

**PLEASE READ THIS MATERIAL CAREFULLY AS YOU ARE REQUIRED TO MAKE A DECISION PRIOR TO 2:00 P.M. (VANCOUVER TIME) ON JUNE 28, 2018].**

*This rights offering circular (this “Circular”) has been prepared by management. No securities regulatory authority or regulator has assessed the merits of these securities or reviewed this Circular. Any representation to the contrary is an offence.*

*This is the Circular we referred to in the June 1, 2018 rights offering notice (the “Notice”), which you should have already received. Your rights certificate and relevant forms were enclosed with the Notice. This Circular should be read in conjunction with the Notice and our continuous disclosure prior to making an investment decision.*

*The offer of these securities is made in (i) all provinces and territories of Canada except Quebec, and (ii) in all jurisdictions outside Canada and the United States excluding any jurisdiction that does not provide a prospectus exemption substantially similar to the exemption provided in Canada or that otherwise requires obtaining any approvals of a regulatory authority in the such jurisdiction or the filing of any document by the Company in the such jurisdiction in connection with this offering (collectively, the “Eligible Jurisdictions”). In addition, the offering is not being made in jurisdictions where the Company is not eligible to make such offer.*

*The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States. This rights offering circular does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States, and the securities offered herein may not be offered or sold in or into the United States or to U.S. persons. “United States” and “U.S. persons” are as defined in Regulation S under the U.S. Securities Act.*

**Rights Offering Circular**

**June 1, 2018**

**SEARCH MINERALS INC.**

**We currently have sufficient working capital to last less than one month. We require 100% of the offering to meet our working capital requirements for the next four months without other sources of financing.**

**OFFERING OF RIGHTS TO SUBSCRIBE FOR UNITS AT A PRICE OF \$0.04 PER UNIT**

References in this Circular to “we”, “our”, “us” and similar terms are to Search Minerals Inc. (“SMY”). References in this Circular to “you”, “your” and similar terms are to holders of SMY’s common shares. Unless otherwise indicated, references herein to “\$” or “dollars” are to Canadian dollars.

**SUMMARY OF THE RIGHTS OFFERING**

<b>Why are you reading this Circular?</b>	We are issuing to the holders of our outstanding common shares of record at the close of business on <b>June 7, 2018</b> (the “ <b>Record Date</b> ”) and who are resident in an Eligible Jurisdiction, rights to subscribe for Units (defined below) on the terms described in this Circular. The purpose of this Circular is to provide you with detailed information about your rights and obligations in respect of the rights offering
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	(the “ <b>Rights Offering</b> ”). This Circular should be read in conjunction with the Notice.
<b>What is being offered?</b>	Each holder of common shares of SMY on the Record Date who is resident in an Eligible Jurisdiction will be offered one (1) right (a “ <b>Right</b> ”) for each ten (10) common shares held. No fractional Rights will be issued.
<b>Who is eligible to receive Rights?</b>	The Rights are being offered only to shareholders resident in Eligible Jurisdictions (“ <b>Eligible Holders</b> ”). Shareholders will be presumed to be resident in the place shown on their registered address, unless the contrary is shown to our satisfaction. Neither the Notice nor this Circular is to be construed as an offering of the Rights, nor are the common shares issuable upon exercise of the Rights offered for sale, in any jurisdiction outside of Eligible Jurisdictions or to shareholders who are residents of any jurisdiction other than the Eligible Jurisdictions (“ <b>Ineligible Holders</b> ”). Instead, Ineligible Holders will be sent a letter advising them that their Rights will be held by Computershare Investor Services Inc. (the “ <b>Depository</b> ”), who will hold such Rights as agent for the benefit of all such Ineligible Holders. See “ <i>How to exercise the Rights? Who is eligible to receive the Rights?</i> ”
<b>What does one Right entitle you to receive?</b>	<p>Each Right entitles you to subscribe for One (1) unit of SMY (each whole unit, a “<b>Unit</b>”) at a subscription price of <b>\$0.04</b> per Unit (the “<b>Basic Subscription Privilege</b>”) until 2:00 p.m. (Vancouver time) on June 28, 2018.</p> <p>Each Unit consists of one common share and one transferable common share purchase warrant, with each whole warrant exercisable into one common share at a price of \$0.07 per share for a period of 24 months from the issuance date of the Units. Subscriptions for fractional Units will be rounded down to the nearest whole number. If you exercise your Basic Subscription Privilege in full, you will also be entitled to subscribe pro rata for Units (the “<b>Additional Units</b>”) not otherwise purchased, if any, pursuant to the Basic Subscription Privilege (the “<b>Additional Subscription Privilege</b>”).</p>
<b>What is the subscription price?</b>	\$0.04 per Unit (the “ <b>Subscription Price</b> ”)
<b>When does the Offer expire?</b>	2:00 p.m. (Vancouver time) on June 28, 2018 (the “ <b>Expiry Date</b> ”)
<b>What are the significant attributes of the Rights issued under the Rights</b>	Each Right entitles you to subscribe for One (1) Unit at the Subscription Price. The Rights are transferable. See “ <i>How does a Rights holder sell or transfer Rights?</i> ” A Right does

<p><b>Offering and the securities to be issued upon the exercise of the Rights?</b></p>	<p>not entitle the holder thereof to any rights whatsoever as a securityholder of SMY other than the right to subscribe for and purchase Units on the terms and conditions described herein.</p> <p>We are authorized to issue an unlimited number of Common Shares of which 156,092,857 are issued and outstanding as of the date hereof. Holders of common shares are entitled to dividends if, as and when declared by our directors, to one vote per share at meetings of our shareholders and, upon liquidation, to receive such assets of SMY as are distributable to the holders of the common shares.</p>
<p><b>What are the minimum and maximum number or amount of Units that may be issued under the Rights Offering?</b></p>	<p>A maximum of 15,609,285 Units (the “<b>Offering</b>”) will be issued under the Rights Offering. The full amount of the Offering has been guaranteed by InCoR Holdings PLC (“<b>InCoR</b>”) pursuant to the Stand-by Guarantee Agreement between the Company and InCoR.</p> <p>See also “<i>Stand-By Commitment</i>” for a description of certain limits and conditions in respect of InCoR (as defined below).</p>
<p><b>Where will the Rights and the securities issuable upon the exercise of the Rights be listed for trading?</b></p>	<p>The common shares are listed on the TSX Venture Exchange (the “TSX-V”) under the trading symbol “SMY”.</p> <p>The Rights will trade on the TSX-V under the trading symbol “SMY.RT” until 9:00 a.m. (Vancouver time) on June 28, 2018.</p> <p>The warrants distributed under the Rights Offering will not be listed on the TSX-V</p>

**FORWARD-LOOKING STATEMENTS**

This Circular contains forward-looking statements. All statements, other than statements of historical fact that address activities, events or developments that we believe, expect or anticipate will or may occur in the future are forward-looking statements. These forward-looking statements reflect our current expectations or beliefs based on information currently available to us. Forward-looking statements in this Circular include, without limitation, statements with respect to: our expectations regarding the estimated costs of the Rights Offering and the net proceeds to be available upon completion; the use of proceeds from the Rights Offering and the availability of funds from sources other than the Rights Offering; and our ability to continue as a going concern.

Forward-looking statements are subject to a number of risks and uncertainties that may cause our actual results to differ materially from those discussed in the forward-looking statements and, even if such actual results are realized or substantially realized, there can be no assurance that they will have the expected consequences to, or effects on, us. Factors that could cause actual results or events to differ materially from current expectations include, among other things, uncertainties relating to the availability and cost of funds; closing the Rights Offering; delays in obtaining or failure to obtain required approvals to complete the Rights Offering and the stand-by commitment; the uncertainty associated with estimating costs to complete the Rights Offering, including those yet to be incurred; and other risks related to our business and the Rights Offering and stand-by commitment.

Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, we disclaim any intent or obligation to update any forward-looking statement, whether as a result of new information, future events or results or otherwise. Although we believe that the assumptions inherent in the forward-looking statements are reasonable, forward-looking statements are not guarantees of future performance and, accordingly, undue reliance should not be put on such statements due to their inherent uncertainty.

## USE OF AVAILABLE FUNDS

### **What will our available funds be upon the closing of the Rights Offering?**

Concurrently with the Offering, the Company is conducting a private placement of up to an additional 4,000,000 non-flow-through units at \$0.05 per non-flow-through unit (each non-flow-through unit comprised of a Common Share and a warrant to acquire a Common Share for a period of 24 months at an exercise price of \$0.07) and up to 3,000,000 of flow-through units at \$0.06 per flow-through unit (each flow-through unit comprised of a flow-through Common Share and a warrant to acquire a Common Share for a period of 24 months at an exercise price of \$0.07) (together, the “**Concurrent Placements**”). Assuming the full subscription of the Concurrent Placements, the Company will raise additional gross proceeds of \$380,000.

Pursuant to the Rights Offering, the Company will raise gross proceeds of \$624,371 which, combined with the Concurrent Placements, would total aggregate gross proceeds to the Company of \$1,004,371.

As more particularly described below, at closing of the Rights Offering and the Concurrent Private Placements, the Company intends on reducing its working capital deficiency by \$ 300,000 with the payments to current liabilities, which will provide approximately \$669,371 in net available funds. We expect the Rights Offering will be sufficient to meet our working capital requirements for the four months from the date of this Circular.

		<b>Rights Offering (\$)</b>	<b>Rights Offering and 100 % Concurrent Placements (\$)</b>
A	Amount to be raised by Rights offering	624,371	624,371
B	Amount to be raised by Concurrent Placements	-	380,000
C	Estimated offering costs (e.g., legal, accounting, audit)	35,000	35,000
D	Available funds: $D = A + B - C$	589,371	1,004,371
E	Working capital deficiency	300,000	300,000
F	Total: $F = D - E$	289,371	669,371

### How will we use the available funds?

We plan to use the net proceeds of the Rights Offering and Concurrent Placements to further develop our rare earth properties in the Port Hope Simpson Critical Rare Earth District (the “District”), initiate environmental base line studies, complete 1500m of the Deep Fox drill program, and for general corporate purposes.

<b>Description of intended use of available funds listed in order of priority</b>	<b>Rights Offering (\$)</b>	<b>Rights Offering and 100% Concurrent Placements (\$)</b>
Exploration work in District	50,000	50,000
Drill Deep Fox Property	150,000	300,000
Initiate Environmental base line studies	75,000	75,000
General corporate purposes	14,371	244,371
Total: (Equal to G above)	289,371	669,371

We intend to spend the available funds as stated. We will reallocate funds only for sound business reasons. Exploration work will continue in the District to keep the Licenses in good standing which make up the District.

Search will finish the 1500m Phase 1 drilling at Deep Fox, and based on positive results and subsequent financing, will anticipate drilling another 2000m Phase 2 program. Our goal is to define a Mineral Resource at Deep Fox, and further prepare an updated Preliminary Economic Assessment report which would consist of both the Foxtrot and Deep Fox resources.

Furthermore, Search will initiate the environmental base line study and community engagement for the Foxtrot site, which will also include base line work in the Deep Fox region.

We are in the exploration stage and have not generated any revenues from operations. Accordingly, we have had negative operating cash flows since inception and expect that negative operating cash flows will continue until such time as economically viable operations are initiated. We anticipate incurring operating losses for the foreseeable future. We base this expectation, in part, on the fact that very few mineral claims in the exploration stage ultimately develop into producing, profitable mines. Our future financial results are also

uncertain due to a number of factors, some of which are outside our control. These factors include the following:

- our ability to raise additional funding;
- the market price for any minerals that may be discovered on our properties; and
- the results of our proposed exploration and development of our properties.

We have not attained profitable operations and are dependent upon obtaining financing to pursue our proposed exploration activities. For these reasons there is substantial doubt that we will be able to continue as a going concern.

### **How long will the available funds last?**

We expect the Rights Offering will be insufficient to meet our working capital requirements for the 12 months from the date of this Circular. However, it is sufficient to meet our working capital requirements for the Company to complete the drill program, initial environmental studies, and exploration work in the District. Management has been able to source funding in the past, and we expect to continue with the ability to attract capital to develop the District.

Our only present means of acquiring investment capital is by means of the sale of our common shares. We have limited funds to engage in exploration and development which will be necessary to exploit our properties and make additional acquisition payments in order to maintain our property interests. There is no assurance that we will be able to raise additional financing in the future.

## **INSIDER PARTICIPATION**

### **Will insiders be participating?**

The Company believes that its directors who own Common Shares intend to exercise all of their Rights to purchase Common Shares under their Basic Subscription Privilege. In addition, InCoR has informed the Company that it intends to exercise its Basic Subscription Privilege.

This reflects the intentions of such “insiders” (as defined in applicable Canadian securities legislation) as of the date hereof to the extent such intentions are reasonably known to the Company; however, such insiders may alter their intentions before the Expiry Time on the Expiry Date. No assurance can be given that the respective insiders will exercise their Rights to acquire Units. As at the date hereof, insiders of the Company, own or exercise control or direction over, directly or indirectly, 35,790,334 Common Shares, representing approximately 23% of the issued and outstanding Common Shares. In the event that these Shareholders purchase 3,579,033 Units pursuant to the Basic Subscription Privilege, these Shareholders would own an aggregate of 39,369,367 Common Shares.

In addition, InCoR has provided a stand-by commitment for the full amount of the Rights Offering (see “*Stand-By Commitment*” below).

### **Who are the holders of 10% or more of our securities before and after the Rights Offering?**

To the knowledge of the directors and senior officers of SMY, as at the date hereof, no person or company beneficially owns, directly or indirectly, or controls or directs more than 10% of any class of SMY’s voting securities, other than as set out below.

<b>Name</b>	<b>Holdings before the offering</b>	<b>Holdings after the offering</b>
InCoR Holdings PLC	30,453,334 common shares (19.51%) <sup>(1)</sup>	33,498,667 common shares (19.51%) <sup>(2)</sup>
RJS Management Services	17,464,000 common shares (11.18%) <sup>(1)</sup>	19,210,400 common shares (11.18%) <sup>(2)</sup>

- (1) Based on 156,092,857 issued and outstanding common shares.
- (2) Based on 156,092,857 issued and outstanding common shares, assuming the issuance of 100% of the Units under the Rights Offering and full exercise of the shareholder's Basic Subscription Privilege and no acquisitions made under InCoR's stand-by guarantee.

The Rights that will be issued to InCoR under the Rights Offering are eligible to be exercised pursuant to the Basic Subscription Privilege. In addition, InCoR is eligible to exercise the Additional Subscription Privilege (if available).

If no shareholder other than InCoR exercises their basic subscription privilege and InCoR acquires all available Units pursuant to its stand-by guarantee, InCoR would hold an aggregate of 46,062,650 Common Shares representing approximately 26.8% of the Company's issued and outstanding Common Shares. and would receive 15,609,285 Common Share purchase warrants.

## **DILUTION**

### **If you do not exercise your Rights, by how much will your security holdings be diluted?**

If you wish to retain your current percentage ownership of the Common Shares, you should exercise your Rights and pay the Subscription Price for the Rights Shares to which you are entitled under the Basic Subscription Privilege. If you fail to do so, your percentage ownership of the Common Shares will be diluted by approximately 10%.

As an illustration, if you own 1,000,000 Common Shares on the Record Date, fail to exercise your right to purchase 100,000 Units under the Offering, and all other Shareholders fully exercise their Basic Subscription Privilege and Additional Subscription Privilege (i.e., the Company issues 15,609,285 Units), your percentage ownership of the issued and outstanding Common Shares will change from .64% to .58%.

## **STAND-BY COMMITMENT**

### **Who is the stand-by guarantor and what are the fees?**

We have entered into stand-by commitment agreement with InCoR Holdings PLC ("**InCoR**") dated May 31, 2018 whereby InCoR will purchase up to but not exceeding \$624,371 worth of Units (the "**Stand-by Guarantee**"), For example, if we have received subscriptions for \$75,000 of Units by the Expiry Date, then InCoR will be obligated to purchase \$549,371 of Units under the Stand-by Guarantee in order to complete the Offering.

The Company intends to proceed with the Offering even if InCoR's obligations under the Stand-By Agreement are not met. However, if InCoR becomes entitled to terminate such obligation and thereafter do so, the anticipated proceeds of the Offering may not be fully realized and this may have a material adverse effect on the Company. InCoR may terminate the Stand-By Agreement under certain circumstances including if (i) any Material Adverse Change (as defined in the Stand-By Agreement) occurs at any time following the execution of the Stand-By Agreement; (ii) the Company is in material default of its obligations under the Stand-By Agreement and fails to remedy such breach; (iii) if the Company fails to satisfy any of the timing requirements set out in the Stand-By Agreement.

In consideration for the Stand-by Commitment, InCoR will earn non-transferable compensation warrants (the "**Compensation Warrants**") entitling InCoR to acquire that number of Common Shares equal to 25% of the number of Units distributed pursuant to the Rights Offering (which does not include the number of shares the Stand-by Guarantor is entitled to subscribe for under the basic subscription privilege). Each Compensation Warrant will be exercisable to acquire one Common Share at a price of \$0.07 for a period of sixty (60) months from the date of the closing of the Rights Offering.

InCoR is a “related party” of the Company (as such term is defined under applicable securities laws) in virtue of being a “control person” through its ownership of Common Shares of the Company.

**Have we confirmed that InCoR has the financial ability to carry out its stand-by commitment?**

Yes, the Company has confirmed that InCoR has the financial ability to carry out the Stand-By Guarantee. The Company further notes that InCoR has already advanced an aggregate of \$100,000 to the Company, a portion of which represents payment for the anticipated exercise of InCoR’s basic subscription privilege.

**What are the security holdings of InCoR before and after the Rights Offering?**

Class of Security		Holdings before the offering <sup>(1)</sup>	Holdings after the offering if InCoR subscribes for the entire Stand-by Guarantee <sup>(2)</sup>	Holdings after the offering if InCoR subscribes for none of the Stand-by Guarantee <sup>(3)</sup>
Units	Common Shares	30,453,334 (19.35%)	46,062,619 (26.8%)	30,203,334(17.7%)
	Warrants	0	15,609,285	0
Compensation Warrants		0	3,140,988	0

(1) Based on 156,092,857 issued and outstanding common shares as of the date of this Circular.

(2) Based on 171,702,142] issued and outstanding common shares, assuming the exercise in full of InCoR’s basic subscription privilege.

(3) Based on 171,702,142] issued and outstanding common shares,

The Company has not retained any party to solicit subscriptions for Common Shares pursuant to the Offering.

**HOW TO EXERCISE THE RIGHTS**

**How does a security holder that is a registered holder participate in the Rights Offering?**

If you are a registered holder of common shares, a certificate (the “**Rights Certificate**”) representing the total number of transferable Rights to which you are entitled as of the Record Date has been mailed to you with a copy of the Notice. To exercise the Rights represented by the Rights Certificate, you must complete and deliver the Rights Certificate in accordance with the instructions set out below. Rights not exercised at or prior to 2:00 p.m. (Vancouver time) on the Expiry Date (the “**Expiry Time**”) will be void and of no value. The method of delivery is at the discretion and risk of the holder of the Rights Certificate and delivery to the Depositary will only be effective when actually received by the Depositary at its office See “*Appointment of Depositary – Who is the Depositary?*” Rights Certificates and payments received after the Expiry Time will not be accepted.

In order to exercise your Rights you must:

- 1. Complete and sign Form 1 on the Rights Certificate.** The maximum number of Rights that you may exercise under the Basic Subscription Privilege is shown in the box on the upper right hand corner of the face of the Rights Certificate. If you complete Form 1 so as to exercise some but not all of the Rights evidenced by the Rights Certificate, you will be deemed to have waived the unexercised balance of such Rights, unless you otherwise specifically advise the Depositary at the time the Rights Certificate is surrendered to the Depositary.

- 2. Additional Subscription Privilege.** Complete and sign Form 2 on the Rights Certificate only if you also wish to participate in the Additional Subscription Privilege. See “*How to Exercise the Rights? – What is the Additional Subscription Privilege?*”
- 3. Enclose payment in Canadian funds by certified cheque, bank draft or money order payable to the order of Computershare Investor Services Inc.** In order to purchase one Unit, you must own one (1) Right and pay a price of \$0.04 per Unit. In addition to the amount payable for any Units you wish to purchase under the Basic Subscription Privilege, you must also pay the amount required for any Units subscribed for under the Additional Subscription Privilege.
- 4. Delivery.** Deliver or mail the completed Rights Certificate and payment in the enclosed return envelope addressed to the Depository so that it is received before the Expiry Time. If you are mailing your documents, registered mail is recommended. Please allow sufficient time to avoid late delivery.

The signature of the Rights Certificate holder must correspond in every particular with the name that appears on the face of the Rights Certificate.

Signatures by a trustee, executor, administrator, guardian, attorney, officer of a company or any person acting in a fiduciary or representative capacity should be accompanied by evidence of authority satisfactory to the Depository. We will determine all questions as to the validity, form, eligibility (including time of receipt) and acceptance of any subscription in our sole discretion. Subscriptions are irrevocable. We reserve the right to reject any subscription if it is not in proper form or if the acceptance thereof or the issuance of Units pursuant thereto could be unlawful. We also reserve the right to waive any defect in respect of any particular subscription. Neither we nor the Depository is under any duty to give any notice of any defect or irregularity in any subscription, nor will we be liable for the failure to give any such notice.

#### **How does a security holder that is not a registered holder participate in the Rights Offering?**

You are a beneficial Eligible Holder if you hold your common shares through a securities broker or dealer, bank or trust company or other participant (a “**Participant**”) in the book-based system administered by CDS Clearing and Depository Services Inc. (“**CDS**”). The total number of Rights to which all beneficial Eligible Holders as of the Record Date are entitled will be issued to CDS and will be deposited with CDS following the Record Date. We expect that each beneficial Eligible Holder will receive a confirmation of the number of Rights issued to it from the applicable Participant in accordance with the practices and procedures of that Participant. CDS will be responsible for establishing and maintaining book-entry accounts for Participants holding Rights.

Neither we nor the Depository will have any liability for (i) the records maintained by CDS or Participants relating to the Rights or the book-entry accounts maintained by them, (ii) maintaining, supervising or reviewing any records relating to such Rights, or (iii) any advice or representations made or given by CDS or Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or Participants.

If you are a beneficial Eligible Holder:

1. to exercise your Rights held through a Participant, you must instruct such Participant to exercise all or a specified number of such Rights, and forward to such Participant, the Subscription Price for each Unit that you wish to subscribe for; and
2. you may subscribe for Additional Units pursuant to the Additional Subscription Privilege by instructing such Participant to exercise the Additional Subscription Privilege in respect of the number of Additional Units you wish to subscribe for, and forwarding to such Participant the Subscription Price for such Additional Units requested.

Any excess funds will be returned to the applicable Participant for the account of the beneficial holder, without interest or deduction.

### **Can I combine, exchange or divide my Rights Certificate?**

Rights Certificates may be combined, divided or exchanged by delivering such Rights Certificates, accompanied by appropriate instructions or a completed Form 4 on the Rights Certificate, to the office listed under the heading “*Appointment of Depositary – Who is the Depositary?*”. Rights Certificates must be surrendered for division, combination or exchange by such date as will permit new Rights Certificates to be issued and used by the holder thereof prior to the Expiry Time.

### **Who is eligible to receive Rights?**

The Rights Offering is only being made to Eligible Shareholders. The Rights are not being offered to persons who are or appear to be, or we have reason to believe are, resident in Ineligible Jurisdictions, nor will we accept subscriptions from any shareholder or from any transferee of Rights who is or appears to be, or who we have reason to believe is, resident in an Ineligible Jurisdiction. Rights Certificates will not be distributed to any shareholders whose addresses of record are in any Ineligible Jurisdiction (“**Ineligible Shareholders**”). Rights may not be exercised by or on behalf of an Ineligible Shareholder. CDS Participants may not issue Rights to Ineligible Shareholders.

Shareholders will be presumed to be resident in the place of their registered address, unless the contrary is shown to our satisfaction. A registered Ineligible Shareholder whose address of record is outside the Eligible Jurisdictions but who holds common shares on behalf of a holder who is eligible to participate in the Rights Offering must notify us, in writing, on or before the tenth day prior to the Expiry Date if such beneficial holder wishes to participate in the Rights Offering.

Rights delivered to brokers, dealers or other intermediaries may not be delivered by those intermediaries to beneficial shareholders who are resident in Ineligible Jurisdictions. Intermediaries receiving Rights that would otherwise be deliverable to Ineligible Shareholders may attempt to sell those Rights for the accounts of such Ineligible Shareholders and should deliver the proceeds of sale to such persons.

### **What is the Additional Subscription Privilege and how can you exercise this privilege?**

A holder of a Rights Certificate who is not an Ineligible Shareholder and who has exercised all the Rights evidenced by such Rights Certificate may subscribe for Additional Units, if available, at the Subscription Price. Additional Units will be allocated from those Units, if any, available as a result of Rights that are unexercised by the Expiry Time. A holder who exercises the Additional Subscription Privilege will receive the lesser of (i) the number of Units that holder subscribes for under the Additional Subscription Privilege, and (ii) the number of Units that is equal to the aggregate number of Units available through unexercised Rights multiplied by the quotient of the number of Rights previously exercised by such holder under the Rights Offering divided by the aggregate number of Rights previously exercised under the Rights Offering by holders of Rights that have subscribed for Units under the Additional Subscription Privilege.

A Rights holder may subscribe for Additional Units by (i) completing Form 2 on the Rights Certificate, and (ii) delivering the Rights Certificate, together with payment for those Additional Units, to the Depositary on or before the Expiry Time. If payment for all Additional Units subscribed for pursuant to the Additional Subscription Privilege does not accompany the subscription, the over-subscription will be invalid.

If the Rights Offering is fully subscribed, then the funds included for any over-subscriptions will be returned by us to the relevant shareholders. If the offering is not fully subscribed, certificates representing the common shares and warrants underlying the Units due to shareholders as a result of over-subscriptions will be delivered by us together with the certificates representing such securities due to those shareholders pursuant to their subscriptions in accordance with the Basic Subscription Privilege. In addition, we will

return to any over-subscribing shareholder within 30 calendar days of the Expiry Date any excess funds paid in respect of an over-subscription for Units where the number of Additional Units available to that shareholder is less than the number of Additional Units subscribed for. No interest will be payable by us in respect of any excess funds returned to shareholders.

### **How does a Rights holder sell or transfer Rights?**

The Rights will trade on the TSX-V under the trading symbol “SMY.RT” until 9:00 a.m. (Vancouver time) on June 28, 2018. Holders of Rights Certificates not wishing to exercise their Rights may sell or transfer them directly or through their securities broker or dealer at the shareholder’s expense, subject to any applicable resale restrictions. Rights Certificates will not be registered in the name of an Ineligible Shareholder. Holders of Rights Certificates may elect to exercise only a part of their Rights and dispose of the remainder or dispose of all of their Rights. Any commission or other fee payable in connection with the exercise or any trade of Rights is the responsibility of the holder of such Rights. Depending on the number of Rights a holder may wish to sell, the commission payable in connection with a sale of Rights could exceed the proceeds received from such sale.

### **When can you trade securities issuable upon the exercise of your Rights?**

The common shares underlying the Units issuable upon the exercise of your Rights will be listed on the TSX-V under the trading symbol “SMY” and will be available for trading on or about July 7, 2018.

### **Are there restrictions on the resale of securities?**

The Units issuable upon exercise of Rights distributed to shareholders in the Eligible Jurisdictions may be resold without hold period restrictions under applicable securities laws of the Eligible Jurisdictions provided that: (i) the sale is not by a “control person” of SMY; (ii) no unusual effort is made to prepare the market or create a demand for the securities being resold; (iii) no extraordinary commission or consideration is paid to a person or company in respect of the resale; and (iv) if the selling security holder is an insider or officer of SMY, the selling security holder has no reasonable grounds to believe that SMY is in default of securities legislation.

*The Rights and Units issuable upon the exercise thereof may not be offered, sold, pledged or transferred, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. Person.*

### **Will we issue fractional underlying securities upon exercise of the Rights?**

No. Where the exercise of Rights would appear to entitle a holder of Rights to receive a fractional Unit, the holder’s entitlement will be reduced to the next lowest whole number of Units.

## **APPOINTMENT OF DEPOSITARY**

### **Who is the Depositary?**

Computershare Investor Services Inc. is the depositary for the Rights Offering. The Depositary has been appointed to receive subscriptions and payments from holders of Rights and to perform the services relating to the exercise and transfer of the Rights.

### **What happens if we do not raise the minimum offering amount?**

InCoR has guaranteed that the rights offering will be fully subscribed and completed.

## **ADDITIONAL INFORMATION**

### **Where can you find more information about us?**

You can access our continuous disclosure documents filed with Canadian securities regulators under our issuer profile at [www.sedar.com](http://www.sedar.com).

## **MATERIAL FACTS AND MATERIAL CHANGES**

**There is no material fact or material change about us that has not been generally disclosed.**