

Completion of the Arrangement is also subject to receipt of the approval of the Arrangement by the British Columbia Supreme Court (the "**Court**") and the TSXV and other customary closing conditions, all of which are described in more detail in the attached Management Information Circular.

Southern Arc Recommendation

After taking into consideration, among other things, the terms of the Arrangement, discussions with the Company's advisors, and the requirement for Court and Shareholder approval, the Board of Directors (the "**Board**") has concluded that the Arrangement is in the best interests of the Company and is fair to the Shareholders, and has approved the Arrangement and authorized submission of the Arrangement Resolution for approval to the Shareholders and submission of the Arrangement to the Court for approval. **Accordingly, the Board recommends that the Shareholders vote FOR the Arrangement.**

The accompanying Notice of Meeting and Management Information Circular contain a detailed description of the Arrangement and include certain other information to assist you in considering the matters to be voted upon. See the section in the accompanying Management Information Circular entitled *"The Arrangement – Reasons for the Arrangement"* for a summary of the principal reasons for the recommendation of the Board.

You are urged to carefully consider all of the information in the accompanying Management Information Circular, including the documents incorporated by reference therein. If you require assistance, you should consult your financial, legal, or other professional advisor.

Shareholder Vote

Registered shareholders and duly appointed proxyholders will be able to attend the Meeting, ask questions and vote, all in real time, provided they are present via telephone conference or by proxy at the Meeting, and comply with all of the requirements set out in the accompanying Management Information Circular.

Any non-registered (or beneficial) shareholder will be able to attend the Meeting, ask questions and vote, all in real time, if they duly appoint themselves as their own proxyholder and comply with all of the requirements set out in the accompanying Management Information Circular relating to that appointment and registration. Failing which, any non-registered (or beneficial) shareholder will be able to attend the Meeting as a guest, but will not be able to vote or ask questions at the Meeting.

Southern Arc shareholders will be able to participate at the Meeting via telephone conference regardless of their geographic location.

Your vote is important regardless of the number of Existing Shares that you own. If you are a registered Shareholder and are unable to attend the virtual only Meeting, we encourage you to vote by completing the enclosed form(s) of proxy and return it by 10:00 a.m. (*Pacific Daylight Time*) on September 28, 2020 to Southern Arc's transfer agent, Computershare Investor Services Inc., in accordance with the instructions on the Proxy. Voting by proxy will ensure that your vote will be counted if you are unable to attend the virtual Meeting.

If you are not registered as the holder of your Existing Shares but hold your Existing Shares through a broker or other intermediary, you should follow the instructions provided by your broker or other intermediary to vote your Existing Shares. See the section in the accompanying Management Information Circular entitled *"General Proxy Information — Non-Registered Holders"* for further information on how to vote your Existing Shares.

Distribution of Transaction Securities

It is anticipated that the Arrangement will be completed on or about October 21, 2020, or such other date as the Company's board of directors may determine (the "**Effective Date**"). Notice of the Distribution Record Date and the Effective Date will be provided through one or more news releases.

While certain matters, such as the timing of the receipt of all applicable approvals are beyond the control of the Company, if the Arrangement Resolution is passed by the requisite number of Shareholders at the Meeting, and the other conditions to closing are satisfied, it is anticipated that the Arrangement will be completed and become effective on or about October 21, 2020.

SHAREHOLDERS ARE CAUTIONED THAT ONLY HOLDERS OF RECORD ON THE DISTRIBUTION RECORD DATE WILL BE ENTITLED TO RECEIVE JAPAN GOLD SHARES, JAPAN GOLD WARRANTS, TETHYAN SHARES (OR ADRIATIC SHARES AS APPLICABLE), AND RISE GOLD SHARES. SHAREHOLDERS WHO SELL THEIR COMMON SHARES BEFORE THE DISTRIBUTION RECORD DATE WILL NOT BE ENTITLED TO RECEIVE JAPAN GOLD SHARES, JAPAN GOLD WARRANTS, TETHYAN SHARES (OR ADRIATIC SHARES AS APPLICABLE), AND RISE GOLD SHARES.

On behalf of the Company, we would like to thank you for your continued support as we proceed with this important transaction.

Yours truly,

"John G. Proust"

John G. Proust
Chief Executive Officer

Suite 650, 669 Howe Street
Vancouver, British Columbia
V6C 0B4 Canada
www.southernarcminerals.com

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that, pursuant to an order (the "**Interim Order**") of the Supreme Court of British Columbia dated August 26, 2020, a special meeting (the "**Meeting**") of the shareholders (the "**Shareholders**") of Southern Arc Minerals Inc. (the "**Company**") will be held at 10:00 a.m. (*Pacific Daylight Time*), on September 30, 2020 (the "**Meeting Date**") for the following purposes:

1. to consider, pursuant to the Interim Order, and, if deemed advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**"), (the text of which is set out in Schedule "A" to this information circular (the "**Circular**"), to approve an arrangement (the "**Arrangement**") under Division 5 of Part 9 of the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), which will involve, among other things, the disposition of all or substantially all of the Company's assets pursuant to Section 301 of the BCBCA, pursuant to the Plan of Arrangement substantially in the form attached as Schedule "B" to the accompanying Circular (the "**Plan of Arrangement**"), subject to any amendment or supplement thereto, all as more particularly described in the accompanying Circular; and
2. to transact any other business which may properly come before the Meeting, or any adjournment or postponement thereof.

The Meeting will be deemed to be held at Company's head office located at Suite 650 – 669 Howe Street, Vancouver, British Columbia, Canada; however, the Meeting will be held in **virtual only format**, which will be conducted via telephone conference. Registered Shareholders and validly appointed proxyholders may attend the meeting by calling 877-407-2991 (toll-free in Canada and the United States) or 201-389-0925 (international). Registered Shareholders who attend the virtual meeting will have an equal opportunity to participate at the Meeting, regardless of their geographic location.

The board of directors of the Company recommends that Shareholders vote **FOR** the Arrangement Resolution.

The record date (the "**Record Date**") for determination of Shareholders entitled to receive notice of and to vote at the Meeting is the close of business on August 21, 2020. Only the Shareholders whose names have been entered in the register of holders of common shares of the Company (the "**Southern Arc Shares**") on the close of business on the Record Date are entitled to receive notice of and to vote at the Meeting. Each Shareholder will be entitled to one vote for each Southern Arc Share. The Arrangement Resolution must be approved by at least two-thirds of the votes cast by the Shareholders, present via telephone conference or by proxy at the Meeting.

A registered Shareholder may attend the Meeting via telephone conference or by proxy. Registered Shareholders who are unable to attend the virtual Meeting are requested to complete, date, sign and return, in the envelope provided for that purpose, the accompanying form of proxy (the "Proxy") for use at the Meeting or any adjournment or postponement thereof. To be effective, the Proxy must be received by our transfer agent, Computershare Investor Services Inc., by no later than 10:00 a.m. (*Pacific Daylight Time*) on September 28, 2020 or no later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time to which the Meeting may be adjourned or postponed. Notwithstanding the foregoing, the Chair of the Meeting has the discretion to accept proxies received after such deadline.

Registered Shareholders who validly dissent in respect of the Arrangement Resolution pursuant to and in the manner set forth in Section 237 to 247 of the *Business Corporations Act* (British Columbia) (the "BCBCA") will be entitled to be paid the fair value of their Southern Arc Shares. The right of registered Shareholders to dissent is more particularly described in the accompanying Circular under the heading "*The Arrangement – Dissent Rights*". Failure to strictly comply with the requirements with respect to the dissent rights set forth in the BCBCA (as described in the Interim Order and Plan of Arrangement) may result in the loss of any right to dissent. Persons who are beneficial owners of Southern Arc Shares registered in the name of a broker, custodian, nominee or other intermediary and who wish to dissent must make arrangements for the Southern Arc Shares beneficially owned by them to be registered in their name before the time the written objection to the Arrangement Resolution is required to be received by the Company, or alternatively, make arrangements for the registered holder of their Southern Arc Shares to dissent on their behalf.

Notwithstanding subsection 242(a) of the BCBCA, the written objection to the Arrangement Resolution must be received by the Company not later than 5:00 p.m. (*Pacific Daylight Time*) on the business day that is two business days before the Meeting Date or any date to which the Meeting may be postponed or adjourned. If a Shareholder received more than one proxy form because such holder owns Southern Arc Shares registered in different names or addresses, each form of proxy should be completed and returned.

If you are a non-registered holder of Southern Arc Shares and have received these materials from Computershare Investor Services Inc. or through your broker, custodian, nominee or other intermediary, please complete and return the form of proxy or voting instruction form provided to you in accordance with the instructions provided therein.

DATED at Vancouver, British Columbia, this 21st day of August, 2020.

ON BEHALF OF THE BOARD OF DIRECTORS

By: "*John G. Proust*"
Chief Executive Officer

These shareholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

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Suite 650 – 669 Howe Street
Vancouver, British Columbia V6C 0B4
www.southernarcminerals.com

MANAGEMENT INFORMATION CIRCULAR

(Containing information as at August 21, 2020 unless indicated otherwise)

INFORMATION CONTAINED IN THIS INFORMATION CIRCULAR

This Management Information Circular ("Circular") is furnished in connection with the solicitation of proxies by management of Southern Arc Minerals Inc. for use at the special meeting (the "Meeting") of the shareholders of Southern Arc Minerals Inc. ("Shareholders") to be held on September 30, 2020 and any adjournment or postponement thereof, for the purposes set forth in the attached Notice of Special Meeting. Except where otherwise indicated, the information contained herein is stated as of August 21, 2020.

Unless the context otherwise requires, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the "*Glossary of Terms*" in this Circular.

No person has been authorized to give any information or to make any representation in connection with the matters being considered herein other than those contained in this Circular and, if given or made, such information or representation should not be considered or relied upon as having been authorized. This Circular does not constitute an offer to sell, or a solicitation of an offer to acquire, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or permitted or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or proxy solicitation. Neither the delivery of this Circular nor any distribution of securities referred to herein should, under any circumstances, create any implication that there has been no change in the information set forth herein since the date of this Circular.

Information contained in this Circular should not be construed as legal, tax or financial advice and Shareholders are urged to consult their own professional advisors in connection with the matters considered in this Circular.

THE TRANSACTION AND THE RELATED SECURITIES DESCRIBED HEREIN HAVE NOT BEEN REGISTERED WITH, RECOMMENDED BY, OR APPROVED OR DISAPPROVED BY THE TSX VENTURE EXCHANGE, THE SECURITIES AUTHORITY OF ANY CANADIAN PROVINCE OR TERRITORY, U.S. STATE OR THE SEC, NOR HAVE ANY OF THEM PASSED UPON THE FAIRNESS OR MERITS OF THE TRANSACTION OR THE ACCURACY OR ADEQUACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND RISKS

This Circular contains "forward-looking information" within the meaning of the applicable Canadian Securities Laws and "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, as amended (forward-looking statements and forward-looking information being collectively herein after referred to as "**forward-looking statements**") that are based on expectations, estimates and projections as at the date of this Circular. These forward-looking statements include but are not limited to statements and information concerning: the Arrangement; the Meeting, the timing (including the anticipated final Court approval date, Distribution Record Date and Effective Date) for the implementation of the Arrangement and the potential benefits of the Arrangement; the likelihood of the Arrangement being completed; principal steps of the Arrangement; the issuance and distribution of the Class A Shares and Redeemable Shares as at the Distribution Record Date; the issuance of the Class A Shares in exchange for the Class A Shares as at the Distribution Record Date; the redemption of the Redeemable Shares and issuance by the Company in exchange for the transfer and distribution to Shareholders of all of the Japan Gold Shares, Japan Gold Warrants, Tethyan Shares (or Adriatic Shares as applicable), and Rise Gold Shares owned by the Company as at the

Distribution Record Date; the proposed acquisition of Tethyan by Adriatic and distribution of the Adriatic Shares; distribution of such other assets as determined by the directors of the Company, and the Company's proposed maintenance of its listing on the TSXV or application to list on the NEX board of the TSXV.

Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often but not always using phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken to occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking statements, which include statements relating to, among other things, the ability of the Company to continue to successfully compete in the market.

These forward-looking statements are based on the beliefs of the management of the Company, as the case may be, as well as on assumptions which such management believes to be reasonable, based on information currently available at the time such statements were made. However, there can be no assurance that forward-looking statements will prove to be accurate. Such assumptions and factors include, among other things, the satisfaction of the terms and conditions of the Arrangement, including the approval of the Arrangement by Shareholders and the approval of the Arrangement and its fairness by the Court; the receipt of the required regulatory and third party approvals and consents, and the timing of the receipt thereof; general business and economic conditions; that the anticipated benefits of the Arrangement will be achieved; market competition; and tax benefits and tax rates.

By their nature, forward-looking statements are based on assumptions and involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements are subject to a variety of risks, uncertainties and other factors, which could cause actual events or results to differ from those expressed or implied by the forward-looking statements, including, without limitation: the termination of the Plan of Arrangement in certain circumstances; general business, economic, competitive, political, regulatory and social uncertainties; risks related to competition; risks related to factors beyond the control of the Company; risks and uncertainties associated with technology and development operations; intellectual property risks; risks related to directors and executive officers of the Company possibly having interests in the Arrangement that are different from other Shareholders; risks relating to the possibility that more than 10% of Shareholders may exercise their Dissent Rights; dependence on key management, employees, consultants, and skilled personnel; the global economic climate; the execution of strategic growth plans; risks relating to the lack of hedging policies; dilution; market reaction to the Arrangement; insurance risks; and litigation.

This list is not exhaustive of the factors that may affect any of the forward-looking statements of the Company. Forward-looking statements are statements about the future and are inherently uncertain. Actual results could differ materially from those projected in the forward-looking statements as a result of the matters set out or incorporated by reference in this Circular generally and certain economic and business factors, some of which may be beyond the control of the Company. Some of the important risks and uncertainties that could affect forward-looking statements are described in the section entitled *"Risks and Uncertainties"* of the Company's annual MD&A, which is available on SEDAR at www.sedar.com, and in the sections entitled *"Risk Factors"* and *"Risks Associated with the Transaction"* set out in this Circular. The Company does not intend, and do not assume, any obligation to update any forward-looking statements, other than as required by applicable Law. For all of these reasons, Shareholders should not place undue reliance on forward-looking statements.

NOTE TO UNITED STATES SECURITYHOLDERS

THE ARRANGEMENT AND THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN REGISTERED WITH, RECOMMENDED BY, OR APPROVED OR DISAPPROVED BY THE SEC OR THE SECURITIES AUTHORITY IN ANY STATE OF THE UNITED STATES, NOR HAS THE SEC OR THE SECURITIES AUTHORITY OF ANY STATE OF THE UNITED STATES PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR AND ANY DOCUMENTS INCORPORATED BY REFERENCE HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Redeemable Shares, Class A Shares and the Transaction Securities to be issued or distributed pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or any applicable Securities Laws of any state of the United States, and are being issued and distributed in reliance on the Section 3(a)(10) Exemption on the basis of the approval of the Court, which will consider, among other things, the fairness of the Arrangement to Shareholders as further described in this Circular under the heading *"The Arrangement – United States Securities Law Matters",* and in reliance on similar exemptions from registration or qualification under any applicable Securities Laws of any state of the United States.

The solicitation of proxies made pursuant to this Circular is not subject to the requirements of Section 14(a) of the U.S. Exchange Act by virtue of an exemption applicable to proxy solicitations by "foreign private issuers" (as defined in Rule 3b-4 under the U.S. Exchange Act). Accordingly, this Circular has been prepared in accordance with disclosure requirements applicable in Canada. Shareholders in the United States should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and to proxy statements under the U.S. Exchange Act.

Information concerning the properties and operations of the Company has been prepared in accordance with the requirements of Canadian Securities Laws, which differ from the requirements of United States Securities Laws.

Financial statements included or incorporated by reference in this Circular have been prepared in accordance with IFRS, and are subject to Canadian generally accepted auditing standards or International standards on auditing, as described in the related auditors' report included in the financial statements, which differ from United States generally accepted accounting principles, auditing and auditor independence standards, respectively, in certain material respects, and thus they may not be comparable to financial statements of U.S. companies.

The enforcement by Shareholders of civil liabilities under U.S. Securities Laws may be affected adversely by the fact that the Company is incorporated outside the United States, that some or all of its officers and directors and the experts named herein are residents of a foreign country and that some or all of the assets of the Company and the aforementioned persons are located outside the United States. As a result, it may be difficult or impossible for Shareholders to effect service of process within the United States upon the Company, its officers or directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under the federal Securities Laws of the United States or "blue sky" laws of any state within the United States. In addition, Shareholders should not assume that the courts of Canada would allow them to (a) sue the Company, its officers or directors, or the experts named herein in the courts of Canada, (b) enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under the federal Securities Laws of the United States or "blue sky" laws of any state within the United States, or (c) enforce, in original actions, liabilities against such persons predicated upon civil liabilities under the federal Securities Laws of the United States or "blue sky" laws of any state within the United States.

REPORTING CURRENCIES AND ACCOUNTING PRINCIPLES

The financial statements of the Company are reported in Canadian dollars. All of the financial statements included in this Circular have been prepared in accordance with IFRS.

GLOSSARY OF TERMS

In this Circular and accompanying Notice of Meeting, unless otherwise defined herein or unless there is something in the subject matter inconsistent therewith, the following terms have the respective meanings set out below, words importing the singular number include the plural and vice versa and words importing any gender include all genders.

"**Adriatic**" means Adriatic Metals plc., a company incorporated in England and Wales with registered number 10599833.

"**Adriatic Ratio**" means the fraction equal to the number of Adriatic Shares held by the Company on the Distribution Record Date, divided by the number of Existing Shares that are issued and outstanding on the Distribution Record Date.

"**Adriatic Shares**" means the ordinary shares of Adriatic.

"**affiliate**" has he meaning ascribed thereto in NI 45-106.

"**Arrangement**" means the arrangement under Part 9, Division 5 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 the Plan of Arrangement or made at the direction of the Court in the Final Order.

"**Arrangement Resolution**" means the special resolution of the Shareholders approving the Arrangement, to be considered at the Meeting, substantially in the form set out in Schedule A to this Circular.

"**BCBCA**" means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as promulgated or amended from time to time, and includes any successor thereto.

"**Board**" means the board of directors of Southern Arc as the same is constituted 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.

"**Circular**" means collectively, the Notice of Meeting and this Management Information Circular, including all appendices, sent to Shareholders in connection with the Meeting.

"**Class A Shares**" means the Class A Shares of the Company that will be exchanged, together with the Redeemable Shares, for the Existing Shares, as more particularly described in the Plan of Arrangement.

"**Computershare**" means Computershare Investor Services Inc.

"**Control Person**" means any Person that holds or is one of a combination of Persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

"**Court**" means the British Columbia Supreme Court.

"**CSE**" means the Canadian Securities Exchange.

"**Dissent Procedures**" has the meaning ascribed thereto in the section entitled *"Dissent Rights"*.

"**Dissent Rights**" means the rights of Shareholders to dissent in respect of the Arrangement described in the Plan of Arrangement.

"**Dissenting Shareholder**" means a registered Shareholder who has duly exercised Dissent Rights.

"**Dissenting Shares**" means the Shares held by a Dissenting Shareholder and in respect of which the Dissenting Shareholder has validly exercised Dissent Rights.

"**Distribution Record Date**" means October 15, 2020, or such other date as the Company's board of directors may determine.

"**DRS Statements**" means advice statements prepared by the transfer agent pursuant to the transfer agent's electronic direct registration system.

"**Effective Date**" means the date upon which the Plan of Arrangement becomes effective in accordance with the BCBCA.

"**Effective Time**" means 12:01 a.m. (*Pacific Daylight Time*) on the Effective Date or such other time on the Effective Date.

"**Encumbrance**" includes, with respect to any property or asset, any mortgage, pledge, assignment, hypothec, charge, lien, security interest, adverse right or claim, 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.

"**Existing Shares**" means the common shares of the Company, as currently constituted prior to the Effective Time.

"**Final Order**" means the final order of the Court approving the Arrangement as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal.

"**Governmental Entity**" means any applicable: (a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign; (b) subdivision, agent, commission, board or authority of any of the foregoing; (c) 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; or (d) the CSE.

"**IFRS**" means International Financial Reporting Standards as developed and adopted by the International Accounting Standards Board from time to time.

"**Insider**" has that meaning ascribed thereto in the Securities Act.

"**Interim Order**" means the interim order of the Court granted on August 26, 2020 made in connection with the Arrangement and providing for, among other things, the calling and holding of the Meeting, as the same may be amended, supplemented or varied by the Court.

"**Intermediary**" or "**Intermediaries**" means brokers, investment firms, clearing houses and similar entities that own securities on behalf of Non-Registered Shareholders.

"**Japan Gold**" means Japan Gold Corp., a corporation existing under the laws of British Columbia.

"**Japan Gold Share Ratio**" means the fraction equal to the number of Japan Gold Shares held by the Company on the Distribution Record Date, divided by the number of Existing Shares that are issued and outstanding on the Distribution Record Date.

"**Japan Gold Shares**" means the common shares of Japan Gold.

"**Japan Gold Warrant Ratio**" means the fraction equal to the number of Japan Gold Warrants held by the Company on the Distribution Record Date, divided by the number of Existing Shares that are issued and outstanding on the Distribution Record Date.

"**Law**" or "**Laws**" means all laws (including common law), by-laws, statutes, rules, regulations, principles of law and equity, orders, rulings, ordinances, judgements, injunctions, determinations, awards, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, and the term "applicable" with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such party or its business, undertaking, assets, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, assets, property or securities.

"**material fact**" has the meaning ascribed to it in the Securities Act.

"**MD&A**" means the management discussion and analysis.

"**Meeting**" means the special meeting of Shareholders, including any adjournment or postponement thereof, to be called and held in accordance with the Interim Order to consider, among other things, the Arrangement Resolution.

"**Meeting Materials**" means this Circular and the form of proxy.

"**NEO**" or "**Named Executive Officer**" means a named executive officer, which includes:

(a) the chief executive officer (the "**CEO**");

(b) the chief financial officer (the "**CFO**");

(c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than $150,000 for that financial year; and

(d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer, nor acting in a similar capacity, at the end of that financial year.

"**NI 45-102**" means National Instrument 45-102 – *Resale of Securities.*

"**NI 45-106**" means National Instrument 45-106 – *Prospectus Exemptions*.

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*.

"**NP 46-201**" means National Policy 46-201 – *Escrow for Initial Public Offerings*.

"**Non-Registered Holder**" has the meaning ascribed thereto in *"General Proxy Information – Non-Registered Holders"*.

"**Optionholders**" means the holders of Options.

"**Options**" means the outstanding options to purchase Existing Shares granted under or otherwise subject to the Company's Stock Option Plan.

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

"**Plan of Arrangement**" means the plan of arrangement in the form and content set out in Schedule B to this Circular, and any amendments or variations thereto made in accordance with the Plan of Arrangement.

"**Record Date**" means August 21, 2020.

"**Redeemable Shares**" means the redeemable shares that will be exchanged, together with the Class A Shares, for Existing Shares, and will be immediately redeemed upon issuance by the Company in exchange for the transfer and distribution to Shareholders of all of the Japan Gold Shares, Japan Gold Warrants, Tethyan Shares (or Adriatic Shares as applicable), and Rise Gold Shares owned by the Company, as at the Distribution Record Date, as more particularly described in the Plan of Arrangement.

"**Registered Shareholder**" means a registered holder of Existing Shares.

"**Regulation S**" means Regulation S promulgated by the SEC pursuant to the U.S. Securities Act.

"**Rise Gold**" means Rise Gold Corp., a corporation existing under the laws of Nevada.

"**Rise Gold Shares**" means the common shares of Rise Gold.

"**Rise Gold Ratio**" means the fraction equal to the number of Rise Gold Shares held by the Company on the Distribution Record Date, divided by the number of Existing Shares that are issued and outstanding on the Distribution Record Date.

"**SEC**" means the United States Securities and Exchange Commission.

"**Section 3(a)(10) Exemption**" means the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof.

"**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.

"**Securities Authorities**" means the securities commissions or other securities regulatory authorities in each of the provinces of Canada and the SEC, collectively.

"**Securities Laws**" means the Securities Act, the U.S. Securities Act and the U.S. Exchange Act together with all other applicable provincial or other securities laws, rules and regulations and published policies thereunder, as applicable, as now in effect and as they may be promulgated or amended from time to time.

"**SEDAR**" means the System for Electronic Disclosure Analysis and Retrieval.

"**Shareholder**" means a Person who is a registered holder of Existing Shares as shown on the share register of the Company immediately prior to the Effective Time.

"**Stock Option Plan**" means the stock option plan of the Company which govern, among other things, options to purchase Existing Shares.

"**Southern Arc**" or "**Company**" means Southern Arc Minerals Inc., a corporation existing under the laws of British Columbia.

"**subsidiary**" means, with respect to any specified Person, any other Person of which such specified Person will, at the time, directly or indirectly through one or more subsidiaries, (a) own at least 50% of the outstanding capital stock (or other shares of beneficial interest) entitled to vote generally, (b) hold at least 50% of the partnership, limited liability company, joint venture or similar interests or (c) be a general partner, managing member or joint venturer.

"**Tax Act**" means the *Income Tax Act* (Canada), as amended from time to time.

"**Tethyan**" means Tethyan Resource Corp., a corporation existing under the laws of British Columbia.

"**Tethyan Shares**" means the common shares of Tethyan.

"Tethyan Ratio" means the fraction equal to the number of Tethyan Shares held by the Company on the Distribution Record Date, divided by the number of Existing Shares that are issued and outstanding on the Distribution Record Date.

"**Transaction Securities**" means the Japan Gold Shares, Japan Gold Warrants, Tethyan Shares (or Adriatic Shares as applicable), and Rise Gold Shares owned by the Company, to be distributed to the Shareholders on a pro-rata basis upon completion of the Arrangement.

"**Transfer Agent**" means Computershare for Southern Arc, Japan Gold and Tethyan; Capital Transfer Agency Inc. for Rise Gold; and Computershare Investor Services plc for Adriatic, as applicable.

"**TSXV**" means the TSX Venture Exchange.

"**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, as the same has been and hereafter from time to time may be amended.

"**U.S. Person**" has the meaning ascribed to such term under Rule 902(k) of Regulation S of the U.S. Securities Act.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as the same has been and hereafter from time to time may be amended.

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

"**Warrantholders**" means the holders of Warrants.

"**Warrants**" means the outstanding warrants to purchase Existing Shares.

SUMMARY OF INFORMATION CIRCULAR

This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Circular, including the Schedules and Appendices which are incorporated into and form part of this Circular. Terms with initial capital letters in this summary are defined in the Glossary of Terms immediately preceding this summary.

The Meeting

You are invited to attend a special meeting (the "**Meeting**") of the shareholders (the "**Shareholders**") of Southern Arc Minerals Inc. ("**Southern Arc**" or the "**Company**") to be held on September 30, 2020 at 10:00 a.m. (*Pacific Daylight Time*).

Out of an abundance of caution, to proactively deal with potential issues arising from the unprecedented public health impact of COVID-19, and to limit and mitigate risks to the health and safety of our communities, shareholders, employees, directors and other stakeholders, Southern Arc will hold the Meeting in a virtual only format conducted by live audio webcast.

The virtual Meeting will be accessible via telephone conference by calling 877-407-2991 (toll-free in Canada and the United States) or 201-389-0925 (international) starting at 10:00 am (*Pacific Daylight Time*) on September 30, 2020.

Record Date

Only Shareholders of record at the close of business on August 21, 2020 will be entitled to receive notice of and vote at the Meeting, or any adjournment or postponement thereof.

Purpose of the Meeting

The Meeting is a special meeting of Shareholders. At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass, the Arrangement Resolution approving the Arrangement. If the Arrangement is completed, Shareholders will receive their pro-rata share of the Transaction Securities. The full text of the Arrangement Resolution is set out in Schedule A to this Circular. In order to implement the Arrangement, the Arrangement Resolution must be approved, with or without amendment, by not less than two-thirds of the votes cast by the Shareholders present in person or represented by proxy at the virtual Meeting and voting as a single class. See *"The Arrangement – Approval of Arrangement Resolution"*.

The Arrangement

Pursuant to the Plan of Arrangement, the Arrangement will be comprised of the following, which shall be deemed to have occurred under the Arrangement and will be deemed to occur commencing at the Effective Time in the following chronological order without further act or formality notwithstanding anything contained in the provisions attaching to any of the securities of the Company:

(a) all Dissenting Shares held by Dissenting Shareholders will be deemed to have been irrevocably transferred free and clear of all Encumbrances to the Company, and:

  (i) each Dissenting Shareholder will cease to have any rights as a Shareholder other than the right to be paid by the Company, in accordance with the Dissent Rights and net of any applicable withholding tax, the fair value of such Dissenting Shares;

  (ii) the Dissenting Shareholder's name will be removed as the holder of such Dissenting Shares from the central securities register of the Company;

  (iii) the Dissenting Shares will be cancelled; and

  (iv) the Dissenting Shareholder will be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer and assign such Dissenting Shares;

(b) the authorized share structure of the Company will be altered by:

  (i) attaching special rights and restrictions to the Existing Shares to provide the holders thereof with two votes in respect of each share held;

(ii) creating a new class consisting of an unlimited number of Class A Shares without par value with the special rights and restrictions set out in Schedule A to the Plan of Arrangement ("**Class A Shares**") and, to reflect such amendments, the Company's Articles will be deemed to be amended by adding a new Section 28.1 as set out in Schedule A to the Plan of Arrangement; and

(iii) creating a new class consisting of an unlimited number of Redeemable Shares without par value with the special rights and restrictions set out in Schedule B to the Plan of Arrangement and, to reflect such amendments, the Company's Articles will be deemed to be amended by adding a new Section 28.2 as set out in Schedule A to the Plan of Arrangement,

and the Notice of Articles and Articles of the Company will be amended accordingly;

(c) each Existing Share outstanding on the Distribution Record Date will be exchanged (without further act or formality on part of the Shareholder), free and clear of all Encumbrances for: (A) one Class A Share; and (B) one Redeemable Share. In connection with such exchange each Shareholder will cease to be the holder of the Existing Shares so exchanged and will become the holder of the number of Class A Shares and Redeemable Shares issued to such holder. The name of the Shareholder will be removed from the register of holders of Existing Shares and will be added to the registers of holders of the Class A Shares and Redeemable Shares as the holder of the number of Class A Shares and Redeemable Shares respectively issued to such holder. For greater certainty,

(i) immediately prior to the exchange, each Existing Share will entitle the holder to two votes per Existing Share;

(ii) no other consideration will be received by any holder of the Existing Shares and the Company will not file a joint election under subsection 85(1) or subsection 85(2) of the Tax Act, or any relevant provincial legislation, with any holder of the Existing Shares in respect of the aforementioned share exchange;

(iii) no certificates representing the Class A Shares or Redeemable Shares will be issued or delivered to Shareholders;

(iv) the Existing Shares, exchanged for both the Class A Shares and the Redeemable Shares, will be cancelled and the authorized share capital of the Company will be amended by the elimination of the Existing Shares and the special rights and restrictions attached to such shares (if any);

(v) each warrant to purchase an Existing Share which is outstanding and unexercised on the Distribution Record Date will be exchanged (without further act or formality on part of the Shareholder), free and clear of all Encumbrances for one (1) warrant to purchase a Class A Share;

(vi) each option to purchase an Existing Share which is outstanding and unexercised on the Distribution Record Date will be exchanged (without further act or formality on part of the Shareholder), free and clear of all Encumbrances for one (1) option to purchase a Class A Share;

(d) the stated capital of the Company in respect of the Redeemable Shares will be an amount equal to the lesser of (A) the fair market value of the Redeemable Shares, including the underlying Japan Gold Shares, Japan Gold Warrants, Tethyan Shares and Rise Gold Shares distributed on such redemption; and (B) the paid-up capital for the purposes of the Tax Act in respect of the Existing Shares immediately prior to the Effective Time;

(e) the stated capital of the Company in respect of the Class A Shares will be an amount equal to the amount by which the paid-up capital for the purposes of the Tax Act in respect of the Existing Shares immediately prior to the Effective Time exceeds the stated capital of the Redeemable Shares as calculated in paragraph (d) above;

(f) all of the Redeemable Shares will be immediately redeemed upon issuance by the Company in exchange for the transfer and distribution to Shareholders of all of the Japan Gold Shares, Japan Gold Warrants, Tethyan Shares (or Adriatic Shares as applicable), and Rise Gold Shares owned by the Company, as at the Distribution Record Date, such that each shareholder of Redeemable Shares will be entitled to receive such number of Japan Gold Shares, Japan Gold Warrants, Tethyan Shares (or Adriatic Shares as applicable), and Rise Gold Shares based on the Japan Gold Share Ratio, the Japan Gold Warrant Ratio, the Tethyan Ratio (or the Adriatic Ratio, as applicable), and the Rise Gold Ratio, respectively, for each Redeemable Share held, and thereafter the Redeemable Shares will be cancelled by the Company;

(g) the foregoing matters will be deemed to occur on the Effective Date, notwithstanding that certain of the procedures related thereto are not completed until after the Effective Date; and

(h) the rights of creditors against the property and interests of the Company will be unimpaired by the Arrangement. The board of directors of the Company may, in its absolute discretion, determine whether or not to proceed with the Arrangement without further approval, ratification or confirmation by the Shareholders.

Thus, upon completion of the Arrangement, the Shareholders will own the Japan Gold Shares, Japan Gold Warrants, Tethyan Shares (or Adriatic Shares as applicable), and Rise Gold Shares previously owned by Southern Arc, and each Shareholder will retain its respective interest in Southern Arc through its Class A Shares. See *"The Arrangement – Principal Steps of the Arrangement"*.

A copy of the Plan of Arrangement is attached as Schedule B and forms an integral part of this Circular.

Background to the Arrangement

Management of the Company believes that the Arrangement is intended to maximize value for Shareholders and allow Southern Arc to distribute assets to its Shareholders as a return of capital.

As a result, and as announced by the news release on August 4, 2020, Management has decided to proceed with the Arrangement in order to meet the objectives set out under the heading *"Reasons for the Board's Recommendation for the Arrangement Resolution"* below.

Reasons for the Board's Recommendation for the Arrangement Resolution

The Board has reviewed and considered a significant amount of information and considered a number of factors relating to the Arrangement with the benefit of advice from the Company's senior management and its financial, legal and other advisors. The following is a summary of the principal reasons for the recommendation of the Board that Shareholders vote FOR the Arrangement Resolution:

- *Maximize Value for Southern Arc's Shareholders and allow Southern Arc to distribute assets to Shareholders as a Return of Capital.* Following discussions with management of the Company and careful consideration of the alternatives, the Board considers the Arrangement to be the best available means to maximize shareholder value.

- *Tax Reasons / Tax-efficient for Canadian Income Tax Purposes.* The proposed transaction involving a plan of arrangement has been structured to be tax-efficient for Canadian Income Tax Purposes.

- *Distribution to US Shareholders*. Court approval would constitute the basis for the exemption from the registration requirements of the *United States Securities Act of 1933*, as amended, pursuant to Section 3(a)(10) thereof, with respect to the distribution of the Class A Shares, Redeemable Shares and underlying Transaction Securities to the Shareholders residing in the United States.

- *Participation by Shareholders in the Business of Japan Gold, of Tethyan and of Rise Gold.* Shareholders, through their ownership of Japan Gold Shares, Japan Gold Warrants, Tethyan Shares (or Adriatic Shares as applicable), and Rise Gold Shares, will participate in the value associated with the development, operation, and growth of the business of each of those companies.

- *Continued Participation by Shareholders in the Company's Business.* Shareholders, through their ownership of Class A Shares, will continue to participate in the value associated with the development, operation, and growth of the Company's business. In connection with the Arrangement, the Company may maintain its listing on the TSXV or apply to list on the NEX board of the TSXV.

- *Low Completion Risk.* There are no material competition or other regulatory issues which are expected to arise in connection with the Arrangement that would prevent its completion, and all required regulatory clearances and approvals are expected to be obtained. The Arrangement is subject to conditions that are in line with similar transactions of this nature.

- *Approval of Shareholders and the Court are required.* The Arrangement must be approved by at least two-thirds of the votes cast in respect of the Arrangement Resolution by Shareholders present in person or represented by proxy at the virtual Meeting and voting as a single class. The Arrangement must also be sanctioned by the Court, which will consider the fairness of the Arrangement to Shareholders.

- *Dissent Rights.* Registered Shareholders who oppose the Arrangement may, on strict compliance with certain conditions, exercise their Dissent Rights and receive the fair value of the Dissenting Shares in accordance with the Arrangement.

See *"Cautionary Note Regarding Forward-Looking Statements and Risks"* and *"The Arrangement - Reasons for the Arrangement".*

Recommendation of the Board

After careful consideration of a number of factors, as described under the heading *"The Arrangement – Reasons for the Board's Recommendation for the Arrangement Resolution",* the Board recommends that Shareholders vote for the Arrangement, and the Board has determined that the Arrangement is in the best interests of the Company and is fair to the Shareholders. **Accordingly, the Board recommends that Shareholders vote FOR the Arrangement Resolution.**

After the Arrangement

Upon completion of the Arrangement, the Company will be in a position to focus on continuing to grow its business. The Company will remain a reporting issuer in the Provinces of British Columbia, Alberta and Ontario. In connection with the Arrangement, the Company may maintain its listing on the TSXV or apply to list on the NEX board of the TSXV.

All of the Redeemable Shares will have been immediately redeemed upon issuance by the Company in exchange for the transfer and distribution to Shareholders of all of the Japan Gold Shares, Japan Gold Warrants, Tethyan Shares (or Adriatic Shares as applicable), and Rise Gold Shares owned by the Company, as at the Distribution Record Date, by way of a return of capital transaction, such that each shareholder of Redeemable Shares will be entitled to receive such number of Japan Gold Shares, Japan Gold Warrants, Tethyan Shares (or Adriatic Shares as applicable), and Rise Gold Shares based on the Japan Gold Share Ratio, the Japan Gold Warrant Ratio, the Tethyan Ratio (or the Adriatic Ratio, as applicable), and the Rise Gold Ratio, respectively, for each Redeemable Share held, and thereafter the Redeemable Shares will be cancelled by the Company.

Japan Gold is a TSXV listed issuer, and is a reporting issuer in the provinces of British Columbia and Alberta. The Company holds 40,250,000 common shares in the capital of Japan Gold. See *"Information Concerning Japan Gold"*.

Tethyan is a TSXV listed issuer, and is a reporting issuer in the provinces of British Columbia and Alberta. The Company holds 10,028,119 common shares in the capital of Tethyan. On May 10, 2020, Tethyan and Adriatic entered into a binding letter agreement pursuant to which Adriatic agreed to acquire all of the issued and outstanding common shares of Tethyan by way of a plan of arrangement under the BCBCA. If the foregoing acquisition is completed, then the Shareholders may receive the Adriatic Shares held by the Company instead of the Tethyan Shares. Adriatic is a publicly listed company existing under the laws of England and Wales with its shares listed for trading on each of the London Stock Exchange and the Australian Securities Exchange. See *"Information Concerning Tethyan"*.

Rise Gold is a CSE listed issuer, and is a reporting issuer in the provinces of British Columbia, Alberta and Ontario. The Company holds 2,750,000 common shares in the capital of Rise Gold. See *"Information Concerning Rise Gold"*.

Treatment of Options and Warrants

There are currently 936,000 Southern Arc Options and 2,541,667 Southern Arc Warrants outstanding. In connection with the Arrangement, the Board will make the appropriate adjustments to such Options and Warrants in accordance with their respective terms. For greater certainty, the exercise prices of the Options and Warrants will be adjusted to not less than $0.05 in accordance with the policies of the TSXV. Each Southern Arc Option to purchase an Existing Share which is outstanding and unexercised on the Distribution Record Date will be deemed to be exchanged (without further act or formality on part of the holder), free and clear of all Encumbrances for one (1) Southern Arc Option to purchase a Class A Share. Each Southern Arc Warrant to purchase an Existing Share which is outstanding and unexercised on the Distribution Record Date will be deemed to be exchanged (without further act or formality on part of the holder), free and clear of all Encumbrances for one (1) Southern Arc Warrant to purchase a Class A Share. For greater certainty, no certificates representing the Southern Arc Warrants or Southern Arc Options will be issued or delivered to holders.

See *"The Arrangement – Treatment of Other Securities"* for additional information.

Amendment and Termination of the Plan of Arrangement

Subject to any restrictions under Part 9, Division 5 of the BCBCA, the Plan of Arrangement or the Final Order, and the Plan of Arrangement, may at any time and from time to time before or after the holding of the Meeting, but prior to the Effective Date, be amended by the written agreement of the Company without, subject to applicable law, further notice to or authorization on the part of the Shareholders.

Procedure for Issuance of Class A Shares and Transaction Securities

The anticipated timetable for the completion of the Arrangement and the key dates proposed are as follows:

Record Date:	August 21, 2020
Special Meeting:	September 30, 2020
Final Court Approval:	October 5, 2020
Distribution Record Date:	October 15, 2020
Effective Date:	October 21, 2020

Notice of the actual Final Court Approval, Distribution Record Date and Effective Date will be given to the Shareholders through one or more press releases. The Board of Directors of the Company will determine the Distribution Record Date and the Effective Date upon satisfaction of the conditions to the completion of the Arrangement.

As soon as practicable after the Effective Date, Share Certificates or DRS Statements representing the appropriate number of Transaction Securities will be sent to all Shareholders of record on the Distribution Record Date.

Right to Transaction Securities

Only Shareholders at the close of business on the Distribution Record Date will be entitled to receive the Transaction Securities. Any holder of Options or Warrants who has not exercised his or her Options or Warrants, respectively, before the Distribution Record Date will not be entitled to receive Transaction Securities pursuant to the Arrangement.

SHAREHOLDERS ARE CAUTIONED THAT ONLY HOLDERS OF RECORD ON THE DISTRIBUTION RECORD DATE WILL BE ENTITLED TO RECEIVE TRANSACTION SHARES. SHAREHOLDERS WHO SELL THEIR COMMON SHARES BEFORE THE DISTRIBUTION RECORD DATE WILL NOT BE ENTITLED TO RECEIVE TRANSACTION SHARES.

See *"The Meeting – The Arrangement – Treatment of Other Securities"*.

Dissent Rights

The Interim Order provides that each Shareholder who dissents from the Arrangement Resolution in accordance with sections 237 to 247 of the BCBCA, as modified by the Interim Order, will be entitled, if the Arrangement becomes effective, to have his or her Existing Shares cancelled in exchange for a cash payment from the Company equal to the fair value of his or her Existing Shares as of the day of the Meeting in accordance with the provisions of the Interim Order.

In order to validly dissent, a Shareholder must not vote any Existing Shares in respect of which Dissent Rights have been exercised in favour of the Arrangement Resolution, must provide the Company with written objection to the Arrangement not later than 5:00 p.m. (*Pacific Daylight Time*) on the date that is two Business Days immediately prior to the Meeting or any date to which the Meeting may be postponed or adjourned, and must otherwise comply with the dissent procedures provided in the Interim Order. A Non-Registered Holder who wishes to exercise Dissent Rights must arrange for the Registered Shareholder(s) holding its Existing Shares to deliver a notice of dissent.

If a Dissenting Shareholder fails to strictly comply with the requirements of the Dissent Rights set out in the Interim Order, it will lose its Dissent Rights. The Dissent Rights are set out in their entirety in the Interim Order, the text of which is set out in Schedule D to this Circular.

Income Tax Considerations

Please refer to the summary of Canadian federal income tax considerations contained in this Circular set forth under *"Certain Canadian Federal Income Tax Considerations".* **All Shareholders should consult their own tax advisors for advice with respect to their own particular circumstances.**

Court Approval

The Arrangement requires Court approval under the BCBCA. In addition to this approval, the Court will be asked for a declaration following a Court hearing that the Arrangement is fair to the Shareholders, which will, in part, serve as the basis for the Section 3(a)(10) Exemption. Before the mailing of this Circular, the Company obtained the Interim Order providing for the calling and holding of the Meeting, the Dissent Rights and certain other procedural matters. If the Arrangement Resolution is passed at the Meeting as provided for in the Interim Order, the Company intends to make an application to the Court for the Final Order at 9:45 a.m. (*Pacific Daylight Time*), or as soon thereafter as counsel may be heard, on October 5, 2020 at the Courthouse located at 800 Smithe Street, Vancouver, British Columbia, Canada or at any other date and time as the Court may direct. The Company has been advised by its legal counsel that the Court has broad discretion under the BCBCA when making orders with respect to the Arrangement and that the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, on the terms presented or substantially on those terms. Depending upon the nature of any required amendments and in accordance with the Plan of Arrangement, the Company may determine not to proceed with the Arrangement.

Any Shareholder who wishes to appear or be represented and to present evidence or arguments at that hearing must file and serve a response to petition no later than 5:00 p.m. (*Pacific Daylight Time*) on October 1**,** 2020 along with any other documents required, all as set out in the Interim Order and Notice of Hearing of Petition, the texts of which are set out in Schedule C to this Circular, and satisfy any other requirements of the Court. **Such persons should consult with their legal advisor with respect to the legal rights available to them in relation to the Arrangement and as to the necessary requirements to assert any such rights.**

The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, and subject to compliance with such terms and conditions, if any, as the Court sees fit.

The Court will be informed, before the hearing, that the Final Order will form the basis for an exemption from registration of the issuance of the Class A Shares and the Redeemable Shares in exchange for the Existing Shares and the further exchange of the Redeemable Shares for the Transaction Securities upon redemption of the Redeemable Shares, in connection with the Arrangement under the U.S. Securities Act pursuant to Section 3(a)(10) thereof.

See *"The Arrangement – Court Approval of the Arrangement".*

Delivery of Share Certificates or DRS Statements

From and after the Effective Time, share certificates or DRS Statements formerly representing the Existing Shares before the Effective Time, other than those deemed to have been cancelled pursuant to Dissent Rights, will for all purposes be deemed to represent the Class A Shares.

Other than a Dissenting Shareholder, each Shareholder at the Effective Time shall receive the certificates or DRS Statements representing the Transaction Securities to which such holder is entitled pursuant to the provisions hereof as soon as practical after the Effective Date. The transfer agent of each of Japan Gold, Tethyan and Rise Gold shall register the respective Japan Gold Shares, Japan Gold Warrants, Tethyan Shares (or Adriatic Shares as applicable), and Rise Gold Shares in the same manner in which the Shareholders' Existing Shares are registered and make available or send by first class mail (postage prepaid) certificates representing the Japan Gold Shares, Japan Gold Warrant, Tethyan Shares (or Adriatic Shares as applicable), and Rise Gold Shares, as applicable.

No fractional shares will be issued. Where the aggregate number of shares to be issued under the Arrangement would result in a fraction of a share being issuable to a Shareholder, the number of shares to be received by such Shareholder will be rounded up or down to the next whole number, as the case may be, and such Shareholder will not be entitled to compensation in respect of such fractional share, as the case may be. See *"The Arrangement – Procedure for Receiving Class A Shares and Transaction Securities".*

Stock Exchange Listing

The Company is a reporting issuer in British Columbia, Alberta and Ontario. The Existing Shares currently trade on the TSXV and the Class A Shares are expected to remain trading on TSXV or the NEX Board of the TSXV after the Arrangement.

Canadian Securities Law Matters

The Company is a reporting issuer in British Columbia, Alberta and Ontario. The Existing Shares are listed and posted for trading on the TSXV. It is a condition precedent to the obligations of the Company that the TSXV shall have received notice of the Arrangement in accordance with their rules and policies, and shall have no objection to the Arrangement as of the Effective Date.

The distribution of the Class A Shares and the Transaction Securities pursuant to the Arrangement will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian Securities Laws. The Transaction Securities received pursuant to the Arrangement will not bear any legend under Canadian Securities Laws and may be resold through registered dealers, provided that: (i) each of Japan Gold, Tethyan and Rise Gold, is and has been a reporting issuer in a jurisdiction in Canada for the four months immediately preceding the trade, (ii) the trade is not a "control distribution" as defined in NI 45-102, (iii) no unusual effort is made to prepare the market or to create a demand for the Transaction Securities, (iv) no extraordinary commission or consideration is paid to a person in respect of such sale, and (v) if the selling securityholder is an insider or officer of Japan Gold, Tethyan or Rise Gold, the selling securityholder has no reasonable grounds to believe that Japan Gold, Tethyan or Rise Gold, is in default of applicable Canadian Securities Laws.

Each Shareholder is urged to consult his, her or its professional advisors to determine the conditions and restrictions applicable under Canadian Securities Laws to trade in the Class A Shares and the Transaction Securities that the Shareholder is entitled to receive under the Arrangement. See *"The Arrangement – Canadian Securities Law Matters"*.

United States Securities Law Matters

The Class A Shares and the Transaction Securities to be issued to Shareholders pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or any applicable Securities Laws of any state of the United States, and will be issued in reliance upon the Section 3(a)(10) Exemption and similar exemptions from registration or qualification under any applicable Securities Laws of any state of the United States. The Section 3(a)(10) Exemption provides an exemption from the registration requirements of the *U.S. Securities Act* for securities issued in exchange for one or more outstanding securities or interests where the terms and conditions of the issuance and exchange of such securities have been approved by a court authorized to grant such approval after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and have received adequate notice thereof.

The U.S. Securities Act imposes restrictions on the resale of the Class A Shares and the Transaction Securities received pursuant to the Arrangement by persons who will be "affiliates" of Southern Arc, Japan Gold, Tethyan or Rise Gold after the Effective Time or who have been affiliates of Southern Arc, Japan Gold, Tethyan or Rise Gold within 90 days before the Effective Time.

The Class A Shares and the Transaction Securities will not be a registered class of securities in the United States (other than the Rise Gold Shares, which are registered as a class under Section 12(g) of the U.S. Exchange Act) and will not be listed for trading on a stock exchange in the United States. See *"The Arrangement – United States Securities Law Matters"*.

Interests of Insiders, Promoters or Control Persons of the Company

Except as otherwise stated herein and as disclosed below, none of the Insiders, promoters or Control Persons of the Company or any of their respective associates and affiliates (before and after giving effect to the Arrangement) have any interest in the Arrangement.

Market Price of Common Shares

The outstanding Existing Shares are listed on the TSXV under the trading symbol "SA". On August 4, 2020, the Company issued a press release announcing the Arrangement. On August 20, 2020, the last trading day before the date of this Circular, the closing price of the Existing Shares on the TSXV was $0.74.

Conflicts of Interest

Some of the individuals appointed as directors or officers of the Company who may be considered promoters of the Company are also directors, officers and/or promoters of other reporting and non-reporting issuers. Accordingly, conflicts of interest may arise which could influence these persons in evaluating possible acquisitions or in generally acting on behalf of the Company, notwithstanding that they will be bound by the provisions of the BCBCA to act at all times in good faith in the interest of the Company, and to disclose such conflicts to the Company, if and when they arise. To the best of its knowledge, the Company is not aware of the existence of any conflicts of interest between the Company and any of its directors and officers as of the date of this Circular. The Shareholders must appreciate that they will be required to rely on the judgment and good faith of its directors and officers in resolving any conflicts of interest that may arise.

Interests of Experts

Except as disclosed below, to the knowledge of the Company, no person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Circular or as having prepared or certified a report or valuation described or included in this Circular holds any beneficial interest, direct or indirect, in any securities or property of the Company or an associate or affiliate of the foregoing.

Risk Factors

Shareholders should carefully consider the risk factors relating to the Arrangement. Some of these risks include, but are not limited to: the Plan of Arrangement may be terminated in certain circumstances, there can be no certainty that all conditions precedent to the Arrangement will be satisfied; the Company will incur costs even if the Arrangement is not completed; directors and executive officers of the Company may have interests in the Arrangement that are different from those of the other Shareholders; the market price for Existing Shares may decline if the Arrangement is not completed; the issuance of the Class A Shares and Transaction Securities under the Arrangement may cause the market price of the Class A Shares to decline. For more information see *"The Arrangement – Risks Associated with the Transaction".*

Additional risks and uncertainties, including those currently unknown or considered immaterial by the Company, may also adversely affect the Existing Shares or the business of the Company and the Class A Shares following the Arrangement. In addition to the risk factors relating to the Arrangement set out in this Circular, Shareholders should also carefully consider the risk factors associated with the business of the Company set forth in the section entitled *"Risks and Uncertainties"* of the Company's MD&A, which is available on SEDAR at www.sedar.com and the risk factors set forth in the sections entitled *"Risk Factors"* and *"Risks Associated with the Transaction"* in this Circular, as such risk factors will be associated with the business of Southern Arc following completion of the Arrangement.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged to send meeting materials directly to Registered Shareholders, as well as Non-Registered Shareholders who have consented to their ownership information being disclosed by the Intermediary holding the Existing Shares on their behalf (non-objecting beneficial owners). We have not arranged for Intermediaries to forward the meeting materials to Non-Registered Shareholders who have objected to their ownership information being disclosed by the Intermediary holding the Existing Shares on their behalf (objecting beneficial owners). As a result, objecting beneficial owners will not receive the Information Circular and associated meeting materials unless their Intermediary assumes the costs of delivery.

Appointment and Revocation of Proxies

The individuals named in the accompanying form of proxy (the "**Proxy**") are officers of the Company or solicitors for the Company. **If you are a Registered Shareholder, you have the right to attend the meeting or vote by proxy and to appoint a person or company other than the person designated in the Proxy, who need not be a Shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of Proxy.**

If you are a Registered Shareholder you may wish to vote by proxy whether or not you are able to attend the virtual Meeting in person. Registered Shareholders electing to submit a proxy may do so by completing, dating and signing the enclosed form of proxy and returning it to the Company's transfer agent, Computershare Investor Services Inc. ("**Computershare**"), in accordance with the instructions on the Proxy.

In all cases you should ensure that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment or postponement thereof at which the proxy is to be used.

Every Proxy may be revoked by an instrument in writing:

(i) executed by the Shareholder or by his/her attorney authorized in writing or, where the Shareholder is a company, by a duly authorized officer or attorney of the company; and

(ii) delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting or any adjournment or postponement thereof, at which the Proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof,

or in any other manner provided by law.

Only Registered Shareholders have the right to revoke a Proxy. Non-Registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Proxy on their behalf. If you are a Non-Registered Shareholder, see "Voting by Non-Registered Shareholders" below for further information on how to vote your Existing Shares.

Exercise of Discretion by Proxyholder

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

(i) each matter or group of matters identified therein for which a choice is not specified;

(ii) any amendment to or variation of any matter identified therein;

(iii) any other matter that properly comes before the Meeting; and

(iv) exercise of discretion of the Proxyholder.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Existing Shares represented by the Proxy for the approval of such matter. Management is not currently aware of any other matters that could come before the Meeting.

Voting by Non-Registered Shareholders

The following information is of significant importance to Shareholders who do not hold Existing Shares in their own name. Non-Registered Shareholders should note that the only Proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders.

If Existing Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Existing Shares will not be registered in the Shareholder's name on the records of the Company. Such Existing Shares will more likely be registered under the name of the Shareholder's Intermediary or an agent of that Intermediary. In the United States, the vast majority of such Existing Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depositary for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

If you have consented to disclosure of your ownership information, you will receive a request for voting instructions from the Company (through Computershare). If you have declined to disclose your ownership information, you may receive a request for voting instructions from your Intermediary if they have assumed the cost of delivering the Information Circular and associated meeting materials. Every Intermediary has its own mailing procedures and provides its own return instructions to clients. However, most Intermediaries now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada.

If you are a Non-Registered Shareholder, you should carefully follow the instructions on the voting instruction form received from Computershare or Broadridge in order to ensure that your Existing Shares are voted at the Meeting. The voting instruction form supplied to you will be similar to the Proxy provided to the Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on your behalf.

The voting instruction form sent by Computershare or Broadridge will name the same persons as the Company's proxy to represent you at the Meeting. **Although as a Non-Registered Shareholder you may not be recognized directly at the Meeting for the purposes of voting Existing Shares registered in the name of your Intermediary, you, or a person designated by you (who need not be a Shareholder), may attend at the Meeting as Proxyholder for your Intermediary and vote your Existing Shares in that capacity.** To exercise this right to attend the meeting or appoint a Proxyholder of your own choosing, you should insert your own name or the name of the desired representative in the blank space provided in the voting instruction form. Alternatively, you may provide other written instructions requesting that you or your desired representative attend the Meeting as Proxyholder for your Intermediary. The completed voting instruction form or other written instructions must then be returned in accordance with the instructions on the form.

If you receive a voting instruction form from Computershare or Broadridge, you cannot use it to vote Existing Shares directly at the Meeting. The voting instruction form must be completed as described above and returned in accordance with its instructions well in advance of the Meeting in order to have the Existing Shares voted.

RECORD DATE AND QUORUM

The board of directors of the Company (the "**Board**") has fixed the record date for the Meeting as the close of business on August 21, 2020 (the "**Record Date**"). Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote their Existing Shares at the Meeting, except to the extent that any such Shareholder transfers any Existing Shares after the Record Date and the transferee of those Existing Shares establishes that the transferee owns the Existing Shares and demands, not less than ten (10) days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote at the Meeting, in which case, only such transferee shall be entitled to vote such Existing Shares at the Meeting.

Under the Articles of the Company, the quorum for the transaction of business at a meeting of Shareholders is one person who is a Shareholder, or who is otherwise permitted to vote shares of the Company at a meeting of Shareholders, present in person or by Proxy.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

On the Record Date there were 19,524,616 Existing Shares issued and outstanding, with each share carrying the right to one vote. Only Shareholders of record at the close of business on the Record Date will be entitled to vote in person or by proxy at the Meeting or any adjournment or postponement thereof.

To the knowledge of the directors and executive officers of the Company, as of the date of this Information Circular, the Shareholders who beneficially own, or exercise control or direction, directly or indirectly, Existing Shares carrying 10% or more of the votes attached to Existing Shares are:

Name	Number of Existing Shares Owned, or Controlled or Directed, Directly or Indirectly[(1)]	Approximate Percentage of Total Outstanding Existing Shares
John G. Proust	3,951,733	20.24%
Michael J. Andrews	3,282,500	16.81%
Neil S. Subin	2,926,950	14.99%

Note:

(1) The above information was derived from the shareholder list maintained by the Company's registrar and transfer agent, or from insider and beneficial ownership reports available at www.sedi.com and www.sedar.com.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Company's directors, the only matters to be placed before the Meeting are those set forth in the accompanying Notice of Meeting and discussed below.

THE ARRANGEMENT

At the Meeting, Shareholders will be asked to consider and, if thought advisable, to pass, the Arrangement Resolution to approve the Arrangement under the BCBCA pursuant to the terms of the Interim Order and the Plan of Arrangement. The Arrangement and the Plan of Arrangement are summarized below. This summary does not purport to be complete and is qualified in its entirety by reference to the Plan of Arrangement, which is attached as Schedule B to this Circular.

In order to implement the Arrangement, the Arrangement Resolution must be approved by not less than two- thirds of the votes cast by the Shareholders present in person or represented by proxy at the virtual Meeting and voting as a single class. A copy of the Arrangement Resolution is set out in Schedule A to this Circular. Each Southern Arc Share will entitle the holder thereof to one vote on the Arrangement Resolution.

Unless otherwise directed, management will vote FOR the Arrangement Resolution. If you do not specify how you want your Existing Shares voted, the persons named as proxyholders will cast the votes represented by your proxy at the Meeting FOR the Arrangement Resolution.

If the Arrangement Resolution is approved at the Meeting, the Final Order approving the Arrangement is issued by the Court and the applicable conditions to the completion of the Arrangement are satisfied or waived, the Arrangement will take effect at the Effective Time (which will be at 12:01 a.m. (*Pacific Daylight Time*) or such other time as the Parties agree in writing) on the Effective Date (which is expected to be on or about October 21, 2020).

Background to the Arrangement

Management of the Company believes that the value of the business and operations of Japan Gold, Tethyan and Rise Gold is not reflected in the Company's share price and accordingly the Company wishes to effect the Transaction to provide shareholders with the additional value. As a result, and as announced by news release on August 4, 2020, Management has decided to proceed with the Arrangement in order to meet the objectives set out under the heading "*Reasons for the Arrangement*" below.

Reasons for the Arrangement

The Board has reviewed and considered a significant amount of information and a number of factors relating to the Arrangement with the benefit of advice from the Company's senior management and its financial, legal and other advisors. The following is a

summary of the principal reasons for the recommendation of the Board that Shareholders vote FOR the Arrangement Resolution:

- *Maximize Value for Southern Arc's Shareholders and allow Southern Arc to distribute assets to Shareholders as a Return of Capital.* Following discussions with Management and careful consideration of the alternatives, the Board considers the Arrangement to be the best available means to maximize shareholder value.

- *Tax Reasons / Tax-efficient for Canadian Income Tax Purposes.* The proposed transaction involving a plan of arrangement has been structured to be tax-efficient for Canadian Income Tax Purposes.

- *Distribution to US Shareholders*. Court approval would constitute the basis for the exemption from the registration requirements of the United States Securities Act of 1933, as amended, pursuant to Section 3(a)(10) thereof, with respect to the distribution of the Class A Shares, Redeemable Shares and underlying Transaction Securities to the Shareholders residing in the United States.

- *Participation by Shareholders in the businesses of Japan Gold, Tethyan and Rise Gold.* Shareholders, through their ownership of Japan Gold Shares, Japan Gold Warrants, Tethyan Shares (or Adriatic Shares as applicable), and Rise Gold Shares, will participate in the value associated with the development, operation, and growth of the business of each of those companies.

- *Continued Participation by Shareholders in the Company's Business.* Shareholders, through their ownership of all of the issued and outstanding Class A Shares, will continue to participate in the value associated with the development, operation, and growth of the Company's business. In connection with the Arrangement, the Company may maintain its listing on the TSXV or apply to list on the NEX Board of the TSXV.

- *Low Completion Risk.* There are no material competition or other regulatory issues which are expected to arise in connection with the Arrangement that would prevent its completion, and all required regulatory clearances and approvals are expected to be obtained. The Arrangement is subject to conditions that are in line with similar transactions of this nature.

- *Approval of Shareholders and the Court are required.* The Arrangement must be approved by at least two-thirds of the votes cast in respect of the Arrangement Resolution by Shareholders present in person or represented by proxy at the Meeting voting as a single class. The Arrangement must also be sanctioned by the Court, which will consider the fairness of the Arrangement to Shareholders.

- *Dissent Rights*. Registered Shareholders who oppose the Arrangement may, on strict compliance with certain conditions, exercise their Dissent Rights and receive the fair value of the Dissenting Shares in accordance with the Arrangement.

In view of the wide variety of factors and information considered in connection with its evaluation of the Arrangement, the Board did not find it practicable to, and therefore did not, quantify or otherwise attempt to assign any relative weight to each specific factor or item of information considered in reaching its conclusions and recommendations. In addition, individual members of the Board may have given different weights to different factors or items of information.

Recommendation of the Board

After careful consideration of a number of factors, as described under the heading *"The Arrangement – Reasons for the Arrangement"*, and having discussed the Arrangement with the Company's advisors, the Board has determined that the Plan of Arrangement is in the best interests of the Company and is fair to the Shareholders. **Accordingly, the Board recommends that Shareholders vote <u>FOR</u> the Arrangement Resolution.**

In considering the recommendation of the Board with respect to the Arrangement, Shareholders should be aware that certain members of the Company's senior management and the Board have certain interests in connection with the Arrangement that may present them with actual or potential conflicts of interest in connection with the Arrangement.

The directors and officers of the Company hold, in the aggregate, 7,924,013 Existing Shares, which represents approximately 40.58% of the voting rights attached to all of the issued and outstanding Existing Shares as of the Record Date. All of the Existing Shares held by the Company's directors and officers will be treated in the same fashion under the Arrangement as Existing Shares held by every other Shareholder.

Each director of the Company intends to vote all of his Existing Shares in favour of the Arrangement Resolution, subject to the terms of the Plan of Arrangement.

Principal Steps of the Arrangement

Pursuant to the Plan of Arrangement, the Arrangement will be comprised of the following, which shall be deemed to have occurred under the Arrangement and will be deemed to occur commencing at the Effective Time in the following chronological order without further act or formality notwithstanding anything contained in the provisions attaching to any of the securities of the Company:

(a) all Dissenting Shares held by Dissenting Shareholders will be deemed to have been irrevocably transferred free and clear of all Encumbrances to the Company, and:

(i) each Dissenting Shareholder will cease to have any rights as a Shareholder other than the right to be paid by the Company, in accordance with the Dissent Rights and net of any applicable withholding tax, the fair value of such Dissenting Shares;

(ii) the Dissenting Shareholder's name will be removed as the holder of such Dissenting Shares from the central securities register of the Company;

(iii) the Dissenting Shares will be cancelled; and

(iv) the Dissenting Shareholder will be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer and assign such Dissenting Shares;

(b) the authorized share structure of the Company will be altered by:

(i) attaching special rights and restrictions to the Existing Shares to provide the holders thereof with two votes in respect of each share held;

(ii) creating a new class consisting of an unlimited number of Class A Shares without par value with the special rights and restrictions set out in Schedule A to the Plan of Arrangement ("**Class A Shares**") and, to reflect such amendments, the Company's Articles will be deemed to be amended by adding a new Section 28.1 as set out in Schedule A to the Plan of Arrangement; and

(iii) creating a new class consisting of an unlimited number of Redeemable Shares without par value with the special rights and restrictions set out in Schedule B to the Plan of Arrangement and, to reflect such amendments, the Company's Articles will be deemed to be amended by adding a new Section 28.2 as set out in Schedule A to the Plan of Arrangement,

and the Notice of Articles and Articles of the Company will be amended accordingly;

(c) each Existing Share outstanding on the Distribution Record Date will be exchanged (without further act or formality on part of the Shareholder), free and clear of all Encumbrances for: (A) one Class A Share; and (B) one Redeemable Share. In connection with such exchange each Shareholder will cease to be the holder of the Existing Shares so exchanged and will become the holder of the number of Class A Shares and Redeemable Shares issued to such holder. The name of the Shareholder will be removed from the register of holders of Existing Shares and will be added to the registers of holders of the Class A Shares and Redeemable Shares as the holder of the number of Class A Shares and Redeemable Shares respectively issued to such holder. For greater certainty,

(i) immediately prior to the exchange, each Existing Share will entitle the holder to two votes per Existing Share;

(ii) no other consideration will be received by any holder of the Existing Shares and the Company will not file a joint election under subsection 85(1) or subsection 85(2) of the Tax Act, or any relevant provincial legislation, with any holder of the Existing Shares in respect of the aforementioned share exchange;

(iii) no certificates representing the Class A Shares or Redeemable Shares will be issued or delivered to Shareholders;

(iv) the Existing Shares, exchanged for both the Class A Shares and the Redeemable Shares, will be cancelled

and the authorized share capital of the Company will be amended by the elimination of the Existing Shares and the special rights and restrictions attached to such shares (if any);

(v) each warrant to purchase an Existing Share which is outstanding and unexercised on the Distribution Record Date will be exchanged (without further act or formality on part of the Shareholder), free and clear of all Encumbrances for one (1) warrant to purchase a Class A Share;

(vi) each option to purchase an Existing Share which is outstanding and unexercised on the Distribution Record Date will be exchanged (without further act or formality on part of the Shareholder), free and clear of all Encumbrances for one (1) option to purchase a Class A Share;

(d) the stated capital of the Company in respect of the Redeemable Shares will be an amount equal to the lesser of (A) the fair market value of the Redeemable Shares, including the underlying Japan Gold Shares, Japan Gold Warrants, Tethyan Shares and Rise Gold Shares distributed on such redemption; and (B) the paid-up capital for the purposes of the Tax Act in respect of the Existing Shares immediately prior to the Effective Time;

(e) the stated capital of the Company in respect of the Class A Shares will be an amount equal to the amount by which the paid-up capital for the purposes of the Tax Act in respect of the Existing Shares immediately prior to the Effective Time exceeds the stated capital of the Redeemable Shares as calculated in paragraph (d) above;

(f) all of the Redeemable Shares will be immediately redeemed upon issuance by the Company in exchange for the transfer and distribution to Shareholders of all of the Japan Gold Shares, Tethyan Shares (or Adriatic Shares as applicable), and Rise Gold Shares owned by the Company, as at the Distribution Record Date, such that each shareholder of Redeemable Shares will be entitled to receive such number of Japan Gold Shares, Japan Gold Warrants, Tethyan Shares (or Adriatic Shares as applicable), and Rise Gold Shares based on the Japan Gold Share Ratio, the Japan Gold Warrant Ratio, the Tethyan Ratio (or the Adriatic Ratio, as applicable), and the Rise Gold Ratio, respectively, for each Redeemable Share held, and thereafter the Redeemable Shares will be cancelled by the Company;

(g) the foregoing matters will be deemed to occur on the Effective Date, notwithstanding that certain of the procedures related thereto are not completed until after the Effective Date; and

(h) the rights of creditors against the property and interests of the Company will be unimpaired by the Arrangement. The board of directors of the Company may, in its absolute discretion, determine whether or not to proceed with the Arrangement without further approval, ratification or confirmation by the Shareholders.

Thus, upon completion of the Arrangement, it is anticipated that Shareholders will own Japan Gold Shares, Japan Gold Warrants, Tethyan Shares (or Adriatic Shares as applicable), and Rise Gold Shares, and each Shareholder will retain its respective interest in Southern Arc through its Class A Shares. Additional assets of the Company may be distributed to the Shareholders on a pro rata basis as determined by the directors of the Company.

On May 10, 2020, Tethyan and Adriatic Metals plc ("**Adriatic**") entered into a binding letter agreement pursuant to which Adriatic agreed to acquire all of the issued and outstanding common shares of Tethyan by way of a plan of arrangement under the BCBCA. If the foregoing acquisition is completed, then the Shareholders may receive the Adriatic Shares held by the Company instead of the Tethyan Shares. Adriatic is a publicly listed company existing under the laws of England and Wales with its shares listed for trading on each of the London Stock Exchange and the Australian Securities Exchange. **There is no guarantee that the foregoing acquisition by Adriatic will be completed prior to the Arrangement or at all.**

A copy of the Plan of Arrangement is attached as Schedule B and forms an integral part of this Circular.

Treatment of Other Securities

There are currently 936,000 Southern Arc Options and 2,541,667 Southern Arc Warrants outstanding. In connection with the Arrangement, the Southern Arc Board will make the appropriate adjustments to such Southern Arc Options and Southern Arc Warrants in accordance with their respective terms. For greater certainty, the exercise prices of the Options and Warrants will be adjusted to not less than $0.05 in accordance with the policies of the TSXV. Each Southern Arc Option to purchase an Existing Share which is outstanding and unexercised on the Distribution Record Date will be deemed to be exchanged (without further act or formality on part of the holder), free and clear of all Encumbrances for one (1) Southern Arc Option to purchase a Class A Share. Each Southern Arc Warrant to purchase an Existing Share which is outstanding and unexercised on the Distribution Record Date will be deemed to be exchanged (without further act or formality on part of the holder), free and clear of all Encumbrances for one (1) Southern Arc Warrant to purchase a Class A Share. For greater certainty, no certificates representing the Southern Arc Warrants

or Southern Arc Options will be issued or delivered to holders.

Approval of Arrangement Resolution

At the Meeting, the Shareholders will be asked to approve the Arrangement Resolution, the full text of which is set out in Schedule A to this Circular. In order for the Arrangement to become effective, as provided in the Interim Order and by the BCBCA, the Arrangement Resolution must be approved by not less than two-thirds of the votes cast by the Shareholders present in person or represented by proxy at the virtual Meeting and voting as a single class.

Each Existing Share will entitle the holder thereof to one (1) vote on the Arrangement Resolution. Should the Shareholders fail to approve the Arrangement Resolution by the requisite majorities, the Arrangement will not be completed.

The Board has approved the terms of the Plan of Arrangement and recommends that the Shareholders vote FOR the Arrangement Resolution. See *"The Arrangement — Recommendation of the Board"*.

Completion of Arrangement

The Arrangement is expected to become effective at 12:01 a.m. (or such other time as determined by the Company) on the date following the date upon which all of the conditions to completion of the Arrangement have been satisfied or waived in accordance with the Plan of Arrangement, all documents agreed to be delivered thereunder have been delivered to the satisfaction of the recipient, acting reasonably, and the filings required under Section 292 of the BCBCA have been filed with the Registrar. Completion of the Arrangement is expected to occur on or about October 21, 2020. However, it is possible that completion may be delayed beyond this date if the conditions to completion of the Arrangement cannot be met on a timely basis.

The anticipated timetable for the completion of the Arrangement and the key dates proposed are as follows:

Record Date:	August 21, 2020
Special Meeting:	September 30, 2020
Final Court Approval:	October 5, 2020
Distribution Record Date:	October 15, 2020
Effective Date:	October 21, 2020

Notice of the actual Distribution Record Date and Effective Date will be given to the Shareholders through one or more press releases. The boards of directors of each of the Company will determine the Distribution Record Date and the Effective Date upon satisfaction of the conditions to the completion of the Arrangement.

As soon as practicable on or after the Effective Date, Share Certificates or DRS Statements representing the appropriate number of Transaction Securities will be sent to all Shareholders of record on the Distribution Record Date.

Effects of the Arrangement on Shareholders' Rights

Shareholders receiving Transaction Securities under the Arrangement will continue to be shareholders of the Company after the Arrangement and will become securityholders of Japan Gold, Tethyan and Rise Gold.

Court Approval of the Arrangement

An arrangement under the BCBCA requires approval of the Court.

Interim Order

On August 26, 2020 the Company obtained the Interim Order providing for the calling and holding of the Meeting, the Dissent Rights and certain other procedural matters. The text of the Interim Order is set out in Schedule C to this Circular.

Final Order

Subject to the terms of the Plan of Arrangement, and if the Arrangement Resolution is approved by Shareholders at the Meeting in the manner required by the Interim Order, the Company intends to make an application to the Court for the Final Order.

The application for the Final Order approving the Arrangement is currently scheduled for October 5, 2020 at 9:45 a.m. (*Pacific Daylight Time*), or as soon thereafter as counsel may be heard, at the Courthouse, 800 Smithe Street, Vancouver, British Columbia,

or at any other date and time as the Court may direct. Any Shareholder or any other interested party who wishes to appear or be represented and to present evidence or arguments at that hearing must file and serve a response to petition no later than 5:00 p.m. (*Pacific Daylight Time*) on October 1, 2020 along with any other documents required, all as set out in the Interim Order and Notice of Hearing of Petition, the texts of which are set out in Schedule C to this Circular, and satisfy any other requirements of the Court. Such persons should consult with their legal advisors as to the necessary requirements. If the hearing is adjourned then, subject to further order of the Court, only those persons having previously filed and served a response to petition will be given notice of the adjournment.

The Company has been advised by its legal counsel that the Court has broad discretion under the BCBCA when making orders with respect to the Arrangement and that the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, on the terms presented or substantially on those terms. Depending upon the nature of any required amendments and subject to the terms of the Plan of Arrangement, the Company may determine not to proceed with the Arrangement.

The Class A Shares, Redeemable Shares and Transaction Securities to be issued or distributed pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and will be issued in reliance upon the Section 3(a)(10) Exemption and similar exemptions from registration or qualification under any applicable Securities Laws of any state of the United States. Section 3(a)(10) of the U.S. Securities Act exempts from registration a security that is issued in exchange for outstanding securities, claims or property interests, where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange have the right to appear, by a court or by a governmental authority expressly authorized by law to grant such approval. The Court will be advised at the hearing of the application for the Final Order that if the terms and conditions of the Arrangement, and the fairness thereof, are approved by the Court, the Final Order will be relied upon to constitute the basis for the Section 3(a)(10) Exemption under the U.S. Securities Act with respect to the issuance of the Class A Shares and the Redeemable Shares in exchange for the Existing Shares, and the further exchange of the Redeemable Shares for the Japan Gold Shares, Japan Gold Warrants, Tethyan Shares (or Adriatic Shares as applicable), and Rise Gold Shares upon redemption of the Redeemable Shares pursuant to the Arrangement. Accordingly, the Final Order of the Court will, if granted, constitute a basis for the exemption from the registration requirements of the U.S. Securities Act with respect to the issuance or distribution of the Class A Shares, Redeemable Shares, Japan Gold Shares, Japan Gold Warrants, Tethyan Shares (or Adriatic Shares as applicable), and Rise Gold Shares in connection with the Arrangement. See *"The Arrangement – United States Securities Law Matters"*.

For further information regarding the Court hearing and your rights in connection with the Court hearing, see the form of the Notice of Hearing of Petition attached at Schedule C to this Circular. The Notice of Hearing of Petition constitutes notice of the Court hearing of the application for the Final Order and is your only notice of the Court hearing.

Regulatory Approvals

The Arrangement is subject to the approval of the TSXV.

Regulatory and Securities Law Matters

Other than the Final Order, the Company is not aware of any material approval, consent or other action by any federal, provincial, state or foreign government or any administrative or regulatory agency that would be required to be obtained in order to complete the Arrangement. In the event that any such approvals or consents are determined to be required, such approvals or consents will be sought, although any such additional requirements could delay the Effective Date or prevent the completion of the Arrangement. While there can be no assurance that any regulatory consents or approvals that are determined to be required will be obtained, the Company currently anticipates that any such consents and approvals that are determined to be required will have been obtained or otherwise resolved by the Effective Date, which, subject to receipt of the Shareholder Approval at the Meeting, receipt of the Final Order and the satisfaction or waiver of all other conditions specified in the Plan of Arrangement, is expected to be on or about October 21, 2020.

Capitalized terms used but not otherwise defined herein have the meanings set out in the Plan of Arrangement attached as Schedule B to this Circular.

Amendment and Termination

Subject to any restrictions under Part 9, Division 5 of the BCBCA, the Plan of Arrangement or the Final Order, the Plan of Arrangement, may at any time and from time to time before or after the holding of the Meeting, but prior to the Effective Date, be amended by the written agreement of Southern Arc without, subject to applicable law, further notice to or authorization on the part of the Shareholders.

Procedure for Receiving Class A Shares and Transaction Securities

From and after the Effective Time, certificates or DRS Statements formerly representing the Existing Shares before the Effective Time, other than those deemed to have been cancelled pursuant to Dissent Rights, will for all purposes be deemed to represent the Class A Shares.

Other than a Dissenting Shareholder, each Shareholder at the Effective Time shall receive the certificates or DRS Statements representing the Transaction Securities to which such holder is entitled pursuant to the provisions hereof as soon as practical on or after the Effective Date. The transfer agent of each of Japan Gold, Tethyan (or Adriatic Shares, as applicable), and Rise Gold shall register the respective Japan Gold Shares, Japan Gold Warrants, Tethyan Shares (or Adriatic Shares, as applicable), and Rise Gold Shares in the same manner in which the Shareholders' Existing Shares are registered and make available or send by first class mail (postage prepaid) certificates or DRS Statements representing the Japan Gold Shares, Japan Gold Warrants, Tethyan Shares (or Adriatic Shares, as applicable), and Rise Gold Shares, as applicable.

As soon as practicable on or after the Effective Date, the Transfer Agents will forward to the Registered Shareholder, certificates or DRS Statements representing the Transaction Securities to which the Registered Shareholder is entitled under the Arrangement to be delivered to the address of the holder as shown on the central securities register of Southern Arc.

No fractional shares will be issued. Where the exchange of Existing Shares, pursuant to the Arrangement would result in a fractional share being issuable, it will instead be rounded down to the nearest whole share, and such Shareholder will not be entitled to compensation in respect of such fractional share, as the case may be.

Canadian Securities Law Matters

Each Shareholder is urged to consult his, her or its professional advisors to determine the conditions and restrictions applicable under Canadian Securities Laws to trades in Class A Shares that the Shareholder is entitled to receive under the Arrangement.

Status under Canadian Securities Laws

Southern Arc is a reporting issuer in British Columbia, Alberta and Ontario. It is a condition precedent that the TSXV shall have received notice of the Arrangement in accordance with their rules and policies, and shall have no objection to the Arrangement as of the Effective Date.

Distribution and Resale of Class A Shares under Canadian Securities Laws

The distribution of the Class A Shares pursuant to the Arrangement will constitute a distribution of securities which is exempt from the prospectus requirements of Canadian Securities Laws. The Class A Shares received pursuant to the Arrangement will not bear any legend under Canadian Securities Laws and may be resold through registered dealers, provided that: (i) each of Japan Gold, Tethyan and Rise Gold are and have been a reporting issuer in a jurisdiction in Canada for the four months immediately preceding the trade, (ii) the trade is not a "control distribution" as defined in NI 45-102, (iii) no unusual effort is made to prepare the market or to create a demand for the Class A Shares, (iv) no extraordinary commission or consideration is paid to a person in respect of such sale, and (v) if the selling securityholder is an insider or officer of Japan Gold, Tethyan or Rise Gold, the selling securityholder has no reasonable grounds to believe that Japan Gold, Tethyan or Rise Gold is in default of applicable Canadian Securities Laws.

United States Securities Law Matters

The following discussion is a general overview of certain requirements of U.S. Securities Laws applicable to Shareholders in the United States in connection with the Arrangement. All Shareholders in the United States ("**U.S. Shareholders**") are urged to consult with their own legal advisors to ensure that the resale of any Class A Shares, Japan Gold Shares, Japan Gold Warrants, Tethyan Shares or Rise Gold Shares issued to them under the Arrangement complies with applicable U.S. Securities Laws. Further information applicable to U.S. Shareholders is disclosed under the heading *"Note to United States Securityholders"* in this Circular.

The following discussion does not address the Canadian Securities Laws that will apply to the issue of Japan Gold Shares, Japan Gold Warrants, Tethyan Shares or Rise Gold Shares issued into the United States or the resale of the Japan Gold Shares, Japan Gold Warrants, Tethyan Shares or Rise Gold Shares in Canada by U.S. Shareholders. U.S. Shareholders reselling their Japan Gold Shares, Japan Gold Warrants, Tethyan Shares or Rise Gold Shares in Canada must comply with Canadian Securities Laws, as discussed elsewhere in this Circular.

Status under United States Securities Laws

Southern Arc is not a reporting issuer with the SEC and the Existing Shares currently are not traded on an exchange in the United States.

Exemption from the Registration Requirements of the U.S. Securities Act

The Japan Gold Shares, Japan Gold Warrants, Tethyan Shares or Rise Gold Shares to be issued to Shareholders pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or any applicable Securities Laws of any state of the United States, and will be issued or distributed in reliance upon the Section 3(a)(10) Exemption and similar exemptions from registration or qualification under any applicable Securities Laws of any state of the United States. The Section 3(a)(10) Exemption provides an exemption from the registration requirements of the U.S. Securities Act for securities issued in exchange for one or more outstanding securities or interests where the terms and conditions of the issuance and exchange of such securities have been approved by a court authorized to grant such approval after a hearing upon the fairness of the terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued have the right to appear and have received adequate notice thereof.

The U.S. Securities Act imposes restrictions on the resale of Japan Gold Shares, Japan Gold Warrants, Tethyan Shares or Rise Gold Shares received pursuant to the Arrangement by persons who will be "affiliates" of Japan Gold, Tethyan or Rise Gold after the Effective Time or who have been affiliates of Japan Gold, Tethyan or Rise Gold within 90 days before the Effective Time.

The Japan Gold Shares, the Japan Gold Warrants and the Tethyan Shares will not be a registered class of securities in the United States and will not be listed for trading on a stock exchange in the United States. The Rise Gold Shares are a registered class of securities under Section 12(g) of the U.S. Exchange Act but will not be listed for trading on a stock exchange in the United States. The Japan Gold Shares are currently traded in the United States on the OTCQB Market under the symbol "JGLDF". The Tethyan Shares are currently traded in the United States on the OTC Pink Market under the symbol "TEYNF". The Rise Gold Shares are currently traded in the United States on the OTCQX Market under the symbol "RYES".

Dissent Rights

The following description of Dissent Rights is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of its Dissenting Shares from Southern Arc and is qualified in its entirety by the reference to the full text of the Interim Order, which is attached at Schedule C to this Circular, and the specific provisions of Sections 237 to 247 of the BCBCA, which have been reproduced in their entirety in Schedule D to this Circular. A Dissenting Shareholder who intends to exercise Dissent Rights should carefully consider and comply with the provisions of the Interim Order and the relevant provisions of the BCBCA. Failure to strictly comply with the provisions of the Interim Order and the BCBCA and to adhere to the procedures established therein, may result in the loss of all rights thereunder.

There is no mandatory statutory right of dissent and appraisal in respect of plans of arrangement under the BCBCA. However, as contemplated in the Plan of Arrangement, Southern Arc has granted to Shareholders who object to the Arrangement Resolution the Dissent Rights which are set out in their entirety in the Interim Order, the text of which is attached as Schedule D to this Circular.

Pursuant to the Interim Order, a Shareholder who intends to exercise the Dissent Rights must deliver a notice of dissent to the Company, Attn: Eileen Au at Suite 650, 669 Howe Street, Vancouver, British Columbia V6C 0B4 to be received not later than 5:00 p.m. (*Pacific Daylight Time*) on the date that is two Business Days immediately prior to the Meeting or any date to which the Meeting may be postponed or adjourned, and must not vote any Existing Shares in favour of the Arrangement. A Non-Registered Holder who wishes to exercise the Dissent Rights must arrange for the Registered Shareholder(s) holding its Existing Shares to deliver a notice of dissent. The notice of dissent must contain all of the information specified in the Interim Order. A vote against the Arrangement Resolution does not constitute a notice of dissent and a Shareholder who votes in favour of the Arrangement Resolution will not be considered a Dissenting Shareholder.

If the Arrangement Resolution is passed at the Meeting, Southern Arc must send by registered mail to every Dissenting Shareholder, before the date set for the hearing of the Final Order, a notice (the "**Notice of Intention**") stating that, subject to receipt of the Final Order and satisfaction of the other conditions set out in the Plan of Arrangement, Southern Arc intends to complete the Arrangement, and advising the Dissenting Shareholder that if the Dissenting Shareholder intends to proceed with his, her or its exercise of Dissent Rights, he she or it must deliver to Southern Arc, within 14 days after the mailing of the Notice of Intention, a written statement containing the information specified by the Interim Order, together with the certificate(s), if any, representing the Dissenting Shares. A Dissenting Shareholder delivering such a written statement may not withdraw from his, her or its dissent and, at the Effective Time, will be deemed to have transferred to Southern Arc all of his, her or its Dissenting Shares (free of any claims). Such Dissenting Shareholder will cease to have any rights as a Shareholder other than the right to be paid the fair value of their Dissenting Shares.

Southern Arc will pay to each Dissenting Shareholder for the Dissenting Shares the amount agreed on by Southern Arc and the Dissenting Shareholder. Either Southern Arc or a Dissenting Shareholder may apply to the Court if no agreement on the amount to be paid for the Dissenting Shares has been reached, and the Court may:

- determine the fair value that the Dissenting Shares had immediately before the passing of the Arrangement Resolution, excluding any appreciation or depreciation in anticipation of the Arrangement unless such exclusion would be inequitable, or order that such fair value be established by arbitration or by reference to the registrar or a referee of the Court;

- join in the application each other Dissenting Shareholder who has not reached an agreement with Southern Arc as to the amount to be paid for the Dissenting Shares; or

- make consequential orders and give directions that it considers appropriate.

Dissenting Shareholders who are ultimately entitled to be paid fair value for their Dissenting Shares will be entitled to be paid such fair value and will not be entitled to any other payment or consideration, including any payment or consideration that would be payable under the Plan of Arrangement had they not exercised their Dissent Rights. The names of such holders will be removed from Southern Arc's securities register(s), as applicable, as of the Effective Time.

If a Shareholder fails to strictly comply with the requirements of the Dissent Rights set out in the Interim Order, it will lose its Dissent Rights, Southern Arc will return to the registered Shareholder the certificate(s), if any, representing the Dissenting Shares that were delivered to Southern Arc, if any, and, if the Arrangement is completed, that Shareholder will be deemed to have participated in the Arrangement in respect of those Existing Shares on the same terms as all other Shareholders who are not Dissenting Shareholders. In no case will Southern Arc, Japan Gold, Tethyan or Rise Gold or any other Person be required to recognize such Shareholder as holding Existing Shares at or after the Effective Time.

The Interim Order outlines certain events when Dissent Rights will cease to apply where such events occur before payment is made to the Dissenting Shareholder of the fair value of the Existing Shares surrendered (including if the Arrangement Resolution does not pass or is otherwise not proceeded with). In such events, the Dissenting Shareholder will be entitled to the return of the applicable share certificate(s), if any, and rights as a Shareholder in respect of the applicable Existing Shares will be regained.

Registered Shareholders wishing to exercise the Dissent Rights should consult their legal advisers with respect to the legal rights available to them in relation to the Arrangement and the Dissent Rights. Registered Shareholders should note that the exercise of Dissent Rights can be a complex, time- consuming and expensive procedure.

Risks Associated with the Transaction

In evaluating the Arrangement, Shareholders should carefully consider the following risk factors relating to the Arrangement. The following risk factors are not a definitive list of all risk factors associated with the Arrangement. Additional risks and uncertainties, including those currently unknown or considered immaterial by Southern Arc, may also adversely affect the Existing Shares, Class A Shares, Redeemable Shares, Transaction Securities and/or the businesses of Southern Arc and Japan Gold, Tethyan or Rise Gold following the Arrangement. In addition to the risk factors relating to the Arrangement set out below, Shareholders should also carefully consider the risk factors associated with the business of Southern Arc set forth in the section entitled *"Risks and Uncertainties"* of Southern Arc's MD&A, which is available on SEDAR at www.sedar.com, as such risk factors will be associated with the business of Southern Arc following completion of the Arrangement. Shareholders should also carefully consider the risk factors associated with the business of Southern Arc set forth in the section entitled *"Risk Factors"* and *"Risks Associated with the Transaction"* set out in this Circular. If any of the risk factors materialize, the predictions based on them may need to be re-evaluated. The risks associated with the Arrangement include, without limitation:

The Arrangement may be terminated.

Southern Arc has the right to terminate the Plan of Arrangement. Accordingly, there is no certainty, nor can Southern Arc provide any assurance, that the Plan of Arrangement will not be terminated by Southern Arc before the completion of the Arrangement.

There can be no certainty that all approvals required for the Arrangement will be obtained.

The completion of the Arrangement is subject to a number of approvals, certain of which are outside the control of Southern Arc, including the receipt of the Final Order and approval of the TSXV. There can be no certainty, nor can Southern Arc provide any assurance, that these approvals will be obtained or, if obtained, when they will be obtained.

Southern Arc will incur costs in connection with the Arrangement.

Certain costs related to the Arrangement such as legal fees, must be paid by Southern Arc even if the Arrangement is not completed.

Southern Arc's directors and executive officers may have interests in the Arrangement that are different from those of the Shareholders.

In considering the recommendation of the Southern Arc Board to vote in favour of the Arrangement Resolution. Shareholders should be aware that certain members of the Southern Arc Board and management may have agreements or arrangements that provide them with interests in the Arrangement that differ from, or are in addition to, those of Shareholders generally.

The market price for Existing Shares may decline if the Arrangement is not completed.

If the Arrangement is not completed, the market price of the Existing Shares may decline to the extent that the current market price reflects a market assumption that the Arrangement will be completed. If the Arrangement is not completed and the Southern Arc Board decides to seek another merger or arrangement, there can be no assurance that it will be able to find a party willing to pay an equivalent or more attractive price than the total consideration to be paid pursuant to the Arrangement. Southern Arc will also remain obligated to pay certain costs.

Listing on TSXV or NEX board of the TSXV.

In connection with the Arrangement, Southern Arc may maintain its listing on the TSXV or apply to list its shares on the NEX board of the TSXV. While management believes that Southern Arc will meet such listing requirements, there is no guarantee that Southern Arc will maintain a TSXV listing or apply to list on the NEX Board of the TSXV.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following summarizes certain Canadian federal income tax considerations under the Tax Act generally applicable to Shareholders in respect of the disposition of Existing Shares pursuant to the Arrangement (as set out in Section 3.1 of the Plan of Arrangement, and the acquisition, holding, and disposition of Class A Shares, Redeemable Shares and Transaction Securities acquired pursuant to the Arrangement.

This summary is restricted to Shareholders who, for purposes of the Tax Act and at all relevant times:

(i) hold their Existing Shares, and will hold their Class A Shares, Redeemable Shares and Transaction Securities, solely as capital property; and

(ii) deal at arm's length with and are not affiliated with Southern Arc;

each such Shareholder, a "**Holder**" for purposes of this summary.

This summary does not apply to a Holder that:

(a) is a "financial institution" for the purposes of the mark-to-market rules in the Tax Act or a "specified financial institution" as defined in the Tax Act;

(b) is a person or partnership an interest in which is a "tax shelter investment" for purposes of the Tax Act;

(c) has elected to report its Canadian federal income tax results in a currency other than Canadian currency;

(d) has entered into or will enter into a "derivative forward agreement", a "synthetic disposition arrangement", or a "synthetic equity arrangement" as those terms are or are proposed to be defined in the Tax Act;

(e) has acquired Existing Shares, or will acquire Class A Shares or Transaction Securities, on the exercise of an employee stock option; or

(f) is otherwise a Holder of special status or in special circumstances.

All such Holders should consult their own tax advisors with respect to the consequences of the Arrangement.

In addition, this summary does not address any tax considerations relevant to holders of Southern Arc Options or Southern Arc Warrants, and such holders should also consult their own advisors in this regard.

This summary is not exhaustive of all Canadian federal income tax considerations applicable to Holders pursuant to the Arrangement. It does not take into account provincial, territorial, U.S. or other foreign tax considerations, which may differ significantly from those discussed herein.

Additional considerations, not discussed herein, may be applicable to a Holder that is a corporation resident in Canada or a corporation that does not deal at arm's length, for purposes of the Tax Act, with a corporation resident in Canada, and is, or becomes as part of a transaction or event or series of transactions or events, controlled by a non-resident corporation for purposes of the "foreign affiliate dumping" rules in section 212.3 of the Tax Act. Such Holders should consult their tax advisors.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the "**Regulations**"), and our understanding of the current published administrative practices and policies of the Canada Revenue Agency (the "**CRA**"). This summary takes into account all specific proposals to amend the Tax Act and Regulations (the "**Proposed Amendments**") announced by the Minister of Finance (Canada) prior to the date hereof. It is assumed that the Proposed Amendments will be enacted as currently proposed and that there will be no other change in law or administrative or assessing practice, whether by legislative, governmental, or judicial action or decision, although no assurance can be given in these respects. This summary does not take into account provincial, territorial or foreign income tax considerations, which may differ materially from the Canadian federal income tax considerations discussed below.

This summary is of a general nature only and is not and should not be construed as legal or tax advice to any particular person (including a Holder as defined above). Each person who may be affected by the Arrangement should consult the person's own tax advisors with respect to the person's particular circumstances.

Shareholders who are residents or citizens of the United States should consult their own tax advisors for advice regarding the income tax consequences associated with the Arrangement and the holding of Class A Shares and Transaction Securities in light of their particular circumstances.

This summary assumes that (i) the amendment of the terms of Existing Shares to increase the number of votes that may be cast, as contemplated by the Plan of Arrangement, will not, in and of itself, result in Holders being deemed to have disposed of their Existing Shares for the purposes of the Tax Act, and (ii) the share exchange whereby a Holder will exchange Existing Shares for Class A Shares and Redeemable Shares (the "**Share Exchange**"), will be considered to occur such that section 86 of the Tax Act will apply in respect of the Share Exchange. **No tax ruling or legal opinion has been sought or obtained in this regard, or with respect to any of the assumptions made throughout this summary of Certain Canadian Federal Income Tax Considerations, and the summary below is qualified accordingly.**

Holders - Resident or Not Resident in Canada

Share Exchange of Existing Shares for Class A Shares and Redeemable Shares

The Holder will not realize a capital gain (or a capital loss) under the Tax Act as a result of the Share Exchange regardless of whether the Holder is a resident or not a resident of Canada for purposes of the Tax Act.

The adjusted cost base ("**ACB**") of the Existing Shares held by the Holder will be apportioned between the Class A Shares and the Redeemable Shares received upon the Share Exchange in proportion to the fair market value of such shares immediately after the exchange.

Southern Arc does not intend to make a joint election under Section 85 of the Tax Act with any Holder in respect of the Share Exchange.

Holders Resident in Canada

This portion of this summary applies only to a Holder who is or is deemed to be resident solely in Canada for the purposes of the Tax Act and any applicable income tax treaty or convention (a "**Resident Holder**").

A Resident Holder whose Existing Shares, Class A Shares, Redeemable Shares or Transaction Securities might not otherwise qualify as capital property may be entitled to make an irrevocable election permitted by subsection 39(4) of the Tax Act to deem such shares, and every other "Canadian security" (as defined in the Tax Act), held by such person, in the taxation year of the election and each subsequent taxation year to be capital property.

Share Redemption (Transfer) of Southern Arc Redeemable Shares for Transaction Securities

A Resident Holder that has the Redeemable Shares redeemed (the **"Redemption"**) will be deemed to receive a taxable dividend equal to the amount of the total fair market value of the Transaction Securities distributed by Southern Arc to the Holder for the Redemption in excess of the paid-up capital (**"PUC"**) for purposes of the Tax Act of the Redeemable Shares. Southern Arc does not expect the total fair market value of the Transaction Securities distributed by Southern Arc per Redeemable Share as of the date of the Redemption to exceed the PUC with respect to each Redeemable Share. As a result, Southern Arc does not expect that a Resident Holder will be deemed to receive a taxable dividend for purposes of the Tax Act on the Redemption.

To the extent the total fair market value of the Transaction Securities distributed by Southern Arc to the Holder for the Redemption exceeds the PUC of the Redeemable Shares, the Resident Holder will be deemed, subject to the application of subsection 55(2) of the Tax Act where the Holder is a corporation resident in Canada (see discussion below in this regard), to receive a dividend for purposes of the Tax Act which will be taxable as described below under "*Taxation of Dividends*" and to realize a capital gain (or capital loss) as described below under "*Taxation of Capital Gains and Capital Losses*".

Taxation of Dividends

A Resident Holder who is an individual (other than certain trusts) and receives or is deemed to receive a taxable dividend in a taxation year on the Holder's Existing Shares, Class A Shares, Redeemable Shares or Transaction Securities will be required to include the amount of the dividend in income for the year, subject to the dividend gross-up and tax credit rules applicable to taxable dividends received by a Canadian resident individual from a taxable Canadian corporation, including the enhanced dividend gross-up and tax credit that may be applicable if and to the extent that Southern Arc, as the case may be, designates the taxable dividend to be an "eligible dividend" in accordance with the Tax Act. Southern Arc has made no commitments in this regard. Dividends received by an individual may also give rise to alternative minimum tax (see below).

Subsection 55(2) of the Tax Act is an anti-avoidance provision where a Canadian Resident Holder that is a corporation may be required to treat all or a portion of any dividend that is deductible in computing taxable income as proceeds of disposition of a capital property or a capital gain and not as a dividend. The application of subsection 55(2) involves a number of factual considerations that will differ for each Resident Holder, and a Resident Holder to whom it may be relevant is urged to consult its own tax advisors concerning its application having regard to its particular circumstances.

A Resident Holder that is a corporation and receives or is deemed to receive a taxable dividend in a taxation year on its Existing Shares, Class A Shares, Redeemable Shares or Transaction Securities must include the amount in its income for the year, but generally will be entitled to deduct an equivalent amount from its taxable income, subject to all restrictions under the Tax Act and the Proposed Amendments. A Resident Holder that is a "private corporation" or a "subject corporation" (as defined in the Tax Act) may also be liable under Part IV of the Tax Act to pay a special tax at a rate of 38 1/3% (refundable in certain circumstances) on any such dividends to the extent that the dividend is deductible in computing the corporation's taxable income.

Holders Resident in Canada - Taxation of Capital Gains and Capital Losses

A Resident Holder who disposes or is deemed to dispose of an Existing Share, Class A Share, Redeemable Share or Transaction Security generally will realize a capital gain (or capital loss) equal to the amount, if any, by which the proceeds of disposition therefor are greater (or less) than the ACB of the share to the Resident Holder, less reasonable costs of disposition.

A Resident Holder will generally will be required to include one half of any such capital gain (a "**taxable capital gain**") in income for the year, and entitled to deduct one half of any such capital loss (an "**allowable capital loss**") against taxable capital gains realized in the year and, to the extent not so deductible, in any of the three preceding taxation years or any subsequent taxation year, to the extent and in the circumstances specified in the Tax Act.

The amount of any capital loss realized by a Resident Holder that is a corporation may be reduced by the amount of dividends received or deemed to have been received by it on the share (or on a share substituted therefor) to the extent and in the circumstances described in the Tax Act. Similar rules may apply where the corporation is a member or beneficiary of a partnership or trust that held the share, or where a partnership or trust of which the corporation is a member or beneficiary is itself a member of a partnership or a beneficiary of a trust that held the share. Affected Resident Holders should consult their own tax advisors in this regard.

A Resident Holder that is a "Canadian controlled private corporation" (as defined in the Tax Act) throughout the relevant taxation year may be liable to pay an additional tax (refundable in certain circumstances) on its "aggregate investment income", which includes taxable capital gains, for the year.

Alternative Minimum Tax on Individuals

A Resident Holder who is an individual (including certain trusts) and receives a taxable dividend on, or realizes a capital gain on the disposition of, a share, including an Existing Share, Class A Share, Redeemable Share or Transaction Security, may be liable for alternative minimum tax ("**AMT**") to the extent and within the circumstances set out in the Tax Act. Such Resident Holders should consult their own tax advisors with respect to the AMT rules set out in the Tax Act.

Dissenting Shareholders

A Resident Holder who validly exercises Dissent Rights (a "**Dissenting Resident Holder**") and who consequently transfers or is deemed to transfer Existing Shares to Southern Arc for payment by Southern Arc will be deemed to receive a taxable dividend in the taxation year of payment equal to the amount, if any, by which the payment (excluding interest, if any) exceeds the PUC of the Dissenting Resident Holder's Existing Shares determined immediately before the Arrangement. Any such taxable dividend will be taxable as described above under "*Taxation of Dividends*". The Dissenting Resident Holder will also realize a capital gain (or capital loss) equal to the amount, if any, by which the payment (excluding interest, if any), less any such deemed taxable dividend, exceeds (is exceeded by) the ACB of the Dissenting Resident Holder's Existing Shares determined immediately before the Arrangement. Any such capital gain or loss will generally be taxable or deductible as described above under "*Taxation of Capital Gains and Capital Losses*".

The Dissenting Resident Holder will be required to include any portion of the payment that is on account of interest in income in the year received.

Eligibility for Investment – Class A Shares and Transaction Securities

A Class A Share or a Transaction Security will be a "qualified investment" for a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a deferred profit sharing plan, a registered education savings plan, a registered disability savings plan or a tax-free savings account ("**TFSA**") as those terms are defined in the Tax Act (collectively, "**Registered Plans**") at any time at which the Class A Shares or Transaction Securities are listed on a "designated stock exchange" as defined in the Tax Act (which includes the TSXV and the CSE), or Southern Arc, or Japan Gold, Tethyan or Rise Gold, as applicable, is a "public corporation" as defined in the Tax Act.

Should the Class A Shares or Transaction Securities be distributed to or otherwise acquired by a Registered Plan other than as "qualified investments", adverse tax consequences not described in this summary should be expected to arise for the Registered Plan and the annuitant thereunder. Resident Holders that hold Existing Shares and will or may hold Class A Shares and/or Transaction Securities within a Registered Plan should consult with their own tax advisors in this regard.

Notwithstanding that the Class A Shares and/or Transaction Securities may be qualified investments at a particular time, the holder of a TFSA or the annuitant of an RRSP or RRIF will be subject to a penalty tax in respect of a Class A Share or Transaction Security held in the TFSA, RRSP or RRIF, as applicable, if the share is a "prohibited investment" under the Tax Act. A Class A Share or Transaction Security generally will not be a prohibited investment for a TFSA, RRSP or RRIF of a holder or annuitant thereof, as applicable, provided that (i) the holder or annuitant of the account does not have a "significant interest" within the meaning of the Tax Act in Southern Arc or Japan Gold, Tethyan or Rise Gold, as applicable, and (ii) Southern Arc or Japan Gold, Tethyan or Rise Gold, as applicable, deals at arm's length with the holder or annuitant for the purposes of the Tax Act. **Shareholders should consult their own tax advisers to ensure that the Class A Shares and Transaction Securities will not be a prohibited investment for a trust governed by a TFSA, RRSP or RRIF in their particular circumstances.**

Holders Not Resident in Canada

This portion of this summary applies only to a Holder who at all material times for the purposes of the Tax Act and any relevant tax treaty (i) has not been and is not resident or deemed to be resident in Canada for purposes of the Tax Act, and (ii) does not and will not use or hold Existing Shares, Class A Shares, or Transaction Securities in connection with carrying on a business in Canada (a "**Non-resident Holder**").

Special rules, which are not discussed in this summary, may apply to a Non-resident Holder that is an insurer carrying on business in Canada and elsewhere, or an "authorized foreign bank" as defined in the Tax Act. Such Non-resident Holder should consult the holder's own tax advisers with respect to the Arrangement.

Share Exchange (Redemption) of Existing Shares for Class A Shares and Redeemable Shares

The discussion above under the heading "*Share Exchange of Existing Shares for Class A Shares and Redeemable Shares"* will generally apply to Non-resident Holders in respect of the Share Exchange.

Share Redemption (Transfer) of Southern Arc Redeemable Shares for Transaction Securities

A Non-resident Holder will be deemed on the Redemption to receive a taxable dividend equal to the amount of the total fair market value of the Transfer Shares distributed by Southern Arc to the Holder for the Redemption in excess of the PUC of the Redeemable Shares. Southern Arc does not expect the total fair market value of the Transaction Securities distributed by Southern Arc per Redeemable Share as of the date of the Redemption to exceed the PUC with respect to each Redeemable Share. As a result, Southern Arc does not expect that a Non-resident Holder will be deemed to receive a taxable dividend for purposes of the Tax Act on the Redemption.

To the extent the total fair market value of the Transfer Shares distributed by Southern Arc to the Non-resident Holder on the Redemption exceeds the PUC of the Non-resident Holder's Redeemable Shares, the Non-resident Holder will be deemed to receive a taxable dividend for purposes of the Tax Act as described below under "*Taxation of Dividends*" and to realize a capital gain (or capital loss) to the extent described below under "*Taxation of Capital Gains and Capital Losses*".

Taxation of Dividends

A Non-resident Holder to whom Southern Arc pays or credits (or is deemed to pay or credit) an amount as a dividend in respect of the Arrangement (if at all), or otherwise in respect of the Holder's Existing Shares, Class A Shares, or Redeemable Shares, will be subject to Canadian withholding tax equal to 25% (or such lower rate as may be available under an applicable income tax convention, if any) of the gross amount of the dividend.

Taxation of Capital Gains and Capital Losses

A Non-resident Holder will not be subject to Canadian federal income tax in respect of any capital gain arising on an actual or deemed disposition of an Existing Share, Class A Share, Redeemable Share or Transaction Security unless, at the time of disposition, the share is "taxable Canadian property" as defined in the Tax Act, and is not "treaty-protected property" as so defined.

Generally, a Non-resident Holder's Existing Share, Class A Share or Transaction Security, as applicable, of the Non-resident Holder will not be taxable Canadian property at any time at which the share is listed on a "designated stock exchange" as defined in the Tax Act (which includes the TSXV and the CSE) unless, at any time during the 60 months immediately preceding the disposition of the share,

(a) the Non-resident Holder, one or more persons with whom the Non-resident Holder did not deal at arm's length, partnerships in which the Non-resident Holder or persons with whom the Non-resident Holder did not deal at arm's length held membership interests (directly or indirectly), or any combination of the foregoing, owned 25% or more of the issued shares of any class of the capital stock of Southern Arc or Japan Gold, Tethyan or Rise Gold, as applicable, and

(b) the share derived more than 50% of its fair market value directly or indirectly from, or from any combination of, real property situated in Canada, "Canadian resource properties", "timber resource properties" (as those terms are defined in the Tax Act), and interest, rights or options in or in respect of any of the foregoing.

Further, a Redeemable Share or Transaction Security of a Non-resident Holder will not be taxable Canadian property of the Non-resident Holder at any time at which the share is not listed on a "designated stock exchange" unless, at any time during the 60 months immediately preceding the disposition of the share, the share derived more than 50% of its fair market value directly or indirectly from, or from any combination of, real property situated in Canada, "Canadian resource properties", "timber resource properties" (as those terms are defined in the Tax Act), and interest, rights or options in or in respect of any of the foregoing.

Shares may also be deemed to be "taxable Canadian property" under other provisions of the Tax Act.

A Non-resident Holder who disposes or is deemed to dispose of an Existing Share, Class A Share, Redeemable Share or Transaction Security that, at the time of disposition, is taxable Canadian property and is not treaty-protected property will realize a capital gain (or capital loss) equal to the amount, if any, by which the Non-resident Holder's proceeds of disposition of the share exceeds (or is exceed by) the Non-resident Holder's ACB in the share and reasonable costs of disposition. The Non-resident Holder generally will be required to include one half of any such capital gain (taxable capital gain) in the Non-resident Holder's taxable income earned in Canada for the year of disposition, and be entitled to deduct one half of any such capital loss (allowable capital loss) against taxable

capital gains included in the Non-resident Holder's taxable income earned in Canada for the year of disposition and, to the extent not so deductible, against such taxable capital gains realized in any of the three preceding taxation years or any subsequent taxation year, to the extent and in the circumstances set out in the Tax Act.

Non-resident Holders who may hold shares as "taxable Canadian property" should consult their own tax advisors in this regard.

Dissenting Non-Resident Holders

A Non-resident Holder who validly exercises Dissent Rights (a "**Dissenting Non-resident Holder**") and who consequently transfers or is deemed to transfer Existing Shares to Southern Arc for payment by Southern Arc will be deemed to receive a taxable dividend in the taxation year of payment equal to the amount, if any, by which the payment (excluding interest, if any) exceeds the PUC of the Dissenting Non-resident Holder's Existing Shares determined immediately before the Arrangement. Any such taxable dividend will be taxable as described above under "*Taxation of Dividends*" for this section for *Holders Not Resident in Canada*.

The Dissenting Non-resident Holder will also realize a capital gain (or capital loss) equal to the amount, if any, by which the payment (excluding interest, if any), less reasonable costs of disposition and any such deemed taxable dividend above, exceeds (is exceeded by) the ACB of the Dissenting Non-resident Holder's Existing Shares determined immediately before the Arrangement. Any such capital gain or loss may or may not be subject to tax in Canada as described above under "*Taxation of Capital Gains and Capital Losses*" for this section for *Holders Not Resident in Canada*.

The Dissenting Resident Holder will be not be subject to Canadian withholding tax on the portion of the payment, if any, that is on account of interest.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

In considering the recommendation of the Board with respect to the Arrangement, Shareholders should be aware that certain members of Southern Arc's senior management and the Board have certain interests in connection with the Arrangement that may present them with actual or potential conflicts of interest in connection with the Arrangement. These interests include those described herein. The Board was aware of these interests and considered them, among other matters, when recommending approval of the Arrangement by Shareholders.

INFORMATION CONCERNING SOUTHERN ARC AFTER THE ARRANGEMENT

Southern Arc is a Canadian company incorporated in the province of British Columbia focused on enhancing shareholder value through strategic investments in mineral resource companies with a focus on gold and copper-gold. The common shares of the Company are listed and posted for trading on the TSXV under the symbol "SA" and on the OTCBB under the symbol "SOACF". Southern Arc's management team identifies highly prospective assets in politically safe jurisdictions and seeks to unlock their value by providing strategic investments, proven technical skills, global knowledge, and increased access to industry relationships.

Upon completion of the Arrangement, each Shareholder, other than a Dissenting Shareholder, will remain a shareholder of Southern Arc and Southern Arc will be in a position to focus on continuing to grow its business as described above. Southern Arc will remain a reporting issuer in the Provinces of British Columbia, Alberta and Ontario and the Class A Shares will continue to be listed for trading on the TSXV under the symbol "SA" and on the OTCBB under the symbol "SOACF". Annual financial statements of Southern Arc for the years ended June 30, 2019 and June 30, 2018 and financial statements for the nine months ended March 31, 2020, together with the management discussion and analysis, is available under Southern Arc's profile on SEDAR at www.sedar.com.

INFORMATION CONCERNING JAPAN GOLD

Japan Gold, a company existing pursuant to the BCBCA, is a reporting issuer in the Provinces of British Columbia and Alberta. The Japan Gold Shares are currently listed for trading on the TSXV under the symbol "JG" and on the OTCQB under the symbol "JGLDF". Japan Gold is a Canadian mineral exploration company focused solely on gold exploration across the three largest islands of Japan: Hokkaido, Honshu and Kyushu. Japan Gold has a countrywide alliance with Barrick Gold Corporation to jointly explore, develop and mine certain gold mineral properties and mining projects. Japan Gold holds a portfolio of 30 gold projects which cover areas with known gold occurrences, a history of mining and are prospective for high-grade epithermal gold mineralization. Japan Gold's leadership team represent decades of resource industry and business experience, and Japan Gold has recruited geologists, drillers and technical advisors with experience exploring and operating in Japan.

For further information concerning Japan Gold, the Company directs Shareholders to Japan Gold's public disclosure record on SEDAR at www.sedar.com, and in particular the following Japan Gold disclosure documents: (i) the audited annual financial statements for the years ended December 31, 2019, and December 31, 2018, together with the management discussion and analysis; (ii) financial statements for the three months ended March 31, 2020, together with the management discussion and analysis; and (iii) the management information circular for the annual general meeting of its shareholders held on October 10, 2019 containing information as at September 4, 2019 (collectively, the "**Japan Gold Disclosure Documents**"). The Japan Gold Disclosure Documents are also posted on the Company's website at www.japangold.com. Shareholders may contact the Company at info@japangold.com or by telephone at +1 (778) 725-1491 to request copies of the Japan Gold Disclosure Documents free of charge. Please note the Japan Gold Disclosure Documents were prepared entirely by Japan Gold and the Company makes no representations with respect to, and assumes no responsibility for, the accuracy or completeness of such documents nor information contained therein, nor for the failure of Japan Gold to disclose events which may have occurred or which may affect the completeness or accuracy or such information, but is providing such documents on its website and to Shareholders by request simply as an accommodation to its Shareholders.

INFORMATION CONCERNING TETHYAN

Tethyan, a company existing pursuant to the BCBCA, is a reporting issuer in the Provinces of British Columbia and Alberta. The Tethyan Shares are currently listed for trading on the TSXV under the symbol "TETH". Tethyan is a precious and base metals mineral exploration company focused on the Tethyan Metallogenic Belt in Eastern Europe, mainly Serbia.

On May 10, 2020, Tethyan and Adriatic Metals plc ("**Adriatic**") entered into a binding letter agreement pursuant to which Adriatic agreed to acquire all of the issued and outstanding common shares of Tethyan by way of a plan of arrangement under the BCBCA. If the foregoing acquisition is completed, then the Shareholders may receive the Adriatic Shares held by the Company instead of the Tethyan Shares. Adriatic is a publicly listed company existing under the laws of England and Wales with its shares listed for trading on each of the London Stock Exchange and the Australian Securities Exchange. **There is no guarantee that the foregoing acquisition by Adriatic will be completed.**

For further information concerning Tethyan, the Company directs Shareholders to Tethyan's public disclosure record on SEDAR at www.sedar.com, and in particular the following Tethyan disclosure documents: (i) the audited annual financial statements for the years ended December 31, 2019, and December 31, 2018, together with the management discussion and analysis; (ii) financial statements for the six months ended June 30, 2020, together with the management discussion and analysis; and (iii) the management information circular for the annual general and special meeting of its shareholders held on August 17, 2020 containing information as at July 13, 2020 (collectively, the "**Tethyan Disclosure Documents**"). The Tethyan Disclosure Documents are also posted on the Company's website at www.tethyan-resources.com. In particular, the Company directs Shareholders to the information circular of Tethyan dated July 13, 2020 and news release dated July 17, 2020 regarding the proposed acquisition by Adriatic, as filed on SEDAR at www.sedar.com. Shareholders may contact the Company at info@tethyan-resources.com or by telephone at +1 (604) 687-1717 to request copies of the Tethyan Disclosure Documents free of charge. Please note the Tethyan Disclosure Documents were prepared entirely by Tethyan and the Company makes no representations with respect to, and assumes no responsibility for, the accuracy or completeness of such documents nor information contained therein, nor for the failure of Tethyan to disclose events which may have occurred or which may affect the completeness or accuracy or such information, but is providing such documents on its website and to Shareholders by request simply as an accommodation to its Shareholders.

INFORMATION CONCERNING RISE GOLD

Rise Gold, a company existing pursuant to the laws of Nevada, is a reporting issuer in the Provinces of British Columbia, Alberta and Ontario. The Rise Gold Shares are currently listed for trading on the CSE under the symbol "RISE" and OTCQX under the symbol "RYES". Rise Gold is an exploration-stage mining company. The principal asset of Rise Gold is the historic past-producing Idaho-Maryland Gold Mine located in Nevada County, California, USA. The Idaho-Maryland Gold Mine produced 2,414,000 oz of gold at an average mill head grade of 17 gpt gold from 1866-1955. Historic production at the Idaho-Maryland Mine is disclosed in the Technical Report on the Idaho-Maryland Project dated June 1, 2017 and available on SEDAR at www.sedar.com.

For further information concerning Rise Gold, the Company directs Shareholders to Rise Gold's public disclosure record on SEDAR at www.sedar.com, and in particular the following Rise Gold disclosure documents: (i) the audited annual financial statements for the years ended July 31, 2019, and July 31, 2018, together with the management discussion and analysis; (ii) financial statements for the nine months ended April 30, 2020, together with the management discussion and analysis; and (iii) the management information circular for the annual general meeting of its shareholders to be held on July 31, 2020 containing information as at June 24, 2020 (collectively, the "**Rise Gold Disclosure Documents**"). The Rise Gold Disclosure Documents are also posted on the Company's website at www.risegoldcorp.com. Shareholders may contact the Company at info@risegoldcorp.com or by telephone at +1 (530) 433-0188 to request copies of the Rise Gold Disclosure Documents free of charge. Please note the Rise Gold Disclosure Documents were prepared entirely by Rise Gold and the Company makes no representations with respect to, and assumes no

responsibility for, the accuracy or completeness of such documents nor information contained therein, nor for the failure of Rise Gold to disclose events which may have occurred or which may affect the completeness or accuracy or such information, but is providing such documents on its website and to Shareholders by request simply as an accommodation to its Shareholders.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors or executive officers or any of their respective associates or affiliates is or at any time since the beginning of Southern Arc's most recently completed financial year, were indebted to Southern Arc or any of its subsidiaries as of the end of the most recently completed financial year or as at the date hereof, nor is or at any time since the beginning of Southern Arc's most recently completed financial year, has any of the aforementioned individuals been indebted to another entity which indebtedness has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Southern Arc or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than disclosed below, since the commencement of the Company's most recently completed financial year, no informed person of the Company (a director, officer or holder of 10% or more Existing Shares) or nominee for election as a director of the Company, or any associate or affiliate of any informed person or proposed director has had any material interest, direct or indirect, in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

On January 18, 2018, the Company entered into a consulting service agreement with J. Proust & Associates Inc. ("**JPA**") pursuant to which the Company agreed to retain the services of JPA as an independent contractor and JPA agreed to provide, finance, accounting, investor relations and administrative services including the provision of a Chief Executive Officer, Chief Financial Officer, Corporate Secretary, controller, and accountant. In consideration for JPA providing the services to the Company, the Company agreed to pay JPA, commencing January 1, 2018, C$40,000 plus GST monthly, which may be revised from time to time upon mutual agreement of the parties. During the financial year ended June 30, 2019, the Company paid a total of $465,000 to JPA.

MANAGEMENT CONTRACTS

Management functions of the Company or any of its subsidiaries are not to any substantial degree performed by anyone other than the directors or executive officers of the Company or subsidiary.

INTERESTS OF EXPERTS

The auditors of Southern Arc are KPMG LLP, Chartered Professional Accountants, of 777 Dunsmuir St, Vancouver, British Columbia, Canada, V7Y 1K3. KPMG audited the financial statements for the year ended June 30, 2019. KPMG LLP has confirmed that they are independent with respect to Southern Arc within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

Except as disclosed below, no person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Circular or as having prepared or certified a report or valuation described or included in this Circular holds any beneficial interest, direct or indirect, in any securities or property of Southern Arc, or an associate or affiliate of the foregoing.

OTHER MATERIAL FACTS

There are no other material facts about Southern Arc or the Arrangement that have not been disclosed in this Circular.

OTHER BUSINESS

As of the date of this Information Circular, management of the Company knows of no other matters to be acted upon at the Meeting. However, should any other matters properly come before the Meeting, the Existing Shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Existing Shares represented by the Proxy.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on the SEDAR website at www.sedar.com. Financial information is provided in the Company's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year, and available online at www.sedar.com. Shareholders may request additional copies by mail to Suite 650 – 669 Howe Street, Vancouver, British Columbia, Canada, V6C 0B4.

QUESTIONS AND FURTHER ASSISTANCE

If you have any questions about the information contained in this Circular or require assistance in completing your proxy form, please contact +1 (778) 725-1490 of Southern Arc, by email at info@southernarcminerals.com.

DIRECTORS' APPROVAL

The contents and sending of this Circular, including the Notice of Meeting, have been approved and authorized by the Board.

ON BEHALF OF THE BOARD OF DIRECTORS

"*John G. Proust*"
John G. Proust
Chief Executive Officer

SCHEDULE A

ARRANGEMENT RESOLUTION

BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. The arrangement (the "**Arrangement**") under Part 9, Division 5 of the *Business Corporations Act* (British Columbia) ("**BCBCA**") of Southern Arc Minerals Inc. ("**Southern Arc**"), as it may be modified, supplemented or amended from time to time in accordance with its terms, and as more particularly described and set forth in the Information Circular dated August 21, 2020 of Southern Arc (the "**Circular**"), is hereby authorized, approved and adopted.

2. The distribution of the common shares currently owned by the Company of Japan Gold Corp., of Tethyan Resource Corp. (or of Adriatic Metals plc, as applicable) and of Rise Gold Corp., the common share purchase warrants currently owned by the Company of Japan Gold Corp., and such other assets as determined by the directors of the Company, to the shareholders of Southern Arc on a pro rata basis, which constitutes the disposition of all or substantially all of the Company's assets under Section 301 of the BCBCA by way of the Arrangement, is hereby authorized, approved and adopted.

3. The plan of arrangement involving Southern Arc as it may be modified, supplemented or amended from time to time in accordance with its terms (the "**Plan of Arrangement**"), the full text of which is set out as Schedule B to this Circular and all transactions contemplated thereby, is hereby authorized, approved and adopted.

4. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the shareholders of Southern Arc (the "**Shareholders**") or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of Southern Arc are hereby authorized and empowered to, at their discretion without notice to or approval of the Shareholders (i) to amend the Plan of Arrangement to the extent permitted by the Plan of Arrangement, and (ii) not to proceed with the Arrangement and related transactions at any time prior to the Effective Time.

5. Any officer or director of Southern Arc is hereby authorized and directed for and on behalf of Southern Arc to execute or cause to be executed, under the seal of Southern Arc or otherwise, and to deliver or cause to be delivered, all such documents and instruments and to perform or cause to be performed all such other acts and things as in such person's opinion may be necessary or desirable to give full effect to the foregoing resolution and the matters authorized thereby, such authorization 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 B

PLAN OF ARRANGEMENT

UNDER DIVISION 5 OF PART 9 OF THE
***BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)**

ARTICLE 1 - INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless something in the subject matter or context is inconsistent therewith:

(a) "**Arrangement**" means an arrangement under the provisions of Division 5 of Part 9 of the BCBCA, on the terms and conditions set forth in the Plan of Arrangement;

(b) "**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended;

(c) "**Business Day**" means any day, other than a Saturday or a Sunday, when Canadian chartered banks are open for business in the City of Vancouver, British Columbia;

(d) "**Class A Shares**" means the Class A Shares of the Company which the Company will be authorized to issue on the Effective Date with the special rights and restrictions set out in Schedule B to the Plan of Arrangement;

(e) "**Company**" or "**Southern Arc**" means Southern Arc Minerals Inc.;

(f) "**Court**" means the Supreme Court of British Columbia;

(g) "**Depositary**" means Computershare Investor Services Inc. or such other depositary as the Company may determine;

(h) "**Dissenting Shareholders**" means shareholders who have properly exercised their rights of dissent pursuant to Article 3 of the Plan of Arrangement;

(i) "**Dissenting Shares**" has the meaning set out in Article 3 of the Plan of Arrangement;

(j) "**Dissent Rights**" has the meaning set out in Article 3 of the Plan of Arrangement;

(k) "**Distribution Record Date**" means October 15, 2020, or such other date as the Company's board of directors may determine;

(l) "**DRS**" means direct registration system;

(m) "**Effective Date**" means the date upon which the Plan of Arrangement becomes effective in accordance with the BCBCA;

(n) "**Effective Time**" means 12:01 a.m. (Vancouver Time) on the Effective Date or such other time on the Effective Date as determined by the Company in its sole discretion;

(o) **"Encumbrance**" includes, with respect to any property or asset, any mortgage, pledge, assignment, hypothec, charge, lien, security interest, adverse right or claim, 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;

(p) **Final Order**" means the final order of the Court approving the Arrangement as such order may be amended by the Court (with the consent of the Company) at any time prior to the Effective Date or, if appealed, then, unless such appeal is abandoned or denied, as affirmed or as amended (provided that any such amendment is acceptable to the Company) on appeal;

(q) "**Information Circular**" means the information circular to be sent to shareholders in connection with the Meeting;

(r) "**Interim Order**" means the interim order of the Court as such order may be amended, supplemented or varied by the Court in respect of the Arrangement providing for, among other things, the calling and holding of the Meeting, as the same may be amended by the Court with the consent of the Company;

(s) "**Japan Gold**" means Japan Gold Corp., a corporation existing under the laws of British Columbia.

(t) "**Japan Gold Share Ratio**" means the fraction equal to the number of Japan Gold Shares held by the Company on the Distribution Record Date, divided by the number of Old Common Shares that are issued and outstanding on the Distribution Record Date;

(u) "**Japan Gold Shares**" means common shares of Japan Gold;

(v) "**Japan Gold Warrant Ratio**" means the fraction equal to the number of Japan Gold Warrants held by the Company on the Distribution Record Date, divided by the number of Old Common Shares that are issued and outstanding on the Distribution Record Date;

(w) "**Japan Gold Warrants**" means common share purchase warrants of Japan Gold;

(x) "**Meeting**" means the special meeting of shareholders of the Company to be held at 10:00 a.m. (Vancouver time) on September 30, 2020 and any adjournment or postponement thereof;

(y) "**Old Common Shares**" means the common shares in the capital of the Company existing prior to the Effective Time;

(z) "**Person**" means and includes any individual, sole proprietorship, partnership, joint venture, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, a trustee, executor, administrator or other legal representative and any governmental authority or any agency or instrumentality thereof;

(aa) "**Plan of Arrangement**" means this plan of arrangement and any amendment or variation hereto;

(bb) "**Redeemable Shares**" means the redeemable preferred shares of the Company which the Company will be authorized to issue on the Effective Date with the special rights and restrictions set out in Schedule B to the Plan of Arrangement;

(cc) **"Registrar**" means the registrar appointed under section 400 of the BCBCA;

(dd) "**Rise Gold**" means Rise Gold Corp., a corporation existing under the laws of Nevada;

(ee) **"Rise Gold Ratio**" means the fraction equal to the number of Rise Gold Shares held by the Company on the Distribution Record Date, divided by the number of Old Common Shares that are issued and outstanding on the Distribution Record Date;

(ff) "**Rise Gold Shares**" means common shares of Rise Gold;

(gg) "**Shareholder**" or "**holder of shares**" means a registered or beneficial holder of Old Common Shares on the Effective Date;

(hh) **"Tax Act**" means the *Income Tax Act* (Canada), as amended;

(ii) **"Tethyan Ratio**" means the fraction equal to the number of Tethyan Shares held by the Company on the Distribution Record Date, divided by the number of Old Common Shares that are issued and outstanding on the Distribution Record Date;

(jj) "**Tethyan Shares**" means the common shares of Tethyan Resource Corp. (or ordinary shares of Adriatic Metals plc, as applicable); and

(kk) "**Transfer Agent**" means Computershare Investor Services Inc. for Southern Arc, Japan Gold and Tethyan; Capital Transfer Agency Inc. for Rise Gold; and Computershare Investor Services plc for Adriatic Metals plc, as applicable.

1.2 Headings

The division of this Plan of Arrangement into Articles and Sections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Plan of Arrangement. The terms "this Plan of Arrangement", "hereof" and "hereunder" and similar expressions refer to this Plan of Arrangement and not to any particular Article or Section hereof and include any agreement or instrument supplemental therewith, references herein to Articles and Sections are to Articles and Sections of this Plan of Arrangement.

1.3 Number

In this Plan of Arrangement, unless something in the context is inconsistent therewith, words importing the singular number only will include the plural and vice versa, words importing the masculine gender will include the feminine and neuter genders and vice versa, words importing persons will include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and vice versa and words importing shareholders will include members.

1.4 Currency

Unless otherwise stated in this Plan of Arrangement, all references herein to amounts of money are expressed in lawful money of Canada.

1.5 Schedules

The following schedules to this Plan of Arrangement are incorporated by reference herein and form part of this Plan of Arrangement.

(a) Schedule "A" Amendment to Articles – Special Rights and Restrictions Attaching to the Class A Shares without Par Value; and

(b) Schedule "B" Amendment to Articles – Special Rights and Restrictions Attaching to the Redeemable Preferred Shares without Par Value.

ARTICLE 2
ARRANGEMENT

2.1 Binding Effect

At the Effective Time, this Plan of Arrangement will be binding on the Company and all Shareholders, without any further act or formality on the part of any Person, except as otherwise provided herein.

2.2 Arrangement

At the Effective Time, subject to the provisions of Article 3 of this Plan of Arrangement, the following will occur and will be deemed to occur in the following order without any further act or formality:

(i) all Dissenting Shares held by Dissenting Shareholders will be deemed to have been irrevocably transferred free and clear of all Encumbrances to the Company, and:

(v) each Dissenting Shareholder will cease to have any rights as a Shareholder other than the right to be paid by the Company, in accordance with the Dissent Rights and net of any applicable withholding tax, the fair value of such Dissent Shares;

(vi) the Dissenting Shareholder's name will be removed as the holder of such Dissenting Shares from the central securities register of the Company;

(vii) the Dissenting Shares will be cancelled; and

(viii) the Dissenting Shareholder will be deemed to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer and assign such Dissenting Shares;

(j) the authorized share structure of the Company will be altered by:

(i) attaching special rights and restrictions to the Old Common Shares to provide the holders thereof with two votes in respect of each share held;

(ii) creating a new class consisting of an unlimited number of Class A Shares without par value with the special rights and restrictions set out in Schedule A to the Plan of Arrangement and, to reflect such amendments, the Company's Articles will be deemed to be amended by adding a new Section 28.1 as set out in Schedule A to this Plan of Arrangement; and

(iii) creating a new class consisting of an unlimited number of Redeemable Shares without par value with the special rights and restrictions set out in Schedule B to the Plan of Arrangement and, to reflect such amendments, the Company's Articles will be deemed to be amended by adding a new Section 28.2 as set out in Schedule A to this Plan of Arrangement,

and the Notice of Articles and Articles of the Company will be amended accordingly;

(k) each Old Common Share outstanding on the Distribution Record Date will be exchanged (without further act or formality on part of the Shareholder), free and clear of all Encumbrances for one (1) Class A Share; and one (1) Redeemable Share. In connection with such exchange each Shareholder will cease to be the holder of the Old Common Shares so exchanged and will become the holder of the number of Class A Shares and Redeemable Shares issued to such holder. The name of the Shareholder will be removed from the register of holders of Old Common Shares and will be added to the registers of holders of the Class A Shares and Redeemable Shares as the holder of the number of Class A Shares and Redeemable Shares respectively issued to such holder. For greater certainty,

(i) immediately prior to the exchange, each Old Common Share will entitle the holder to two votes per Old Common Share;

(ii) no other consideration will be received by any holder of the Old Common Shares and the Company will not file a joint election under subsection 85(1) or subsection 85(2) of the Tax Act, or any relevant provincial legislation, with any holder of the Old Common Shares in respect of the aforementioned share exchange;

(iii) no certificates representing the Class A Shares or Redeemable Shares will be issued or delivered to Shareholders;

(iv) the Old Common Shares, exchanged for both the Class A Shares and the Redeemable Shares, will be cancelled and the authorized share capital of the Company will be amended by the elimination of the Old Common Shares and the special rights and restrictions attached to such shares (if any);

(v) each warrant to purchase an Old Common Share which is outstanding and unexercised on the Distribution Record Date will be exchanged (without further act or formality on part of the holder), free and clear of all Encumbrances for one (1) warrant to purchase a Class A Share. The board of directors of the Company will make the appropriate adjustments to such warrants in accordance with their respective adjustment provisions;

(vi) each option to purchase an Old Common Share which is outstanding and unexercised on the Distribution Record Date will be exchanged (without further act or formality on part of the holder), free and clear of all Encumbrances for one (1) option to purchase a Class A Share. The board of directors of the Company will make the appropriate adjustments to such options in accordance with their respective adjustment provisions;

(l) the stated capital of the Company in respect of the Redeemable Shares will be an amount equal to the lesser of (A) the fair market value of the Redeemable Shares, including the underlying Japan Gold Shares, Japan Gold Warrants, Tethyan Shares and Rise Gold Shares distributed on such redemption; and (B) the paid-up capital for the purposes of the Tax Act in respect of the Old Common Shares immediately prior to the Effective Time;

(m) the stated capital of the Company in respect of the Class A Shares will be an amount equal to the amount by which the paid-up capital for the purposes of the Tax Act in respect of the Old Common Shares immediately prior to the Effective Time exceeds the stated capital of the Redeemable Shares as calculated in paragraph (d) above;

(n) all of the Redeemable Shares will be immediately redeemed upon issuance by the Company in exchange for the transfer and distribution to Shareholders of all of the Japan Gold Shares, Japan Gold Warrants, Tethyan Shares and Rise Gold Shares owned by the Company, as at the Distribution Record Date, such that each shareholder of Redeemable Shares will be entitled to receive such number of Japan Gold Shares, Japan Gold Warrants, Tethyan Shares and Rise Gold Shares based on the Japan Gold Share Ratio, the Japan Gold Warrant Ratio, the Tethyan Ratio, and the Rise Gold Ratio, respectively, for each Redeemable Share held, and thereafter the Redeemable Shares will be cancelled by the Company;

(o) the foregoing matters will be deemed to occur on the Effective Date, notwithstanding that certain of the procedures related thereto are not completed until after the Effective Date; and

(p) the rights of creditors against the property and interests of the Company will be unimpaired by the Arrangement. The board of directors of the Company may, in its absolute discretion, determine whether or not to proceed with the Arrangement without further approval, ratification or confirmation by the Shareholders.

2.3 Post-Effective Time Procedures

On or immediately prior to the Effective Date, the Company shall deposit or cause to be deposited with the Depositary (if required) the Japan Gold Shares, the Japan Gold Warrants, the Tethyan Shares and the Rise Gold Shares that the Shareholders are entitled to receive pursuant to Section 2.2.

The Japan Gold Shares, the Japan Gold Warrants, the Tethyan Shares and the Rise Gold Shares deposited with the Depositary pursuant to this Section 2.3 shall be held by the Depositary as agent and nominee for the Shareholders for distribution to such Shareholders in accordance with the provisions of Article 4.

2.4 Fractional Securities

Where the exchange of Old Common Shares, pursuant to the Arrangement would result in a fractional Class A Share or Redeemable Share being issuable, including the number of underlying Japan Gold Shares, Japan Gold Warrants, Tethyan Shares or Rise Gold Shares issuable upon redemption of the Redeemable Shares, will instead be rounded down to the nearest whole share.

2.5 Distribution Record Date

In Section 2.2(j) the reference to a Shareholder will mean a person who is a Shareholder on the Distribution Record Date, subject to the provisions of Article 4.

2.6 Deemed Fully Paid and Non-Assessable Shares

All Class A Shares and Redeemable Shares issued pursuant to this Plan of Arrangement will be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the BCBCA.

2.7 Supplementary Actions.

Notwithstanding that the transactions and events set out in Section 2.2 will occur and will be deemed to occur in the chronological order therein set out without any act or formality, the Company and will be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions

or events set out in Section 2.2, including, without limitation, any resolutions of directors authorizing the issue, or transfer of shares, any share transfer powers evidencing the transfer of shares and any receipt therefor, and any necessary additions to or deletions from share registers.

ARTICLE 3
RIGHTS OF DISSENT

3.1 Rights of Dissent

(a) Holders of Old Common Shares may exercise rights of dissent in connection with the Arrangement with respect to their Old Common Shares ("**Dissenting Shares**") pursuant to and in the manner set forth in Part 8- Division 2 of the BCBCA as modified by the Interim Order, the Final Order and this section 3.1 (the "**Dissent Rights**"), provided that, notwithstanding subsection 242 of the BCBCA, the written objection contemplated by subsection 242(2) of the BCBCA must be received by the Company not later than 4:00 p.m. (Vancouver time) on the date which is two Business Days immediately preceding the Meeting.

(b) Holders of Old Common Shares who duly exercise Dissent Rights and who are ultimately entitled to be paid fair value for their Old Common Shares will be deemed to have irrevocably transferred their Old Common Shares to the Company pursuant to section 3.1 (a), without any further authorization, act or formality and free and clear of all liens, charges, claims and encumbrances and immediately thereafter such Old Common Shares will be, and will be deemed to be, cancelled and the former holders of such Old Common Shares will cease to have any rights as former holders of Old Common Shares other than their right to be paid fair value for their Old Common Shares.

(c) Shareholders who exercise, or purport to exercise, Dissent Rights, and who are ultimately determined not to be entitled, for any reason, to be paid fair value for their Old Common Shares, will be deemed to have participated in the Arrangement on the same basis as any non-Dissenting Shareholder as at and from the Effective Time and will receive, and be entitled to receive, only the consideration for each Old Common Share on the basis set forth in Article 3.

3.2 Holders

In no circumstances will the Company or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is a registered holder of the Old Common Shares in respect of which such Dissent Rights are sought to be exercised, or is a beneficial holder of such Old Common Shares and complies with the dissent procedures set forth in Division 2 – Part 8 of the BCBCA as may be modified by the Interim Order.

3.3 Recognition of Dissenting Shareholders

Neither the Company nor any other Person will be required to recognize a Dissenting Shareholder as a registered or beneficial owner of Old Common Shares or Class A Shares at or after the Effective Time, and at the Effective Time the names of such Dissenting Shareholders will be deleted from the register of holders of common shares maintained by or on behalf of the Company.

3.4 Dissent Right Availability

A Shareholder is not entitled to exercise Dissent Rights with respect to Old Common Shares if such holder votes (or instructs, or is deemed, by submission of any incomplete proxy, to have instructed his, her or its proxyholder, to vote) or in the case of a beneficial holder caused, or is deemed to have caused, the registered shareholder to vote, in favour of the Arrangement at the Meeting.

ARTICLE 4
CERTIFICATES AND DOCUMENTATION

4.1 Redeemable Shares

Recognizing that the Redeemable Shares will be immediately redeemed upon issuance for Japan Gold Shares, Japan Gold Warrants, Tethyan Shares and Rise Gold Shares pursuant to Section 2.2(n) the Company will not issue DRS advice statements or share certificates representing the Redeemable Shares.

4.2 Delivery of Japan Gold Shares, Japan Gold Warrants, Tethyan Shares and Rise Gold Shares

On the Effective Date or as soon as practicable thereafter, the Company will direct the Transfer Agent to deliver or coordinate the delivery to each registered holder of Old Common Shares on the Distribution Record Date (other than Dissenting Shareholders), DRS advice statements or certificates representing the Japan Gold Shares, Japan Gold Warrants, Tethyan Shares and Rise Gold Shares to which they are entitled pursuant to this Plan of Arrangement and will cause such DRS advice statements or certificates to be mailed to such registered holders.

4.3 New Common Share Certificate

From and after the Effective Time, certificates formerly representing the Old Common Shares before the Effective Time, other than those deemed to have been cancelled pursuant to Article 3, will for all purposes be deemed to represent Class A Shares.

4.4 Interim Period.

Any Old Common Shares traded after the Distribution Record Date will represent Class A Shares as of the Effective Date and will not carry any rights to receive Redeemable Shares.

4.5 Withholding Rights

The Company and the Transfer Agents will be entitled to deduct and withhold from any consideration payable to any holder of Old Common Shares, pursuant to section 2.2, such amounts as the Company or such Transfer Agents determine is required or permitted to deduct and withhold with respect to such payment under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of any other applicable federal, provincial, territorial, state, local or foreign tax laws, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts will be treated for all purposes hereof as having been paid to the holder of the securities in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

ARTICLE 5
AMENDMENT

5.1 Amendment

This Plan of Arrangement may, at any time and from time to time before the Effective Date, be amended by the Company, subject to applicable law, without further notice to or authorization on the part of its respective shareholders. Without limiting the generality of the foregoing, any such amendment may:

(a) change the time for performance of any of the obligations or acts of the Company;

(b) waive any inaccuracies or modify any representation contained herein or any document to be delivered pursuant hereto;

(c) change non-material terms, and if applicable, distribute such other assets of the Company as determined by the directors of the Company;

(d) waive compliance with or modify any of the covenants herein contained or waive or modify performance of any of the obligations of the Company; and

(e) amend the terms of Article 2 hereof and the sequence of transactions described in the Plan of Arrangement provided that any amendment thereof in any material respect will subject to any required approval of the shareholders of Company, given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

5.2 Termination

At any time up until the time the Final Order is made, the Company may determine not to proceed with this Plan of Arrangement, or to terminate this Plan of Arrangement, notwithstanding any prior approvals given at the Meeting. In addition to the foregoing, this Plan of Arrangement will automatically and without notice, terminate immediately and be of no further force or effect, upon the termination of the Arrangement Agreement in accordance with its terms.

SCHEDULE A TO THE PLAN OF ARRANGEMENT

AMENDMENT TO ARTICLES

SPECIAL RIGHTS AND RESTRICTIONS ATTACHING TO THE CLASS A SHARES WITHOUT PAR VALUE

28.1

The Class A common shares without par value (the "**Class A Shares**") will have attached thereto the following special rights and restrictions:

1) The holders of the Class A Shares will be entitled to receive notice of and attend all meetings of the shareholders of the Company and will be entitled to vote at meetings of the shareholders of the Company.

2) The holders of Class A Shares will be entitled to receive dividends as and when declared by the board of directors of the Company, provided that no dividend may be declared or paid in respect of Class A Shares unless concurrently therewith the same dividend is declared or paid on the Redeemable Shares.

3) The holders of Class A Shares will be entitled, in the event of any liquidation, dissolution or winding-up, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, to share rateably, together with the holders of the Redeemable Shares , in such assets of the Company as are available for distribution

SCHEDULE B TO THE PLAN OF ARRANGEMENT

AMENDMENT TO ARTICLES

SPECIAL RIGHTS AND RESTRICTIONS ATTACHING TO THE REDEEMABLE PREFERRED SHARES WITHOUT PAR VALUE

28.2

The redeemable preferred shares without par value (the "**Redeemable Shares**") will have attached thereto the following special rights and restrictions:

1) The holders of Redeemable Shares will be entitled to receive notice of and attend all meetings of the shareholders of the Company but will not be entitled to vote at meetings of the shareholders of the Company.

2) The holders of Redeemable Shares will be entitled to receive, if, as and when declared by the board of directors of the Company, and in priority to the holders of the Class A Shares, non-cumulative dividends in an amount or amounts to be determined by the board of directors from time to time.

3) The Company may redeem at any time any of the then outstanding Redeemable Shares on payment in cash or property for each Redeemable Share of an amount equal to the aggregate redemption value thereof (the "**Redeemable Share Redemption Amount**"), and the Board of Directors may conclusively determine the Redeemable Share Redemption Amount at any time.

4) In the event of any dissolution, liquidation or winding-up of the Company, the holders of Redeemable Shares will be entitled to receive, in priority to the holders of the Class A Shares, from the property or assets of the Company an amount equal to the Redeemable Share Redemption Amount, together with all declared and unpaid dividends thereon. Such payment or distribution will be made prior to the payment of any amount or the distribution of any property or assets of the Company to the holders of any other shares ranking junior to the Redeemable Shares. Upon payment to the holders of record of the Redeemable Shares on the date of distribution of the amount so payable to them, such holders will not be entitled to share in any further distribution of the property or assets of the Company.

SCHEDULE C

INTERIM ORDER AND NOTICE OF HEARING OF PETITION

See Attached.

No. S-208463
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 288 OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, CHAPTER 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING
SOUTHERN ARC MINERALS INC.

SOUTHERN ARC MINERALS INC.

PETITIONER

ORDER MADE AFTER APPLICATION

BEFORE MASTER MUIR.) 26/Aug/2020
)
)

ON THE APPLICATION of the Petitioner, Southern Arc Minerals Inc. ("**Southern Arc**") for an Interim Order pursuant to its Petition filed on August 24, 2020.

[x] without notice coming on for hearing at Vancouver, British Columbia on August 26, 2020 and on hearing Alexandra Luchenko, counsel for the Petitioner and upon reading the Petition herein and the Affidavit of Eileen Au sworn on August 21, 2020 and filed herein (the "**Au Affidavit**"); and upon being advised that it is the intention of Southern Arc to rely upon Section 3(a)(10) of the *United States Securities Act of 1933*, as amended (the "**1933 Act**") as a basis for an exemption from the registration requirements of the 1933 Act with respect to the issuance of new Class A shares in Southern Arc and the redeemable shares in Southern Arc (the "**Redeemable Shares**") in exchange for the existing shares of Southern Arc and the further exchange of the Redeemable Shares for the common shares (currently owned by Southern Arc) of Japan Gold Corp., Tethyan Resource Corp. and Rise Gold Corp. and the common share purchase warrants (currently owned by the Company) of Japan Gold Corp. upon redemption of the Redeemable Shares pursuant to the proposed Plan of Arrangement based on the Court's approval of the Arrangement (as defined below);

THIS COURT ORDERS THAT:

DEFINITIONS

1. As used in this Interim Order, unless otherwise defined, terms beginning with capital letters have the respective meanings set out in the information circular (the "**Circular**") attached as Exhibit "A" to the Au Affidavit.

MEETING

2. Pursuant to Sections 186, 288, 289, 290 and 291 of the *Business Corporations Act*, S.B.C., 2002, c. 57, as amended (the "**BCBCA**"), Southern Arc is authorized and directed to call, hold and conduct a special meeting of the holders ("**Shareholders**") of common shares of Southern Arc ("**Southern Arc Shares**") to be held at 10:00 a.m.(Pacific time) on September 30, 2020 (the "**Meeting**"), via teleconference at 877-407-2991 (toll-free in Canada and the United States) or 201-389-0925 (international) (the "**Meeting**"):

(a) to consider and, if thought advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**") of the Shareholders approving an arrangement (the "**Arrangement**") under Division 5 of Part 9 of the BCBCA, the full text of which is set forth in Schedule "A" to the Circular; and

(b) to transact such further or other business, including amendments to the foregoing, as may properly be brought before the Meeting or any adjournment or postponement thereof.

3. The Meeting will be called, held and conducted in accordance with the BCBCA, the articles of Southern Arc and the Circular subject to the terms of this Interim Order, and any further order of this Court, and the rulings and directions of the Chair of the Meeting, such rulings and directions not to be inconsistent with this Interim Order.

ADJOURNMENT

4. Notwithstanding the provisions of the BCBCA and the articles of Southern Arc and subject to the terms of the Arrangement Agreement, Southern Arc if it deems advisable, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders respecting such adjournment or postponement and without the need for approval of the Court. Notice of any

such adjournments or postponements will be given by news release, newspaper advertisement, or by notice sent to Shareholders by one of the methods specified in paragraphs 9 and 10 of this Interim Order.

5. The Record Date (as defined in paragraph 7 below) will not change in respect of any adjournments or postponements of the Meeting.

AMENDMENTS

6. Prior to the Meeting, Southern Arc is authorized to make such amendments, revisions or supplements to the proposed Arrangement and the Plan of Arrangement, in accordance with the terms of the Arrangement Agreement, without any additional notice to the Securityholders (as defined below), and the Arrangement and Plan of Arrangement as so amended, revised and supplemented will be the Arrangement and Plan of Arrangement submitted to the Meeting, and the subject of the Arrangement Resolution.

RECORD DATE

7. The record date for determining the Shareholders entitled to receive notice of, attend and vote at the Meeting will be close of business on August 21, 2020 (the "**Record Date**").

NOTICE OF MEETING

8. The Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of Section 290(1)(a) of the BCBCA, and Southern Arc will not be required to send to the Securityholders any other or additional statement pursuant to Section 290(1)(a) of the BCBCA.

9. The Circular, the form of proxy, and the Notice of Hearing of Petition (collectively referred to as the "**Meeting Materials**"), in substantially the same form as contained in Exhibits "A", "B" and "C" to the Au Affidavit, with such deletions, amendments or additions thereto as counsel for Southern Arc may advise are necessary or desirable, provided that such amendments are not inconsistent with the terms of this Interim Order, will be sent to:

(a) the registered Shareholders as they appear on the central securities register of Southern Arc or the records of its registrar and transfer agent as at the close of business on the Record Date, but not to Shareholders who Southern Arc, on two consecutive occasions, have sent a record but had such record returned because

the shareholder could not be located, the Meeting Materials to be sent at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing, delivery or transmittal and the date of the Meeting, by one or more of the following methods:

(i) by prepaid ordinary or air mail addressed to the Shareholders at their addresses as they appear in the applicable records of Southern Arc or its registrar and transfer agent as at the Record Date;

(ii) by delivery in person or by courier to the addresses specified in paragraph 9 (a)(i) above; or

(iii) by email or facsimile transmission to any Shareholders who has previously identified himself, herself or itself to the satisfaction of Southern Arc acting through its representatives, who requests such email or facsimile transmission and the in accordance with such request;

(b) in the case of non-registered Shareholders by providing copies of the Meeting Materials to intermediaries and registered nominees for sending to such beneficial owners in accordance with the procedures prescribed by *National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer of the Canadian Securities Administrators* at least three (3) Business Days prior to the twenty-first (21st) day prior to the date of the Meeting; and

(c) the directors and auditors of Southern Arc by mailing the Meeting Materials by prepaid ordinary mail, or by email or facsimile transmission, to such persons at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing or transmittal;

and substantial compliance with this paragraph will constitute good and sufficient notice of the Meeting.

10. The Circular and Notice of Hearing of Petition in substantially the same form as contained in Exhibits "A" and "C", respectively, to the Au Affidavit, with such deletions, amendments or additions thereto as counsel for Southern Arc may advise are necessary or desirable, provided that such amendments are not inconsistent with the terms of this Interim Order (the "**Notice Materials**"), will be sent to holders of any Southern Arc Options or Southern Arc Warrants

(collectively with the Shareholders, the "**Securityholders**") at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing or transmittal.

11. Accidental failure of or omission by Southern Arc to give notice to any one or more Securityholder or any other persons entitled thereto, or the non-receipt of such notice by one or more Securityholder or any other persons entitled thereto, or any failure or omission to give such notice as a result of events beyond the reasonable control of Southern Arc (including, without limitation, any inability to use postal services), will not constitute a breach of this Interim Order or a defect in the calling of the Meeting, and will not invalidate any resolution passed or proceeding taken at the Meeting, but if any such failure or omission is brought to the attention of Southern Arc then it will use reasonable best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

12. Provided that notice of the Meeting is given and the Meeting Materials and Notice Materials are provided to the Securityholders and other persons entitled thereto in compliance with this Interim Order, the requirement of Section 290(1)(b) of the BCBCA to include certain disclosure in any advertisement of the meeting is waived.

DEEMED RECEIPT OF NOTICE

13. The Meeting Materials and Notice Materials will be deemed, for the purposes of this Interim Order, to have been served upon and received:

(a) in the case of mailing pursuant to paragraph 9(a)(i) above, the day, Saturdays, Sundays and holidays excepted, following the date of mailing;

(b) in the case of delivery in person pursuant to paragraph 9(a)(ii) above, the day following personal delivery or, in the case of delivery by courier, the day following delivery to the person's address in paragraph 9 above; and

(c) in the case of any means of transmitted, recorded or electronic communication pursuant to paragraph 9(a)(iii) above, when dispatched or delivered for dispatch.

UPDATING MEETING MATERIALS

14. Notice of any amendments, updates or supplement to any of the information provided in the Meeting Materials and Notice Materials may be communicated to the Securityholders or other persons entitled thereto by news release, newspaper advertisement or

by notice sent to the Securityholders or other persons entitled thereto by any of the means set forth in paragraphs 9 and 10 of this Interim Order, as determined to be the most appropriate method of communication by the Board of Directors of Southern Arc.

QUORUM AND VOTING

15. The quorum required at the Meeting will be one person who is a Shareholder, or who is otherwise permitted to vote shares of the Company at a meeting of Shareholders, present in person or by Proxy.

16. The vote required to pass the Arrangement Resolution will be the affirmative vote of at least two-thirds of the votes cast by Shareholders present in person or represented by proxy and entitled to vote at the Meeting, voting together as one class on the basis of one vote per Southern Arc Share.

17. In all other respects, the terms, restrictions and conditions set out in the articles of Southern Arc will apply in respect of the Meeting.

PERMITTED ATTENDEES

18. The only persons entitled to attend the Meeting will be (i) the Shareholders or their respective proxyholders as of the Record Date, (ii) Southern Arc's directors, officers, auditors and advisors, (iii) representatives of the Issuing Corporations, and (iv) any other person admitted on the invitation of the Chair of the Meeting or with the consent of the Chair of the Meeting, and the only persons entitled to be represented and to vote at the Meeting will be the Shareholders as at the close of business on the Record Date, or their respective proxyholders.

SCRUTINEERS

19. Representatives of Southern Arc's registrar and transfer agent (or any agent thereof) are authorized to act as scrutineers for the Meeting.

SOLICITATION OF PROXIES

20. Southern Arc is authorized to use the form of proxy and letter of transmittal and election form in connection with the Meeting, in substantially the same form as attached as Exhibit "B" to the Au Affidavit and Southern Arc may in its discretion waive generally the time limits for deposit of proxies by Shareholders if Southern Arc deems it reasonable to do so. Southern Arc is authorized, at its expense, to solicit proxies, directly and through its officers, directors and

employees, and through such agents or representatives as it may retain for the purpose, and by mail or such other forms of personal or electronic communication as it may determine.

21. The procedure for the use of proxies at the Meeting will be as set out in the Meeting Materials. Southern Arc may in its discretion waive the time limits for the deposit of proxies by Shareholders if Southern Arc deems it advisable to do so, such waiver to be endorsed on the proxy by the initials of the Chair of the Meeting.

DISSENT RIGHTS

22. Each registered Shareholder will have the right to dissent in respect of the Arrangement Resolution in accordance with the provisions of Sections 237-247 of the BCBCA, as modified by the terms of this Interim Order, the Plan of Arrangement and the Final Order.

23. Registered Shareholders will be the only Shareholders entitled to exercise rights of dissent. A beneficial Shareholder registered in the name of a broker, custodian, trustee, nominee or other intermediary who wishes to dissent must make arrangements for the registered Shareholder to dissent on behalf of the beneficial Shareholder or, alternatively, make arrangements to become a registered Shareholder.

24. In order for a registered Shareholder to exercise such right of dissent (the "**Dissent Right**"):

(a) a Dissenting Southern Arc Shareholder must deliver a written notice of dissent which must be received by Southern Arc Attn: Eileen Au at Suite 650, 669 Howe Street, Vancouver, British Columbia V6C 0B4, to be received not later than 5:00 p.m. (Pacific time) on September 25, 2020 or, in the case of any adjournment or postponement of the Meeting, the date which is two business days prior to the date of the Meeting; a vote against the Arrangement Resolution or an abstention will not constitute written notice of dissent;

(b) a Dissenting Shareholder must not have voted his, her or its Southern Arc Shares at the Meeting, either by proxy or in person, in favour of the Arrangement Resolution;

(c) a Dissenting Shareholder must dissent with respect to all of the Southern Arc Shares held by such person; and

(d) the exercise of such Dissent Right must otherwise comply with the requirements of Sections 237 to 247 of the BCBCA, as modified by the Plan of Arrangement, this Interim Order and the Final Order.

25. Notice to the Shareholders of their Dissent Right with respect to the Arrangement Resolution will be given by including information with respect to the Dissent Right in the Circular to be sent to Shareholders in accordance with this Interim Order.

26. Subject to further order of this Court, the rights available to the Shareholders under the BCBCA and the Plan of Arrangement to dissent from the Arrangement will constitute full and sufficient Dissent Rights for the Shareholders with respect to the Arrangement.

APPLICATION FOR FINAL ORDER

27. Upon the approval, with or without variation, by the Shareholders of the Arrangement, in the manner set forth in this Interim Order, Southern Arc may apply to this Court for, *inter alia*, an order:

(a) pursuant to BCBCA Sections 291(4)(a) and 295, approving the Arrangement; and

(b) pursuant to BCBCA Section 291(4)(c) declaring that the terms and conditions of the Arrangement, and the exchange of securities to be effected by the Arrangement, are procedurally and substantively fair and reasonable to those who will receive securities in the exchange

(collectively, the "**Final Order**"),

and the hearing of the Final Order will be held on October 5, 2020 at 9:45 a.m. (Vancouver time) at the Courthouse at 800 Smithe Street, Vancouver, British Columbia or as soon thereafter as the hearing of the Final Order can be heard, or at such other date and time as this Court may direct.

28. The form of Notice of Hearing of Petition attached to the Au Affidavit as Exhibit "C" is hereby approved as the form of Notice of Proceedings for such approval. Any Securityholder has the right to appear (either in person or by counsel) and make submissions at the hearing of the application for the Final Order, subject to the terms of this Interim Order.

29. Any Securityholder seeking to appear at the hearing of the application for the Final Order must:

(a) file and deliver a Response to Petition (a "**Response**") in the form prescribed by the *Supreme Court Civil Rules*, and a copy of all affidavits or other materials upon which they intend to rely, to the Petitioner's solicitors at:

Blake, Cassels & Graydon LLP
Barristers & Solicitors
Suite 2600, Three Bentall Centre
595 Burrard Street, PO Box 49314
Vancouver, BC V7X 1L3

Attention: **Sean K. Boyle**

by or before 4:00 p.m. (Pacific time) on October 1, 2020.

30. Sending the Notice of Hearing of Petition and this Interim Order in accordance with paragraphs 9 and 10 of this Interim Order will constitute good and sufficient service of this proceeding and no other form of service need be made and no other material need be served on persons in respect of these proceedings. In particular, service of the Petition herein and the accompanying Affidavit and additional Affidavits as may be filed, is dispensed with.

31. In the event the hearing for the Final Order is adjourned, only those persons who have filed and delivered a Response in accordance with this Interim Order need be provided with notice of the adjourned hearing date and any filed materials.

VARIANCE

32. Southern Arc will be entitled, at any time, to apply to vary this Interim Order or for such further order or orders as may be appropriate.

33. To the extent of any inconsistency or discrepancy between this Interim Order and the Circular, the BCBCA, applicable Securities Laws or the articles of Southern Arc this Interim Order will govern.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS INTERIM ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

Signature of lawyer for Petitioner
Alexandra Luchenko

BY THE COURT

REGISTRAR

CHECKED

No. S-208463
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 288 OF THE *BUSINESS CORPORATIONS ACT*, S.B.C. 2002, CHAPTER 57, AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING
SOUTHERN ARC MINERALS INC.

SOUTHERN ARC MINERALS INC.

PETITIONER

NOTICE OF HEARING OF PETITION

To: The holders of common shares ("**Shareholders**") of Southern Arc Minerals Inc. ("**Southern Arc**")

And to: The holders of Southern Arc Options and Southern Arc Warrants (collectively with the Shareholders, the "**Securityholders**")

NOTICE IS HEREBY GIVEN that a Petition has been filed by the Petitioner, Southern Arc in the Supreme Court of British Columbia (the "**Court**") for approval of a plan of arrangement (the "Arrangement"), pursuant to the *Business Corporations Act*, S.B.C., 2002, c. 57, as amended (the "**BCBCA**");

AND NOTICE IS FURTHER GIVEN that by an Interim Order Made After Application, pronounced by the Court on August 26, 2020, the Court has given directions as to the calling of a special meeting of the Shareholders, for the purpose of, among other things, considering, and voting upon the special resolution to approve the Arrangement;

AND NOTICE IS FURTHER GIVEN that an application for a Final Order approving the Arrangement and for a determination that the terms and conditions of the Arrangement and the exchange of securities to be effected thereby are procedurally and substantively fair and reasonable to the Securityholders, and shall be made before the presiding Judge in Chambers at the Courthouse, 800 Smithe Street, Vancouver, British Columbia on October 5, 2020 at 9:45 am (Vancouver time), or as soon thereafter as counsel may be heard (the "**Final Application**").

AND NOTICE IS FURTHER GIVEN that the Final Order approving the Arrangement will, if made, serve as the basis of an exemption from the registration requirements of the *United States Securities Act of 1933*, as amended, pursuant to Section 3(a)(10) thereof with respect to securities issued under the Arrangement.

IF YOU WISH TO BE HEARD, any person affected by the Final Order sought may appear (either in person or by counsel) and make submissions at the hearing of the Final Application if such

person has filed with the Court at the Court Registry, 800 Smithe Street, Vancouver, British Columbia, a Response to Petition ("**Response**") in the form prescribed by the Supreme Court Civil Rules, together with any affidavits and other material on which that person intends to rely at the hearing of the Final Application, and delivered a copy of the filed Response, together with all affidavits and other material on which such person intends to rely at the hearing of the Final Application, including an outline of such person's proposed submissions, to the Petitioner at its address for delivery set out below by or before 4:00 p.m. (Vancouver time) on October 1, 2020

The Petitioner's address for delivery is:

BLAKE, CASSELS & GRAYDON LLP
Suite 2600, Three Bentall Centre
595 Burrard Street, P.O. Box 49314
Vancouver, B.C. V7X 1L3

Attention: **Sean K. Boyle**

IF YOU WISH TO BE NOTIFIED OF ANY ADJOURNMENT OF THE FINAL APPLICATION, YOU MUST GIVE NOTICE OF YOUR INTENTION by filing and delivering the form of "Response" as aforesaid. You may obtain a form of "Response" at the Court Registry, 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1.

AT THE HEARING OF THE FINAL APPLICATION the Court may approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court deems fit.

IF YOU DO NOT FILE A RESPONSE and attend either in person or by counsel at the time of such hearing, the Court may approve the Arrangement, as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, all without any further notice to you. If the Arrangement is approved, it will significantly affect the rights of the Securityholders

A copy of the said Petition and other documents in the proceeding will be furnished to any Securityholders upon request in writing addressed to the solicitors of the Petitioner at the address for delivery set out above.

Date: August 26, 2020

"Sean Boyle"
Signature of lawyer for Petitioner
Sean K. Boyle

SCHEDULE D

DISSENT RIGHTS UNDER THE BCBCA

DIVISION 2 OF PART 8 OF THE BCBCA

Definitions and application

237 (1) In this Division:

"**dissenter**" means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

"**notice shares**" means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

"**payout value**" means,

(a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,

(b) in the case of a dissent in respect of an arrangement approved by a court order made under Section 291(2)(c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,

(c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or

(d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

(a) the court orders otherwise, or

(b) in the case of a right of dissent authorized by a resolution referred to in Section 238(1)(g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder's shares carry the right to vote, is entitled to dissent as follows:

(a) under Section 260, in respect of a resolution to alter the articles

(i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or

(ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company's community purposes within the meaning of section 51.91;

(b) under Section 272, in respect of a resolution to adopt an amalgamation agreement;

(c) under Section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

(d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;

(e) under Section 301(5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;

(f) under Section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;

(g) in respect of any other resolution, if dissent is authorized by the resolution;

(h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

(a) prepare a separate notice of dissent under Section 242 for

(b) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and

(c) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,

(d) identify in each notice of dissent, in accordance with Section 242(4), the person on whose behalf dissent is being exercised in that notice of dissent, and

(e) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

(a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and

(b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

(a) provide to the company a separate waiver for

(i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf,

(ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and

(b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to

(a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

(b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

(a) a copy of the proposed resolution, and

(b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

(a) a copy of the resolution,

(b) a statement advising of the right to send a notice of dissent, and

(c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

(a) a copy of the entered order, and

(b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242 (1) A shareholder intending to dissent in respect of a resolution referred to in Section 238(1)(a), (b), (c), (d), (e) or (f) must,

(a) if the company has complied with Section 240(1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,

(b) if the company has complied with Section 240(3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or

(c) if the company has not complied with Section 240(1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of:

(i) the date on which the shareholder learns that the resolution was passed, and

(ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in Section 238(1)(g) must send written notice of dissent to the company

(a) on or before the date specified by the resolution or in the statement referred to in Section 240(2)(b) or (3) (b) as the last date by which notice of dissent must be sent, or

(b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under Section 238(1)(h) in respect of a court order that permits dissent must send written notice of dissent to the company

(a) within the number of days, specified by the court order, after the shareholder receives the records referred to in Section 241, or

(b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in Section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

(a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;

(b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

(c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

(i) the name and address of the beneficial owner, and

(ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this Section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

243 (1) A company that receives a notice of dissent under Section 242 from a dissenter must,

(a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of

(i) the date on which the company forms the intention to proceed, and

(ii) the date on which the notice of dissent was received, or

(b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1)(a) or (b) of this section must

(a) be dated not earlier than the date on which the notice is sent,

(b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and

(c) advise the dissenter of the manner in which dissent is to be completed under Section 244.

Completion of dissent

244 (1) A dissenter who receives a notice under Section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

(a) a written statement that the dissenter requires the company to purchase all of the notice shares,

(b) the certificates, if any, representing the notice shares, and

(c) if Section 242(4)(c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1)(c) must

(a) be signed by the beneficial owner on whose behalf dissent is being exercised, and

(b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out

(i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

(a) the dissenter is deemed to have sold to the company the notice shares, and

(b) the company is deemed to have purchased those shares, and must comply with Section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than Section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than Section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

245 (1) A company and a dissenter who has complied with Section 244(1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

(a) promptly pay that amount to the dissenter, or

(b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

(a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with Section 244(1), and

(c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

(a) pay to each dissenter who has complied with Section 244(1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

(b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),

(a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than Section 247, ceases to apply to the dissenter with respect to the notice shares, or

(b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

(a) the company is insolvent, or

(b) the payment would render the company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than Section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under Section 245 in relation to those notice shares, any of the following events occur:

(a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;

(b) the resolution in respect of which the notice of dissent was sent does not pass;

(c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;

(d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;

(e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;

(f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;

(g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;

(h) the notice of dissent is withdrawn with the written consent of the company;

(i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under Section 244(4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

(a) the company must return to the dissenter each of the applicable share certificates, if any, sent under Section 244(1)(b) or, if those share certificates are unavailable, replacements for those share certificates,

(b) the dissenter regains any ability lost under Section 244(6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and

(c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.