



S E 2 4 5 9 9 4

No. \_\_\_\_\_  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

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

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING  
REYNA GOLD CORP. AND REYNA SILVER CORP.

REYNA GOLD CORP.

PETITIONER

PETITION TO THE COURT

ON NOTICE TO:

This petition is without notice.

The address of the registry is:

800 Smithe Street  
Vancouver, BC V6Z 2E1

The petitioner estimates that the hearing of the petition will take 15 minutes.

- This matter is an application for judicial review.
- This matter is not an application for judicial review.

N

This proceeding is brought for the relief set out in Part 1 below, by

- the person named as petitioner in the style of proceedings above
- Reyna Gold Corp. (the petitioner)

If you intend to respond to this petition, you or your lawyer must

- (a) file a response to petition in Form 67 in the above-named registry of this court within the time for response to petition described below, and
- (b) serve on the petitioner(s)
  - a. 2 copies of the filed response to petition, and
  - b. 2 copies of each filed affidavit on which you intend to rely at the hearing

2024 at the hearing RISH  
21422 5245994

200.00

Orders, including orders granting the relief claimed, may be made against you, without any further notice to you, if you fail to file the response to petition within the time for response.

### TIME FOR RESPONSE TO PETITION

A response to petition must be filed and served on the petitioner(s),

- (c) if you reside anywhere within Canada, within 21 days after the date on which a copy of the filed petition was served on you,
- (d) if you reside in the United States of America, within 35 days after the date on which a copy of the filed petition was served on you,
- (e) if you reside elsewhere, within 49 days after the date on which a copy of the filed petition was served on you, or
- (f) if the time for response has been set by order of the court, within that time.

(1)	The address of the registry is:	800 Smithe Street Vancouver, BC V6Z 2E1
(2)	The ADDRESS FOR SERVICE of the petitioner(s) is:	WT BCA LLP 2400 - 200 Granville St. Vancouver, BC V6C 1S4 Attention: Nicole Chang
	Fax number address for service (if any) of the petitioner(s):	604-682-5217
	E-mail address for service (if any) of the petitioner(s):	<a href="mailto:Service@wt.ca">Service@wt.ca</a> <a href="mailto:NChang@wt.ca">NChang@wt.ca</a>
(3)	The name and office address of the petitioner's(s') lawyer is:	WT BCA LLP 2400 - 200 Granville St. Vancouver, BC V6C 1S4 Attention: Nicole Chang

### CLAIM OF THE PETITIONER

#### ***Part 1: ORDER(S) SOUGHT***

The petitioner, Reyna Gold Corp. ("REYG") applies to this Court pursuant to sections 186, 288 to 297 of the *Business Corporations Act*, S.B.C. 2002, c. 57 (the "BCBCA"), Rules 1-2(4), 2-1(2)(b), 4-4, 4-5, 8-1 and 16-1 of the Supreme Court Civil Rules for:

1. An *ex parte* interim order (the "Interim Order") substantially in the form attached as Schedule "A" to this Petition in connection with an arrangement (the "Arrangement") involving REYG,

Reyna Silver Corp. ("RSLV"), and the holders of common shares of REYG (the "REYG Shareholders") as proposed by the Petitioner in the plan of arrangement (the "Plan of Arrangement") substantially in the form attached as Appendix "D" to the management information circular (the "Circular") of REYG, a draft of which is attached as Exhibit "A" to Affidavit #1 of Steve Robertson, made August 28, 2024 ("Robertson #1") for:

- a. The convening and conduct by the Petitioner, REYG, of a special meeting (the "REYG Meeting") of the REYG Shareholders to be held at 10:00 a.m. (Pacific Time) on October 8, 2024 at 1900 – 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H3, subject to any adjournment, to consider, *inter alia*, and if thought advisable, pass with or without amendment, a special resolution (the "Arrangement Resolution") authorizing and approving the proposed Arrangement under the provisions of Division 5 of Part 9 of the BCBCA and such other business, including amendments to the foregoing, as may properly come before the Meeting, and
  - b. The giving of notice of the Meeting and provision of materials regarding the Arrangement of the REYG Shareholders;
2. A final order (the "Final Order") that:
- a. the Arrangement, including the terms and conditions thereof and the opposed issuance and exchange of securities contemplated therein, be declared fair and reasonable, and
  - b. the Arrangement be approved; and
3. Such further and other relief as counsel for the Petitioner may advise and the Court may deem just.

**Part 2: FACTUAL BASIS**

1. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the draft Circular attached as Exhibit "A" to Robertson #1.

**Reyna Gold Corp.**

2. REYG is a company incorporated under the laws of British Columbia with a registered and records office at 1900 – 10140 West Georgia Street, Vancouver, British Columbia, V6E 4H3. REYG is a mineral exploration and development company focused on precious metal projects located in Mexico.
3. REYG is a reporting issuer in British Columbia and Alberta.
4. The authorized share capital of REYG consists of an unlimited number of common shares.
5. The fully diluted share capital of REYG as of August 29, 2024 is as follows:

Security	Amount	Percentage of Total
Issued and outstanding Common Shares	67,231,221	91.25%
Common Shares reserved for issuance upon exercise of outstanding options	6,445,000	8.75%
<b>Total Fully Diluted Share Capitalization</b>	<b>73,676,221</b>	<b>100.00%</b>

#### Reyna Silver Corp.

6. RSLV is a corporation existing under the laws of British Columbia with a registered and records office at 1900 – 10140 West Georgia Street, Vancouver, British Columbia, V6E 4H3. RSLV is a silver exploration and development company with mineral properties in Mexico and the U.S.
7. RSLV is a reporting issuer in Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Ontario, Prince Edward Island, and Saskatchewan.

#### The Arrangement

8. REYG and RSLV have entered into an arrangement agreement dated August 7, 2024, (the "Arrangement Agreement"), pursuant to which RSLV will acquire all of the issued and outstanding common shares of REYG (the "REYG Shares") pursuant to the Plan of Arrangement under section 288 of the BCBCA. REYG will become a wholly owned subsidiary of RSLV following completion of the Arrangement.
9. The REYG Shareholders will receive one-third of an RSLV common share (each an "RSLV Share") for each REYG Share they own (the "Consideration"). Holders of options (the "REYG Optionholders") to purchase REYG Shares (the "REYG Options") will receive replacement options of RSLV (the "Replacement Options") entitling them to receive, on exercise, RSLV Shares.
10. Commencing at the Effective Time, each of the following events shall occur and shall be deemed to occur in the following sequence, without any further authorization, act or formality of REYG, RSLV, or any other person:
  - (a) Each REYG Share held by a Dissenting Holder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all liens, claims and encumbrances, to RSLV, in consideration for a claim against RSLV in an amount determined and payable in accordance with Article 5 of the Plan of Arrangement, and the name of such holder will be removed from the central securities register as a holder of REYG Shares and such REYG Shares shall be recorded as cancelled;

- (b) Each REYG Share outstanding immediately prior to the Effective Time held by a REYG Shareholder (other than any Dissenting Holder), shall be transferred by the holder thereof to RSLV, in exchange for the Consideration, and the name of such holder will be removed from the central securities register as a holder of REYG Shares and RSLV shall be recorded as the registered holder of the REYG Shares so transferred and shall be deemed to be the legal owner of such REYG Shares;
- (c) Each REYG Option outstanding immediately prior to the Effective Time shall be exchanged by the holder thereof, without any further act or formality and free and clear of all liens, claims and encumbrances, for a Replacement Option to acquire from RSLV, other than as provided herein, the number of RSLV Shares equal to the product obtained when (A) the number of REYG Shares subject to such REYG Option immediately before the Effective Time, is multiplied by (B) the Exchange Ratio, provided that if the foregoing would result in the issuance of a fraction of an RSLV Share on any particular exercise of Replacement Options, then the number of RSLV Shares otherwise issuable shall be rounded to the nearest whole number of RSLV Shares. All REYG Options shall, in accordance with the provisions of the equity incentive plan pursuant to which they were granted, vest immediately on completion of the Arrangement. The exercise price per RSLV Share subject to a Replacement Option shall be an amount equal to the quotient obtained when (A) the exercise price per REYG Share subject to each such REYG Option immediately prior to the Effective Time is divided by (B) the Exchange Ratio, provided that the aggregate exercise price payable on any particular exercise of Replacement Options shall be rounded up to the nearest whole cent. It is intended that the provisions of subsection 7(1.4) of the Tax Act apply to the exchange of a REYG Option for an RSLV Option. Therefore, in the event that the Replacement Option In-The-Money Amount in respect of a Replacement Option exceeds the REYG Option In-The-Money Amount in respect of the REYG Option for which it is exchanged, the number of RSLV Shares which may be acquired on exercise of the Replacement Option at and after the Effective Time will be adjusted accordingly, with effect at and from the Effective Time, to ensure that the Replacement Option In-The-Money Amount in respect of the Replacement Option does not exceed the REYG Option In-The-Money Amount in respect of the REYG Option and the ratio of the amount payable to acquire such shares to the value of such shares to be acquired shall be unchanged. Except as set out above, term to expiry, conditions to and manner of exercise (provided any Replacement Option shall be exercisable at the offices of RSLV) and other terms and conditions of each of the Replacement Options shall be the same as the terms and conditions of the REYG Option for which it is exchanged, except that the RSLV Options shall be governed by the terms of the equity incentive plan of RSLV ratified by RSLV shareholders on June 26, 2024. Notwithstanding the foregoing, no such Replacement Option shall expire due to the holder ceasing to hold office or ceasing to be a director, employee or consultant and each such Replacement Option shall terminate on the earlier of (i) the date of expiry of the REYG Option for which it was exchanged and (ii) the date that is 12 months after the Effective Date. Any document previously evidencing a REYG Option shall thereafter evidence and be deemed to evidence such Replacement Option and no certificates evidencing Replacement Options shall be issued; and

- (d) The REYG Shareholders and the REYG Optionholders (together, the "REYG Securityholders"), with respect to each step set out above applicable to such holder, will be deemed, at the time such step occurs, to have executed and delivered all consents, releases, assignments and waivers, statutory or otherwise, required to transfer or amend such REYG Shares or REYG Options, as the case may be, in accordance with such step.

#### **Arrangement Subject to Debt Conversion**

11. It is a condition to the closing of the Arrangement that REYG creditors of not less than \$100,000 (or such lesser amount as is agreed by RSLV) agree to a debt conversion at \$0.05 per REYG Share (the "Debt Conversion"). The Debt Conversion will be subject to applicable securities laws and acceptance by the TSX Venture Exchange. Any REYG Shares issued in connection with the Debt Conversion will be entitled to receive the Consideration in connection with the Arrangement.
12. No creditor of REYG will be materially affected by the Arrangement, other than those who consent to participate in the Debt Conversion.

#### **Background to the Arrangement**

13. The Arrangement Agreement is a result of arm's length negotiations among representatives of REYG and RSLV and their respective financial and legal advisors.
14. Senior management of REYG regularly considers and investigates opportunities to enhance value for REYG Shareholders. Those opportunities often include the possibility of strategic transactions and business combinations, such as the Arrangement.
15. In June 2024, REYG, RSLV, and their respective legal and financial advisors began discussion on a potential merger or other business combination of REYG and RSLV, and the preliminary terms of the Arrangement.
16. On July 5, 2024, REYG created a special committee of independent directors of REYG comprised of Messrs. Molina Sotelo and Robertson (the "REYG Special Committee") for the purpose of evaluating the Arrangement. RSLV constituted its own special committee of independent directors as well.
17. Throughout July 2024, REYG, RSLV, and their respective Special Committees evaluated the proposed Arrangement, and conducted due diligence.
18. In late July 2024, RSLV provided the REYG Special Committee and others with an initial draft of the Arrangement Agreement. RSLV, REYG, and the REYG Special Committee negotiated the terms of the Arrangement Agreement and conducted due diligence through the rest of July to early August 2024.
19. On August 2, 2024, Evans & Evans ("E&E") confirmed to the REYG Special Committee in an oral opinion, later confirmed in writing, that the Consideration to be received by the REYG Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the REYG Shareholders.

20. On August 2, 2024, the REYG Special Committee unanimously voted to approve the Arrangement and the terms of the Arrangement Agreement to the REYG Board.
21. On August 6, 2024, RSLV's special committee unanimously voted to approve the Arrangement and the terms of the Arrangement Agreement to the RSLV Board.
22. On August 6, 2024, after careful consideration, including a thorough review of the Arrangement Agreement, E&E's presentation of its oral opinion, and upon the unanimous recommendation of the REYG Special Committee, and taking into account the best interests of REYG, and after consultation with its financial and legal advisors, the REYG Board unanimously resolved to recommend to the REYG Shareholders that they vote in favour the Arrangement.
23. On August 7, 2024, REYG and RSLV executed the Arrangement Agreement, and published news releases announcing the Arrangement prior to markets opening on August 7, 2024.

#### Reasons and Support for the Arrangement

24. The REYG Board and REYG Special Committee consulted with management of REYG and legal and financial advisors in evaluating the Arrangement and, in reaching their respective conclusions and formulating their unanimous recommendations, reviewed a significant amount of information and considered a number of factors.
25. The reasons for the unanimous recommendation of the REYG Board include, but are not limited to the following:
  - (a) Under the terms of the Arrangement Agreement, the Consideration represents a premium of approximately 48% based on the 20-day volume weighted average share price of the RSLV Shares and the REYG Shares ending on August 6, 2022, the last trading day prior to the announcement of the proposed Arrangement on August 7, 2024;
  - (b) There is strong REYG Securityholder support for the Arrangement by way of voting support agreements from all of the directors and officers of REYG for the REYG Shares held by such parties. Such officers and directors of REYG, who collectively hold approximately 20% of the outstanding REYG Shares, have agreed to vote their REYG Shares in favour of the Arrangement Resolution;
  - (c) The Arrangement creates a larger-scale entity with increased access to capital to enable the financing of continuing exploration of RSLV and REYG's combined exploration portfolio;
  - (d) The Arrangement consolidates RSLV and REYG's current joint option of the Gryphon Summit project and eliminates duplicate back end administrative and regulatory costs by eliminating one public issuer;
  - (e) The combined entity will be well capitalized to increase the value of its improved project portfolio, supported by its strong executive management team and board of directors;

- (f) The Arrangement and its terms were evaluated by the REYG Special Committee, as well as a special committee of the RSLV Board, each of which unanimously voted to recommend the Arrangement;
- (g) REYG conducted due diligence review and investigation of the business, operations, financial condition, products, strategy and future prospects of RSLV (including review of technical disclosure);
- (h) The Arrangement is structured in a way so that REYG Shareholders will generally be entitled to an automatic tax deferral for Canadian federal income tax purposes on the exchange of their REYG Shares for RSLV Shares pursuant to the Arrangement;
- (i) Based on the discussions that took place between the management of REYG and RSLV, it is the REYG Board's belief that RSLV will support REYG's continued engagement with the local community and governments and work towards maintaining positive and mutually beneficial relationships with all constituencies;
- (j) The Arrangement Resolution must be approved by at least two-thirds (66⅔%) of the votes cast by the REYG Shareholders present in person or represented by proxy at the REYG Meeting;
- (k) The Arrangement must be approved by the Court, which will consider, among other things, the procedural and substantive fairness and reasonableness of the Arrangement to the REYG Securityholders; and
- (l) The terms of the Arrangement provide that registered Shareholders who oppose the Arrangement may, upon compliance with certain conditions, exercise Dissent Rights and, if properly exercised, receive fair value for their REYG Shares.

#### Interests of Certain Persons

26. As at the close of business on September 4, 2024, the directors and executive officers of REYG and their associates and affiliates, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, an aggregate of:
- (a) 13,229,000 REYG Shares, representing approximately 20% of the outstanding REYG Shares;
  - (b) 3,190,000 REYG Options, representing approximately 49.5% of the outstanding REYG Options;
  - (c) 4,875,917 RSLV Shares;
  - (d) 3,446,875 RSLV Options;
  - (e) 2,150,000 RSLV RSU's; and
  - (f) 782,005 RSLV Warrants.



## The Meeting and Approvals

27. It is proposed in accordance with the Interim Order that REYG convene the REYG Meeting on Friday, October 8, 2024 at 10:00 a.m. (Pacific time) to consider, *inter alia*, and, if thought fit, to pass, subject to such amendments, variations or additions as may be approved at the REYG Meeting, the Arrangement Resolution.
28. The REYG Board has resolved that the record date for determining the REYG Shareholders entitled to receive notice of, attend, and vote at the REYG Meeting be fixed at the close of business on Monday, October 4, 2024.
29. In connection with the REYG Meeting, REYG intends to send to each REYG Securityholder a copy of the following materials and documentation substantially in the forms attached as Exhibits "A" to "E" to Robertson #1:
  - (a) The Notice of the Meeting and accompanying Circular (a copy of which is attached as Exhibit "A" to Robertson #1) that includes, among other things:
    - a. a summary of the Arrangement Agreement;
    - b. information concerning REYG;
    - c. information concerning RSLV;
    - d. the text of the Arrangement Resolution;
    - e. the text of the proposed Plan of Arrangement;
    - f. a copy of the Interim Order;
    - g. a copy of the Notice of Final Hearing of Petition;
    - h. a copy of the dissent provisions contained in Division 2 of Part 8 of the BCBCA; and the form of proxy Securityholders; and
    - i. a Fairness Opinion, conducted by E&E;
  - (b) a copy of the Petition herein;
  - (c) the form of proxy and voter instruction form for use by the REYG Shareholders, and in the case of registered REYG Shareholders, also the letter of transmittal (draft copies of which are attached as Exhibits "C", "D", and "E" to Robertson #1).
30. All such documents may contain such amendments thereto as REYG (based on the advice of its solicitors) may determine are necessary or desirable, provided such amendments are not inconsistent with the terms of the Interim Order.

### Quorum and Voting at the Meeting

31. A quorum at the REYG Meeting shall be not less than one (1) person present in person or represented by proxy who in the aggregate holds at least 5% of the issued REYG Shares.
32. Each REYG Share entitled to be voted at the REYG Meeting will entitle the holder to one (1) vote at the REYG Meeting in respect of the Arrangement Resolution.
33. The requisite and approval required to pass the Arrangement Resolution shall be the affirmative vote of at least 66⅔% of the votes cast by the REYG Shareholders present in person, or represented by proxy at the REYG Meeting.

### Rights of Dissent

34. The registered REYG Shareholders shall have rights of dissent in respect of the Arrangement Resolution equivalent to those provided in Division 2 of Part 8 of the BCBCA.
35. In essence, the dissent rights will provide that any registered REYG Shareholder who objects to the Arrangement Resolution, and who properly exercises the dissent rights by strictly complying with the procedures as set out in Division 2 of Part 8 of the BCBCA, has the right to require that REYG purchase such Shareholder's REYG Shares, for their fair value.
36. A Registered Shareholder who wishes to dissent must send a written Notice of Dissent to the Arrangement Resolution to REYG c/o Edwards, Kenny & Bray LLP, 1900 – 1040 West Georgia Street, V6E 4H3 (Attention: Jordan Gin) and with a copy by email to [jgin@ekb.com](mailto:jgin@ekb.com), to be received by no later than 4:00 p.m. (Vancouver time) on October 4, 2024 or, in the case of any adjourned or postponed REYG Meeting, by no later than 4:00 p.m. (Vancouver time) on the business day that is two business days prior to the new date of the REYG Meeting, and must otherwise strictly comply with the Dissent Procedures described in the Circular.

### United States Securities Laws

37. Section 3(a)(10) of the United States Securities Act of 1933 as amended (the "1933 Act"), provides an exemption from the general registration requirements of the 1933 Act for securities issued in exchange for one or more *bona fide* outstanding securities where the terms and conditions of the issuance and exchange of such securities have been approved as substantively and procedurally fair by a court of competent jurisdiction that is expressly authorized by law to grant such approval after a hearing upon the substantive and procedural fairness of such terms and conditions of the issuance and exchange at which all persons to whom the securities will be issued in such exchange have the right to appear and have received timely notice thereof.
38. REYG hereby gives notice to the Court of the intent of REYG and RSLV to rely upon the exemption provided by Section 3(a)(10) under the 1933 Act with respect to the issuance of RSLV Shares and the Replacement Options pursuant to the Arrangement.
39. REYG and RSLV do not wish to proceed with the transactions contemplated by the Arrangement, except by way of an arrangement under the BCBCA, so that REYG and RSLV may rely on the exemption provided by Section 3(a)(10) of the 1933 Act. If such exemption

were not available, compliance with the United States securities laws would likely subject REYG and RSLV to inordinate costs and inconvenience, and delay implementation of the Arrangement, none of which REYG believes is in the best interests of the REYG Securityholders.

40. REYG and RSLV will rely on this Court's approval as the basis for the exemption from the registration requirements of the 1933 Act, pursuant to Section 3(a)(10) thereof, for the issuance and exchange of the RSLV Shares and Replacement Options contemplated by the Arrangement.

**Part 3: LEGAL BASIS**

41. The Petitioner relies on sections 186, 238, 242-247, 288-299 of the BCBCA, Supreme Court Civil Rules 1-2(4),1-3, 2-1(2)(b), 4-4, 4-5, 8-1, and 16-1, and the inherent jurisdiction of this Court.
42. Section 288(1) of the BCBCA permits a company to propose an arrangement with its shareholders, creditors or other persons and may, in that arrangement, make any proposal it considers appropriate.
43. Section 288(2) of the BCBCA sets out two preconditions for an arrangement to take effect: (a) the adoption of the arrangement in accordance with section 289, and (b) court approval under section 291.
44. This Court has recognized that section 291 of the BCBCA contemplates three steps in the process of approving an arrangement:
- (a) An application for an interim order for directions calling a shareholders' (and possibly other securityholders') meeting to consider and vote on the arrangement;
  - (b) A meeting of shareholders (and possibly other securityholders) where the arrangement must be voted on and approved by special resolution; and
  - (c) An application for final approval of the arrangement.

*Re Plutonic Power Corporation*, 2011 BCSC 804 ("*Plutonic*") at para. 16

45. The Petitioner intends to apply for an interim order for directions, and following the meeting to be held in compliance with the terms of the interim order, return to this Court for approval of the Arrangement.
46. An interim order is preliminary in nature. The purpose of the interim order is to set the wheels in motion for the application process relating to the arrangement and to establish the parameters for the holding of shareholder meetings to consider approval of the arrangement in accordance with the statute.

*Mason Capital Management LLC v TELUS Corp*, 2012 BCSC 1582 ("*Mason*") at para. 31

47. In order to grant an interim order, a court needs only to satisfy itself that reasonable grounds exist to regard the proposed transaction as an 'arrangement'. The court will consider the merits and fairness of the arrangement at the final hearing stage.

*Mason* at para. 32

48. In determining whether a plan of arrangement should be approved, the court must focus on the terms and impact of the arrangement itself, rather than on the process by which it was reached. What is required is that the arrangement itself, viewed substantively and objectively, be suitable for approval.

*Plutonic* at para 19 citing B.C.E at para 136

49. The principles to be applied in considering an application for court approval of a plan of arrangement were set out by the Supreme Court of Canada in *B.C.E. Inc. v. 1976 Debenture Holders*, 2008 SCC 69 ("B.C.E"):

- (a) In seeking approval of an arrangement, the corporation bears the onus of satisfying the court that the statutory procedures have been met, the application has been put forward in good faith, and the arrangement is fair and reasonable: at para. 137.
- (b) In order to determine whether a plan of arrangement is fair and reasonable, the court must be satisfied that the plan serves a valid business purpose and that it adequately responds to the objections and conflicts between different affected parties: at paras. 138, 143.
- (c) Whether a plan of arrangement is fair and reasonable is determined by taking into account a variety of relevant factors, including the necessity of the arrangement to the corporation's continued existence, the approval, if any, of a majority of shareholders and other security holders entitled to vote, and the proportionality of the impact on affected groups: at paras. 144-154.

*Plutonic* at para. 19 citing B.C.E.

50. Under the valid business purpose prong of the fair and reasonable analysis, courts must be satisfied that the burden imposed by the arrangement on security holders is justified by the interests of the corporation. The proposed plan of arrangement must further the interests of the corporation as an ongoing concern.

*Plutonic* at para. 19 citing B.C.E. at para. 145

51. The second prong of the fair and reasonable analysis focuses on whether the objections of those whose rights are being arranged are being resolved in a fair and balanced way. The court must be careful not to cater to the special needs of one particular group but must strive to be fair to all involved in the transaction depending on the circumstances that exist. The overall fairness of any arrangement must be considered as well as fairness to various individual stakeholders.

*Plutonic* at para. 19 citing B.C.E. at para. 147-148

52. The following list of non-exhaustive factors has been considered by courts in applying the above principles:

- (a) The necessity of the arrangement to the continued operations of the corporation. Necessity is driven by the market conditions that a corporation faces. The degree of necessity of the arrangement has a direct impact on the court's level of scrutiny;
- (b) Although not determinative, courts have placed considerable weight on whether a majority of security holders has voted to approve the arrangement. Voting results offer a key indication of whether those affected by the plan consider it to be fair and reasonable;
- (c) The proportionality of the compromise between various security holders;
- (d) The security holders' position before and after the arrangement;
- (e) whether the plan has been approved by a special committee of independent directors;
- (f) the presence of a fairness opinion from a reputable expert;
- (g) the access of shareholders to dissent rights;
- (h) The impact on various security holders' rights; and
- (i) The repute of the directors and advisors who endorse the arrangement and the arrangement's terms.

*Plutonic* at para. 19 citing B.C.E. at para. 146, 150, 152

53. The overall determination of whether an arrangement is fair and reasonable is fact-specific and may require the assessment of different factors in different situations.

*Plutonic* at para. 19 citing B.C.E. at para. 153

54. There is no such thing as a perfect arrangement. What is required is a reasonable decision in light of the specific circumstances of each case, not a perfect decision.

*Plutonic* at para. 19 citing B.C.E. at para. 155

55. The Arrangement in this case is put forward in good faith and is fair and reasonable. On that basis, the Petitioner asks that the court grant its application for the Interim Order and the Final Order.

**MATERIAL TO BE RELIED ON**

- 56. Affidavit #1 of Steve Robertson, made August 28, 2024; and
- 57. Such further materials as counsel for the petitioner may advise.

Dated: 29/Aug/2024



\_\_\_\_\_  
Signature of lawyer for the petitioner  
Sam Macdonald

***To be completed by the court only:***

Order made

- in the terms requested in paragraph \_\_\_\_\_ of Part 1 of this petition
- with the following variations and additional terms:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dated: \_\_\_\_\_/September/2024

\_\_\_\_\_  
Signature of  Judge  Associate Judge

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

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

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING  
REYNA GOLD CORP. AND REYNA SILVER CORP.

**REYNA GOLD CORP.**

PETITIONER

**ORDER MADE AFTER APPLICATION  
(INTERIM ORDER)**

BEFORE

ASSOCIATE JUDGE

/Sept/2024

ON THE APPLICATION of the Petitioner, Reyna Gold Corp. ("**REYG**") for an Interim Order under section 291 of the British Columbia *Business Corporations Act*, S.B.C. 2002, c. 57, as amended (the "**BCBCA**") in connection with an arrangement involving Reyna Gold Corp., the Reyna Securityholders (as defined below) and Reyna Silver Corp. ("**RSLV**") under section 288 of the BCBCA

- without notice coming on for hearing at 800 Smith Street, Vancouver, British Columbia on September 3, 2024, and on hearing Sam Macdonald, counsel for REYG, and upon reading the Petition filed herein and Affidavit #1 of Steve Robertson made August 28, 2024 (the "**Robertson #1**") and filed herein;

THIS COURT ORDERS that:

**SPECIAL MEETING**

1. Pursuant to sections 186, 288, 289(1)(a)(i) and (e), 290 and 291(2)(b)(i) of the BCBCA, REYG is authorized and directed to call, hold and conduct a special meeting (the "**Meeting**") of the holders (the "**REYG Shareholders**") of REYG common shares to be held on October 8, 2024 at 10:00 am (Pacific time) at 1900 – 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H3:

- a. to consider and, if thought advisable, to pass, with or without variation, a special resolution (the "**Arrangement Resolution**") of the REYG Shareholders approving an arrangement (the "**Arrangement**") under Division 5 of Part 9 of the BCBCA; and
  - b. to transact such further and other business, including amendments to the foregoing, as may properly be brought before the Meeting, or any adjournment or postponement thereof.
2. The Meeting shall be called, held and conducted in accordance with the BCBCA, the notice of special meeting of the REYG Shareholders (the "**Notice**"), the management information circular, which is attached as Exhibit "A" to the Robertson #1 (the "**Information Circular**"), the articles of REYG and applicable securities laws, subject to the terms of this Interim Order and any further Order of this Court, as well as the rulings and directions of the Chair of the Meeting, such rulings and directions not to be inconsistent with this Interim Order, and to the extent of any inconsistency this Interim Order shall govern or, if not specified in the Interim Order, the Information Circular shall govern.

#### **AMENDMENTS**

3. REYG is authorized to make, in the manner contemplated by and subject to the arrangement agreement between REYG and RSLV dated August 7, 2024 (the "**Arrangement Agreement**"), such amendments, modifications or supplements to the Arrangement, the Plan of Arrangement, the Arrangement Agreement and the Notice as it may determine without any additional notice to or authorization of the REYG Shareholders or further orders of this Court. The Arrangement, the Plan of Arrangement, the Arrangement Agreement and the Notice as so amended, modified or supplemented, shall be the Arrangement, the Plan of Arrangement, the Arrangement Agreement and the Notice to be submitted to REYG Shareholders at the Meeting, as applicable, and the subject of the Arrangement Resolution.

#### **ADJOURNMENTS AND POSTPONEMENTS**

4. Notwithstanding the provisions of the BCBCA and the articles of REYG, and subject to the terms of the Arrangement Agreement, the board of directors of REYG (the "**REYG Board**") shall be entitled to adjourn or postpone the Meeting by resolution on one or more occasions without the necessity of first convening the Meeting or first obtaining any vote of the REYG Shareholders respecting such adjournment or postponement and without the need for approval of this Court. Notice of any such adjournment or postponement shall be given by press release, newspaper advertisement or notice sent to the REYG Shareholders by one of the methods specified in paragraph 8 of this Interim Order, as determined to be the most appropriate method of communication by the REYG Board, subject to the terms of the Arrangement Agreement.
5. The Record Date (as defined below) shall remain the same despite any adjournments or postponements of the Meeting.



#### RECORD DATE

6. The record date for determining REYG Shareholders entitled to receive the Notice, the Information Circular (which includes, amongst other things, the Notice of Hearing of Petition for Final Order, the text of the Plan of Arrangement, and the Interim Order granted), a copy of the Petition, the voter instruction form, the form of proxy for use by the REYG Shareholders and in the case of registered REYG Shareholders, also the letter of transmittal, (collectively, the **"Meeting Materials"**) shall be the close of business on September 4, 2024 (the **"Record Date"**), as previously approved by the REYG Board and published by REYG. The Record Date shall remain the same despite any adjournments or postponements of the Meeting.

#### NOTICE OF SPECIAL MEETING

7. The Information Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of section 290(1)(a) of the BCBCA, and REYG shall not be required to send to the REYG Shareholders, or holders of REYG options (the **"REYG Optionholders"**) any other or additional statement pursuant to section 290(1)(a) of the BCBCA.
8. The Meeting Materials, in substantially the same form contained as Exhibits to the Robertson #1, with such amendments, deletions or additional documents as counsel for REYG may advise are necessary or desirable, and as are not inconsistent with the terms of this Interim Order, shall be sent:
  - (a) to registered REYG Shareholders and the REYG Optionholders (together, the **"REYG Securityholders"**) as they appear on the securities register of REYG or the records of its registrar and transfer agents as at the close of business on the Record Date, such Meeting Materials to be sent at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing, delivery or transmittal and the date of the Meeting, by one or more of the following methods:
    - (i) by prepaid ordinary or air-mail addressed to such REYG Securityholder at his, her, or its address as it appears on the applicable securities registers of REYG or its registrar and transfer agent as at the Record Date;
    - (ii) by delivery in person or by courier to the addresses specified in paragraph 8(a)(i) above; or
    - (iii) by email or facsimile transmission to any such REYG Securityholder who identifies himself, herself or itself to the satisfaction of REYG (acting through its representatives), who requests such email or facsimile transmission and pays for the transmission fees in accordance with such request.
  - (b) to non-registered REYG Shareholders (those whose names do not appear in the securities register of REYG), by sending copies of the Meeting Materials to intermediaries and registered nominees to facilitate the distribution of the Meeting Materials to beneficial owners in accordance with the procedures prescribed by National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators at least three (3) business days prior to the twenty-first (21<sup>st</sup>) day prior to the date of the Meeting; and

- (c) to the directors and auditor of REYG by prepaid ordinary mail or by delivery in person, or by recognized courier service or by email or facsimile transmission at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing, delivery or transmission.
9. Substantial compliance with the delivery of the Meeting Materials as ordered herein shall constitute good and sufficient notice of the Meeting, including compliance with the requirements of section 290(1)(a) of the BCBCA, and REYG shall not be required to send to any REYG Securityholders any other or additional statement pursuant to section 290(1) of the BCBCA.
10. The sending of the Meeting Materials, which includes the Petition, Notice of Hearing of Petition and the Interim Order (collectively, the "**Court Materials**"), in accordance with paragraph 8 of this Order shall constitute good and sufficient service of such Notice of Petition upon all who may wish to appear in these proceedings, and no other service need be made and no other material need to be served on persons in respect of these proceedings except upon written request to the solicitors for REYG at their address for service set out in the Petition. In particular, service of the Petition and any supporting affidavits is dispensed with.
11. Accidental failure of or omission by REYG to give notice to any one or more REYG Securityholders or any other persons entitled thereto, or the non-receipt of such notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of REYG (including, without limitation, any inability to use postal services) 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 proceeding taken at the Meeting, but if any such failure or omission is brought to the attention of REYG, then it shall use commercially reasonable efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.
12. REYG shall be at liberty to give notice of this application to persons outside the jurisdiction of this Court in the manner specified herein.
13. Provided that notice of the Meeting is given, and the Meeting Materials are provided to the REYG Securityholders, and any other persons entitled thereto in compliance with this Interim Order, the requirement of section 290(1)(b) of the BCBCA to include certain disclosure in any advertisement of the Meeting is waived.

#### DEEMED RECEIPT OF NOTICE

14. The Court Materials, Meeting Materials and any amendments, modifications, updates or supplements to the Meeting Materials and any notice of adjournment or postponement of the Meeting, shall be deemed to have been received, for the purposes of this Interim Order:
- (a) in the case of mailing pursuant to paragraph 8(a)(i) above, the day, Saturdays, Sundays and holidays excepted, following the date of mailing;
- (b) in the case of delivery in person pursuant to paragraph 8(a)(ii) above, the day following personal delivery or, in the case of delivery by courier, one (1) business day after receipt by the courier;

- (c) in the case of transmission by email or facsimile pursuant to paragraph 8(a)(iii) above, upon the transmission thereof;
- (d) in the case of advertisement, at the time of publication of the advertisement;
- (e) in the case of electronic filing on SEDAR+, upon the transmission thereof; and
- (f) in the case of beneficial REYG Shareholders, three (3) days after delivery thereof to intermediaries and registered nominees.

#### **UPDATING MEETING MATERIALS**

15. 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 REYG Securityholders or any other persons entitled thereto, by press release, news release, newspaper advertisement or by notice sent to the REYG Securityholders by any of the means set forth in paragraph 8, as determined to be the most appropriate method of communication by the REYG Board, subject to the terms of the Arrangement Agreement.

#### **PERMITTED ATTENDEES**

16. The only persons entitled to attend the Meeting shall be:
- (a) the registered REYG Securityholders as at 5 p.m. (Vancouver time) on the Record Date, or their respective proxyholders;
  - (b) directors, officers, auditors and advisors of REYG;
  - (c) directors, officers, auditors and advisors of RSLV;
  - (d) other persons with the prior permission of the Chair of the Meeting;
- and the only persons entitled to be represented and to vote at the Meeting shall be the registered REYG Shareholders at the close of business on the Record Date, or their respective proxyholders.

#### **SOLICITATION OF PROXIES**

17. REYG is authorized to use the form of proxy or voting instruction form (as applicable) and letter of transmittal (as applicable) in connection with the Meeting; in substantially the same form as is attached as Exhibits "C", "D", and "E" to Robertson #1 subject to REYG's ability to insert dates and other relevant information in the final form thereof and to make other non-substantive changes and changes legal counsel advise are necessary or appropriate. REYG is authorized, at its expense, to solicit proxies directly and through its officers, directors and employees, and through such agents or representatives as it may retain for that purpose and by mail, telephone or such other form of personal or electronic communication as it may determine.
18. The procedures for the use of proxies at the Meeting and revocation of proxies shall be as set out in the Notice and the Information Circular.

19. Subject to the terms of the Arrangement Agreement, REYG may in its discretion generally waive the time limits for the deposit of proxies by REYG Shareholders if REYG deems it advisable to do so, such waiver to be endorsed on the proxy by the initials of the Chair of the Meeting.

#### QUORUM AND VOTING

20. A quorum at the Meeting shall be at least one person who, or who represents by proxy, one or more REYG Shareholders, who in aggregate, hold at least 5% of the REYG Shares entitled to be voted at the Meeting.
21. The vote required to pass the Arrangement Resolution shall be the affirmative vote of at least 66⅔% of the votes cast by the REYG Shareholders present in person, or represented by proxy at the REYG Meeting.

#### SCRUTINEER

22. The scrutineer for the Meeting shall be Odyssey Trust Company (acting through its representatives for that purpose).

#### SHAREHOLDER DISSENT RIGHTS

23. Each registered REYG Shareholder is granted rights to dissent (the **"Dissent Rights"**) in respect of the Arrangement Resolution in accordance with sections 237 to 247 of the BCBCA, as modified by the Plan of Arrangement, this Interim Order and the Final Order, including that:
  - (a) a registered REYG Shareholder intending to exercise the Dissent Rights (a **"Dissenting Shareholder"**) must give a written notice of objection to the Arrangement Resolutions (a **"Notice of Dissent"**) to REYG c/o Edwards, Kenny & Bray LLP, 1900 – 1040 West Georgia Street, V6E 4H3 Attn: Jordan Gin, to be received by REYG no later than 4:00 p.m. (Pacific time) on October 4, 2024, or if the Meeting is adjourned or postponed, by no later than 4:00 p.m. (Pacific time) on the business day that is two business days prior to the new date of the Meeting; that is at least two days prior to the date of the Meeting;
  - (b) a Notice of Dissent must specify the name and address of the registered REYG Shareholder, the number of REYG Shares in respect of which the Notice of Dissent is being given (the **"Notice Shares"**) and whichever of the following is applicable:
    - (i) if the Notice Shares constitute all of the REYG Shares of which the Dissenting Shareholder is both the registered and beneficial owner and the Dissenting Shareholder holds no other Shares as beneficial owner, a statement to that effect;
    - (ii) if the Notice Shares constitute all of the REYG Shares of which the Dissenting Shareholder is both the registered and beneficial owner but the Dissenting Shareholder owns additional REYG Shares beneficially, a statement to that effect and the names of the registered REYG Shareholders of such additional Shares, the number of such additional REYG Shares held by each of those

- registered owners and a statement that Notices of Dissent are being, or have been, sent with respect to all such additional REYG Shares; or
- (iii) if the Dissent Rights are being exercised by a registered REYG Shareholder on behalf of another person who is the beneficial owner of the Notice Shares (the "Dissenting Owner"), a statement to that effect and the name and address of the Dissenting Owner and a statement that the registered REYG Shareholder is dissenting with respect to all REYG Shares of the Dissenting Owner that are registered in such registered REYG Shareholder's name.
  - (d) a registered REYG Shareholder must not vote in favour of the Arrangement Resolution any REYG Shares registered in its name in respect of which the REYG Shareholder has given a Dissent Notice;
  - (e) if the Arrangement Resolution is passed at the Meeting, REYG must send by registered mail to every registered REYG Shareholder which has duly and validly given a Dissent Notice, prior to the date set for the hearing of the Final Order, a notice stating that, subject to receipt of the Final Order and satisfaction of the other conditions set out in the Arrangement Agreement, REYG intends to complete the Arrangement and advising the registered REYG Shareholder that if the registered REYG Shareholder wishes to proceed with its dissent, the registered REYG Shareholder must comply with the requirements of paragraph 21(f);
  - (e) REYG is required, promptly after the later of (i) the date on which it forms the intention to proceed with the Arrangement, and (ii) the date on which the Notice of Dissent was received to notify each Dissenting Shareholder of its intention to act on the Arrangement Resolution;
  - (f) if the Arrangement Resolution is approved and if REYG notifies the Dissenting Shareholders of its intention to act upon the Arrangement Resolution, the Dissenting Shareholder is then required, within one month after REYG gives such notice, to send to REYG the certificates representing the Notice Shares if such shares are certificated, and a written statement that requires REYG to purchase all of the Notice Shares;
  - (g) if the Dissent Right is being exercised by the Dissenting Shareholder on behalf of a Dissenting Owner, a statement signed by the Dissenting Owner is required which sets out whether the Dissenting Owner is the beneficial owner of other REYG Shares and, if so, (i) the names of the registered owners of such REYG Shares; (ii) the number of such REYG Shares; and (iii) that dissent is being exercised in respect of all of such REYG Shares. Upon delivery of these documents, the Dissenting Shareholder is deemed to have sold the REYG Shares and REYG is deemed to have purchased them. Once the Dissenting Shareholder has done this, the Dissenting Shareholder may not vote or exercise any shareholder rights in respect of the Notice Shares;
  - (h) the Dissenting Shareholder and REYG may agree on the payout value of the Notice Shares; otherwise, either party may apply to the Court to determine the payout value of the Notice Shares or apply for an order that value be established by arbitration or by reference to the registrar or a referee of the Court. After a determination of the payout value of the Notice Shares, REYG must then promptly pay that amount to the Dissenting Shareholder. Pursuant to the Plan of Arrangement, REYG (which shall be

funded, with funds of REYG not directly or indirectly provided by RSLV and its affiliates) is required to pay the payout value of the Notice Shares; and

- (i) a Dissenting Shareholder loses his, her or its Dissent Rights if, before full payment is made for the Notice Shares, REYG abandons the corporate action that has given right to the Dissent Right (namely the Arrangement), a court permanently enjoins the action, or the Dissenting Shareholder withdraws the Notice of Dissent with REYG's consent. When these events occur, REYG must return the share certificates, if applicable, to the Dissenting Shareholder and the Dissenting Shareholder regains the ability to vote and exercise shareholder rights.
24. Notice to the REYG Shareholders of their Dissent Rights with respect to the Arrangement Resolution will be given by including information with respect to the Dissent Rights in the Information Circular to be sent to the REYG Securityholders with respect to the Arrangement.
  25. Subject to further order of this Court, the rights available to the REYG Shareholders under the BCBCA and the Plan of Arrangement to dissent from the Arrangement will constitute full and sufficient Dissent Rights for the Shareholders with respect to the Arrangement.

#### APPLICATION FOR FINAL ORDER

26. Upon the approval by the REYG Securityholders of the Arrangement Resolution, in the manner set forth in this Interim Order, REYG may apply to this Court (the "**Application**") for an Order:
  - (a) pursuant to section 291(4)(a) of the BCBCA approving the Arrangement; and
  - (b) pursuant to section 291(4)(c) of the BCBCA declaring that the Arrangement, and the distribution of securities to be affected by the Arrangement, is substantively and procedurally fair and reasonable to the REYG Securityholders,  
(collectively the "**Final Order**"),and the hearing of the Application will be held on October 10, 2024 at 9:45 a.m. before the presiding Judge in Chambers at 800 Smithe Street, Vancouver, British Columbia or as soon thereafter as the Application can be heard or at such other date and time as this Court may direct.
27. The form of Notice of Final Hearing of Petition attached as Exhibit "B" to the Affidavit #1 is hereby approved as the form of notice for the hearing of the application for the Final Order.
28. The Petitioner has advised the court that:
  - a. section 3(a)(10) of the United States Securities Act of 1933 (the "**1933 Act**"), as amended, provides an exemption from registration for the securities issued in exchange for one or more bona fide outstanding securities, claims or property interests pursuant to an arrangement where the terms and conditions of such issuance and exchange are approved by any court (including this Court), after a hearing on the fairness of such terms and conditions at which all person to whom it is proposed to issue securities in such exchange have the right to appear and receive timely notice thereof;
  - b. the Petitioner intends to use the Final Order of this Court approving the Arrangement, and declaring the fairness of the Arrangement, including the terms and

conditions hereof and the proposed issuance and exchanges of securities contemplated therein, as a basis for an exemption from registration under the 1933 Act of the issuance of the RSLV common shares (the "RSLV Shares") and the replacement options of RSLV (the "Replacement Options") to be distributed and exchanged under the Arrangement; and

- c. should the Court make the Final Order approving the Arrangement, the issuance of the RSLV Shares and the Replacement Options to be distributed and exchanged under the Arrangement will be exempt from registration under the 1933 Act pursuant to section 3(a)(10) thereof.

29. Any REYG Securityholder may appear and make submissions at the application for the Final Order provided that such person shall:

- (a) file a Response to Petition, in the form prescribed by the Supreme Court Civil Rules, together with any evidence or material which is to be presented to the Court at the hearing of the Application; and
- (b) deliver the filed Response to Petition together with a copy of any evidence or material which is to be presented to the Court at the hearing of the Application, to REYG's counsel at:

WT BCA LLP  
2400 - 200 Granville St.  
Vancouver, BC V6C 1S4  
Attention: Nicole Chang

by or before 4:00 p.m. (Vancouver time) on October 8, 2024

30. If the application for the Final Order is adjourned, only those persons who have filed and delivered a Response to Petition in accordance with this Interim Order need to be served and provided with notice of the adjourned date.

31. In the event that the hearing of the Application is adjourned, then only those persons who filed and delivered a Response to Petition in accordance with paragraph 29, need be provided with notice of the adjourned hearing date.

32. Subject to other provisions in this Interim Order, no material other than that contained in the Information Circular need be served on any persons in respect of these proceedings and, in particular, service of the Petition herein and the accompanying Affidavit and additional Affidavits as may be filed is dispensed with.

#### VARIANCE

33. REYG shall be entitled, at any time, to apply to vary this Interim Order.

34. Rules 8-1 and 16-1(8) – (12) will not apply to any further applications in respect of this proceeding, including the application for the Final Order and any application to vary this Interim Order.

35. REYG shall, and hereby does, have liberty to apply for such further orders as may be appropriate.

36. To the extent of any inconsistency or discrepancy between this Interim Order and the Information Circular, the BCBCA, applicable Securities Laws or the articles of REYG, this Interim Order will govern.

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

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Signature of Lawyer for the Petitioner,  
Reyna Gold Corp.  
Lawyer: Sam Macdonald

BY THE COURT

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Registrar