



IN THE SUPREME COURT OF BRITISH COLUMBIA

VALORO RESOURCES INC.

PETITIONER

**IN THE MATTER OF PART 9, DIVISION 5, SECTION 291 OF THE
BUSINESS CORPORATIONS ACT, S.B.C. 2002, c. 57, AS AMENDED**

AND

**IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT AMONG
VALORO RESOURCES INC.,
ITS SHAREHOLDERS, AND
DEFIANCE SILVER CORP.**

**ORDER MADE AFTER APPLICATION
INTERIM ORDER**

BEFORE) THE)
) HONOURABLE) 22/NOV/2018
) MADAM JUSTICE)
) MATTHEWS)
))

UPON THE WITHOUT NOTICE APPLICATION of the Petitioner, VALORO RESOURCES INC. (“ValOro”), coming for a hearing at Vancouver, British Columbia, on this date, for an Order under Section 291 of the British Columbia *Business Corporations Act*, S.B.C. 2002, chapter 57 and amendments thereto (the “BCBCA”) in connection with the proposed arrangement under Section 288 of the BCBCA (the “Arrangement”) involving ValOro, the ValOro Shareholders (as defined below), and Defiance Silver Corp.

AND UPON hearing Maryna M. O’Neill, lawyer for the Petitioner and upon reading Affidavit # 1 of Dunham Craig, sworn November 19, 2018 and Affidavit #1 of Randy Smallwood, sworn November 21, 2018;

AND UPON being advised it is the Petitioner's intention to rely upon Section 3(a)(10) of the United States Securities Act as basis for an exemption from the registration requirements of the 1933 Act with respect to securities of Defiance Silver Corp. to be issued pursuant to the Arrangement, based on the Court's approval of the Arrangement.

THIS COURT ORDERS THAT:

THE MEETING

1. The Petitioner, ValOro, is authorized and directed to call, hold and conduct a special meeting (the "Meeting") of the holders of record of common shares ("Common Shares") of ValOro (the "Shareholders"), the holders of record of common share purchase warrants ("Warrants") of ValOro (the "Warrantholders") and the holders of record of common share purchase options ("Options") of ValOro (the "Optionholders") to be held at Suite 704 – 595 Howe Street, Vancouver, British Columbia on December 17, 2018 at 10:00 a.m. (Pacific Standard Time) or at such other time and location in Vancouver, British Columbia to be determined by ValOro provided that the Shareholders, Warrantholders and Optionholders have due notice of same.
2. At the Meeting, the Shareholders, Warrantholders and Optionholders will, *inter alia*, consider, and if deemed advisable, approve one or more special resolutions as attached at Schedule A (the "Arrangement Resolution") adopting, with or without amendment, the arrangement (the "Arrangement") involving ValOro, the Shareholders, Warrantholders and Optionholders, and Defiance Silver Corp. ("Defiance") as set forth in the plan of arrangement (the "Plan of Arrangement"), a copy of which is attached as Exhibit "A" to the Affidavit #1 of Dunham Craig sworn on November 19, 2018 and filed herein, and as Schedule "B" to the Information Circular (the "Information Circular"), which is attached as Exhibit "B" to the Affidavit #1 of Dunham Craig.
3. At the Meeting, ValOro may also transact such further and other business as is contemplated by the Information Circular or as otherwise may be properly brought before the Meeting.
4. The Meeting will be called, held and conducted in accordance with the Notice of Special Meeting of Shareholders, Warrantholders and Optionholders (the "Notice") to be delivered in substantially the form attached to and forming part of the Information Circular, and in

accordance with the applicable provisions of the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended (the “BCA”), applicable securities laws, the terms of this Interim Order (the “Interim Order”) and any further Order of this Court, the rulings and directions of the chairman of the Meeting, and, in accordance with the terms, restriction and conditions of the articles of ValOro, including quorum requirements and all other matters. To the extent of any inconsistency or discrepancy between this Interim Order and the terms of any of the foregoing, this Interim Order will govern.

RECORD DATE FOR NOTICE

5. The record date for determining the Shareholders, Warranholders and Optionholders entitled to receive the Notice, the Information Circular with the proposed Interim Order and petition to the court attached, and a form of proxy or voting instruction form (together, the “Meeting Materials”) is the close of business on November 16, 2018 (the “Record Date”) as previously published by the Petitioner, or such other date as the directors of ValOro may determine in accordance with the articles of ValOro and the BCA and disclosed in the Meeting Materials.

NOTICE OF MEETING

6. The Meeting Materials, with such amendments or additional documents as counsel for ValOro may advise are necessary or desirable, and that are not inconsistent with the terms of this Interim Order, will be sent at least 21 clear days before the date of the Meeting, excluding the date of mailing or delivery, to the Shareholders, Warranholders and Optionholders who are registered Shareholders, Warranholders or Optionholders on the Record Date and to beneficial Shareholders as of the Record Date, where applicable, by providing in accordance with National Instrument 54-101 *Communications with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, the requisite number of copies of the Meeting Materials to intermediaries and registered nominees.
7. The Meeting Materials will be sent by prepaid ordinary mail addressed to each registered Shareholder, Warranholder and Optionholders at his, her or its address appearing in the records of ValOro, or by delivery of same by personal delivery or courier service, or by electronic transmission to any such Shareholder, Warranholder or Optionholder who

identifies himself, herself or itself to the satisfaction of ValOro and who requests or accepts such electronic transmission.

8. The Meeting Materials will be also sent by prepaid ordinary mail addressed to each ValOro director and to ValOro's auditor at his, her or its address as it appears on the records of ValOro or by delivery of same by personal delivery or courier service, or by electronic transmission to any such director or auditor who identifies himself, herself or itself to the satisfaction of ValOro and who requests or accepts such electronic transmission.
9. Substantial compliance with paragraphs 6 to 8 will constitute good and sufficient notice of the Meeting and delivery of the Meeting Materials.
10. The accidental failure or omission by ValOro to give notice of the Meeting or non-receipt of such notice shall not constitute a breach of this Interim Order or a defect in the calling of the Meeting and shall not invalidate any resolution passed or taken at the Meeting provided that quorum requirements are met.
11. The Meeting Materials are hereby deemed to represent sufficient and adequate disclosure including for the purposes of section 290 of the BCA, and ValOro shall not be required to send to the Shareholders, Warranholders and Optionholders any other or additional information pursuant to section 290 of the BCA or otherwise.

DEEMED RECEIPT OF MEETING MATERIALS

12. The Meeting Materials and any amendments, modifications, updates or supplements thereto will be deemed, for the purposes of this Interim Order, to have been received:
 - (a) in the case of mailing, at the time specified at section 6 of the BCA;
 - (b) in the case of personal delivery, at the time of delivery;
 - (c) in the case of courier delivery, two days after acceptance by the courier service;
 - (d) in the case of a beneficial Shareholder, two days after delivery thereof to intermediaries or registered nominees and

- (e) in the case of delivery by electronic transmission directly, the business day after such delivery or transmission of same.
13. The Notice of Meeting be promptly announced by a press release and the balance of Meeting Materials and a copy of this Order to be posted on ValOro's website and notice thereof be contained in the ValOro press release.
14. Notice of any amendments, modifications, updates or supplements to any of the information provided in the Meeting Materials may be communicated, at any time prior to the meeting, to the Shareholders, Warranholders and Optionholders by press release, news release, or newspaper advertisement, in which case such notice will be deemed to have been received at the time of publication, or by notice sent by any of the means set forth in paragraph 12, as determined to be the most appropriate method of communication by the Petitioner.

PERMITTED ATTENDEES

15. The persons entitled to attend the Meeting will be the registered Shareholders, Warranholders and Optionholders, the officers and directors of, and advisors to, ValOro, the officers and directors of, and advisors to, Defiance and such other persons who receive the consent of the Chairman of the Meeting.

VOTING AT THE MEETING

16. The only persons permitted to vote at the Meeting will be registered Shareholders, Warranholders and Optionholders appearing on the records of ValOro as of the close of business on the Record Date and their valid proxy holders as described in the Information Circular and as determined by the Chairman of the Meeting upon consultation with the Scrutineer (as hereinafter defined) and legal counsel to ValOro.
17. The required level of approval for the Arrangement Resolution will be not less than two-thirds of the votes cast on the Arrangement Resolution by Shareholders, Warranholders and Optionholders present in person or represented by proxy at the Meeting, and voting as one class. Each Shareholder, Warranholder and Optionholder will be entitled to one vote in respect of the Arrangement Resolution for each Common Share, Warrant or Option owned of record as of the Record Date.

18. In all other respects, the terms, restrictions and conditions of the articles of ValOro, including quorum requirements and other matters, will apply in respect of the Meeting.

ADJOURNMENT OF MEETING

19. If ValOro deems advisable, and notwithstanding the provisions of the BCA or the articles of ValOro, ValOro is specifically authorized to adjourn or postpone the Meeting on one or more occasions without the necessity of first convening the Meeting or first obtaining any vote of the Shareholders, Warranholders and Optionholders respecting the adjournment or postponement and without the need for approval of the Court, provided that the Shareholders, Warranholders and Optionholders have due notice given by means set out in paragraph 13 above prior to the time called for the start of the Meeting.
20. The Record Date for Shareholders, Warranholders and Optionholders entitled to notice of and to vote at the Meeting will not change in respect of adjournments or postponements of the Meeting.

AMENDMENTS

21. ValOro is authorized to make such amendments, revisions or supplements to the Plan of Arrangement as it may determine, provided it has obtained any required consents under the Arrangement Agreement or otherwise, and the Plan of Arrangement as so amended, revised or supplemented will be the Plan of Arrangement which is submitted to the Meeting and which will thereby become the subject of the Arrangement Resolution.

SCRUTINEER

22. A representative of Computershare Trust Company of Canada, or such other person as may be designated by ValOro, will be authorized to act as scrutineer for the Meeting (the "Scrutineer").

PROXY SOLICITATION

23. ValOro is authorized to permit the Shareholders, Warranholders and Optionholders to vote by proxy using a form or forms of proxy that comply with the articles of ValOro and the provisions of the BCA relating to the form and content of proxies, and ValOro may in its

discretion waive generally the time limits for deposit of proxies by the Shareholders, Warrantholders and Optionholders if ValOro deems it reasonable to do so.

24. The procedures for the use of proxies at the Meeting shall be as set out in the Meeting Materials.

DISSENT RIGHTS

25. Registered Shareholders will, as set out in the Plan of Arrangement, be permitted to dissent from the Arrangement Resolution in accordance with the dissent procedures set forth in Part 8 – Division 2 of the BCA, as modified by the terms of this Interim Order and the Plan of Arrangement, provided that the written notice (the “Dissent Notice”) setting forth the objection of such registered Shareholder to the Arrangement and exercise of Dissent Rights must be received by ValOro not later than 5:00 p.m. (Vancouver time) on December 12, 2018, or two business days immediately preceding any date to which the Meeting may be postponed or adjourned at the following address: Northwest Law Group, Suite 704, 595 Howe Street, Vancouver BC, V6C 2T5, Attention: Michael Provenzano, Facsimile: 1-866-687-5792.
26. Notice to the Shareholders of their right of dissent with respect to the Arrangement Resolution and to receive, subject to the provisions of the BCA and the Plan of Arrangement, the fair value of their Common Shares, shall be given by including information with respect to this right in the Information Circular to be sent to Shareholders in accordance with this Order.
27. Neither ValOro nor Defiance, nor any other person, will be required to recognize a Shareholder as a registered or beneficial shareholder of Common Shares at or after the time the Arrangement becomes effective, and at that effective time, the names of such registered Shareholders who have validly dissented will be deleted from the central securities register of ValOro.

DELIVERY OF COURT MATERIALS

28. ValOro will include in the Meeting Materials a copy of the Interim Order and the petition to the court for final order (the “Court Materials”) and will make available to any Shareholders,

Warranholders or Optionholders requesting same, a copy of each of the Application herein and the accompanying Affidavit #1 of Dunham Craig.

29. Delivery of the Court Materials with the Meeting Materials in accordance with this Interim Order will constitute good and sufficient service or delivery of such Court Materials upon all persons who are entitled to receive the Court Materials pursuant to this Interim Order and no other form of service or delivery need be made and no other material need to be served on or delivered to such persons in respect of these proceedings.

FINAL APPROVAL HEARING

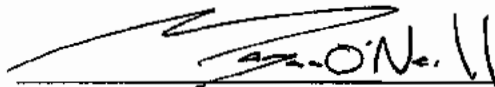
30. Upon the approval of the Shareholders, Warranholders and Optionholders of the Plan of Arrangement in the manner set forth in this Interim Order, ValOro may apply for an order of this Court (i) approving the Plan of Arrangement pursuant to section 291(4)(a) of the BCA and (ii) determining that the Arrangement is fair and reasonable to the Shareholders, Warranholders and Optionholders pursuant to section 291(4)(c) of the BCA (collectively, the "Final Order") at 9:45 a.m. on December 19, 2018 or such later date as counsel for ValOro may determine or be heard.
31. Any Shareholder, Warranholder or Optionholder, the Petitioner, Defiance or any other person has the right to appear (either in person or by counsel) and make submissions at the hearing of the application for the Final Order provided that such person or entity shall file a Response, in the form prescribed by the British Columbia *Supreme Court Civil Rules*, with this Court and deliver a copy of the filed Response together with a copy of all materials on which such person or entity intends to rely at the application for the Final Order, including an outline of such person's or entity's proposed submissions to the solicitors for the Petitioner at Northwest Law Group, Suite 704, 595 Howe Street, Vancouver BC, V6C 2T5, Attention: Michael Provenzano or Maryna M. O'Neill, Facsimile: 1-866-687-5792, at or before 4:00 p.m. on December 18, 2018.
32. If the application for the Final Order is adjourned, only those persons who have filed and delivered a Response, in accordance with the preceding paragraph of this Interim Order, need to be served with notice of the adjourned date.

33. The Petitioner shall not be required to comply with Rules 8-1 and 16-1 of the *Supreme Court Civil Rules* in relation to the hearing for the Final Order approving the Plan of Arrangement, and any materials to be filed by ValOro in support of the application for the Final Order may be filed up to two business days prior to the hearing of the application for the Final Order without further order of this Court.

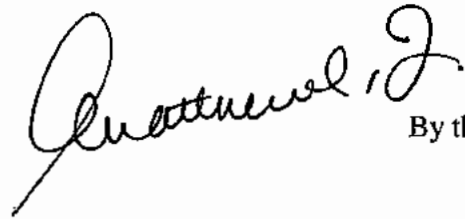
VARIANCE

34. ValOro is at liberty to apply to this Honourable Court to vary this Interim Order or for advice and direction with respect to the Plan of Arrangement or any of the matters related to this Interim Order.

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



Signature of lawyer for the Petitioner
Maryna M. O'Neill



By the Court

Registrar 



SCHEDULE A

THE ARRANGEMENT RESOLUTION

BE IT RESOLVED, AS A SPECIAL RESOLUTION, THAT:

1. The arrangement (the "Arrangement") under section 288 of the *Business Corporations Act* (British Columbia) (the "BCBCA") involving Defiance Silver Corp. ("Defiance") and ValOro Resources Inc. ("VRO"), all as more particularly described and set forth in the Management Information Circular (the "Circular") of VRO dated November 21, 2018 accompanying the notice of this meeting (as the Arrangement may be modified, supplemented or amended), is hereby authorized, approved and adopted.
2. The plan of arrangement, as it may be or has been amended (the "Plan of Arrangement"), involving Defiance and VRO, implementing the Arrangement, the full text of which is set out in Schedule A to the Circular (as the Plan of Arrangement may be, or may have been, modified, supplemented or amended), is hereby approved and adopted.
3. The arrangement agreement (the "Arrangement Agreement") dated November 5, 2018 between Defiance and VRO, the actions of the directors of VRO in approving the Arrangement, and the actions of the officers of VRO in executing and delivering the Arrangement Agreement and any amendments thereto, are hereby ratified and approved.
4. VRO is authorized to apply for a final order from the Supreme Court of British Columbia to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be, or may have been, amended, modified or supplemented and as described in the Circular).
5. Notwithstanding that this resolution has been passed (and the Arrangement thereby adopted pursuant to the BCBCA) by the shareholders of VRO or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of VRO are hereby authorized and empowered, without further notice to, or approval of, the shareholders of VRO:
 - (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
 - (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.
6. Any director or officer of VRO is hereby authorized and directed for and on behalf of VRO to execute, whether under corporate seal of VRO or otherwise, and to deliver such documents as are necessary or desirable to give effect to the Arrangement.
7. Any director or officer of VRO is hereby authorized, for and on behalf and in the name of VRO, to execute and deliver, whether under corporate seal of VRO or otherwise, all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:
 - (a) all actions required to be taken by or on behalf of VRO, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
 - (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by VRO,

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