

ARRANGEMENT AGREEMENT

AMONG

INLET RESOURCES LTD.,

CITATION RESOURCES INC.

AND

1001323 B.C. LTD.

**DATED AS OF
MAY 27, 2014**

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ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT dated as of May 27, 2014, is entered into by and among Inlet Resources Ltd., a corporation existing under the laws of the Province of British Columbia ("**Inlet**"), 1001323 B.C. Ltd., a corporation existing under the laws of the Province of British Columbia and wholly-owned by Inlet ("**INL Sub**"), and Citation Resources Inc., a corporation existing under the laws of the Province of British Columbia ("**Citation**").

RECITALS

- A. The parties have agreed to effect a business combination whereby Inlet would acquire all of the outstanding shares of Citation (the "**Acquisition**").
- B. Inlet and Citation intend to complete the Acquisition by way of a plan of arrangement under the provisions of the BCBCA under which, among other things, INL Sub and Citation will merge and the Citation Shareholders will receive common shares of Inlet ("**Inlet Shares**") in exchange for their common shares of Citation ("**Citation Shares**") in accordance with the terms of the plan of arrangement.
- C. Inlet will apply to have the Inlet Shares issued and issuable pursuant to the Arrangement listed for trading on the TSX Venture Exchange.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the premises and of the mutual covenants and agreements hereinafter set forth, the parties hereto agree each with the other as follows:

1. DEFINITIONS

1.1 In this Agreement:

- (a) all capitalized terms which are not otherwise defined in this Agreement shall have the meaning ascribed to them in the Plan of Arrangement;
- (b) "**Acquisition Proposal**" has the meaning ascribed thereto in Section 7.1;
- (c) "**Arrangement**" means an arrangement under the provisions of Section 288 of the BCBCA on the terms and conditions set forth in the Plan of Arrangement, subject to any amendment or supplement thereto made in accordance therewith, herewith or made at the direction of the Court in the Final Order;
- (d) "**BCBCA**" means the *Business Corporations Act* (British Columbia);
- (e) "**Break Fee**" has the meaning ascribed thereto in Section 7.8;
- (f) "**Biricu Project**" means the property comprising certain concessions covering an area of approximately 41,463 hectares in Guerrero State, Mexico, as more particularly described in the Citation Public Record;
- (g) "**Business Day**" means any day other than a Saturday, a Sunday or a day observed as a holiday in Vancouver, British Columbia;
- (h) "**Change in Control Payments**" means the change in control payments payable to Matthew Watson (\$200,000), Nigel Kirkwood (\$50,000), James Harris (\$10,000),

Robert McMorran (\$10,000) and Dr. Paul Bartos (\$10,000), plus all applicable taxes other than income tax;

- (i) "**Citation Meeting**" has the meaning ascribed thereto in the Plan of Arrangement;
- (j) "**Citation Nominees**" means Matthew Watson and Robert McMorran, each currently a director of Citation, provided that if Esperanza elects to nominate a director of Inlet, that person shall replace one of Messrs. Watson and McMorran;
- (k) "**Citation Option Agreement**" means the option agreement among Citation, Esperanza and Esperanza Silver De Mexico, S.A. de C.V. dated December 22, 2011;
- (l) "**Citation Option Plan**" means Citation's stock option plan dated March 11, 2011;
- (m) "**Citation Options**" has the meaning ascribed thereto in Subsection 3.2(d)(ii);
- (n) "**Citation Public Record**" has the meaning ascribed thereto in Subsection 3.2(p);
- (o) "**Citation Shareholders**" means holders of Citation Shares;
- (p) "**Citation Shares**" means common shares in the capital of Citation;
- (q) "**Citation Subsidiaries**" means Citation International Holdings Inc. and Minera Citation Mexico S.A de C.V.;
- (r) "**Closing**" has the meaning ascribed thereto in Section 6.3;
- (s) "**Closing Date**" has the meaning ascribed thereto in Section 6.3;
- (t) "**Confidentiality Agreement**" means the confidentiality agreement entered into between Inlet and Citation dated February 18, 2014;
- (u) "**Court**" means the Supreme Court of British Columbia;
- (v) "**Effective Date**" has the meaning ascribed thereto in the Plan of Arrangement;
- (w) "**Effective Time**" means the Effective Time as defined in the Plan of Arrangement;
- (x) "**Environmental Laws**" has the meaning ascribed to such term in Subsection 3.1(hh);
- (y) "**Esperanza**" means Esperanza Resources Corp., a company existing under the laws of the Province of British Columbia and a party to the Citation Option Agreement;
- (z) "**Final Order**" means the order of the Court pursuant to section 291 of the BCBCA approving the Arrangement, as such order may be amended 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;
- (aa) "**Financing**" means an equity non-brokered private placement by Inlet concurrently with the Closing to raise proceeds of approximately \$1,800,000 by issuing approximately 12,000,000 Inlet Units at a price of \$0.15 per Inlet Unit, pursuant to which Inlet may pay cash and issue securities to certain finders;
- (bb) "**Indemnified Party**" has the meaning ascribed thereto in Section 8.1;

- (cc) "**Indemnifying Party**" has the meaning ascribed thereto in Section 8.1;
- (dd) "**Information Circular**" means the information circular to be sent to Citation Shareholders in connection with the Citation Meeting (as such term is defined in the Plan of Arrangement);
- (ee) "**Inlet AGM**" means the 2014 annual general meeting of shareholders of Inlet;
- (ff) "**Inlet Public Record**" has the meaning ascribed thereto in Subsection 3.1(t);
- (gg) "**Inlet Unit**" means a unit comprised of one Inlet Share and one warrant exercisable to purchase an additional Inlet Share at a price of \$0.25 for a period of one year;
- (hh) "**Inlet Option Agreement**" means the agreement dated September 26, 2006 between Inlet and Timer Explorations Inc. (subsequently Potash North Resource Corporation), as amended by agreements dated April 23, 2008 and September 29, 2008;
- (ii) "**Inlet Property**" means the Broken Hill-Leo property covering approximately 3,325 hectares in east-central British Columbia, 150 kilometres north-northeast of Kamloops, B.C., within the Kamloops Mining Division;
- (jj) "**Interim Order**" means the interim order of the Court pursuant to section 291 of the BCBCA, made in connection with the Arrangement, as such order may be amended, supplemented or varied by the Court with the consent of the parties hereto, each acting reasonably;
- (kk) "**Letter Agreement**" means the letter agreement dated April 21, 2014, between Inlet and Citation;
- (ll) "**Material Adverse Change**" means any one or more change, event or occurrence and any fact or state of facts, circumstance, change, effect, occurrence or event which, in either case, either individually is, or in the aggregate are, material and adverse to the business of Citation or Inlet (as applicable), taken as a whole, other than any change, event or occurrence that is temporary in nature or that is attributable or relating to:
 - (i) changes in general economic, financial or political conditions or the securities markets;
 - (ii) changes affecting generally the mining sector in which Citation or Inlet (as applicable) conducts business;
 - (iii) changes or developments resulting from any natural disaster, any act of terrorism or any outbreak of hostilities or war, or any escalation of any such natural disaster or acts of terrorism or hostilities or war;
 - (iv) changes in generally accepted accounting principles or applicable laws or interpretations thereof;
 - (v) the announcement of this Agreement or the consummation of the transactions contemplated by this Agreement, or any actions by Citation or Inlet (as applicable), taken pursuant to this Agreement; and
 - (vi) a change in the market price or trading volume of the Citation Shares or Inlet Shares, as applicable (it being understood that the causes underlying such

change in market price may be taken into account in determining whether a Material Adverse Effect has occurred);

provided, however, that such effect (in (i) or (ii) above) does not primarily relate only to (or have the effect of primarily relating only to) Citation or Inlet, or disproportionately adversely affect Citation or Inlet, compared to other companies operating in the same industry;

- (mm) "**Material Adverse Effect**" means any change, effect, development, event or occurrence that has an effect that is, or would reasonably be expected to cause a Material Adverse Change with respect to a party and its subsidiaries taken as a whole;
- (nn) "**material fact**", "**material change**" and "**misrepresentation**" have the meanings ascribed to them by the *Securities Act* (British Columbia);
- (oo) "**NI 43-101**" means National Instrument 43-101 *Standards of Disclosure for Mineral Projects*, of the Canadian Securities Administrators;
- (pp) "**Outside Date**" means August 30, 2014 or such later date as may be agreed upon by the parties;
- (qq) "**Plan of Arrangement**" means a plan of arrangement substantially in the form and content of Schedule A attached hereto and any amendment or variation thereto made in accordance with section 6.01 of the Plan of Arrangement or section 6.1 hereof;
- (rr) "**Registrar**" means the registrar appointed Section 400 of the BCBCA;
- (ss) "**Section 3(a)(10) Exemption**" has the meaning ascribed thereto in Section 2.2;
- (tt) "**Superior Proposal**" has the meaning ascribed thereto in Section 7.5;
- (uu) "**Tax Act**" means the *Income Tax Act* (Canada), and the regulations promulgated thereunder, as now in effect and as it may be amended from time to time prior to the Effective Date;
- (vv) "**Taxes**" includes any taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any governmental entity, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any governmental entity in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping duties, all license, franchise and registration fees and all employment insurance, health insurance and Canada, Quebec and other government pension plan premiums or contributions;
- (ww) "**Tax Returns**" includes all returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required to be made, prepared or filed by law in respect of Taxes;

- (xx) "**Technical Report**" means a report in respect of the Biricu Project, prepared in accordance with NI 43-101 and any applicable requirements of the TSXV, the costs of which are to be borne by Inlet;
- (yy) "**Third Party**" has the meaning ascribed thereto in Section 7.1;
- (zz) "**to the best of its knowledge**" or "**to the best knowledge**" of a party, means, with respect to such party, to the best knowledge of the senior officers of such party, after reasonable inquiry;
- (aaa) "**TSXV**" means the TSX Venture Exchange;
- (bbb) "**U.S. Exchange Act**" means the United States *Securities Exchange Act of 1934*, as amended; and
- (ccc) "**U.S. Securities Act**" has the meaning ascribed thereto in Section 2.2.

2. ARRANGEMENT

- 2.1 The parties agree to carry out the Arrangement substantially on the terms as set out in the Plan of Arrangement, subject to such changes as may be mutually agreed to by the parties on the advice of their respective legal, tax and financial advisors.
- 2.2 The parties agree that the Arrangement will be structured and carried out with the intention that all Inlet Shares issued on completion of the Arrangement to the Citation Shareholders will be issued by Inlet in reliance on the exemption from the registration requirements of the *Securities Act of 1933*, as amended, of the United States (the "**U.S. Securities Act**") provided by Section 3(a)(10) of the U.S. Securities Act (the "**Section 3(a)(10) Exemption**"). In order to ensure the availability of the Section 3(a)(10) Exemption, the parties hereto agree that the Arrangement will be carried out on the following basis:
 - (a) the Arrangement will be subject to the approval of the Court;
 - (b) the Court will be advised as to Inlet's intention to rely upon the Section 3(a)(10) Exemption prior to the hearing required to approve the Arrangement;
 - (c) the Court will be required to satisfy itself as to the fairness of the Arrangement to the Citation Shareholders to be issued Inlet Shares pursuant to the Arrangement and the Final Order approving the Arrangement that is obtained from the Court will expressly state that the Arrangement is approved by the Court as being fair to such Citation Shareholders;
 - (d) the Citation Shareholders will be given adequate and timely notice advising them of their right to attend the hearing of the Court for the Final Order to approve the Arrangement and providing them with sufficient information necessary for them to exercise that right, and the Interim Order will specify that each Citation Shareholder will have the right to appear before the Court and make submissions at the hearing of the Court for the Final Order to approve the Arrangement so long as they enter an appearance within a reasonable time;
 - (e) the Citation Shareholders will be advised that the Inlet Shares issued in the Arrangement have not been registered under the U.S. Securities Act or any state securities laws and will be issued by Inlet in reliance on the Section 3(a)(10) Exemption and applicable state exemptions, and that certain restrictions on resale

under Rule 144 under the U.S. Securities Act will be applicable with respect to Inlet Shares issued to persons who are affiliates of Inlet after the Effective Date or within 90 days prior to the Effective Date; and

- (f) the Final Order shall include a statement to substantially the following effect:

“This Order will serve as a basis of a claim to an exemption, pursuant to section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that act, regarding the distribution of securities of Inlet, pursuant to the Plan of Arrangement.”

- 2.3 Citation and INL Sub shall, as soon as reasonably practicable, but in any event not later than May 28, 2014, apply to the Court for the Interim Order providing for, among other things, the calling and holding of the Citation Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement, and for the form of approval by the sole shareholder of INL Sub of the Arrangement. If the Interim Order and the approval of the Arrangement as set forth in the Interim Order are obtained, Citation and INL Sub shall take the necessary steps to submit the Arrangement to the Court and apply for the Final Order in such fashion as the Court may direct and, as soon as practicable thereafter, and subject to satisfaction or waiver of any other conditions provided for in this Agreement, Citation and INL Sub shall file the Final Order and such other documents as may be required in order to give effect to the Arrangement.
- 2.4 The parties intend to adopt this Agreement and the Plan of Arrangement as a plan of reorganization for purposes of the United States Internal Revenue Code of 1986, as amended (the "**Code**") and applicable Treasury regulations thereunder and to treat the transactions contemplated by the Agreement and this Plan of Arrangement as a reorganization in accordance with the provisions of Section 368(a) of the Code for United States federal income tax purposes. Except as provided in this Agreement, none of the parties will take any action that would cause the reorganization not to qualify as a reorganization in accordance with Section 368(a) of the Code. Notwithstanding the foregoing, none of Inlet, INL Sub or Citation makes any representation or warranty to any other party or to any Citation Shareholder, holder of Inlet Shares or holder of other securities of Citation or Inlet (including, without limitation, stock options, warrants or other similar rights) regarding the United States tax treatment of such transactions, including but not limited to whether such transactions will qualify as a tax deferred plan of reorganization for purposes of United States federal, state or local income tax. Citation, Inlet and INL Sub acknowledge that Inlet, INL Sub, Citation and the Citation Shareholders are relying solely on their own tax advisors in connection with this Agreement and the Plan of Arrangement and related transactions and agreements.
- 2.5 The parties intend that, subject to election at the Inlet AGM and acceptance by TSXV, the board of directors of Inlet on the Effective Date shall consist of David Baker, J. Earl Terris, Don Dybyk and the Citation Nominees.
- 2.6 The parties intend that the Citation Meeting and the Inlet AGM will be held on or about June 30, 2014.

3. REPRESENTATIONS AND WARRANTIES

Representations and Warranties of Inlet and INL Sub

- 3.1 As at the date of this Agreement and as at the Closing Date, Inlet and INL Sub represent and warrant to Citation, and acknowledge that Citation is relying thereon, as follows:

- (a) Inlet is a "reporting issuer" within the meaning of the securities laws of British Columbia, Alberta and Ontario, is not on a list of defaulting issuers maintained by the securities commissions in these jurisdictions and no regulatory authority having jurisdiction has issued any order preventing or suspending trading of any securities of Inlet which is currently outstanding;
- (b) Inlet, to the best of its knowledge, has no securities law reporting requirements under any jurisdiction other than those listed above;
- (c) each of Inlet and INL Sub is a company duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, continuance or amalgamation and has the corporate power to own or lease its property and assets and to carry on its business as now conducted by it, is duly licensed or qualified as a foreign corporation in each jurisdiction in which the character of the property and assets now owned by it or the nature of its business as now conducted by it requires it to be so licensed or qualified (save where failure to have such licence or qualification would not have a Material Adverse Effect);
- (d) each of Inlet and INL Sub has the corporate power to enter into this Agreement and, subject to obtaining the requisite approvals contemplated hereby, to carry out its respective obligations hereunder;
- (e) as of the date hereof,
 - (i) the authorized capital of Inlet consists of an unlimited number of common shares;
 - (ii) a total of 17,467,315 Inlet Shares are issued and outstanding; and
 - (iii) other than pursuant to this Agreement, Inlet has no obligation, and is not party to any agreement requiring it, to issue any securities to any person, and has no options, warrants or other convertible securities issued or outstanding which entitle the holder to purchase shares or any other securities of Inlet;
- (f) as of the date hereof,
 - (i) the authorized capital of INL Sub consists of an unlimited number of common shares;
 - (ii) a total of one share in the capital of INL Sub is issued and outstanding; and
 - (iii) other than pursuant to this Agreement, INL Sub has no obligation, and is not party to any agreement requiring it, to issue any securities to any person, and has no options, warrants or other convertible securities issued or outstanding which entitle the holder to purchase shares or any other securities of INL Sub;
- (g) the one outstanding share of INL Sub is validly issued, fully paid and non-assessable and is owned directly by Inlet;
- (h) except pursuant to restrictions on transfer contained in the articles or by-laws (or their equivalent) of INL Sub and except as disclosed by Inlet, the outstanding share of INL Sub is owned free and clear of all encumbrances and Inlet is not liable to any creditor in respect thereof; other than in connection with this Agreement, there are no

outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any issued or unissued securities of, or interest in any of INL Sub or any of the material assets of either Inlet or and of INL Sub;

- (i) Inlet has no subsidiaries other than INL Sub;
- (j) the Inlet Shares issuable pursuant to the Arrangement will, upon their issuance, be validly issued and outstanding, fully paid and non-assessable common shares of Inlet and will form part of a class of shares that is listed and posted for trading on the TSXV;
- (k) the execution and delivery by Inlet of this Agreement and the performance by Inlet and INL Sub of their respective obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:
 - (i) result in a violation, contravention or breach of or constitute a default under, or entitle any party to terminate, accelerate, modify or call any obligations or rights under, require any consent to be obtained under or give rise to any termination rights under any provision of:
 - (A) the constating documents of Inlet or INL Sub,
 - (B) any applicable law or the rules or policies of the TSXV, or
 - (C) any credit agreement, note, bond, mortgage, indenture, deed of trust, lease, franchise, concession, easement, contract, agreement, licence, permit or other instrument to which Inlet is bound or is subject to or of which Inlet or INL Sub is the beneficiary;
 - (ii) cause any indebtedness owing by Inlet to come due before its stated maturity or cause any available credit to cease to be available which would, individually or in the aggregate, have a Material Adverse Effect on Inlet or INL Sub;
 - (iii) result in the imposition of any encumbrance upon any of the property or assets of Inlet or give any person the right to acquire any of Inlet's or INL Sub's assets, or restrict, hinder, impair or limit the ability of Inlet to conduct the business of Inlet or INL Sub as and where it is now being conducted which would, individually or in the aggregate, have a Material Adverse Effect on Inlet or INL Sub; or
 - (iv) result in or accelerate the time for payment or vesting of, or increase the amount of any severance, unemployment compensation, "golden parachute", bonus, termination payments or otherwise, becoming due to any director or officer of Inlet or INL Sub or increase any benefits otherwise payable under any pension or benefits plan of Inlet or result in the acceleration of the time of payment or vesting of any such benefits;
- (l) no consent, approval, order or authorization of, or declaration or filing with, any governmental authority or other person is required to be obtained by Inlet or INL Sub in connection with the execution and delivery of this Agreement or the consummation by Inlet and INL Sub of the transactions contemplated hereby other than (i) any approvals required by the Interim Order, (ii) any approvals required by the Final Order,

(iii) filings required under the BCBCA (iv) filings with and approvals required by the securities regulatory authorities and the TSXV; and (v) any filings required pursuant to US state securities laws in order to issue Inlet Shares to holders of Citation Shares pursuant to the Plan Arrangement;

- (m) with respect to the Inlet Property:
- (i) it has observed all of its obligations in respect of the Inlet Option Agreement and such agreement is in good standing and it has not committed any default thereunder;
 - (ii) it has a 50% undivided interest in the Inlet Property, free and clear of all encumbrances other than a 3% royalty to Leo Lindinger;
 - (iii) the Inlet Option Agreement is the only agreement or arrangement pursuant to which any party has a right to earn an interest in the Inlet Property;
 - (iv) no joint venture agreement or arrangement exists with respect to the Inlet Property;
 - (v) it does not have any work or expenditure or other obligations with respect to the Inlet Property, other than a \$5,000 annual payment as an advance towards the royalty referenced in (m)(ii) above;
 - (vi) it is the operator of the Inlet Property and is responsible for all technical decisions on the Inlet Property;
- (n) it is not a party to or bound by or subject to any other material agreements other than the Inlet Option Agreement;
- (o) there are no actions, suits or proceedings, pending or, to the best knowledge of Inlet, threatened against or affecting Inlet or INL Sub, or any of their principals, at law or in equity, or before or by any federal, provincial, state, municipal or other governmental department, commission, board, bureau or agency, domestic or foreign, which, if successful, would reasonably be expected to cause a Material Adverse Effect on Inlet, and Inlet is not aware of any existing grounds on which any such action, suit or proceeding might be commenced with any reasonable likelihood of success against Inlet or INL Sub;
- (p) this Agreement has been duly authorized, executed and delivered by Inlet and INL Sub and constitutes a legal, valid and binding obligation, enforceable against Inlet and INL Sub in accordance with its terms subject to bankruptcy, insolvency and other applicable laws affecting creditors' rights generally and to general principles of equity;
- (q) the audited financial statements of Inlet for the fiscal year ended December 31, 2013 are true and correct in every material respect as of the date of filing, and have been prepared in accordance with Canadian generally accepted accounting principles, including International Financial Reporting Standards, and fairly reflect the financial position of Inlet as at the date of such financial statements and the results of its operations for the period then ended and have been prepared in accordance with accounting principles generally accepted in Canada;
- (r) any unaudited financial statements of Inlet for the interim period ended subsequent to December 31, 2013 will be true and correct in every material respect, and will have

been prepared on a consolidated basis in accordance with Canadian generally accepted accounting principles, including International Financial Reporting Standards, and will fairly reflect the financial position of Inlet as at the date of such financial statements and the results of its operations for the period then ended and have been prepared in accordance with accounting principles generally accepted in Canada;

- (s) since December 31, 2013, except as disclosed by Inlet in the Inlet Public Record:
- (i) Inlet has conducted its business only in the ordinary and regular course of business consistent with past practice;
 - (ii) Inlet has not incurred or suffered a Material Adverse Change;
 - (iii) there has not been any acquisition or sale by Inlet of any material property or assets thereof;
 - (iv) other than in the ordinary and regular course of business consistent with past practice, there has not been any incurrence, assumption or guarantee by Inlet of any debt for borrowed money, any creation or assumption by Inlet of any encumbrance, any making by Inlet of any loan, advance or capital contribution to or investment in any other person or any entering into, amendment of, relinquishment, termination or non-renewal by Inlet of any contract, agreement, licence, lease transaction, commitment or other right or obligation which would, individually or in the aggregate, have a Material Adverse Effect on Inlet;
 - (v) Inlet has not declared or paid any dividends or made any other distribution on any of the Inlet Shares;
 - (vi) Inlet has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Inlet Shares;
 - (vii) Inlet has not changed or amended its constating documents;
 - (viii) there has not been any material increase in or modification of the compensation payable to or to become payable by Inlet to any of its directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay or any increase or modification of any bonus, pension, insurance or benefit arrangement made to, for or with any of such directors or officers;
 - (ix) Inlet has not effected any material change in its tax election or accounting methods, principles or practices; and
 - (x) Inlet has not adopted any, or materially amended any, collective bargaining agreement, bonus, pension, profit sharing, stock purchase, stock option or other benefit plan or shareholder rights plan;
- (t) Inlet has filed with all applicable securities and regulatory authorities (including exchanges and markets) all information and documents required to be filed with such authorities under the securities legislation in the jurisdictions in which it is a reporting issuer (the "**Inlet Public Record**") and the statements set forth in the Inlet Public Record were, at their respective dates true, correct and complete and did not contain

any misrepresentation as of the dates on which they were made, except where the failure to comply strictly with certain form requirements would not have a Material Adverse Effect on Inlet, and Inlet has not filed any confidential material change reports which currently remain confidential or similar reports;

- (u) the Inlet Shares trade on the TSXV and Inlet is in compliance with all rules, regulations and policies of the TSXV in all material respects;
- (v) Inlet is not in default in any material respect of any requirement of any applicable securities laws or regulatory authority having jurisdiction over any securities of Inlet;
- (w) Inlet is not subject to any cease trade or other order of any applicable stock exchange or securities authority and, to the best knowledge of Inlet, no investigation or other proceedings involving Inlet that may operate to prevent or restrict trading of any securities of Inlet are currently in progress, pending or threatened before any applicable stock exchange or securities authority;
- (x) the description of the business of Inlet, its financial condition, assets and properties as provided to Citation for inclusion in the Information Circular will not contain any untrue statement of a material fact or omit to state any material fact necessary to make such description not misleading and will contain all information required by all applicable securities laws and the rules of the TSXV;
- (y) Inlet and INL Sub have not incurred any liability for brokerage fees, finder's fees, agent's commissions or other similar forms of compensation in connection with this Agreement or the Arrangement except as has been communicated to Citation;
- (z) there are no known or anticipated material liabilities of Inlet or INL Sub of any kind whatsoever (including absolute, accrued or contingent liabilities) nor any commitments whether or not determined or determinable, in respect of which Inlet or INL Sub is or may become liable other than the liabilities disclosed on, reflected in or provided for in the financial statements referred to in paragraph (s) of this Section 3.1 or to be reflected in the Information Circular or incurred in the ordinary course of business;
- (aa) the corporate records and minute books of Inlet and INL Sub as required to be maintained by them under the laws of British Columbia contain complete and accurate minutes of all meetings of its directors, any committees of the board of directors and shareholders held and all resolutions consented to in writing;
- (bb) Inlet owns good and marketable title to its properties and assets free and clear of any and all mortgages, liens, pledges, charges, security interests, encumbrances, actions, claims or demands of any nature whatsoever or howsoever arising which would have a Material Adverse Effect on Inlet;
- (cc) as of the date hereof, Inlet has no employees and seven consultants and INL Sub has no employees or consultants. Neither Inlet nor INL Sub:
 - (i) is a party to any written or oral policy, agreement, obligation or understanding providing for severance or termination payments to, or any employment or consulting agreement with, any director or officer that would be triggered by Inlet entering into this Agreement or the completion of the Arrangement;

- (ii) has any employee or consultant whose employment or contract cannot be terminated by Inlet following completion of the Arrangement; and
 - (iii) (A) is a party to any collective bargaining agreement, (B) is, to the best knowledge of Inlet, subject to any application for certification or threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement, or (C) is subject to any current, or to the best knowledge of Inlet, pending or threatened strike or lockout;
- (dd) Inlet and INL Sub have complied, in all material respects, with all of the terms of their employee compensation and benefit obligations, including the provisions of any collective agreements, funding and investment contracts or obligations applicable thereto, arising under or relating to each of the employee compensation or benefit plans, agreements, policies, programs, arrangements or practices, whether written or oral, which are maintained by or binding upon Inlet or INL Sub, other than such non-compliance that would not reasonably be expected to have a Material Adverse Effect on Inlet. Neither Inlet nor INL Sub has sponsored or participated in any pension or retirement income plan;
- (ee) Inlet has duly filed all Tax Returns required to be filed by it and has paid or withheld all Taxes which are due and payable or required to be withheld, and has paid all assessments and reassessments, and all other Taxes due and payable on or before the date hereof; adequate provision has been made for Taxes payable for the current period for which Tax Returns are not yet required to be filed; there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any Tax Return by, or payment of any Tax against Inlet; there are no actions, suits, proceedings, investigations or claims commenced or, to the best knowledge of Inlet, threatened or contemplated against Inlet in respect of Taxes, or any matters under discussion with any governmental authority relating to Taxes, asserted by any such authority;
- (ff) Inlet and INL Sub are not in default under and, to the best knowledge of Inlet, there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute a default by Inlet or INL Sub under any contract, agreement or licence that is material to the conduct of the business of Inlet or INL Sub to which they are a party or by which they are bound;
- (gg) Inlet is in compliance in all material respects with each material license and permit held by it and is not in any material respect in violation of, or default under, the applicable statutes, ordinances, rules, regulations, orders or decrees (including, without limitation, Environmental Laws (as defined below)) of any governmental entities, regulatory agencies or bodies having, asserting or claiming jurisdiction over it or over any part of its operations or assets;
- (hh) Inlet, and INL Sub, to the best of Inlet's knowledge: (i) are in material compliance with any and all applicable foreign, federal, provincial, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("**Environmental Laws**"); (ii) have received all permits, licenses or other approvals required of it under applicable Environmental Laws to conduct its business as currently conducted; (iii) is in material compliance with all terms and conditions of each such permit, license or approval; (iv) confirm that there have been no past, and to the best knowledge of Inlet, there are no pending or threatened claims, complaints, notices or requests for

information received by Inlet with respect to any alleged material violation of any Environmental Law which would reasonably be expected to cause a Material Adverse Effect on Inlet; and (v) confirms that no conditions exist at, on or under any property now or previously owned, leased, optioned or occupied by Inlet which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law that would reasonably be expected to cause a Material Adverse Effect on Inlet, except for compliance investigations conducted in the normal course by any applicable governmental authority;

- (ii) neither Inlet, nor to the best of its knowledge, any other person, has ever caused or permitted hazardous or toxic waste to be placed, held, located or disposed of on, under or at any lands or premises owned, leased, optioned or occupied by Inlet otherwise than in compliance with applicable Environmental Laws and no notice has been received by Inlet of any action or potential liability in respect thereof and, to the best knowledge of Inlet, no civil, criminal or enforcement actions or complaints in respect thereof are threatened, pending or have been commenced against Inlet which, if successful, would reasonably be expected to have a Material Adverse Effect on Inlet;
- (jj) there are no environmental audits, evaluations, assessments, studies or tests that were commissioned by Inlet respecting the business, operations, properties or facilities of Inlet;
- (kk) Inlet has filed with the securities commission or securities regulatory authority in each of British Columbia, Alberta and Ontario all of the technical reports required to be filed under NI 43-101 in respect of each property material to Inlet and all public disclosure made by Inlet regarding its properties complies in all material respects with the requirements of NI 43-101;
- (ll) the Arrangement does not require approval of any securityholders of Inlet;
- (mm) Inlet (i) is a Foreign Private Issuer (as defined in the U.S. Exchange Act) (ii) has no class of securities outstanding that is or is required to be registered under Section 12 of the U.S. Exchange Act or that is subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act, and (iii) is not registered or required to register as an "investment company" pursuant to the provisions of the United States Investment Company Act of 1940, as amended;
- (nn) to Inlet's knowledge, it is not a "related party" of Citation, as such term is defined in applicable securities legislation;
- (oo) Inlet has not withheld from Citation any material information or documents concerning Inlet or its assets or liabilities during the course of Citation's review of Inlet and its properties; and
- (pp) none of the representations, warranties or statements of fact made in this Section contains any untrue statement of a material fact or omits to state any material fact necessary to make any such warranty or representation not misleading.

Representations and Warranties of Citation

- 3.2 As at the date of this Agreement and as at the Closing Date, Citation represents and warrants to the other parties, and acknowledges that the other parties are relying thereon, as follows:

- (a) Citation is a "reporting issuer" within the meaning of the securities laws of all provinces of Canada, is not on a list of defaulting issuers maintained by the securities commissions in these jurisdictions and no regulatory authority having jurisdiction has issued any order preventing or suspending trading of any securities of Citation which is currently outstanding;
- (b) to the best of its knowledge, Citation has no securities law reporting requirements under any jurisdiction other than all provinces of Canada;
- (c) Citation and each of the Citation Subsidiaries is a company duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, continuance or amalgamation and has the corporate power to own or lease its property and assets and to carry on its business as now conducted by it, is duly licensed or qualified as a foreign corporation in each jurisdiction in which the character of the property and assets now owned by it or the nature of its business as now conducted by it requires it to be so licensed or qualified (save where failure to have such licence or qualification would not have a Material Adverse Effect);
- (d) as of the date hereof:
 - (i) the authorized capital of Citation consists of an unlimited number of common shares and a total of 39,019,287 Citation Shares are issued and outstanding; and
 - (ii) except for
 - (A) outstanding stock options (the "**Citation Options**") exercisable to acquire up to 2,848,000 Citation Shares; and
 - (B) the obligation to issue 550,000 Citation Shares pursuant to the Citation Option Agreement,

each of Citation and the Citation Subsidiaries has no obligation, and is not party to any agreement requiring it, to issue any securities to any person, and each has no options, warrants or other convertible securities issued or outstanding which entitle the holder to purchase securities of Citation or any of the Citation Subsidiaries up to the Effective Date of the Arrangement;
- (e) all of the outstanding shares of the Citation Subsidiaries are validly issued, fully paid and non-assessable to the extent such a concept exists under applicable law. All of the outstanding shares of the Citation Subsidiaries are owned directly or indirectly by Citation;
- (f) except pursuant to restrictions on transfer contained in the articles or by-laws (or their equivalent) of the applicable Citation Subsidiary and except as disclosed by Citation, the outstanding shares of each of the Citation Subsidiaries are owned free and clear of all encumbrances and Citation is not liable to any creditor in respect thereof; there are no outstanding options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any issued or unissued securities of, or interest in any of the Citation Subsidiaries or any of the material assets of either Citation or and of the Citation Subsidiaries;
- (g) Citation has the corporate power to enter into this Agreement and, subject to obtaining the requisite approvals contemplated hereby, to carry out its obligations hereunder;

- (h) the execution and delivery by Citation of this Agreement and the performance by Citation of its obligations hereunder and the completion of the transactions contemplated hereby, do not and will not:
- (i) result in a violation, contravention or breach of or constitute a default under, or entitle any party to terminate, accelerate, modify or call any obligations or rights under, require any consent to be obtained under or give rise to any termination rights under any provision of:
 - (A) the constating documents of Citation or any of the Citation Subsidiaries,
 - (B) any applicable law or the rules or policies of the TSXV, or
 - (C) any credit agreement, note, bond, mortgage, indenture, deed of trust, lease, franchise, concession, easement, contract, agreement, licence, permit or other instrument to which Citation or any of the Citation Subsidiaries is bound or is subject to or of which Citation or any of the Citation Subsidiaries is the beneficiary;
 - (ii) cause any indebtedness owing by Citation or any Citation Subsidiary to come due before its stated maturity or cause any available credit to cease to be available which would, individually or in the aggregate, have a Material Adverse Effect on Citation;
 - (iii) result in the imposition of any encumbrance upon any of the property or assets of Citation or any Citation Subsidiary or give any person the right to acquire any of the assets of such persons, or restrict, hinder, impair or limit the ability of Citation or any Citation Subsidiary to conduct the business of Citation or any Citation Subsidiary as and where it is now being conducted which would, individually or in the aggregate, have a Material Adverse Effect on Citation; or
 - (iv) result in or accelerate the time for payment or vesting of, or increase the amount of any severance, unemployment compensation, "golden parachute", bonus, termination payments or otherwise, becoming due to any director or officer of Citation or any Citation Subsidiary or increase any benefits otherwise payable under any pension or benefits plan of Citation or any Citation Subsidiary or result in the acceleration of the time of payment or vesting of any such benefits, other than the Change in Control Payments;
- (i) no consent, approval, order or authorization of, or declaration or filing with, any governmental authority or other person is required to be obtained by Citation or any Citation Subsidiary in connection with the execution and delivery of this Agreement or the consummation by Citation of the transactions contemplated hereby other than (i) any approvals required by the Interim Order, (ii) any approvals required by the Final Order, (iii) filings required under the BCBCA, and (iv) filings with and approvals required by the securities regulatory authorities and the TSXV;
- (j) it has observed all of its obligations in respect of the Citation Option Agreement and such agreement is in good standing it has not committed any default thereunder;
- (k) there are no actions, suits or proceedings, pending or, to the best knowledge of Citation, threatened against or affecting Citation, any of its principals or any Citation Subsidiary, at law or in equity, or before or by any federal, provincial, state, municipal

or other governmental department, commission, board, bureau or agency, domestic or foreign, which, if successful, would reasonably be expected to cause a Material Adverse Effect on Citation, and Citation is not aware of any existing grounds on which any such action, suit or proceeding might be commenced with any reasonable likelihood of success against Citation or any Citation Subsidiary;

- (l) this Agreement has been duly authorized, executed and delivered by Citation and constitutes a legal, valid and binding obligation, enforceable against it in accordance with its terms subject to bankruptcy, insolvency and other applicable laws affecting creditors' rights generally and to general principles of equity;
- (m) the audited financial statements of Citation for the year ended December 31, 2013 are true and correct in every material respect, and have been prepared on a consolidated basis in accordance with Canadian generally accepted accounting principles, including International Financial Reporting Standards, and fairly reflect the consolidated financial position of Citation as at the date of such financial statements and the results of its operations for the period then ended and have been prepared in accordance with accounting principles generally accepted in Canada;
- (n) any unaudited financial statements of Citation for the interim period ended subsequent to December 31, 2013 will be true and correct in every material respect, and will have been prepared on a consolidated basis in accordance with Canadian generally accepted accounting principles, including International Financial Reporting Standards, and will fairly reflect the financial position of Citation as at the date of such financial statements and the results of its operations for the period then ended and have been prepared in accordance with accounting principles generally accepted in Canada;
- (o) since December 31, 2013, except as disclosed by Citation in the Citation Public Record:
 - (i) Citation and the Citation Subsidiaries have conducted its business only in the ordinary and regular course of business consistent with past practice;
 - (ii) neither Citation nor any Citation Subsidiary has incurred or suffered a Material Adverse Change;
 - (iii) there has not been any acquisition or sale by Citation or any Citation Subsidiary of any material property or assets thereof;
 - (iv) other than in the ordinary and regular course of business consistent with past practice, there has not been any incurrence, assumption or guarantee by Citation or any Citation Subsidiary of any debt for borrowed money, any creation or assumption by Citation or any Citation Subsidiary of any encumbrance, any making by Citation or any Citation Subsidiary of any loan, advance or capital contribution to or investment in any other person or any entering into, amendment of, relinquishment, termination or non-renewal by Citation or any Citation Subsidiary of any contract, agreement, licence, lease transaction, commitment or other right or obligation which would, individually or in the aggregate, have a Material Adverse Effect on Citation;
 - (v) Citation has not declared or paid any dividends or made any other distribution on any of the Citation Shares;

- (vi) Citation has not effected or passed any resolution to approve a split, consolidation or reclassification of any of the outstanding Citation Shares;
 - (vii) neither Citation nor any Citation Subsidiary has not changed or amended its constating documents;
 - (viii) there has not been any material increase in or modification of the compensation payable to or to become payable by Citation or any Citation Subsidiary to any of its directors, officers, employees or consultants or any grant to any such director, officer, employee or consultant of any increase in severance or termination pay or any increase or modification of any bonus, pension, insurance or benefit arrangement (including, without limitation, the granting of Citation Options) made to, for or with any of such directors or officers other than the Change in Control Payments;
 - (ix) Citation has not effected any material change in its tax election or accounting methods, principles or practices; and
 - (x) neither Citation nor any Citation Subsidiary has adopted or amended any collective bargaining agreement, bonus, pension, profit sharing, stock purchase, stock option or other benefit plan or shareholder rights plan;
- (p) to the actual knowledge of Citation, Citation has filed with all applicable securities and regulatory authorities (including exchanges and markets) all information and documents required to be filed with such authorities under the securities legislation in the jurisdictions in which it is a reporting issuer (the "**Citation Public Record**") and the statements set forth in the Citation Public Record were, at their respective dates, true, correct and complete and did not contain any misrepresentation as of the dates on which they were made, except where the failure to comply strictly with certain form requirements would not have a Material Adverse Effect on Citation, and Citation has not filed any confidential material change reports which currently remain confidential or similar reports;
- (q) the Citation Shares trade on the TSXV and, to the best of its knowledge, Citation is in compliance with all rules, regulations and policies of the TSXV in all material respects;
- (r) to the best of its knowledge, Citation is not in default in any material respect of any requirement of any applicable securities laws or regulatory authority having jurisdiction over any securities of Citation;
- (s) Citation is not subject to any cease trade or other order of any applicable stock exchange or securities regulatory authority and, to the best knowledge of Citation, no investigation or other proceedings involving Citation that may operate to prevent or restrict trading of any securities of Citation are currently in progress, pending or threatened before any applicable stock exchange or securities regulatory authority;
- (t) the description of the business of Citation, its financial condition, assets and properties in the Information Circular will not contain any untrue statement of a material fact or omit to state any material fact necessary to make such description not misleading and will contain all information required by all applicable securities laws and the rules of the TSXV;

- (u) Citation has not incurred any liability for brokerage fees, finder's fees, agent's commissions or other similar forms of compensation in connection with this Agreement or the Arrangement;
- (v) there are no known or anticipated material liabilities of Citation or any Citation Subsidiary of any kind whatsoever (including absolute, accrued or contingent liabilities) nor any commitments whether or not determined or determinable, in respect of which Citation or any Citation Subsidiary is or may become liable other than the liabilities disclosed on, reflected in or provided for in the financial statements referred to in paragraph (m) of this Section 3.2 or to be reflected in the Information Circular or incurred in the ordinary course of business;
- (w) the corporate records and minute books of Citation and each Citation Subsidiary as required to be maintained by it under the laws of its jurisdiction of incorporation or continuation are up to date and contain complete and accurate minutes of all meetings of its directors, any committees of the board of directors and shareholders held and all resolutions consented to in writing;
- (x) Citation and each Citation Subsidiary owns good and marketable title to its properties and assets free and clear of any and all mortgages, liens, pledges, charges, security interests, encumbrances, actions, claims or demands of any nature whatsoever or howsoever arising which would have Material Adverse Effect on Citation, except as disclosed in the Information Circular;
- (y) as of the date hereof, neither Citation nor or any Citation Subsidiary has any employees and Citation has one consultant and the Citation Subsidiaries have no consultants. Neither Citation nor any Citation Subsidiary:
 - (i) is a party to any written or oral policy, agreement, obligation or understanding providing for severance or termination payments to, or any employment or consulting agreement with, any director or officer that would be triggered by Citation entering into this Agreement or the completion of the Arrangement other than the Change in Control Payments;
 - (ii) has any employee or consultant whose employment or contract cannot be terminated by Citation following completion of the Arrangement; and
 - (iii) (A) is a party to any collective bargaining agreement, (B) is, to the best knowledge of Citation, subject to any application for certification or threatened or apparent union-organizing campaigns for employees not covered under a collective bargaining agreement, or (C) is subject to any current, or to the best knowledge of Citation, pending or threatened strike or lockout;
- (z) Citation and each Citation Subsidiary has complied, in all material respects, with all of the terms of its employee compensation and benefit obligations, including the provisions of any collective agreements, funding and investment contracts or obligations applicable thereto, arising under or relating to each of the employee compensation or benefit plans, agreements, policies, programs, arrangements or practices, whether written or oral, which are maintained by or binding upon Citation or any Citation Subsidiary, other than such non-compliance that would not reasonably be expected to have a Material Adverse Effect on Citation. Neither Citation nor any Citation Subsidiary has any employee compensation or benefit plans, agreement,

policies, programs, arrangements or practices, whether written or oral other than Citation Option Plan, pursuant to which the Citation Options have been granted. neither Citation nor any Citation Subsidiary has sponsored or participated in any pension or retirement income plan;

- (aa) Citation and each Citation Subsidiary has duly filed all Tax Returns required to be filed by it and has paid or withheld all Taxes which are due and payable or required to be withheld, and has paid all assessments and reassessments, and all other Taxes due and payable on or before the date hereof; adequate provision has been made for Taxes payable for the current period for which Tax Returns are not yet required to be filed; there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any Tax Return by, or payment of any Tax against Citation or any Citation Subsidiary; there are no actions, suits, proceedings, investigations or claims commenced or to the best knowledge of Citation, threatened or contemplated against Citation or any Citation Subsidiary in respect of Taxes or any matters under discussion with any governmental authority relating to Taxes asserted by any such authority;
- (bb) Citation and the Citation Subsidiaries are not in default under and, to the best knowledge of Citation, there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute a default by Citation or any Citation Subsidiary under any contract, agreement or licence that is material to the conduct of the business of Citation or any Citation Subsidiary to which it is a party or by which it is bound;
- (cc) Citation and each Citation Subsidiary is in compliance in all material respects with each material license and permit held by it and is not in any material respect in violation of, or default under, the applicable statutes, ordinances, rules, regulations, orders or decrees (including, without limitation, Environmental Laws) of any governmental entities, regulatory agencies or bodies having, asserting or claiming jurisdiction over it or over any part of its operations or assets;
- (dd) Citation and each of the Citation Subsidiaries, to the best of Citation's knowledge: (i) is in material compliance with any and all applicable Environmental Laws; (ii) has received all permits, licenses or other approvals required of it under applicable Environmental Laws to conduct its business as currently conducted; (iii) is in material compliance with all terms and conditions of each such permit, license or approval; (iv) confirms that there have been no past, and, to the best knowledge of Citation, there are no pending or threatened claims, complaints, notices or requests for information received by Citation or any of the Citation Subsidiaries with respect to any alleged material violation of any Environmental Law which would reasonably be expected to cause a Material Adverse Effect on Citation; and (v) confirms that no conditions exist at, on or under any property now or previously owned, leased, optioned or occupied by Citation or any of the Citation Subsidiaries which, with the passage of time, or the giving of notice or both, would give rise to liability under any Environmental Law that would reasonably be expected to cause a Material Adverse Effect on Citation, except for compliance investigations conducted in the normal course by any governmental authority;
- (ee) neither Citation, nor to the best of its knowledge, any other person, has ever caused or permitted hazardous or toxic waste to be placed, held, located or disposed of on, under or at any lands or premises owned, leased, optioned or occupied by Citation otherwise than in compliance with applicable Environmental Laws and no notice has been

received by Citation or any of the Citation Subsidiaries of any action or potential liability in respect thereof and, to the best knowledge of Citation, no civil, criminal or enforcement actions or complaints in respect thereof are threatened, pending or have been commenced against Citation or any of the Citation Subsidiaries which, if successful, would reasonably be expected to have a Material Adverse Effect on Citation;

- (ff) there are no environmental audits, evaluations, assessments, studies or tests that were commissioned by Citation or any of the Citation Subsidiaries respecting the business, operations, properties or facilities of Citation;
- (gg) Citation has filed with the securities commission in all of the provinces of Canada all of the technical reports required to be filed under NI 43-101 in respect of each property material to Citation and all public disclosure made by Citation regarding its properties complies in all material respects with the requirements of NI 43-101;
- (hh) the only votes of the holders of any class or series of the Citation Shares, Citation Options or other securities of Citation necessary to approve this Agreement and the Arrangement and the transactions contemplated hereby or thereby is, subject to the Interim Order, the approval of the Arrangement by 66 $\frac{2}{3}$ % of the votes cast by Citation Shareholders in person or by proxy at the Citation Meeting;
- (ii) to Citation's knowledge, Citation (i) is a Foreign Private Issuer (as defined in the U.S. Exchange Act) (ii) has no class of securities outstanding that is or is required to be registered under Section 12 of the U.S. Exchange Act or that is subject to the reporting requirements of Section 13 or 15(d) of the U.S. Exchange Act, and (iii) is not registered or required to register as an "investment company" pursuant to the provisions of the United States Investment Company Act of 1940, as amended;
- (jj) to Citation's knowledge, it is not a "related party" of Inlet, as such term is defined in applicable securities legislation;
- (kk) Citation has not withheld from Inlet any material information or documents concerning Citation or its assets or liabilities (including those of the Citation Subsidiaries) during the course of Inlet's review of Citation and its properties; and
- (ll) none of the representations, warranties or statements of fact made in this Section 3.2 contains any untrue statement of a material fact or omits to state any material fact necessary to make any such warranty or representation not misleading.

4. COVENANTS

Covenants of Inlet and INL Sub

- 4.1 Each of Inlet and, as applicable, INL Sub, hereby covenants and agrees that it shall take such steps and do all such other acts and things, as may be necessary or desirable in order to give effect to the transactions contemplated by this Agreement (including making all necessary filings under corporate and securities laws), subject to regulatory and, if necessary, shareholder approval, and, without limiting the generality of the foregoing, shall:
 - (a) use its commercially reasonable efforts to cooperate with and assist Citation in seeking the Interim Order and the Final Order, including by providing Citation on a timely basis any information reasonably required to be supplied by Citation in connection therewith;

- (b) use its commercially reasonable efforts to, prior to the completion of the Arrangement, obtain conditional listing on the TSXV of the Inlet Shares to be issued pursuant to the Arrangement;
- (c) provide sufficient information to Citation in order to allow the Information Circular to contain, to the extent required by applicable securities laws, prospectus-level disclosure respecting Inlet and INL Sub and the information and consolidated financial statements related to Inlet and INL Sub and the *pro forma* financial statements to be contained in the Information Circular, if any, shall be true, correct and complete in all material respects and shall not contain any untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading in light of the circumstances in which they are made and shall comply with applicable securities laws and the rules of the TSXV;
- (d) Inlet shall indemnify and save harmless Citation, the Citation Subsidiaries and their respective officers, directors, employees, representatives (including any financial or other adviser) or agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which Citation, any Citation Subsidiary or any of their respective officers, directors, employee, representatives (including any financial or other adviser) or agents may be subject or may suffer as a result of, or arising from, any misrepresentation or alleged misrepresentation contained in any information included in the Information Circular that was provided by Inlet pursuant to this Section 4.1(c), including as a result of any order made, or any inquiry, investigation or proceeding instituted by any securities authority or other governmental entity based on such a misrepresentation or alleged misrepresentation;
- (e) use commercially reasonable efforts to complete the Financing on or before the Effective Date;
- (f) obtain any necessary consents from any of its auditors and any other advisors to the use of any financial, technical or other expert information required to be included in the Information Circular and to the identification in the Information Circular of each such advisor;
- (g) on or before the Effective Date reserve a sufficient number of Inlet Shares for issuance upon the completion of the Arrangement;
- (h) make arrangements for the prompt delivery of certificates representing Inlet Shares to the registered Citation Shareholders, as provided in the Plan of Arrangement;
- (i) nominate the Citation Nominees for election at the Inlet AGM and set the number of directors of Inlet at five;
- (j) at Closing have at least \$1,200,000 in working capital less all out of pocket costs paid by Inlet to third parties for the preparation of the Technical Report (to a maximum of \$50,000), before giving effect to the Financing (for sake of clarity, the payment of Change of Control Payments referred to in Section 4.1(l) will be made after Closing and are not deducted from the \$1,200,000 in working capital at Closing). For clarity, Inlet will not be in breach of this representation as a result of the incurrence of reasonable transaction costs;
- (k) only accept the resignations referred to in section 4.2(l) in the event that the Citation Shareholders do not approve the Arrangement or Citation or the Citation Nominees

are, respectively, in breach of this Agreement or the undertakings referred to in section 4.2(l);

- (l) pay any outstanding Change in Control Payments on Closing, except the amount of \$40,000 shall be paid to Matthew Watson at Closing and the remaining \$160,000 shall be paid to Matthew Watson in equal monthly instalments of \$8,888.88 commencing on August 1, 2014;
- (m) promptly notify Citation if at any time it becomes aware that the Information Circular contains any material misrepresentation or otherwise requires an amendment or supplement to the Information Circular or any related application and promptly deliver written notice to Citation setting out full particulars thereof. In any such event, Inlet and INL Sub shall cooperate with Citation in the preparation of any required supplement or amendment to the Information Circular or such other document, as the case may be; and
- (n) use commercially reasonable efforts to satisfy all conditions precedent set forth in Section 5.1 and Section 5.3 of this Agreement.

Covenants of Citation

- 4.2 Citation shall take such steps and to do all such other acts and things, as may be necessary or desirable in order to give effect to the transactions contemplated by this Agreement and, without limiting the generality of the foregoing, shall:
- (a) use its commercially reasonable efforts to apply for and obtain such consents, orders or approvals as are necessary or desirable for the implementation of the Arrangement and, without limiting the generality of the foregoing, to:
 - (i) apply for and obtain the Interim Order and the Final Order as provided in Section 2.3 hereof; and
 - (ii) obtain written consents, in a form acceptable to Inlet, acting reasonably, from any persons who are parties to agreements with Citation where consents to the transactions contemplated by the Arrangement are required under those contracts or agreements;
 - (b) as soon as reasonably practicable, prepare and file the Information Circular in all jurisdictions where the same is required in accordance with applicable law and provide the same to the Citation Shareholders in accordance with the requirements of applicable securities regulatory authorities;
 - (c) ensure that the Information Circular shall contain, to the extent required by applicable securities laws, prospectus-level disclosure respecting Citation and the information and consolidated financial statements related to Citation contained in the Information Circular and any related documentation regarding Citation to be distributed in connection with the solicitation of proxies by the management of Citation in connection with the Citation Meeting shall be true, correct and complete in all material respects and shall not contain any untrue statement of any material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading in light of the circumstances in which they are made and shall comply with applicable securities laws and the rules of the TSXV;

- (d) obtain all required certifications and consents of the auditors of Citation in respect of the Citation financial statements to be provided in the Information Circular;
- (e) convene and use commercially reasonable efforts to hold the Citation Meeting in accordance with the Interim Order for the purpose of considering the special resolutions to approve the Arrangement;
- (f) subject to the terms of this Agreement:
 - (i) solicit proxies in favour of the Arrangement;
 - (ii) recommend to the Citation Shareholders that they vote in favour of the Arrangement; and
 - (iii) not withdraw, modify, qualify or change in a manner adverse to Inlet, or publicly state that it intends to withdraw, modify, qualify or change in a manner adverse to Inlet such recommendation except, in each case, as expressly permitted by this Agreement;
- (g) not dispose of an interest in any of its material properties or otherwise enter into any material transaction with, or incur any material liability to, any other corporation or person or agree to do any of the foregoing or perform any act or enter into any transaction or negotiation which interferes or is inconsistent with the completion of the transactions contemplated hereby, other than as contemplated in this Agreement, without the written consent of Inlet thereto;
- (h) obtain the acceptance of the TSXV to the Arrangement, on conditions that can be satisfied prior to or in connection with Closing;
- (i) at Closing, have:
 - (i) an authorized capital of an unlimited number of common shares without par value of which 39,569,287 Citation Shares will be duly issued and outstanding as fully paid and non-assessable (after giving effect to the issuance of 550,000 Citation Shares pursuant to section 4.1(n)); and
 - (ii) 2,848,000 Citation Shares issuable on exercise of all outstanding Citation Options and no Citation Shares otherwise issuable;

save as may be altered by the exercise of outstanding Citation Options and the issuance of Citation Shares;
- (j) at Closing, have no less than negative \$40,000 in working capital, excepting the Change in Control Payments. For clarity, Citation will not be in breach of this representation as a result of the incurrence of reasonable transaction costs;
- (k) not, between the date of this Agreement and the Closing Date:
 - (i) incur any significant expenses or liabilities otherwise than in the ordinary course of its business or in connection with its obligations under this Agreement;

- (ii) alter its authorized capital nor issue (other than on exercise of presently outstanding convertible securities), nor reach any agreement or understanding with any other party to issue, any securities; or
- (iii) appoint any directors or officers or adopt, establish, enter into or implement any new employee benefit plan, policy, severance or termination agreement providing for any form of benefits or other compensation to any former, present or future director, officer or employee of Citation or amend any employee benefit plan, policy, severance or termination agreement;

except as otherwise provided herein or with the prior written consent of Inlet, such consent not to be unreasonably withheld;

- (l) deliver to Inlet, prior to the Inlet AGM: (i) signed consents to act as directors of Inlet, (ii) resignations as directors of Inlet and (iii) undertakings not to call any meetings of directors, of the Citation Nominees, dated the date of the Inlet AGM;
- (m) on or before the Effective Date, written resignations effective as at the Effective Time, from all directors, administrators and officers of Citation and each of the Citation Subsidiaries, such resignations to be subject to obtaining mutual releases;
- (n) prior to the Effective Time, issue 550,000 Citation Shares to Esperanza pursuant to the Citation Option Agreement; and
- (o) use commercially reasonable efforts to satisfy all conditions precedent set forth in Section 5.1 and Section 5.2 of this Agreement.

5. CONDITIONS PRECEDENT

Mutual Conditions Precedent

- 5.1 The parties' obligations to complete the transactions contemplated in this Agreement are subject to satisfaction of the following conditions on or before the Closing Date:
- (a) all necessary approvals of Citation Shareholders by the requisite majorities will have been obtained in respect of the Arrangement;
 - (b) all necessary orders of the Court with respect to the Arrangement will have been obtained;
 - (c) all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders, necessary for the completion of the transactions provided for in this Agreement and the Plan of Arrangement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances;
 - (d) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement or the Arrangement;
 - (e) Citation and Inlet shall each be satisfied, acting reasonably, that the issuance of the Inlet Shares pursuant to the Arrangement will not require registration under the U.S. Securities Act, pursuant to the Section 3(a)(10) Exemption, and will not require registration pursuant to applicable state securities law exemptions; and

- (f) the issue of Inlet Shares pursuant to the Arrangement, and the issue of Inlet Shares following the Effective Date on exercise of Citation Options, will be exempt from the registration and prospectus requirements of applicable securities laws in each of the provinces and territories of Canada in which holders of securities of Citation are resident.

Conditions solely for the benefit of Inlet

5.2 The obligations of Inlet to complete the transactions contemplated in this Agreement are subject to satisfaction of the following conditions on or before the Closing Date:

- (a) between the date hereof and the Effective Date there shall not have occurred, in the judgment of Inlet, acting reasonably, a Material Adverse Change to Citation;
- (b) Dissent Rights to the Arrangement shall not have been exercised prior to the Effective Date by registered Citation Shareholders representing in the aggregate 5% or more of the total number of Citation Shares outstanding at such time;
- (c) Citation shall not have disposed of an interest in any of its properties or otherwise have entered into any material transaction with, or have incurred any material liability to, any other corporation or person or have agreed to do any of the foregoing or have performed any act or have entered into any transaction or negotiation which interferes or is inconsistent with the completion of the transactions contemplated hereby, other than as contemplated in this Agreement, without the consent of Inlet thereto, such consent not to be unreasonably withheld;
- (d) Inlet will have received from Citation a title opinion in respect of the concessions comprising the Biricu Project in form and content satisfactory to Inlet acting reasonably;
- (e) Inlet will have received the Technical Report;
- (f) Inlet shall have received a certificate of a senior officer of Citation confirming that (i) the representations and warranties of Citation set out in Section 3.2 are true and correct in all material respects on and as of Closing, and (ii) the covenants of Citation set out in Section 4.2 have been completed and complied with as at the Closing Date; and
- (g) each of the directors and officers of Citation shall have resigned without compensation (other than the amount payable to each of them, if applicable, under the consulting agreements contemplated by section 5.3(e) and the Change in Control Payments).

The foregoing conditions in this Section 5.2 are inserted for the exclusive benefit of Inlet and may be waived by it in whole or in part at any time.

Conditions solely for the benefit of Citation

5.3 The obligations of Citation to complete the transactions contemplated in this Agreement are subject to satisfaction of the following conditions on or before the Closing Date:

- (a) between the date hereof and the Effective Date there shall not have occurred, in the judgment of Citation, acting reasonably, a Material Adverse Change to Inlet or INL Sub;

- (b) Inlet shall not have disposed of an interest in any of its properties or otherwise have entered into any material transaction with, or have incurred any material liability to, any other corporation or person or have agreed to do any of the foregoing or have performed any act or have entered into any transaction or negotiation which interferes or is inconsistent with the completion of the transactions contemplated hereby, other than as contemplated in this Agreement, without the consent of Citation thereto, such consent not to be unreasonably withheld;
- (c) the shares of Inlet to be issued pursuant to the Arrangement will be listed or conditionally listed subject to standard conditions on the TSXV and Inlet will be in compliance with all rules, regulations and policies of the TSXV in all material respects;
- (d) Citation shall have received a certificate of a senior officer of Inlet confirming that (i) the representations and warranties of Inlet and INL Sub set out in Section 3.1 are true and correct in all material respects on and as of Closing and (ii) the covenants of Inlet and INL Sub set out in Section 4.1 have been completed and complied with as at the Closing Date;
- (e) Inlet will have entered into consulting agreements with the directors of Citation (including, for those who will not be nominated as directors of Inlet, a minimum term of not less than 18 months), pursuant to which Inlet will compensate such consultants on terms to be mutually agreed, in consideration for such persons providing consulting services to the Inlet;
- (f) the TSXV shall have provided Inlet with conditional acceptance of the Arrangement and shall have conditionally approved the listing thereon of the shares of Inlet to be issued and issuable pursuant to the Arrangement which shares shall not be subject to statutory hold periods, subject to usual terms and conditions of the TSXV; and
- (g) the issue of Inlet Shares pursuant to the Arrangement will have been approved by all necessary corporate action to permit such shares to be issued as fully paid and non-assessable.

The foregoing conditions in this Section 5.3 are inserted for the exclusive benefit of Citation and may be waived by it in whole or in part at any time.

6. AMENDMENT, CLOSING AND TERMINATION

Amendment

- 6.1 This Agreement and the Plan of Arrangement may, at any time and from time to time before the Effective Date, be amended by written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of their respective shareholders.
- 6.2 This Agreement and the Plan of Arrangement hereto may be amended in accordance with the Final Order, but if the terms of the Final Order require any such amendment, the rights of the parties hereto under Sections 5.1, 5.2, 5.3, 6.1, 6.2 and 6.4 shall remain unaffected.

Closing

- 6.3 The completion of the Arrangement (the "**Closing**") will be at the offices of DuMoulin Black LLP, 595 Howe Street, 10th Floor, Vancouver, British Columbia, V6C 2T5, on or about July 7, 2014 (the "**Closing Date**"), or such other place or date as may be mutually agreed by the

parties, provided it is not later than the Outside Date. At the Closing, the parties will exchange documents to effect the Closing including documents to confirm the matters set out in the Plan of Arrangement and to complete the Arrangement and related matters as contemplated hereby.

Termination

6.4 This Agreement shall terminate:

- (a) if the Arrangement has not been completed on or before the Outside Date, at the election of any of the parties, provided the electing party has used commercially reasonable efforts to complete the Arrangement by such date;
- (b) in the event that the conditions are not satisfied or waived by the parties to whom they are of benefit prior to the Closing Date, or any earlier date contemplated herein, this Agreement will terminate and be of no further force or effect on the Outside Date, or such earlier date;
- (c) by unanimous agreement of the parties hereto without any further action on the part of their respective shareholders;
- (d) upon the earlier of (i) the Citation Shareholders failing to approve the Arrangement at the Citation Meeting; and (ii) a final determination from the Court or an appeal court which denies the granting of the Final Order;
- (e) in the event of acceptance by Citation of a Superior Proposal; or
- (f) if any applicable laws make the consummation of the Arrangement illegal or prohibited.

6.5 The provisions of Article 6 will survive any termination under Section 6.4.

6.6 In the event that this Agreement is terminated by Inlet for any reason, Inlet will promptly provide to Citation the Technical Report, along with all documents, memoranda, notes, reports and other material in written or other recorded form whatsoever prepared by Inlet or its representatives related to the information contained in the Technical Report, including, but not limited to, all maps, surveys, charts, data, core samples, drill hole logs, calculations and all other information with respect to the Biricu Project (collectively, the “**Technical Information**”). In such event, Inlet acknowledges that Citation may (i) file the Technical Report under its SEDAR profile, and (ii) utilize the Technical Information, as well as any geological, geophysical, geochemical, metallurgical or operational concepts, models or principles of any kind, in its other exploration or mining endeavours outlined in the Technical Report.

7. NON-SOLICITATION COVENANTS AND BREAK FEE PAYMENT

7.1 Subject to the provisions of this Agreement, until the date of termination of this Agreement, Citation will not, directly or indirectly, through any officer, director, employee, shareholder, representative, counsel, advisor or agent, as the case may be, take or continue any action to solicit, initiate, assist, encourage or otherwise facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding or providing any other form of assistance) the initiation of any inquiries, submissions, proposals or offers from any person or entity other than Inlet (a “**Third Party**”) relating to, and will not initiate, continue or otherwise participate in any discussions or negotiations with a Third

Party regarding, or furnish to any Third Party any information with respect to, enter into any form of agreement, arrangement or understanding with any Third Party with respect to, or otherwise co-operate in any way with or assist or participate in, or facilitate or encourage any effort or attempt by, any Third Party with respect to:

- (a) the direct or indirect acquisition or disposition of all or, except in the ordinary course of business, any of Citation's securities, or
- (b) any amalgamation, merger, sale of all of Citation's assets or, except in the ordinary course of business, any part of Citation's assets, take-over bid, tender offer, plan of arrangement, issuer bid, reorganization, dividend or distribution, recapitalization, liquidation or winding-up of, or other business combination or similar transaction involving such Third Party, all of Citation's assets or, except in the ordinary course of business, any part of Citation's assets;

(an “**Acquisition Proposal**”).

Nothing shall prevent the Citation board of directors from considering, discussing, negotiating or providing any information (including access to its management) to a Third Party in respect of a *bona fide* unsolicited Acquisition Proposal that the board of directors of Citation (after consultation with its financial advisors and having received advice of outside counsel) determines in good faith is reasonably likely to constitute or lead to a Superior Proposal (as hereinafter defined).

7.2 Citation may accept, approve, recommend or enter into any agreement, understanding or arrangement in respect of an Acquisition Proposal if:

- (a) such Acquisition Proposal constitutes a Superior Proposal;
- (b) Citation has provided Inlet with:
 - (i) a copy of the Superior Proposal document and any other documents (including amendments thereto) representing the Superior Proposal;
 - (ii) written notice advising Inlet of the determination of the Citation board of directors that the Acquisition Proposal is a Superior Proposal and that the Citation board of directors has resolved, subject only to compliance with this Section 7.2 and termination of this Agreement, to accept, approve, recommend or enter into an agreement in respect of such Superior Proposal, specifying the terms and conditions of such Superior Proposal and identifying the Person making such Superior Proposal;
- (c) five Business Days have elapsed from the date on which Citation provided the documentation referred to in Section 7.2(b) (the “**Match Period**”); and
- (d) Citation pays to Inlet the Break Fee and terminates this Agreement pursuant to Section 6.4.

Any information provided by Citation to Inlet pursuant to this Section 7.2 shall be subject to the provisions of the Confidentiality Agreement.

7.3 During the Match Period Citation agrees that Inlet shall have the right, but not the obligation, to offer to amend the terms of this Agreement. The Citation board of directors will review any offer by Inlet to amend the terms of this Agreement in order to determine, in good faith,

whether Inlet's offer upon acceptance by Citation would result in such Acquisition Proposal ceasing to be a Superior Proposal. If the Citation board of directors so determines, it will enter into an amended agreement with Inlet reflecting Inlet's amended proposal. If the Citation board of directors to believe, in good faith and after consultation with financial advisors and outside legal counsel, that such Acquisition Proposal remains a Superior Proposal and therefore rejects Inlet's amended proposal, Citation may terminate this Agreement pursuant to Section 6.4; provided, however, that Citation must pay to Inlet the Break Fee.

- 7.4 Each of Citation and Inlet agrees and acknowledges that the Break Fee represents liquidated damages and a reasonable estimate of the expenses and costs incurred and to be incurred by Inlet in connection with the Arrangement including, without limitation, amounts paid or payable to financial advisors, auditors, legal counsel, printers, transfer agents, and other arm's length third parties that perform services on behalf of Inlet in connection with the negotiation of this Agreement and the Arrangement, the due diligence review conducted by Inlet in connection with the Arrangement, the preparation of this Agreement and related documents, and other steps to implement the Arrangement.
- 7.5 For the purposes of this Agreement, "Superior Proposal" means an unsolicited *bona fide* offer made by a Third Party to Citation to acquire all or any of Citation's securities, or any amalgamation, merger, sale of all of Citation's assets or, except in the ordinary course of business, any part of Citation's assets, take-over bid, tender offer, plan of arrangement, issuer bid, reorganization, dividend or distribution, recapitalization, liquidation or winding-up of, or other business combination or similar transaction involving Citation, all of Citation's assets or, except in the ordinary course of business, any part of Citation's assets or similar fundamental transaction involving Citation which would, if consummated and taking into account all of the terms and conditions of such Acquisition Proposal, result in a transaction more favourable to the Citation Shareholders from a financial point of view than the Arrangement.
- 7.6 Until the termination of this Agreement in accordance with its terms, Citation shall not change, release or modify any confidentiality or non-disclosure agreement executed by a Third Party. In addition, Citation shall immediately cease and cause to be terminated any existing solicitation, discussion, negotiations, encouragement or activity with any person (other than Inlet) with respect to any Acquisition Proposal, immediately close any data rooms made available to any Third Party and immediately request the return or destruction and certification of destruction of information previously provided to any Third Party in accordance with the terms of any such confidentiality or non-disclosure agreement executed by any Third Party.
- 7.7 Nothing contained in this Agreement shall prohibit or prevent Citation or its board of directors or officers from: (a) making any disclosure of or in relation to an unsolicited proposal from a Third Party prior to the Effective Time if, in the good faith judgment of the board of directors, after consultation with outside legal counsel, such disclosure is necessary for the directors or officers of Citation to act in a manner consistent with their fiduciary duties or is otherwise required under applicable laws; (b) responding, within the time and in the manner required by applicable laws, to any unsolicited take-over bid or tender or exchange offer made for Citation Shares or any other securities of Citation; or (c) taking any other action in relation to an unsolicited proposal from a Third Party to the extent required under applicable securities laws or orders or otherwise mandated by any governmental entity.
- 7.8 In the event that:

- (a) this Agreement is terminated by Citation pursuant to Subsection 6.4(e) in order to enter into a definitive agreement with respect to a Superior Proposal; or
- (b) the Arrangement is not approved by the Citation Shareholders, if such failure to approve is a result of Citation failing to recommend or withdrawing, qualifying or modifying or changing in a manner adverse to Inlet its approval or recommendation of the Arrangement;

Citation shall pay to Inlet, within five Business Days following such event, a fee equal to \$150,000 (the "**Break Fee**") in immediately available funds.

- 7.9 For greater certainty, the parties agree that the payment of the Break Fee is the sole monetary remedy as a result of the occurrence of any of the events referred to in Section 7.8. Subject to the immediately preceding sentence, nothing in this Agreement shall preclude a party from seeking damages in respect of losses incurred or suffered by such party as a result of any breach of this Agreement by the other party, seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement or the Confidentiality Agreement or otherwise, or seeking specific performance of any of such covenants or agreements, without the necessity of posting bond or security in connection therewith.

8. INDEMNIFICATION, INSURANCE AND MUTUAL RELEASES

Mutual Indemnification

- 8.1 Each party (the "**Indemnifying Party**") hereto undertakes with the other parties hereto (the "**Indemnified Party**") to hold the Indemnified Party fully and effectually indemnified from and against all losses, claims, damages, liabilities, actions or demands (including amounts paid in any settlement approved by the Indemnifying Party of any action, suit, proceeding or claim but excluding lost profits and consequential damages), to which such Indemnified Party may become subject insofar as such losses, claims, damages, liabilities, actions or demands arise out of or are based upon any breach of a representation, warranty, covenant or obligation of the Indemnifying Party contained in this Agreement or any certificate or notice delivered by it in connection herewith, and will reimburse such Indemnified Party for any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such loss, claim, damage, liability, action or demand.

Defence

- 8.2
- (a) Promptly after receipt by an Indemnified Party of notice of a possible action, suit, proceeding or claim referred to in Section 8.1 hereof, such Indemnified Party, if a claim in respect thereof is to be made against the Indemnifying Party under such Section, shall provide the Indemnifying Party with written particulars thereof; provided that failure to provide the Indemnifying Party with such particulars shall not relieve such Indemnifying Party from any liability which it might have on account of the indemnity provided for in Sections 8.1, 8.2 and 8.3 except insofar as such failure shall prejudice such Indemnifying Party. The Indemnified Party shall also provide to the Indemnifying Party copies of all relevant documentation and, unless the Indemnifying Party assumes the defence thereof, shall keep such Indemnifying Party advised of the progress thereof and will discuss with the Indemnifying Party all significant actions proposed.

- (b) An Indemnifying Party shall be entitled, at its own expense, to participate in (and, to the extent that it may wish, to assume) the defence of any such action, suit, proceeding or claim but such defence shall be conducted by counsel of good standing approved by the Indemnified Party, such approval not to be unreasonably withheld. Upon the Indemnifying Party notifying the Indemnified Party of its election so to assume the defence and retaining such counsel, the Indemnifying Party shall not be liable to the Indemnified Party for any legal or other expenses subsequently incurred by it in connection with such defence other than for reasonable costs of investigation. If such defence is assumed by the Indemnifying Party, it shall, through the course thereof, provide copies of all relevant documentation to the Indemnified Party, keep such Indemnified Party advised of the progress thereof and shall discuss with the Indemnified Party all significant actions proposed. No Indemnifying Party shall enter into any settlement without the consent of the Indemnified Party, but such consent shall not be unreasonably withheld. If such defence is not assumed by the Indemnifying Party, the Indemnifying Party shall not be liable for any settlement made without its consent, but such consent shall not be unreasonably withheld.
- (c) Notwithstanding the foregoing, an Indemnified Party shall have the right, at the Indemnifying Party's expense, to employ counsel of its own choice in respect of the defence of any such action, suit, proceeding or claim if (i) the employment of such counsel has been authorized by the Indemnifying Party in connection with such defence; or (ii) counsel retained by the Indemnifying Party or the Indemnified Party shall have advised the Indemnified Party that there may be legal defences available to it which are different from or in addition to those available to the Indemnifying Party (in which event and to that extent, the Indemnifying Party shall not have the right to assume or direct the defence on behalf of the Indemnified Party) or that there may be a conflict of interest between the Indemnifying Party and the Indemnified Party; or (iii) the Indemnifying Party shall not have assumed such defence and employed counsel therefor within a reasonable time after receiving notice of such action, suit, proceeding or claim.

Term

- 8.3 The obligations of each party hereto under 8.1, 8.2 and 8.3 shall terminate one year after the Arrangement is consummated, save with respect to all losses, claims, damages, liabilities, actions or demands notice of which is given to the Indemnifying Party by the Indemnified Party on or before one year from the date hereof in compliance with Section 8.2.

Insurance

- 8.4 Inlet hereby covenants and agrees that, unless prohibited by applicable laws, all rights to indemnification or exculpation in favour of the current and former directors and officers of Citation and any Citation Subsidiary provided in the current articles or by-laws (or the equivalent) of Citation or any Citation Subsidiary, and any directors' and officers' insurance now existing in favour of the directors or officers of Citation and any Citation Subsidiary shall survive the completion of the Arrangement (or be replaced with substantially equivalent coverage) and shall continue in full force and effect (either directly or via run-off insurance or insurance provided by an alternative provider) for a period of not less than six years from the Effective Date and Inlet undertakes to ensure that this covenant shall remain binding upon its successor and assigns. Inlet acknowledges that Citation may purchase run-off directors' and officers' liability insurance for a period of up to six years from the Effective Date on terms acceptable to Inlet acting reasonably.

Indemnification Agreements

- 8.5 Inlet acknowledges and agrees that Citation may enter into indemnification agreements with each director and officer of Citation and each of the Citation Subsidiaries prior to the Effective Date, such agreements to be in a form acceptable to Inlet, acting reasonably. Inlet agrees that from and after the Effective Date it will cause Citation to honour all rights to indemnification or exculpation in such agreements in favour of present and former officers and directors of Citation and acknowledges that such rights will survive the Effective Date and will continue in full force and effect for a period of not less than six years from the Effective Date.

Mutual Releases

- 8.6 Inlet and Citation shall use all commercially reasonable efforts to enter into a mutual release on or before the Effective Date with each director and officer of Citation and each of the Citation Subsidiaries, such release to be effective as at the Effective Time and in a form acceptable to Inlet, acting reasonably.

9. ORDINARY COURSE

- 9.1 Until the earlier of the Closing and the termination of this Agreement without completion of the Arrangement, Citation will not, without the prior written consent of Inlet, enter into any contract in respect of its business or assets, other than in the ordinary course of business, and Citation will continue to carry on its business and maintain its assets in the ordinary course of business, with the exception of reasonable costs incurred in connection with the Arrangement, and, without limitation, but subject to the above exceptions, will maintain payables and other liabilities at levels consistent with past practice and will not engage in any extraordinary material transactions or agree to do any of the foregoing or perform any act or enter into any transaction or negotiation which interferes or is inconsistent with the completion of the transactions contemplated hereby without the prior written consent of Inlet.

10. PUBLIC DISCLOSURE AND CONFIDENTIALITY

- 10.1 Inlet and Citation shall each publicly announce the transactions contemplated hereby promptly following the execution of this Agreement, the text and timing of each party's announcement to be approved by the other party in advance, acting reasonably. Inlet and Citation agree to co-operate in the preparation of presentations, if any, to the Citation Shareholders regarding the transactions contemplated by this Agreement and no party shall issue any press release or otherwise make public announcements with respect to this Agreement or the Arrangement without the consent of the other party (which consent shall not be unreasonably withheld, conditioned or delayed) provided, however, that the foregoing shall be subject to each party's overriding obligation to make any disclosure required under applicable laws, and the party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other party and reasonable opportunity to review or comment on the disclosure, and if prior notice is not possible, to give such notice immediately following the making of such disclosure.
- 10.2 Unless and until the transactions contemplated in this Agreement have been completed, except with the prior written consent of the other parties, each party and their respective employees, officers, directors, shareholders, agents, advisors and other representatives will hold all information received from the other parties in confidence, except such information and documents which (i) are or subsequently may become generally available to the public; (ii) are required to be disclosed by applicable law or the rules and policies of an applicable

stock exchange; (iii) are available on a non-confidential basis prior to their disclosure to the other parties; (iv) become available to one party on a non-confidential basis from a source other than the other parties provided that such other source is, to the knowledge of such party, not bound by a confidentiality agreement with the other parties; (v) are independently developed; or (vi) were available to each party as a result of the relationship of the parties prior to the date hereof.

- 10.3 All such information in written form and documents will be returned to the party originally delivering them in the event that the transactions provided for in this Agreement are not completed.

11. ASSIGNMENT

- 11.1 No party may assign its rights or obligations under this Agreement.

12. WAIVER

- 12.1 Any waiver or release of any conditions of this Agreement, to be effective, must be in writing executed by the party for whom such condition is expressed by this Agreement to benefit.

13. GENERAL

- 13.1 Subject to Sections 7.4, 7.5 and 7.6, and except as may otherwise be provided for hereunder, the parties agree and acknowledge that each of them will bear responsibility for their own expenses and costs incurred and to be incurred by each of them in connection with the Arrangement including, without limitation, amounts paid or payable to financial advisors, auditors, legal counsel, printers, transfer agents, and other arm's length third parties that perform services on their behalf in connection with the negotiation of the Agreement, the Arrangement, the due diligence review conducted in connection with the Arrangement, the preparation and distribution of all necessary disclosure documents and other steps to implement the Arrangement.
- 13.2 This Agreement constitutes the entire agreement and understanding between the Parties with respect to the Arrangement and other transactions contemplated hereby and supersedes all other prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect thereto, including the Letter Agreement but other than the Confidentiality Agreement. The Parties have not entered into this Agreement in reliance upon any representation, warranty or undertaking of any Party that is not expressly set out or referred to in this Agreement.
- 13.3 The covenants, representations and warranties contained herein will survive the Closing for a period of two years.
- 13.4 Time is of the essence herein.
- 13.5 Each party hereto will, from time to time, at the request of the other parties, do such further acts and execute and deliver all such further documents, agreements and instruments as will be reasonably required in order to fully perform and carry out the terms, conditions and intent of this Agreement.
- 13.6 All references to currency are references to Canadian dollars unless otherwise indicated.
- 13.7 The parties intend that this Agreement will be binding upon them until terminated.

- 13.8 Any notice to be given hereunder to the parties will be deemed to be validly given if delivered, or if sent by facsimile:

if to Inlet or INL Sub, to:

Inlet Resources Ltd.
Suite 3904 - 1077 West Cordova Street
Vancouver, British Columbia
V6C 2C6
Attention: David Baker
Facsimile No.: 604-692-0332

with a copy to:

DuMoulin Black LLP
10th Floor, 595 Howe Street
Vancouver, BC
V6C 2T6
Attention: Paul Vidosky
Facsimile No.: 604-687-8772

if to Citation, to:

Citation Resources Inc.
Suite 880 - 580 Hornby Street
Vancouver, British Columbia
V6C 3B6
Attention: Matthew Watson
Facsimile No.: (604) 681-8485

with a copy to:

McCullough O'Connor Irwin LLP
Suite 2600 Oceanic Plaza
1066 West Hastings Street
Vancouver, BC
V6E 3X1
Attention: Farzad Forooghian
Facsimile No.: (604) 687-7099

and any such notice delivered on a Business Day in accordance with the foregoing will be deemed to have been received on the date of delivery or facsimile transmission.

- 13.9 This Agreement and the rights and obligations of the parties hereunder will be governed by and construed according to the laws of the Province of British Columbia and the courts of such province shall have exclusive jurisdiction over the subject matter hereof.
- 13.10 This Agreement will enure to the benefit of and be binding upon the parties hereto and their successors.
- 13.11 This Agreement may be executed in any number of counterparts with the same effect as if all parties had signed the same document. All of these counterparts will for all purposes constitute one agreement, binding on the parties, notwithstanding that all parties are not

signatories to the same counterpart. A fax transcribed copy or photocopy of this Agreement executed by a party in counterpart or otherwise will constitute a properly executed, delivered and binding agreement or counterpart of the executing party.

[Remainder of this page left intentionally blank]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the year and day set out on page 1 hereof.

INLET RESOURCES

Per: (Signed) "J. Earl Terris"

Name: J. Earl Terris

Title: Director

CITATION RESOURCES INC.

Per: (Signed) "Matthew Watson"

Name: Matthew Watson

Title: President & CEO

1001323 B.C. LTD.

Per: (Signed) "J. Earl Terris"

Name: J. Earl Terris

Title: Director

Schedule A
Plan of Arrangement

ARTICLE ONE
Interpretation

Definitions

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

- (a) "**Agreement**" means the Arrangement Agreement dated for reference May 27, 2014, made among Inlet, Citation and INL Sub including the schedules thereto as the same may be supplemented or amended from time to time;
- (b) "**Amalco**" has the meaning ascribed thereto in Subsection 3.02(b);
- (c) "**Amalgamating Corporations**" means Citation and INL Sub;
- (d) "**Amalgamation**" means the amalgamation of the Amalgamating Corporations as contemplated by this Plan of Arrangement;
- (e) "**Arrangement**" means the arrangement under Section 288 of the BCBCA on the terms and subject to the conditions set out in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement and the provisions hereof or made at the direction of the Court in the Final Order (with the consent of Inlet and Citation, each acting reasonably);
- (f) "**BCBCA**" means the *Business Corporations Act* (British Columbia);
- (g) "**business day**" means a day that is not a civic or statutory holiday in Vancouver, British Columbia;
- (h) "**Citation**" means Citation Resources Inc., a company existing under the laws of British Columbia;
- (i) "**Citation Meeting**" means the annual and special meeting of Citation Shareholders to be held to consider and, if thought fit, to approve the Arrangement, among other things;
- (j) "**Citation Options**" means stock options exercisable to purchase Citation Shares outstanding as at the Effective Time;
- (k) "**Citation Option In-The-Money Amount**" means the amount, if any, by which the total fair market value (determined immediately before the Effective Time) of the Citation Shares that a holder is entitled to acquire on exercise of the Citation Option immediately before the Effective Time exceeds the amount payable under the Citation Option to acquire such shares;
- (l) "**Citation Option Plan**" means the March 11, 2011 stock option plan of Citation;
- (m) "**Citation Shareholders**" means the holders of Citation Shares;
- (n) "**Citation Shares**" means the common shares without par value in the capital of Citation;
- (o) "**Court**" means the Supreme Court of British Columbia;

- (p) **"Depository"** means any trust company, bank or financial institution appointed by Inlet for the purpose of, among other things, exchanging certificates representing Citation Shares for certificates representing Inlet Shares in connection with the Arrangement;
- (q) **"Dissent Right"** has the meaning ascribed thereto in Section 4.01;
- (r) **"Dissenting Shareholder"** means a registered Citation Shareholder who dissents in respect of the Arrangement in strict compliance with the Dissent Rights, and who is ultimately entitled to be paid fair value for their Citation Shares;
- (s) **"Effective Date"** means the date agreed to by Inlet and Citation in writing as the effective date of the Arrangement, after all of the conditions precedent to the completion of the Arrangement as set out in the Arrangement Agreement and the Final Order have been satisfied or waived;
- (t) **"Effective Time"** means the first moment of time (Vancouver time) on the Effective Date;
- (u) **"Final Order"** means the final order of the Court approving the Arrangement pursuant to Section 291 of the BCBCA, as such order may be amended by the Court (with the consent of Inlet and Citation, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, such order as affirmed or amended on appeal;
- (v) **"Inlet"** means Inlet Resources Ltd., a company existing under the laws of British Columbia;
- (w) **"Inlet Option In-The-Money Amount"** means the amount, if any, by which the total fair market value (determined immediately after the Effective Time) of the Inlet Shares that a holder is entitled to acquire on exercise of the Replacement Option at and from the Effective Time exceeds the amount payable to acquire such Inlet Shares;
- (x) **"Inlet Shares"** means the common shares without par value in the capital of Inlet;
- (y) **"INL Sub"** means 1001323 B.C. Ltd., a company incorporated under the BCBCA;
- (z) **"INL Sub Shares"** means the common shares without par value in the capital of INL Sub;
- (aa) **"Interim Order"** means the interim order of the Court, as the same may be amended by the Court (with the consent of Inlet and Citation, each acting reasonably), pursuant to Subsection 291 of the BCBCA, made in connection with the Arrangement;
- (bb) **"person"** shall be broadly interpreted and includes any natural person, partnership, limited partnership, joint venture, syndicate, sole proprietorship, body corporate with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative;
- (cc) **"Replacement Options"** means stock options received on exchange for Citation Options and exercisable to purchase Inlet Shares; and
- (dd) **"Tax Act"** means the *Income Tax Act* (Canada), and the regulations promulgated thereunder, as now in effect and as it may be amended from time to time prior to the Effective Date.

Headings

1.02 The division of this Plan of Arrangement into Articles, Sections and Subsections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. The terms "this Plan of Arrangement", "hereof" and "hereunder" and similar

expressions refer to this Plan of Arrangement and not to any particular Article, Section or Subsection hereof and include any agreement or instrument supplemental therewith, references herein to Articles, Sections and Subsections are to Articles, Sections and Subsections of this Plan of Arrangement.

Number

1.03 In this Plan of Arrangement, unless something in the context is inconsistent therewith, words importing the singular number only shall include the plural and vice versa and words importing the use of any gender shall include all genders.

ARTICLE TWO Arrangement Agreement

Arrangement Agreement

2.01 This Plan of Arrangement is made pursuant and subject to the provisions of the Agreement.

ARTICLE THREE The Arrangement

Plan of Arrangement

3.01 This Plan of Arrangement will become effective at, and be binding at and after, the Effective Time on (i) Citation, (ii) Inlet, (iii) INL Sub, and (iv) Amalco, and all registered and beneficial holders of Citation Shares and Citation Options.

3.02 Commencing at the Effective Time, the following events or transactions shall occur sequentially in the order set out unless otherwise noted and shall be deemed to occur without any further act or formality required on the part of any person, except as expressly provided herein:

- (a) each Citation Share held by a Dissenting Shareholder will be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all liens, claims and encumbrances, to Citation and Citation shall thereupon be obliged to pay the amount therefor determined and payable in accordance with Article Four hereof, and the name of such person will be removed from Citation's central securities register as a holder of Citation Shares and such Citation Shares shall be cancelled and the appropriate entry shall be made in Citation's central securities register;
- (b) Citation and INL Sub will amalgamate to form one corporate entity ("**Amalco**") with the same effect as if they were amalgamated under Division 3 of Part 9 of the BCBCA, and, for the avoidance of doubt, the Plan of Arrangement is intended to qualify as a reorganization within the meaning of Sections 368(a)(1)(A) and 368(a)(2)(D) of the U.S. Internal Revenue Code of 1986, as amended, for all United States federal income tax purposes;
- (c) without limiting the generality of the foregoing, at the time of the Amalgamation, the separate legal existence of Citation will cease without Citation being liquidated or wound-up; Citation and INL Sub will continue as one company; and the property and liabilities of Citation will become the property and liabilities of Amalco;
- (d) at the time of, and by virtue of, the Amalgamation, and from and after this time:
 - (i) Amalco will own and hold all property of Citation and will own and hold all property of INL Sub, and will be liable for the obligations of Citation and will be liable for the

obligations of INL Sub, including civil, criminal and quasi-criminal liabilities and all contracts, disabilities, options, warrants and debts of each of Citation and INL Sub;

- (ii) all rights, contracts, permits and interests of Citation and INL Sub will continue as rights, contracts, permits and interests of Amalco and, for greater certainty, the amalgamation will not constitute a transfer or assignment of the rights or obligations of either of Citation or INL Sub under any such rights, contracts, permits and interests;
- (iii) any existing cause of action, claim or liability to prosecution is unaffected;
- (iv) a civil, criminal or administrative action or proceeding pending by or against Citation or INL Sub may continue to be prosecuted by or against Amalco;
- (v) a conviction against, or ruling, order or judgment in favour of or against, Citation or INL Sub may be enforced by or against Amalco;
- (vi) the name of Amalco shall be Citation Minerals Inc.;
- (vii) Amalco shall be authorized to issue an unlimited number of common shares without par value;
- (viii) the articles of Amalco shall be in the form of Citation's articles;
- (ix) the first annual general meeting of Amalco will be held within 18 months from the Effective Date;
- (x) the first directors of Amalco following the amalgamation shall be David Baker, J. Earl Terris and Don Dybyk;
- (xi) the stated capital of the common shares of Amalco will be an amount equal to the paid up capital, as that term is defined in the Tax Act, attributable to the INL Sub Shares immediately prior to the merger;
- (xii) each Citation Share outstanding immediately prior to the Effective Time held by a Citation Shareholder (other than Dissenting Shareholders), shall be exchanged for 0.5 of an Inlet Share, subject to Sections 3.03 and 3.05 and Article Five hereof, and Inlet shall be deemed to be the legal and beneficial owner thereof, free and clear of any liens, claims or encumbrances;
- (xiii) all of the issued INL Sub Shares will be exchanged for one fully-paid and non-assessable common share in the capital of Amalco, which shall be issued to Inlet by Amalco and such INL Sub Shares will be cancelled without any payment of capital in respect thereof;
- (xiv) each Citation Option outstanding immediately prior to the Effective Time shall be exchanged for a Replacement Option, such Replacement Option granting the holder rights to purchase the number of Inlet Shares equal to the product of: (i) the number of Citation Shares subject to such Citation Option immediately prior to the Effective Time; multiplied by (ii) 0.5. The exercise price per Inlet Share subject to any such Replacement Option shall be an amount (rounded up to the nearest cent) equal to the quotient obtained by dividing (iii) the exercise price per Citation Share subject to such Citation Option immediately before the Effective Time by (iv) 0.5. Except as otherwise provided for in this section, each Replacement Option shall carry the same terms as the Citation Option Plan and any applicable agreements thereunder. It is intended that the provisions of

subsection 7(1.4) of the Tax Act will apply to the exchange of Citation Options for Replacement Options and that the Inlet Option In-The-Money Amount not exceed the Citation Option In-The-Money Amount. Therefore, in the event that Inlet and the holder of any Replacement Option agrees that the Inlet Option In-The-Money Amount exceeds the Citation Option In-The-Money Amount, the number of Inlet Shares which may be acquired on exercise of the Replacement Option at and after the Effective Time will be adjusted accordingly with effect at and from the Effective Time to ensure that the Inlet Option In-The-Money Amount does not exceed the Citation Option In-The-Money Amount for which it was exchanged and the ratio of the amount payable to acquire such shares to the value of such shares to be acquired shall be unchanged;

provided that none of the foregoing will occur or be deemed to occur unless all of the foregoing occurs.

3.03 On or immediately prior to the Effective Date, Inlet shall deliver or arrange to be delivered to the Depositary certificates representing the requisite Inlet Shares required to be issued in accordance with the provisions of Subsection 3.02(d)(xiii) hereof, which certificates shall be held by the Depositary as agent and nominee for former registered Citation Shareholders for distribution to such former shareholders in accordance with the provisions of Article Five hereof.

3.04 Any transfer of any securities pursuant to the Arrangement shall be free and clear of any hypothecs, liens, claims, encumbrances, charges, adverse interests or security interests.

3.05 No fractional Inlet Shares will be issued to the former registered Citation Shareholders. The number of Inlet Shares to be issued to former registered Citation Shareholders will be rounded up to the nearest whole Inlet Share in the event that a former shareholder of Citation is entitled to a fractional share representing 0.5 or more of an Inlet Share and shall be rounded down to the nearest whole Inlet Share (and for greater certainty, will be rounded down to not less than one Inlet Share) in the event that a former shareholder of Citation is entitled to a fractional share representing less than 0.5 of an Inlet Share.

ARTICLE FOUR

Rights of Dissent

Rights of Dissent

4.01 Pursuant to the Interim Order, registered Citation Shareholders may exercise rights of dissent ("**Dissent Rights**") under Division 2 of Part 8 of the BCBCA, as modified by this Section 4.01, the Interim Order and the Final Order, with respect to Citation Shares in connection with the Arrangement, provided that the written objection to the special resolution to approve the Arrangement contemplated by Section 242 of the BCBCA must be sent to Citation by registered Citation Shareholders who wish to dissent at least two days before the Citation Meeting or any date to which the Citation Meeting may be postponed or adjourned and provided further that persons who exercise such rights of dissent and who:

- (a) are ultimately entitled to be paid fair value for their Citation Shares, which fair value shall be the fair value of such shares immediately before the passing by the Citation Shareholders of the resolution approving the Arrangement, shall be paid an amount equal to such fair value by Citation; and
- (b) are ultimately not entitled, for any reason, to be paid fair value for their Citation Shares shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting Citation Shareholder and shall be entitled to receive only the consideration contemplated in Subsection 3.02(d)(xii) hereof that such person would have received pursuant to the Arrangement if such person had not exercised Dissent Rights,

but in no case shall Inlet, Citation or any other person be required to recognize Citation Shareholders who exercise Dissent Rights as Citation Shareholders after the time that is immediately prior to the Effective Time, and the names of such Citation Shareholders who exercise Dissent Rights shall be deleted from Citation's central securities register at the Effective Time.

4.02 For greater certainty, the obligation to pay Dissenting Shareholders the fair value for their Citation Shares shall be borne by Amalco.

ARTICLE FIVE

Certificates and Documentation

Entitlement to Inlet Share Certificates

5.01 After the Effective Date, the former registered Citation Shareholders shall be entitled to receive certificates representing Inlet Shares on the basis set forth in Subsection 3.02(d)(xii) by complying with the requirements set forth in Section 5.03.

Letter of Transmittal

5.02 Promptly after the Effective Date, the Depository, on behalf of Inlet, in accordance with the terms of this Arrangement, shall forward a letter of transmittal and instructions for obtaining delivery of certificates representing Inlet Shares to each registered Citation Shareholder to which Subsection 3.02(d)(xii) applies, at the address of each such shareholder as it appeared in the register of Citation.

Procedure for Exchange of Certificates

5.03 A former registered Citation Shareholder must deliver, within six (6) years of the Effective Date, the following documents in order to receive certificate(s) for Inlet Shares issued to such shareholder under this Plan of Arrangement:

- (a) the certificate representing such shareholder's Citation Shares to the Depository or as the Depository may otherwise direct in accordance with instructions contained in the said letter of transmittal;
- (b) the duly completed letter of transmittal; and
- (c) such other documents as the Depository may reasonably require.

Certificates representing Inlet Shares shall be registered in the name or names and will be delivered by letter mail postage pre-paid or in the case of postal disruption, by such other means as the Depository deems prudent, to such address or addresses as such shareholder may direct in the letter of transmittal as soon as practical after the receipt by the Depository of the documents required under this Section 5.03.

Lost Certificates

5.04 If any certificate, that immediately prior to the Effective Time represented one or more outstanding Citation Shares that were exchanged for Inlet Shares in accordance with Section 3.02 hereof, shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the former registered Citation Shareholder claiming such certificate to be lost, stolen or destroyed, the Depository shall deliver in exchange for such lost, stolen or destroyed certificate, a certificate representing Inlet Shares that such former registered Citation Shareholder is entitled to receive in accordance with Section 3.02 hereof. When authorizing such delivery of a certificate representing Inlet Shares that such former registered Citation Shareholder is entitled to receive in exchange for such lost, stolen or destroyed

certificate, the former registered Citation Shareholder to whom a certificate representing such Inlet Shares is to be delivered shall, as a condition precedent to the delivery of such Inlet Shares, give a bond satisfactory to Inlet and the Depositary in such amount as Inlet and the Depositary may direct, or otherwise indemnify Inlet and the Depositary in a manner satisfactory to Inlet and the Depositary, against any claim that may be made against Inlet or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the articles of Citation.

Termination of Rights

5.05 Subject to applicable laws, any certificates formerly representing Citation Shares that are not deposited with all other documents as provided in Section 5.03 on or before the sixth anniversary of the Effective Date shall cease to represent any right or claim of any kind or nature and the right of the former Citation Shareholder to receive certificates representing Inlet Shares and the Inlet Shares issued to such former Citation Shareholder shall be deemed to be surrendered to Inlet together with all dividends or distributions thereon held for such former Citation Shareholder.

Distribution

5.06 All dividends paid or distributions made in respect of the Inlet Shares for which a certificate formerly representing Citation Shares has not been deposited with all other documents as provided in Section 5.03 hereof, shall be paid and delivered to the Depositary to be held subject to Section 5.07 in trust for such former Citation Shareholder, for delivery to such person net of all withholding and other Taxes, upon delivery of the certificate in accordance with Section 5.03.

Withholding Rights

5.07 Amalco, Inlet, INL Sub, Citation and the Depositary shall be entitled to deduct and withhold from the consideration payable to any former Citation Shareholder under this Arrangement such amounts as Amalco, Inlet, INL Sub, or Citation or the Depositary is required, entitled or permitted to deduct and withhold with respect to such payment under the Tax Act, the United States Internal Revenue Code of 1986, as amended, or any provision of any applicable federal, provincial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the former Citation Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

ARTICLE SIX Amendment

Plan of Arrangement Amendment

6.01 The parties reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time, provided that any such amendment, modification or supplement must be contained in a written document which is filed with the Court and, if made following the Citation Meeting, approved by the Court and communicated to the Citation Shareholders in the manner required by the Court (if applicable).

6.02 Any amendment, modification or supplement to this Plan of Arrangement, if agreed to by all of the parties may be made at any time prior to or at the Citation Meeting with or without any other prior notice or communication and, if so proposed and accepted by the persons voting at the Citation Meeting shall become part of this Plan of Arrangement for all purposes.

6.03 Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Citation Meeting shall be effective only if it is consented to by each of the parties.