



NOTICE
OF SPECIAL
MEETING OF SHAREHOLDERS
AND
MANAGEMENT PROXY **CIRCULAR**

(Information presented as of January 26, 2022, unless otherwise stated)

*A Special Meeting of Shareholders will be held on Wednesday, March 9, 2022, at 10 am (EDT),
via a virtual meeting live webcast*

EXPLORATION PUMA INC.
175, rue Legaré, Rimouski (Québec) G5L 3B9

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a Special Meeting of Shareholders of Puma Exploration Inc. (hereinafter the “**Company**” or “**Puma**”) will be held virtually on Wednesday, March 9, 2022, at 10:00 a.m., for the following purposes:

1. To consider and, if deemed advisable, to approve, with or without variation, a special resolution (the “**Stated Capital Reduction Resolution**”), the full text of which is set forth in the accompanying management proxy circular, approving a reduction of the stated capital of the Company and a distribution of common shares of Melius Metals Corp., all as more particularly set forth and described in the management proxy circular;
2. To address any other issue that may be duly submitted to the Meeting or to any continuation thereof in the event of adjournment.

The management proxy circular includes supplementary information on the issues that will be addressed in the Meeting and, as such, is an integral part of this Notice.

The Corporation is holding the Meeting as a virtual meeting only, which will be conducted via live audio webcast online at <https://virtual-meetings.tsxtrust.com/1271> where all Shareholders and their proxyholders regardless of geographic location will have an equal opportunity to participate at the Meeting. Shareholders and proxyholders will not be able to attend the Meeting in person. This decision was made once again in an effort to contain the spread of the coronavirus (COVID-19) and to prioritize and support the wellbeing of our Shareholders, employees, directors, and other Meeting attendees. The Circular contains further details and instructions about virtual participation.

Rimouski (Québec)

January 26, 2022

BY ORDER OF THE BOARD OF DIRECTORS

(signed) *Marcel Robillard*

Marcel Robillard
President and Chief Executive Officer

MANAGEMENT PROXY CIRCULAR

FORWARD-LOOKING INFORMATION

This Information Circular contains certain forward-looking statements and forward-looking information (collectively referred to herein as “**forward-looking statements**”) within the meaning of Canadian securities laws. All statements other than statements of historical fact are forward-looking statements. Undue reliance should not be placed on forward-looking statements, which are inherently uncertain, are based on estimates and assumptions, and are subject to known and unknown risks and uncertainties (both general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward-looking statements will not occur. Forward-looking information presented in such statements may, among other things, relate to: the structure, steps, timing and effects of the proposed transaction; the anticipated benefits and shareholder value resulting from the proposed transaction; the nature of the Company’s operations following the proposed transaction; expectations regarding the ability of the Company to identify and acquire other assets; the Company’s business outlook; plans and objectives of management for future operations; forecast business results; anticipated financial performance and the proposed transaction. Although the Company believes that the expectations reflected in the forward-looking statements contained in this Information Circular, and the assumptions on which such forward-looking statements are made, are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned not to place undue reliance on forward-looking statements included in this document, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur, which may cause the Company’s or Melius Metals Corp.’s (“**Melius**”) actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking statements. The forward-looking statements contained in this Information Circular are made as of the date hereof and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, except as required by applicable law. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

MATTERS RELATING TO PROXIES

The management proxy circular (the “**Circular**”) is provided in the context of the solicitation by the management of Puma Exploration Inc. (the “**Company**” or “**Puma**”) of proxies that will be used at the special shareholders’ meeting of the Company (the “**Meeting**”), which will be held virtually on Wednesday, March 9, 2022, at 10:00 a.m., for the purposes indicated in the attached notice of meeting (the “**Notice of Meeting**”) and at any continuation thereof in the event of an adjournment. This solicitation is made primarily by mail, but proxies may be done by Internet, telephone or in person by employees of the Company. The Company assumes the costs of this solicitation.

Unless otherwise indicated, the information contained in this Circular is current as of January 26, 2022, and all amounts in this Circular are expressed in Canadian dollars.

REGISTERED SHAREHOLDERS

You should have received a Form of Proxy from the Company’s transfer agent, TSX Trust Company. Follow the instructions on your Form of Proxy to vote by Internet or fax, or complete, sign and mail the Form of Proxy in the envelope provided.

NON-REGISTERED SHAREHOLDERS

Your Common Shares are held in the name of a nominee (securities broker, trustee or other financial institution). You will have received a voting instruction form from your broker. Follow the instructions on your Voting Instruction Form to vote by Internet or fax, or complete,

sign and mail the Voting Instruction Form in the postage prepaid envelope provided. **To vote in person at the Meeting, see the box on page 5 of this Circular.**

QUORUM

The Company's by-laws set forth that a quorum is reached at a shareholders' meeting, regardless of the number of persons actually present, when the holder(s) of shares representing 5% of the votes are present in person or represented by proxy.

APPOINTMENT OF PROXIES

The persons mentioned in the attached proxy form are directors of the Company. **Any shareholder has the right to appoint a proxy to represent him/her at the Meeting other than the persons whose names appear as proxies in the proxy form attached hereto by crossing out the printed names and inserting the name of the proxy of his/her choice in the space provided for this purpose.** A person thus named as proxy is not required to be a shareholder of the Company.

Shareholders who are unable to attend the Meeting are asked to complete the proxy form attached hereto and send it no later than March 7, 2022, before 10:00 a.m. to TSX Trust Company, 301-100 Adelaide Street West, Toronto (Ontario) M5H 4H1, fax it to 1 (416) 595-9593 or via internet at www.voteproxyonline.com. Registered shareholders can virtually attend and vote in real time through a live audio webcast of the meeting. If the shareholder is a company, the signature of an officer on the proxy form must be duly authorized in writing.

RIGHT OF REVOCATION OF PROXIES

A shareholder who grants a proxy may revoke it at any time by a written instrument executed by the shareholder or his/her proxy duly authorized in writing or, if the shareholder is a company, by an officer duly authorized in writing, and by submitting it at the Company's head office or to TSX Trust Company, 301-100 Adelaide Street West, Toronto (Ontario) M5H 4H1, by faxing it to 1 (416) 595-9593 or online at www.voteproxyonline.com no later than August 27, 2021, before 10:00 a.m.

INFORMATION FOR BENEFICIAL SHAREHOLDERS

Only registered shareholders or holders of a duly designated proxy may virtually attend and vote at the Meeting. Shareholders who do not hold their shares in their own name (the "Beneficial Shareholders") are advised that only the proxies of registered shareholders may be recognized and used for a vote at the Meeting. Beneficial Shareholders who fill out and return a proxy shall indicate the name of the person (usually a brokerage house) that holds their shares as the registered shareholder. Each intermediary (broker) has its own mailing procedure and provides its own return instructions, which should be carefully followed. Nevertheless, its purpose is limited to instructing the registered shareholder on how to vote in the name of the Beneficial Shareholder.

If the shares appear on the account statement supplied to a shareholder by a broker, then, generally speaking, these shares will not be registered in the name of the shareholder in the Company's records. It is probable that these shares will be registered in the name of the shareholder's broker or an agent of the broker. In Canada, most of these shares are registered in the name of CDS & Co. (the name of registration of Clearing and Depository Services Inc. which acts as nominee for many Canadian brokerage firms). The voting rights attached to shares held by brokers or their nominees may not be exercised in favour of or against resolutions, except as directed by the shareholder. Without specific instructions, brokers or nominees are prohibited from exercising the voting rights attached to the shares of their customers. The directors and executive officers of the Company do not know for whose benefit the shares registered in the name of CDS & Co. are held.

Brokers and other intermediaries are required to request voting instructions from the Beneficial Shareholders before shareholder meetings. Brokers and other intermediaries have their own specified sending procedures and instructions for returning documents, which must be followed to the letter by the Beneficial Shareholders so that their voting rights can be exercised at the Meeting. In Canada, most brokers now delegate the responsibility of obtaining instructions from their customers to Broadridge Financial Solutions, Inc. (“BFSI”). A Beneficial Shareholder who receives a voting instruction form from BFSI may not use this form to vote directly at the Meeting. If you have any questions about exercising your voting rights attached to the shares that you hold through a broker or another intermediary, please contact this broker or other intermediary directly.

Since the Company has limited access to the names of its non-registered Shareholders, if you attend the Meeting, the Company may have no record of your shareholdings or of your entitlement to vote unless your nominee has appointed you as proxyholder. Therefore, if you wish to vote in real time as part of a live audio webcast of the meeting, insert your own name in the space provided on the request for voting instructions or Form of Proxy and return same by following the instructions provided. Do not otherwise complete the form as your vote will be taken at the Meeting. Please register with the transfer agent, TSX Trust Company, upon arrival at the Meeting.

Attending the Shareholders Meeting Electronically

Beneficial Shareholders who have not duly appointed themselves as proxy holders will be able to participate at the virtual Meeting as guests but will not be able to vote at the virtual Meeting.

We encourage you to log into the Meeting at least 15 minutes prior to the commencement of the Meeting. You may begin to log into the Meeting virtual platform beginning at 9 a.m. (Montréal time), on March 9, 2022. The Meeting will begin promptly at 10 a.m. (Montréal time), on March 9, 2022.

Simply go to the following website in your web browser (not a Google search) on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible by logging in early. **PLEASE DO NOT USE INTERNET EXPLORER:** <https://virtual-meetings.tsxtrust.com/1271>

Please ensure that you are connected to the Internet at all times to be able to vote. If you are not connected, your vote may not be recorded. It is your responsibility to ensure you stay connected for the duration of the Meeting. You should allow ample time to log into the meeting online and complete the related procedure.

I have a control number

If you have received a form of proxy from our transfer agent, TSX Trust Company, with a control number, select “I have a control number” and enter your control number and this case sensitive password: *puma2022*

I am a Guest

If you do not have a control number select “***I am a Guest***” and fill in the required information.

The chair of the meeting and other members of management present will answer questions relating to matters to be voted on before a vote is held on each matter, if applicable. General questions will be addressed during a question-and-answer period following the conclusion of the meeting. So that as many questions as possible are answered, Shareholders and proxyholders are asked to be brief

and concise and to address only one topic per question. Multiple questions on the same topic or that are otherwise related may be grouped, summarized and answered together.

All Shareholder questions are welcome. However, we do not intend to address questions that are irrelevant to the business of the meeting or to the Company's operations that are related to non-public information about the Company, constitute derogatory references to individuals or that are otherwise offensive to third parties, are repetitious or have already been asked by other shareholders, are in furtherance of a shareholder's personal or business interest, or are out of order or not otherwise appropriate as determined by the chair or secretary of the meeting in their reasonable judgment. The chair of the meeting has broad authority to conduct the meeting in an orderly manner. The chair of the meeting may exercise broad discretion with respect to, for example, the order in which questions are asked and the amount of time devoted to any one question.

Unless otherwise indicated in this Circular as well as the attached proxy form and Notice of Meeting, "Shareholders" refers to registered shareholders.

EXERCISE OF DISCRETIONARY POWER CONFERRED BY PROXY

The voting right conferred by common shares (the "**Shares**"), for which a proxy is given by the form duly signed in favour of the persons who are therein designated, will be exercised at the time of any vote held at the Meeting according to the instructions given. **For votes on the Stated Capital Reduction Resolution (as defined herein), the voting rights conferred by these shares will be exercised for the same purposes and in the manner provided for in the relevant sections of this Circular, unless there is a request in the proxy to vote against the Stated Capital Reduction Resolution.**

The directors soliciting the proxy are committed to respecting the instructions given by a shareholder in the proxy form. **If no instructions have been given, votes will be expressed in favour of the adoption of the resolution set forth in the Notice of Meeting. The proxy attached hereto confers a discretionary power with regard to any amendment relating to matters set forth in the Notice of Meeting as well as any other matter that may be normally raised at the Meeting.** As of the date of this Circular, the Company's Directors have no knowledge of any amendment to the matters mentioned in the Notice of Meeting nor with respect to any other matter that may be raised at the Meeting.

INTEREST OF CERTAIN PERSONS IN MATTERS ON THE AGENDA

The Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any of the following persons in any matter to be acted upon at the Meeting:

- a) each person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year;
- b) each proposed nominee for election as a director of the Company; and
- c) each associate or affiliate of any of the foregoing.

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital stock of the Company consists of an unlimited number of common shares without par value.

On January 26, 2022, 99,665,522 shares of the Company were issued and outstanding. Each share confers a voting right to its holders duly registered in the Company's records on February 1, 2022, i.e. the record date determining the shareholders entitled to receive the Notice of Meeting and to vote at the Meeting. Holders of shares acquired after the record date have the right to vote in the Meeting if they

present one (or more) share certificate(s) registered in their name and if they demand the inclusion of their name on the list of shareholders entitled to vote at least 48 hours before the Meeting.

To the knowledge of the Company's management, as of the date of this Circular, there is no person holding, directly or indirectly, control over more than 10% of the Company's outstanding shares.

PARTICULARS OF ISSUES TO BE ADDRESSED AT THE MEETING

REDUCTION OF THE STATED CAPITAL OF THE COMPANY'S COMMON SHARES

Background

Pursuant to an option agreement dated June 30, 2021 (the "**Option Agreement**"), Puma and its wholly-owned subsidiary Murray Brooks Minerals Inc. have agreed to grant to Melius Metals Corp. (formerly Melius Capital 3 Corp.) ("**Melius**"), subject to certain conditions, the exclusive right and option (the "**Option**") to acquire all of their respective rights and interests in the Murray Brooks West, Turgeon, Brunswick Cards, Legacy and Chester projects (collectively, the "**Copper Projects**").

For more information, please refer to the Option Agreement, which is available on SEDAR, as well as the summary included in the Management Proxy Circular dated July 22, 2021 prepared, among other things, in connection with the approval by the Puma Shareholders of the transactions on the Copper Projects with Melius.

Pursuant to the Option Agreement, if Melius exercises the Option, it is anticipated that Puma will receive:

- (a) an aggregate of 12,000,000 common shares of Melius; and
- (b) additional payments over a three (3) year period in common shares of Melius and/or cash in the aggregate amount of \$2,300,000.

The first payment under the Option Agreement consisted of the issuance of a first tranche of 6,000,000 common shares of Melius (the "**6,000,000 Melius Shares**").

Puma intends to distribute a portion of the 6,000,000 Melius Shares to Puma shareholders of record on a closing date to be determined by the Board of Directors, but which will precede the date of listing of the Melius Shares on the Canadian Securities Exchange (the "**CSE**") or any other recognized Canadian stock exchange. Upon listing, Melius will issue an additional 6,000,000 Melius Shares to Puma, which will be held by Puma for investment purposes.

Under the Option Agreement, the closing of the transaction was conditional upon various conditions being satisfied on or before October 31, 2021 (the "**Satisfaction Deadline**"), including the following conditions:

- (a) the filing by Melius of a preliminary prospectus in any jurisdiction in Canada (the "**Melius Prospectus**"); and
- (b) the completion by Melius of private placement financings for aggregate gross proceeds of at least \$1,500,000.

In addition, in order to file a preliminary prospectus, Melius was required, among other things, to prepare NI 43-101 compliant technical reports on the Chester and Turgeon projects (the "**43-101 Reports**") and prepare audited financial statements of Melius that comply with applicable securities regulatory requirements (the "**Melius Financial Statements**").

Upon execution of the Option Agreement, it was also contemplated that Melius would complete its financings in two (2) tranches.

The Option Agreement also provided, subject to certain conditions, for a distribution by Puma to its shareholders of shares of Melius (the “**Distribution**”) in order to, among other things, enable Melius to comply with the listing requirements of the CSE regarding public float and distribution.

Based on the scenario that was initially contemplated, it was anticipated that Puma would proceed with the Distribution as soon as possible following the closing of the second tranche of the Melius financing and the grant of a final receipt for the Melius Prospectus.

The Option Agreement also provided that Melius would use its reasonable efforts to list its shares on the CSE or a mutually acceptable Canadian stock exchange by March 1, 2022 (the “**Listing Deadline**”), failing which the option agreement would automatically terminate.

Accordingly, in connection with the preparation of its proxy circular for the annual and special meeting held on August 31, 2021 (the “**2021 Annual Meeting**”), Puma sought shareholder approval of a special resolution relating to a reduction of the stated capital of Puma in the amount of \$600,000 for the purpose of a distribution by Puma of Melius Shares to its shareholders.

The Melius Shares to be distributed by Puma to its shareholders were deemed to have a value of \$0.10 per share, being the most recent price paid by arms’ length purchasers upon completion of the second tranche of financings by Melius.

In this context, Puma’s shareholders approved a special resolution at the 2021 Annual Meeting to reduce stated capital by \$600,000 in order to distribute a substantial portion of the 6,000,000 Melius to Puma’s shareholders in anticipation of a Melius listing.

It should also be noted that this reduction of stated capital was part of a strategy to neutralize as much as possible the tax implications of the distribution of Melius Shares to the Puma Shareholders.

Recent Developments: Third Tranche Financing

At a meeting held on October 26, 2021, the representatives of Melius informed the Puma management that:

- (a) financings aggregating \$1,500,000 were in the process of being completed by Melius;
- (b) the 43-101 Reports were being completed by Melius; and
- (c) the Melius Prospectus had not yet been filed, due to various issues and delays in the preparation of Melius’ financial statements.

At that meeting, the representatives of Melius then asked Puma to agree to an amendment to the Option Agreement to extend both the Satisfaction Deadline and the Listing Deadline.

It should be noted that at that time, a 2,000 metre drilling program, fully funded by Melius, had just been initiated on the Chester Project, and that Melius had also assumed a final payment of \$100,000 to secure Puma’s acquisition of a 100% interest in the Chester Project. In addition, Mr. Simon Quick had recently been appointed as the Chief Executive Officer of Melius.

The representatives of Melius have also informed the Puma management of their intention to initiate a third tranche of financing for up to \$3,000,000 at an issue price of up to \$0.35 per share of Melius (the “**Third Tranche Financing**”).

The completion by Melius of the Third Financing Tranche, while a very positive development, does have an impact on the market value of the Melius Shares to be distributed by Puma as part of the reduction of stated capital reduction, as approved by the Puma Shareholders at the 2021 Annual Meeting, in the amount of \$600,000.

In fact, if Melius completes a third tranche of financing at an issue price of up to \$0.35 per share prior to the Distribution by Puma of the Melius Shares, the \$600,000 reduction of stated capital, as approved by the shareholders at the 2021 Annual Meeting, would not be sufficient to offset the tax impact of the Distribution of the Melius Shares.

In this context, effective October 31, 2021, Puma has agreed to extend the Satisfaction Deadline to January 31, 2022 and the Listing Deadline to April 30, 2022, provided, however, that Melius agrees to bear the legal fees and expenses related to holding a special meeting, all in order to minimize the tax impacts on the Puma Shareholders related to the Distribution and considering, in particular, the completion of a Third Tranche Financing, which was not anticipated at the time of the execution of the Option Agreement nor at the time of the 2021 Annual Meeting held on August 31, 2021.

Accordingly, for all of the foregoing reasons, Puma wishes, subject to the requisite regulatory and shareholder approvals, to reduce the stated capital related to its common shares by an amount equal to the fair market value of the Melius Shares on the Distribution.

In connection with this reduction of stated capital, Puma intends, on an effective date to occur prior to the listing of the common shares of Melius on a recognized Canadian stock exchange, to proceed with the following transactions:

- (a) to distribute a substantial portion of the 6,000,000 shares of Melius held by the Company (the “**Distributed Melius Shares**”) to all of its shareholders other than its beneficial shareholders who are residents of the United States (the “**U.S. Shareholders**”) and who will be of record on a date to be determined by Puma’s Board of Directors (the “**Distribution Record Date**”), which will precede the date of listing of the Melius Shares on the Canadian Securities Exchange or any other recognized Canadian stock exchange (the “**Listing**”); and
- (b) to pay in cash the amount otherwise payable to the U.S. Shareholders in connection with such reduction in stated capital.

In particular, the number of Melius Shares to be distributed to Puma’s Non-U.S. Shareholders will be determined by the following formula:

$$A = 6,000,000 - [6,000,000 \times (B/C)]$$

where

A :	number of Melius Shares to be distributed to the Company’s shareholders other than its U.S. Shareholders
B :	number of common shares of the Company held by the U.S. Shareholders as of the Distribution Record Date
C :	total number of common shares of the Company issued and outstanding as of the Distribution Record Date

Stated Capital Reduction Resolution

For the proposed transaction with Melius to proceed, the Stated Capital Reduction Resolution, which will be a special resolution, must be approved by two thirds (2/3) of the votes cast by shareholders present in person or represented by proxy at the Meeting.

The Stated Capital Reduction Resolution, if adopted, will supersede the resolution that was adopted at the 2021 Annual Meeting.

The Stated Capital Reduction Resolution is expected to be substantially in the following form:

WHEREAS pursuant to an option agreement dated June 30, 2021, as amended, 6,000,000 common shares of Melius Metals Corp. (“**Melius**”), have been issued to Puma as fully paid (the “**Melius Shares**”);

WHEREAS Melius seeks to list on the CSE or any other Canadian stock exchange and the Company intends, prior to such listing, to distribute to all of its shareholders (other than its U.S. Shareholders) a substantial portion of said Melius Shares (the “**Distributed Shares**”) in the manner contemplated in the Company’s management proxy circular dated January 26, 2022 (the “**Distribution**”);

CONSEQUENTLY, BE IT RESOLVED AS A SPECIAL RESOLUTION:

- (a) to determine that the fair market value of the Distributed Shares will be established by the directors of Puma on the day immediately preceding the day of the listing of the common shares of Melius on a recognized Canadian stock exchange;
- (b) to reduce the stated capital of Puma’s common shares by an amount of \$2,100,000 or by such other amount as may be determined by the directors of Puma which is equal to the fair market value of the Distributed Shares on the day immediately preceding the day of distribution;
- (c) in partial payment of the stated capital reduction and subject to obtaining all required regulatory approval, to distribute the Distributed Shares to the shareholders of Puma other than U.S. Shareholders of record on the record date for the Distribution to be determined by the directors of Puma;
- (d) to authorize the directors of Puma to determine the appropriate procedure to give effect to the Distribution;
- (e) to authorize any director or officer of Puma to execute all additional documentation that such signatory will deem necessary or useful to give effect to this resolution; and
- (f) to authorize the directors to revoke this resolution prior to giving it effect if they consider that it is in the interest of Puma.

The form of resolution set out above is subject to such amendments as the management may propose at the Meeting but which do not materially affect the substance of the resolution.

Recommendation of the Board of Directors

The Board of Directors has concluded that the proposed transaction with Melius is in the best interest of Puma and its shareholders. The Board of Directors unanimously recommends that shareholders vote in favour of the Stated Capital Reduction Resolution at the Meeting.

Except when instructions have been given to vote against the Stated Capital Reduction Resolution, the persons whose names appear in the attached proxy form shall vote in favour of the Stated Capital Reduction Resolution. If you do not specify how you want your shares voted at the Meeting, the persons named as proxyholders in the enclosed form of proxy will cast the votes represented by your proxy at the Meeting in favour of the Stated Capital Reduction Resolution.

Canadian Federal Income Tax Considerations of the Distribution as a Reduction of Stated Capital.

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. This summary is not intended to be, and should not be construed as legal, business or tax advice to any shareholders. No representation is made as to the tax considerations which apply to a particular shareholder. Consequently, shareholders should consult their own tax advisors with respect to their particular circumstances.

The following summary describes the principal Canadian federal income tax considerations generally applicable to a shareholder who is an individual or a corporation and who, at all relevant times, for purposes of the application of the *Income Tax Act* (Canada) (the “**ITA**”) and any

relevant tax treaty (i) is or is deemed to be resident in Canada; (ii) is not exempt from tax; and (iii) holds the common shares of the Company as capital property.

Shareholders who are not resident in Canada and shareholders who do not hold their shares as capital property should consult their own tax advisor regarding their specific circumstances.

This summary is based on the current provisions of the ITA and the regulations thereunder, and the Company's understanding of the current administrative practices of the Canada Revenue Agency published prior to the date hereof. This summary also takes into account all specific proposals to amend the ITA and the regulation thereunder publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "**Proposed Amendments**") and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. Other than the Proposed Amendments, this summary does not otherwise take into account or anticipate any changes to the ITA or administrative practices, whether by legislative, regulatory or judicial action nor does it take into account tax considerations of any province, territory or foreign jurisdiction.

Distribution - Reduction of Stated Capital

The reduction in the Company's stated capital will not result in a deemed dividend received by shareholders as the following conditions are met:

- (a) the Distributed Melius Shares come from the proceeds of disposition made by the Company following a transaction concluded both:
 - (i) outside the Company's normal course of business; and (ii) during the period starting 24 months before the distribution; and
- (b) no other reduction in paid-up capital was made by the Company before this transaction.

The aggregate fair market value of the Distributed Shares received by a shareholder on the reduction of the stated capital related to the common shares of the Company will be deducted in computing the adjusted cost base, for such shareholder, of the common shares of the Company held by such shareholder. To the extent that, following such calculation, the adjusted cost base is negative, the shareholder will be deemed to have realized a capital gain equal to that negative amount and the adjusted cost base of the said shareholder's common shares of the Company will, thereafter, be nil. In the case of a shareholder who holds only flow-through common shares of the Company acquired from treasury, a capital gain equal to the value of the Distributed Shares received will be realized by such shareholder since these flow-through shares are deemed to have an adjusted cost base for such shareholder that is nil.

A shareholder will be deemed to have acquired the Distributed Shares at a cost equal to their fair market value at the time of the distribution.

Taxation of Capital Gains and Capital Losses

An individual or a corporation is required to include, in computing its income for a taxation year, one-half of the amount of any capital gain realized during the year (a "**Taxable Capital Gain**") and is generally entitled to deduct one-half of the amount of any capital loss incurred during the year (an "**Allowable Capital Loss**") against Taxable Capital Gains realized in the year. Generally, any Allowable Capital Losses in excess of such Taxable Capital Gains may be carried back against Taxable Capital Gains realized in any of the three preceding taxation years or may be carried forward indefinitely against Taxable Capital Gains realized during any following taxation year, to the extent and under the circumstances specified in the ITA.

A corporation that is throughout the relevant taxation year a "Canadian-controlled private corporation", as defined under the ITA, may be liable to pay regular tax plus an additional refundable tax of 30% on its "aggregate investment income" for the year, which includes Taxable Capital Gains. In addition, the non-taxable portion of the capital gain is added to the Company's capital dividend account.

Capital gains realized by individuals and certain trusts may give rise to alternative minimum tax under the ITA.

Canadian Federal Income Tax Considerations for non-resident Shareholders

This following is generally applicable to a Shareholder who, at all relevant times, for purposes of the application of the ITA and the applicable tax treaty (the "**Tax Treaty**"), is not and has not been at any time while the non-resident Shareholder held the common shares of the Company, resident in Canada, and never did and does not use or hold, and was and is not deemed under the ITA to use or hold the common shares of the Company in carrying on a business in Canada. Special rules, which are not discussed in this summary, may apply to a non-resident Shareholder that is an insurer that carries on an insurance business in Canada and elsewhere. Non-resident Shareholders should consult their own tax advisors with respect to non-resident tax laws.

As mentioned above under the heading "Distribution as a Reduction of Stated Capital", no dividend should arise from the reduction of the stated capital and hence, there should be no Canadian non-resident withholding tax in that regard in connection with the distribution of the Distributed Shares or of an amount in cash in favour of non-resident Shareholders.

A non-resident Shareholder will not be subject to tax under the ITA on any capital gain realized in respect of the distribution in his favour in circumstances described above under the heading "Distribution as a Reduction of Stated Capital", nor on a subsequent disposition of the Distributed Shares, unless the common shares of the Company, or the Distributed Shares, as the case may be, held are "taxable Canadian property", as defined in the ITA, of the non-resident Shareholder and the non-resident Shareholder is not entitled to relief under the Tax Treaty between Canada and his home country.

The common shares of the Company, or the Distributed Shares, as the case may be, will be "taxable Canadian property" of a non-resident Shareholder at a particular time if: (i) the shares were acquired in a transaction as a result of which they were deemed to be taxable Canadian property; or if the following three conditions are met, namely (ii) the common shares of the Company, or the Distributed shares, as the case may be, are, at that time, listed on a designated stock exchange; (iii) the non-resident Shareholder, persons with whom the non-resident Shareholder does not deal at arm's length, or the non-resident Shareholder together with such persons, owned (or had under option) 25% or more of the issued shares of any class of the capital stock of the Company, or of Melius, as the case may be, at any particular time within the 60-month period immediately preceding the particular time, and (iv) the shares derived more than 50% of their fair market value from one or any combination of real property situated in Canada, Canadian resource properties (within the meaning of the ITA), timber resource properties (within the meaning of the ITA), and options or interest in the foregoing, at any particular time within the 60-month period immediately preceding the particular time.

Completion of the transactions described herein may have tax consequences under the laws of the country where the non-resident shareholder resides and such consequences are not described in this Information Circular. Shareholders who are non-resident are advised to consult their own tax advisors to determine any particular tax consequences to them of the proposed transaction.

Provincial (Québec) Tax Considerations for non-resident shareholders

The comments found in the preceding section are also applicable under the Québec tax legislation. It should however be noted that only non-resident shareholders that are corporations may be subject to Québec taxation.

Non-resident shareholders: certificate in respect of property disposed of

If a non-resident shareholder disposes of shares which qualify as taxable Canadian property, he would be required to check whether it is mandatory to request a certificate pursuant to article 116 ITA. Penalties are applicable in the event of default. A similar obligation exists in Québec for non-resident shareholders which are corporations.

OTHER MATTERS

Management of the Company is not aware of any other matter to come before the meeting other than those referred to in the notice of meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying Form of Proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

APPROVAL

The Company's Board of Directors has approved the contents of this Circular and its release to shareholders.

Rimouski (Québec)

Date: January 26, 2021

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) *Marcel Robillard*

President and Chief Executive Officer

