



18 Mowat Avenue, Toronto, Ontario, Canada M6K 3E8  
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www.yangaroo.com

## **NOTICE OF THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual general and special meeting of the shareholders (the “Meeting”) of YANGAROO Inc. (the “Corporation”) will be held at Carpet Factory Building, 67 Mowat Avenue, Suite 101, Toronto, Ontario, M6K 3E3 on July 13, 2016 commencing at 4:00 PM (EST) for the following purposes:

1. to receive and consider the audited financial statements of the Corporation for the year ended December 31, 2015, together with the report of the auditors thereon;
2. to elect five directors;
3. to appoint Collins Barrow Toronto LLP as auditors of the Corporation and to authorize the directors to fix the auditor's remuneration;
4. to consider, and if deemed advisable, pass with or without variation, a resolution of shareholders ratifying the Corporation's rolling stock option plan;
5. to consider, and if deemed advisable, pass with or without variation, a resolution of shareholders ratifying the Corporation's shareholder rights plan;
6. to transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The Information Circular (the “Circular), which accompanies this Notice or can be obtained as described below, contains details of the matters to be dealt with at the Meeting. A form of proxy accompanies this Notice. Shareholders are referred to the Circular for more detailed information with respect to matters to be considered at the Meeting and for the full text of the resolutions.

The Corporation has elected to use the notice-and-access provisions under National Instrument 54-101 and National Instrument 51-102 (“**Notice-and-Access Provisions**”) for this Meeting. Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to the Shareholders by allowing the Corporation to post the Circular and any additional materials online. Shareholders will still receive this Notice of Meeting and a form of proxy and may choose to receive a hard copy of the Circular. The Corporation will not use procedures known as “stratification” in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of the information circular to some shareholders with the notice package. In relation to the Meeting, all Shareholders will receive the required documentation under the Notice-and-Access Provisions, which will not include a paper copy of the Circular.

**SHAREHOLDERS ARE REMINDED TO VIEW THE MEETING MATERIALS PRIOR TO VOTING.**

## **WEBSITES WHERE MEETING MATERIALS ARE POSTED**

The applicable Meeting Materials can be viewed online under the Corporation's profile at [www.sedar.com](http://www.sedar.com) or at the Corporation's website at: <http://yangaroo.com/investors/financial-reports/>

## **HOW TO OBTAIN PAPER COPIES OF THE MEETING MATERIALS**

Requests for paper copies must be received at least five business days in advance of the proxy deposit date and time set out in the accompanying proxy or voting instruction form in order to receive the applicable Meeting Materials in advance of the proxy deposit date and Meeting.

Shareholders who wish to receive paper copies of the applicable Meeting Materials may request copies from the Corporation by calling toll free at 1-855-534-0607. Meeting Materials will be sent to such shareholders within three business days of their request if such requests are made before the Meeting.

The Corporation has determined that those shareholders with existing instructions on their account to receive a paper copy of the Corporation's meeting materials will receive paper copies of the applicable Meeting Materials with this notification. Shareholders may revoke their existing instructions by contacting the service provider who services their account. Shareholders may request paper copies of the applicable Meeting Materials be sent to them by postal delivery at no cost to them. Requests may be made up to one year from the date the Information Circular was filed on SEDAR.

Shareholders with questions about notice and access can contact Computershare Trust Company of Canada by toll free telephone at 1-800-564-6253.

Registered shareholders who cannot attend the Meeting can submit their proxies (a) by delivering the completed proxy using the pre-addressed envelope provided for this purpose; (b) or by hand delivery at 100 University Avenue 8th Floor Toronto, Ontario M5J 2Y1 (c) over the internet by going to [www.investorvote.com](http://www.investorvote.com) and following the instructions provided; or (c) by telephone, by calling 1-866-732-VOTE (8683) (toll free within North America) or 312-588-4290 (International) prior to 4:00 p.m. (EST) on Tuesday, July 11<sup>th</sup>, 2016 or if the Meeting is adjourned, by no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting.

**DATED** at Toronto, Ontario, this 1<sup>st</sup> day of June, 2016.

**BY ORDER OF THE BOARD OF DIRECTORS**

(Signed) "Clifford Hunt"  
Vice-Chairman of the Board of Directors

# YANGAROO INC.

## Management Information Circular

### SOLICITATION OF PROXIES

This management information circular (the “Circular”) is furnished in connection with the solicitation by the management of YANGAROO Inc. (the “Corporation”) of proxies for use at the annual and special meeting of shareholders of the Corporation (the “Meeting”) to be held at Carpet Factory Building, 67 Mowat Avenue, Suite 101, Toronto, Ontario, M6K 3E3 on July 13, 2016 commencing at 4:00 PM (EST), and at any adjournment thereof, for the purposes set forth in the Notice of Meeting (the “Notice”). The solicitation will be primarily by mail, but directors, officers, employees or representatives of the Corporation may also solicit proxies personally or by telephone. All costs of solicitation will be borne by the Corporation. The information contained herein is given as at June 1<sup>st</sup>, 2016, unless otherwise indicated.

All dollar amounts in this Circular are in Canadian dollars, except where otherwise indicated.

### APPOINTMENT OF PROXIES

The persons named in the enclosed form of proxy are officers of the Corporation. *Each shareholder has the right to appoint a person other than the persons named in the enclosed form of proxy, who need not be a shareholder of the Corporation, to represent such shareholder at the Meeting or any adjournment thereof.* Such right may be exercised by inserting such person's name in the blank space provided in the form of proxy and striking out the other names or by completing another proper form of proxy.

### VOTING INSTRUCTIONS

#### Registered Shareholders

There are two methods by which registered shareholders (“Registered Shareholders”), whose names are shown on the books or records of the Corporation as owning common shares (“Common Shares”), can vote their Common Shares at the Meeting: in person at the Meeting, or by proxy. Should a Registered Shareholder wish to vote in person at the Meeting, he or she may still complete and return the form of proxy included with the Circular; and if required, the Registered Shareholder can revoke his or her proxy at the Meeting and instead vote in person. Should the Registered Shareholder not wish to attend the Meeting or not wish to vote in person, his or her vote should be voted by proxy through one of the methods described below and the Common Shares represented by the proxy will be voted or withheld from voting, in accordance with the instructions as indicated in the form of proxy, on any ballot that may be called for, and if a choice was specified with respect to any matter to be acted upon, the Common Shares will be voted accordingly. Please note that an individual voting on behalf of a corporation who is a Registered Shareholder must present certain documents at the Meeting, including a corporate signing resolution.

Registered shareholders can submit their proxies (a) by delivering the completed proxy using the pre-addressed envelope provided for this purpose; (b) or by hand delivery at 100 University Avenue 8th

Floor Toronto, Ontario M5J 2Y1 (c) over the internet by going to [www.investorvote.com](http://www.investorvote.com) and following the instructions provided; or (d) by telephone, by calling 1-866-732-VOTE (8683) (toll free within North America) or 312-588-4290 (International) by no later than the close 4:00pm EST on Monday, July 11th, 2016, or if the Meeting is adjourned, by no later than 48 hours (excluding Saturdays, Sundays and holidays) before any adjourned meeting.

### **Non-Registered Shareholders**

In the Circular and the enclosed form of proxy and Notice, all references to shareholders are to Registered Shareholders of Common Shares. Only Registered Shareholders of Common Shares, or the persons they appoint as their proxies, are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a “Non-Registered Shareholder” or “Beneficial Owner”) are registered either:

- in the name of an intermediary (an “Intermediary”) that the Non-Registered Shareholder deals with in respect of the Common Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

There are two kinds of Beneficial Owners, those who object to their name being made known to the Corporation, referred to as objecting beneficial owners (“OBOs”) and those who do not object to being known by the Corporation, referred to as non-objecting beneficial owners (“NOBOs”). In accordance with the requirements as set out in National Instrument 54-101 Communications with Beneficial Owners of Securities of a Reporting Issuer of the Canadian Securities Administrators, the Corporation has distributed copies (utilizing the Notice-and-Access Provisions) of the Notice of Meeting, this Circular, the form of proxy and the supplemental mailing list return card (collectively, the “Meeting Materials”) (i) directly to NOBOs, and (ii) to the clearing agencies and Intermediaries for onward distribution to OBOs.

The Meeting Materials are being sent or made available to both Registered and Non-Registered Shareholders of the Common Shares. If you are a Non-Registered Shareholder, and the Corporation or its agent has sent these Meeting Materials directly to you, your name, address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

By choosing to send the Meeting Materials to NOBOs directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these Meeting Materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

### *Objecting Beneficial Owners (“OBOs”)*

Intermediaries are required to forward Meeting Materials to OBOs unless an OBO has waived the right to receive them. Generally, OBOs who have not waived the right to receive Meeting Materials will either:

- (a) be given a proxy who has already been signed by the Intermediary (typically by a facsimile, stamped signature) and is restricted as to the number of Common Shares beneficially owned by the OBO but which is otherwise not completed. This form of proxy need not be signed by the OBO. In this case, the OBO who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with the Transfer Agent, by mail addressed to Computershare, Attention: Proxy Department, 100 University Ave., 8<sup>th</sup> Floor, Toronto, ON M5J 2Y1, as applicable, or with the Chairman of the Corporation; or
- (b) is given a voting instruction form (“VIF”) which must be completed and signed by the OBO in accordance with the directions on the VIF (which may in some cases permit the completion of VIF by telephone, internet or facsimile).

*Non-Objecting Beneficial Owners (“NOBOs”)*

NOBOs can expect to receive the Meeting Materials with a form of proxy from the Transfer Agent. These proxies are to be completed and returned to the Transfer Agent in the envelope provided or by following the instructions contained on the proxy for facsimile, telephone or internet voting. The Transfer Agent will tabulate the results of the proxies received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the proxies they receive.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder may simply clearly print the name of the person to attend the Meeting in the space provided for this purpose on the proxy.

**REVOCAION OF PROXIES**

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy and may do so (1) by delivering another properly executed proxy bearing a later date and depositing it as aforesaid, including within the prescribed time limits noted above; (2) by depositing an instrument in writing revoking the proxy executed by the shareholder or by the shareholder's attorney authorized in writing (i) at the registered office of the Corporation, 18 Mowat Avenue, Toronto, ON M6K 3E8 at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or (ii) with the Chairman of the Meeting, prior to its commencement, on the day of the Meeting or any adjournment thereof; (3) by attending the Meeting in person and so requesting; or (4) in any other manner permitted by law. A Non-Registered Holder may revoke a proxy or a waiver of the right to receive Meeting Materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a proxy or of a waiver of the right to receive Meeting Materials and to vote that is not received by the Intermediary at least seven days prior to the Meeting.

## **VOTING AND DISCRETION OF PROXIES**

On any ballot that may be called for, the Common Shares represented by proxies in favour of the persons named by management of the Corporation will be voted for or against, or voted for or withheld from voting on, the matters identified in the proxy, in each case in accordance with the instructions of the shareholder. **In the absence of any instructions on the proxy, it is the intention of the persons named by management in the accompanying form of proxy to vote (a) FOR the election of each of management's nominees as directors and for setting the number of directors on the board of directors at five (5); (b) FOR the appointment of management's nominee as auditor and the authorization of the directors to fix the remuneration of the auditor; (c) FOR the resolution to ratify the amendment to the stock option plan; (d) FOR the resolution to ratify the shareholder rights plan; and (e) in accordance with management's recommendations with respect to amendments or variations of the matters set out in the Notice or any other matters which may properly come before the Meeting. The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations of the matters identified in the Notice or any other matters that may properly come before the Meeting.** As at the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters that may properly come before the Meeting other than the matters referred to in the Notice.

## **VOTING SHARES AND PRINCIPAL SHAREHOLDERS**

As at June 1<sup>st</sup>, 2016 the authorized capital of the Corporation consisted of an unlimited number of Common Shares, of which 56,188,448 Common Shares were issued and outstanding.

A holder of record of Common Shares as at the close of business on June 3, 2016 (the "Record Date") is entitled to one vote for each Common Share held by him or her. The affirmative vote of a majority of the votes cast at the Meeting is required for approval of each matter set forth in this Circular.

In accordance with the *Business Corporations Act* (Ontario), the Corporation will prepare a list of holders of Common Shares on the Record Date. Each holder of Common Shares named in the list will be entitled to vote the Common Shares shown opposite his or her name on the list at the Meeting.

As at June 1<sup>st</sup>, 2016, to the knowledge of the directors and senior officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Common Shares other than Ingalls and Snyder LLC which holds 11,137,951 shares as agent on behalf of its clients, one such client, being Shepard Boone, holding 10% or greater of the Common Shares individually or in concert with third parties, and CDS & Co. which holds 37,413,952 shares. CDS & Co. is a holding company for shares held in brokerage accounts for Non-Registered Holders. The Corporation's management does not know who beneficially owns these shares.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

### **Introduction**

The Board believes that effective corporate governance contributes to improved corporate performance and enhanced shareholder value. The Board has reviewed the corporate governance best practices identified in National Policy 58-201 - *Corporate Governance Guidelines* and National Instrument 58-101

- *Disclosure of Corporate Governance Practices* (collectively, the “CSA Guidelines”). The Board is committed to ensuring that the Corporation follows best practices and is in the process of developing such practices. The Corporation's specific disclosure relative to these guidelines is set below.

### **Board of Directors**

The responsibility of the Board is to supervise the management of the business and affairs of the Corporation in accordance with the best interests of the Corporation and all of its shareholders. In discharging its responsibility, the Board reviews the performance of the President, CEO and COO and oversees and reviews the development and implementation of the following significant corporate plans and initiatives:

- the Corporation's strategic planning and budgeting process;
- succession planning, including appointing, training and monitoring senior management; and
- the Corporation's public communications policies and continuous disclosure record.

The Board meets at least four times a year and more frequently if required. In 2015, the Board met 4 times. In addition, the Board took numerous actions by written resolution.

### **Board Composition**

The Board was composed of six directors for the duration of 2015 until December 24, 2015, when Mr. Quinn resigned, leaving a vacancy on the Board for the remainder of 2015. All directors are elected annually. The Corporation's directors for the duration of 2015 included Clifford Hunt, Howard Atkinson, Gary Moss, Sander Shalinsky, Gerald Quinn and Anthony Miller.

Messrs. Quinn, Atkinson, Shalinsky, and Miller were independent directors as contemplated by the CSA Guidelines (i.e. each is independent of management and free from any interest in and any business or other relationship with the Corporation which could reasonably be expected to interfere with the exercise of the director's judgment). In determining whether a director is independent, the Board considers the specific circumstances of a director and the nature, as well as materiality, of any relationship between the director and the Corporation.

Mr. Shalinsky resigned from the Board in the year 2016, on January 25. The Board appointed Messrs. Gerry Hurlow and Philip Benson to the Board on January 25, 2016 and January 26, 2016 respectively, both of whom are independent directors as contemplated in the CSA Guidelines.

### **Board Committees**

There are two permanent Board committees: (i) the audit committee (“Audit Committee”); and (ii) the compensation committee (“Compensation Committee”). The Board may also appoint other temporary or permanent committees from time to time for particular purposes.

Currently, the Board does not have a corporate governance committee or nominating committee. The Board as a whole evaluates corporate governance requirements, the conduct of the Board and the respective roles of the committees; and identifies and recommends for nomination candidates for election as directors. The Board looks at the education and experience of potential nominees to the Board.

The following sets out the report of the Audit Committee as well as a summary of the responsibilities and activities of the other Board committees.

### *Audit Committee Report*

Throughout 2015, Messrs. Quinn (until resignation on December 24, 2015), Atkinson, and Miller were members of the Audit Committee, of which Mr. Atkinson was Chairman. They were all independent throughout 2015 for purposes of the Audit Committee. Each of the members of the Audit Committee is financially literate as defined in Multilateral Instrument 52-110. During the year ended December 31, 2015, the Audit Committee met 4 times. The Corporation as a venture issuer has relied on the exemptions in Section 6.1 of National Instrument 52-110 (“NI 52-110”) exempting the Corporation from the requirements in Part 5 (Reporting Obligations) of NI 52-110. The 2015 amendment to NI 52-110 included the addition of Section 6.1.1, whereby a venture issuer must have a minimum of three (3) members on the Audit Committee as of January 1, 2016, with a majority being independent. As the Corporation is subject to the policies of the TSX Venture Exchange, which included a like requirement, the Corporation had already had the requisite number of audit committee members in place.

A copy of the charter of the Audit Committee is attached to this Circular as Schedule “A” and will also be available electronically at [www.sedar.com](http://www.sedar.com). The Audit Committee assists the Board in carrying out its responsibilities relating to corporate accounting and financial reporting practices. The duties and responsibilities of the Committee include the following:

- reviewing for recommendation to the Board for its approval the principal documents comprising the Corporation's continuous disclosure record, including interim and annual financial statements and management's discussion and analysis;
- recommending to the Board a firm of independent auditors for appointment by the shareholders and reporting to the Board on the fees and expenses of such auditors. The Committee has the authority and responsibility to select, evaluate and if necessary replace the independent auditor. The Committee has the authority to approve all audit engagement fees and terms and the Committee, or a member of the Committee, must review and pre-approve any non-audit services provided to the Corporation by the Corporation's independent auditor and consider the impact on the independence of the auditor;
- reviewing periodic reports from the CFO;
- discussing with management and the independent auditor, as appropriate, any audit problems or difficulties and management's response; and
- establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters.

The Committee maintains direct communication during the year with the Corporation's independent auditor and the Corporation's senior officers responsible for accounting and financial matters. The Audit Committee has reviewed and discussed with management and the independent auditors the financial statements of the Corporation as at December 31, 2015 and management's discussion and analysis. Based on that review and on the report of the independent auditor of the Corporation, the Audit Committee

recommended to the Board that the Corporation's financial statements and management's discussion and analysis be approved and filed with Canadian regulatory authorities.

The Audit Committee has recommended to the Board that the shareholders of the Corporation be requested to re-appoint Collins Barrow Toronto LLP, Chartered Accountants, as the independent auditor for 2016.

For the years ended December 31, 2015 and 2014, the fees accrued or paid by the Corporation for audit work and other services performed by Collins Barrow Toronto LLP were as follows:

	<b>2015</b>	<b>2014</b>
Audit services	\$33,800	\$33,475
Audit-related services	6,240	5,974
Tax services	19,096	5,665
Other services	11,050	650
	<u>\$70,186</u>	<u>\$45,764</u>

#### Audit service fees

Audit service fees were paid for professional services rendered by the auditors for audit of the financial statements including the services provided in connection with statutory and regulatory filings.

#### Audit-related services fees

The audit-related services provided were for assistance with preparation of unaudited quarterly financial statements.

#### Tax service fees

The tax services provided were for preparation of corporate and provincial tax returns.

#### Other service fees

The other services provided were for other miscellaneous matters.

Pursuant to the Audit Committee charter, the Audit Committee approved in advance all auditing services of the external auditors and related fees and terms and all non-audit service mandates including related fees and terms, to the extent permitted by applicable laws, regulations and policies. The Audit Committee may delegate to one or more members of the Audit Committee the authority to pre-approve non-audit services to be provided by the external auditors provided that any such approvals made by the designated individuals will be reported to the full Audit Committee at its next scheduled meeting.

#### *Compensation Committee*

The Compensation Committee assists the Board in carrying out its responsibilities relating to personnel matters, including performance, compensation and succession. The Compensation Committee develops tailored objectives for members of management such as the President, CEO, COO, CTO and CFO, based on broader Company goals, as well as for other individuals, reviewing and making recommendations to

the Board with respect to employee and contractor compensation arrangements including stock options and management succession planning.

The Compensation Committee met four times in 2015. A part of each meeting is conducted without management present, including for the purpose of specifically discussing the proposed allocation of stock options to the Chairman and individual Board members, incentive bonus plans and salary proposals. The members of the Committee during 2015 were Mr. Miller (Chair), Mr. Quinn (until his resignation on December 24, 2015, Mr. Atkinson and Mr. Shalinsky.

### Summary of Committee Memberships and Record of Attendance for 2015

During the year ended December 31, 2015, the Board and its committees held the following numbers of meetings:

Board .....	4 <sup>(1)</sup>
Audit Committee (“AC”).....	4
Compensation Committee (“CC”).....	4
Total number of meetings held .....	12

<sup>(1)</sup> In addition to the four meetings held by the Board, a number of actions were taken by resolution in writing.

Director	Committee Memberships	Board Meetings Attended	Committee Meetings Attended
Clifford Hunt	-	4	AC-4
Gary Moss	-	4	AC-4
Howard Atkinson	AC, CC	4	AC-4; CC-4
Sander Shalinsky	CC	4	AC-4; CC-4
Anthony Miller	AC, CC	4	AC-4; CC-4
Gerald Quinn	AC,CC	4	AC-4; CC-4

### Ethical Conduct

The Corporation has implemented a written Code of Ethics (the “Code”). All directors, officers, employees and consultants of the Corporation will be expected to be familiar with the Code and to adhere to those principles and procedures set forth in the Code that apply to them. The Board will ultimately be responsible for the application of the Code to the affairs of the Corporation.

### Shareholder Feedback

The Board believes that management should speak for the Corporation in its communications with shareholders and others in the investment community and that the Board should be satisfied that appropriate investor relations programs and procedures are in place. Management communicates regularly with shareholders and others in the investment community to receive and respond to shareholder feedback.

The Board regularly reviews the Corporation's major communications with shareholders and the public, including management discussion and analysis, financial statements and management information circulars.

### **Expectations of Management**

The Board believes that it is appropriate for management to be responsible for the development of long-term strategies for the Corporation. Meetings of the Board are held, as required, to specifically review and deal with long-term strategies of the Corporation as presented by senior members of management.

The Board appreciates the value of having selected senior officers attend Board meetings to provide information and opinions to assist the directors in their deliberations. The Chair arranges for the attendance of senior officers at board meetings in consultation with the President and CEO.

## **EXECUTIVE COMPENSATION**

As required by Part 1(c) of National Instrument 51-102F5 – *Information Circular*, Form 51-102F6V – *Statement of Executive Compensation* for the year ended December 31, 2015 is appended as follows:

### **Compensation Discussion and Analysis**

#### **Executive Officer Compensation**

The Corporation seeks to establish compensation plans for executive officers (collectively, the “Named Executive Officers” or “NEOs”) that will attract, retain, and motivate qualified executives to join the Corporation and work diligently to attain the Corporation’s objectives. The Corporation’s Board has a Compensation Committee that is comprised of four independent directors that assists the Board in carrying out its responsibilities relating to personnel matters, including performance, compensation and succession. Compensation plans for NEOs are developed by the President and CEO and submitted to the Compensation Committee for review and approval before being implemented.

The Corporation offers NEOs compensation packages that included a combination of salary, bonus, stock options and a group health insurance plan. Salary levels are determined so as to be competitive with similar organizations in the Corporation’s region and to attract and retain NEO.

#### *Annual Incentives*

Annual incentives in the form of bonuses are offered to motivate NEOs to achieve specific corporate goals for the year that include revenues, costs, profitability, technology development and cash flow. Bonuses can be comprised of cash and stock options. The cash bonus portion NEOs are eligible to earn is determined as a percentage of their salary. The achievement of financial goals is determined by comparing actual results to the Corporation’s budget for the year. The amount of bonus earned is determined by the degree to which the goal was met, with higher amounts being earned for over-achievement. The President and CEO and the Vice-Chairman, Secretary and COO had the same annual bonus plan targets for the year ending December 31, 2015.

### *Long Term Incentives*

Longer-term incentive compensation in the form of stock options are offered to align NEO interests with those of the Corporation's shareholders by providing an opportunity for NEOs to benefit from growth in the value of the Corporation's shares over a period of several years. Stock options also encourage continued service to the Corporation. Option grants for NEOs are recommended to the Board by the President and CEO and by the Compensation Committee. The board approves all option grants, setting their exercise price, vesting period and expiry. The number of options previously held by a NEO is considered when new grants are proposed. The President and CEO, and the Vice-Chairman, Secretary and COO each received different option grants during the year ending December 31, 2015, as illustrated in the table below.

### **Director Compensation**

For the year ended December 31, 2015, the Board was composed of a total of six directors until December 24<sup>th</sup>, 2015, when Mr. Quinn resigned from the Board. All directors are elected annually. The Corporation's six directors were Clifford Hunt, Gary Moss, Howard Atkinson, Sander Shalinsky, Anthony Miller, and Gerald Quinn, until his resignation on December 24<sup>th</sup>, 2015.

For the year ended December 31, 2015, a majority (four of six) of the Corporation's directors were independent. Messrs. Atkinson, Miller, Shalinsky and Quinn were independent directors as contemplated by the CSA Guidelines (i.e. each is independent of management and free from any interest in and any business or other relationship with the Corporation which could reasonably be expected to interfere with the exercise of the director's judgment). In determining whether a director is independent, the Board considers the specific circumstances of a director and the nature, as well as materiality, of any relationship between the director and the Corporation.

The Corporation pays director compensation to the independent directors only. The independent directors are compensated with an annual cash fee and with long-term incentives in the form of stock options.

### **Summary Compensation Tables**

The following tables sets forth the summary information concerning compensation, both equity and non-equity, earned by the Corporation's President and Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), the Vice Chairman, Chief Operating Officer ("COO") and Secretary, and the directors of the Corporation during the most recently completed financial years ended on or after December 31, 2014.

### **Director and named executive officer compensation, excluding compensation securities**

#### **Table of compensation excluding compensation securities**

The following tables sets forth the summary information concerning compensation excluding compensation securities earned by the Corporation's President and Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), the Vice Chairman, Chief Operating Officer ("COO") and Secretary,

and the directors of the Corporation during the most recently completed financial years ended on or after December 31, 2014.

Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meetings fees (\$)	Value of perquisites (\$)	Value of all other compensation <sup>(2)(3)</sup> (\$)	Total Compensation (\$)
Gary Moss <sup>(1)</sup> President & CEO and Director	2015	275,000	Nil	Nil	Nil	5,096 <sup>(2)</sup>	280,096
	2014	262,500	Nil	Nil	Nil	4,880 <sup>(2)</sup>	267,380
Cliff Hunt <sup>(4)</sup> Vice Chairman, Secretary & COO and Director	2015	200,000	Nil	Nil	Nil	8,607 <sup>(2)(3)</sup>	208,607
	2014	200,000	Nil	Nil	Nil	7,231 <sup>(2)(3)</sup>	207,231
Michael Galloro <sup>(5)</sup> CFO	2015	108,000	Nil	Nil	Nil	Nil	108,000
	2014	108,000	Nil	Nil	Nil	Nil	108,000
Howard Atkinson <sup>(7)</sup> Director	2015	15,000	Nil	Nil	Nil	Nil	15,000
	2014	15,000	Nil	Nil	Nil	Nil	15,000
Anthony Miller <sup>(7)</sup> Director	2015	20,000	Nil	Nil	Nil	Nil	20,000
	2014	20,000	Nil	Nil	Nil	Nil	20,000
Sander Shalinsky <sup>(7)</sup> Director	2015	15,000	Nil	Nil	Nil	Nil	15,000
	2014	15,000	Nil	Nil	Nil	Nil	15,000
Gerald Quinn <sup>(6)</sup> <sup>(7)</sup> Director	2015	15,000	Nil	Nil	Nil	Nil	15,000
	2014	15,000	Nil	Nil	Nil	Nil	15,000

(1) Gary Moss earned \$262,500 in 2014 and \$275,000 in 2015 in his capacity as President and CEO. No fees were paid to Gary Moss in his capacity as Director.

(2) All other compensation includes the value of group insurance benefits.

(3) All other compensation includes vacation pay to Cliff Hunt of \$3,558 in 2014 and \$4,615 in 2015.

- (4) Cliff Hunt earned \$200,000 in each of 2014 and 2015 in his capacity as COO and Corporate Secretary. No fees were paid to Gary Moss in his capacity as Director.
- (5) The CFO services of Michael Galloro are provided by ALOE Finance Inc.
- (6) Gerald Quinn resigned on December 24<sup>th</sup>, 2015.
- (7) Each independent director was entitled to earn a fee of \$15,000 in cash per year, except for Anthony Miller, whose fee was \$20,000 in cash per year. Director’s fees would be prorated for services performed for partial year. All accrued fees for previous years have been paid out in full by the end of 2015. Current year fees were not paid out by the end 2015.

### Stock options and other compensation securities

The following table sets forth the summary information concerning compensation securities earned by the Corporation’s President and Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”), the Vice Chairman, Chief Operating Officer (“COO”) and Secretary, and the directors of the Corporation during the most recently completed financial years ended on or after December 31, 2014.

#### Compensation Securities

Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(12)</sup>	Date of issue of grant	Issue, conversion or exercise of price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Gary Moss <sup>(1)</sup> President & CEO	Stock options	400,000, 400,000 underlying, 8.4%	January 26, 2015	0.18	0.18	0.15	January 26, 2020
	Stock options	550,000, 550,000 underlying, 11.5%	March 3, 2014	0.34	0.34	0.18	March 3, 2019
Cliff Hunt <sup>(2)</sup> Vice Chairman, Secretary & COO	Stock options	200,000, 200,000 underlying, 4.2%	January 26, 2015	0.18	0.18	0.15	January 26, 2020
	Stock options	100,000, 100,000 underlying, 2.1%	March 3, 2014	0.34	0.34	0.18	March 3, 2019
Michael Galloro <sup>(3)</sup> CFO	Stock options	Nil	N/A	Nil	Nil	Nil	N/A
	Stock options	Nil	N/A	Nil	Nil	Nil	N/A

Howard Atkinson <sup>(4)</sup> <sup>(8)</sup> Director	Stock options	30,000, 30,000 underlying, 0.6%	January 26, 2015	0.18	0.18	0.15	January 26, 2020
	Stock options	25,000, 25,000 underlying, 0.5%	September 2, 2014	0.28	0.28	0.18	September 2, 2019
Anthony Miller <sup>(4)(9)</sup> Director	Stock options	30,000, 30,000 underlying, 0.6%	January 26, 2015	0.18	0.18	0.15	January 26, 2020
	Stock options	30,000, 30,000 underlying, 0.6%	September 2, 2014	0.28	0.28	0.18	September 2, 2019
Sander Shalinsky <sup>(4)(10)</sup> Director	Stock options	30,000, 30,000 underlying, 0.6%	January 26, 2015	0.18	0.18	0.15	January 26, 2020
	Stock options	25,000, 25,000 underlying, 0.5%	September 2, 2014	0.28	0.28	0.18	September 2, 2019
Gerald Quinn <sup>(4)(5)(11)</sup> Director	Stock options	12,000, 12,000 underlying, 0.25%	January 26, 2015	0.18	0.18	0.15	January 26, 2020
	Stock options	17,500, 17,500 underlying, 0.36%	September 2, 2014	0.28	0.28	0.18	September 2, 2019

- (1) Gary Moss received 550,000 options on March 3, 2014 with an exercise price of \$0.34 and an expiry date of March 3, 2019. The vesting of these options is not subject to any performance criteria. As of December 31, 2015, all of these options were vested and have become exercisable. Gary Moss received 400,000 options on January 26, 2015, with an exercise price of \$0.18 and an expiry date of January 26, 2020. The vesting of these options is not subject to any performance criteria. As of December 31, 2015, 160,000 of these options were vested and have become exercisable. The Corporation had also granted Gary Moss 50,000 (5,000 post-consolidation) stock options on February 11, 2011; 100,000 (10,000 post-consolidation) stock options on August 18, 2011; and 100,000 (10,000 post-consolidation) stock options on December 13, 2012. These options were granted to Gary Moss for his services as an independent director. As of December 31, 2015, 100% of them were vested and had become exercisable. As at December 31, 2015, Gary Moss had a total of 1,565,000 options, including those options issued to Gary Moss for services as an independent director (65,000 with an exercise price of \$1.00, the last of which expires on December 20, 2017, 550,000 with an exercise price of \$0.25 expiring on October 1, 2018, 550,000 with an exercise price of \$0.34 expiring on March 3, 2019, and 400,000 with an exercise price of \$0.18 expiring on January 26, 2020).
- (2) Cliff Hunt received 100,000 options on March 3, 2014 with an exercise price of \$0.34 and an expiry date of March 3, 2019. The vesting of these options is not subject to any performance criteria. As of December 31, 2015, all of these options were vested and have become exercisable. Cliff Hunt received 200,000 options on January 26, 2015 with an exercise price of \$0.18 and an expiry date of January 26, 2020. The vesting of these options is not subject to any performance criteria. As of December 31, 2015, 80,000 of these options were vested and have become exercisable. As at December 31, 2015, Cliff Hunt had a total of 1,077,200 options (377,200 with an exercise price of \$1.00, the last of which expires on December 20, 2017, 400,000 with an exercise price of \$0.25 expiring on October 1, 2018, 100,000 with an exercise price of \$0.34 expiring on March 3, 2019, and 200,000 with an exercise price of \$0.18 expiring on January 26, 2020).

- (3) Michael Galloro did not receive any stock options in 2014 or 2015. As at December 31, 2015, Michael Galloro had a total of 12,000 options (10,000 with an exercise price of \$1.00 expiring on August 18, 2016, and 2,000 with an exercise price of \$0.25 expiring on October 1, 2018).
- (4) On January 26, 2015, the Corporation granted each independent director stock options exercisable at \$0.18 per share with an expiry date of January 26, 2020.
- (5) On December 24, 2015, Mr. Quinn resigned from the Corporation resulting in the forfeiture of 25,500 options.
- (6) The quantities reflect post-consolidation numbers.
- (7) The exercise prices reflect post-consolidation numbers.
- (8) Howard Atkinson received 25,000 options on September 2, 2014 with an exercise price of \$0.28 and an expiry date of September 2, 2019. The vesting of these options is not subject to any performance criteria. As of December 31, 2015, 17,500 of these options were vested and have become exercisable. Howard Atkinson received 30,000 options on January 26, 2015 with an exercise price of \$0.18 and an expiry date of January 26, 2020. The vesting of these options is not subject to any performance criteria. As of December 31, 2015, 12,000 of these options were vested and have become exercisable. As at December 31, 2015, Howard Atkinson had a total of 152,498 options (30,000 with an exercise price of \$1.00, the last of which expires on December 13, 2017, 67,498 with an exercise price of \$0.25 expiring on October 1, 2018, 25,000 with an exercise price of \$0.28 expiring on September 2, 2019, and 30,000 with an exercise price of \$0.18 expiring on January 26, 2020).
- (9) Anthony Miller received 30,000 options on September 2, 2014 with an exercise price of \$0.28 and an expiry date of September 2, 2019. The vesting of these options is not subject to any performance criteria. As of December 31, 2015, 21,000 of these options were vested and have become exercisable. Anthony Miller received 30,000 options on January 26, 2015 with an exercise price of \$0.18 and an expiry date of January 26, 2020. The vesting of these options is not subject to any performance criteria. As of December 31, 2015, 12,000 of these options were vested and have become exercisable. As at December 31, 2015, Anthony Miller had a total of 190,000 options (30,000 with an exercise price of \$1.00, the last of which expires on December 13, 2017, 100,000 with an exercise price of \$0.25 expiring on October 1, 2018, 30,000 with an exercise price of \$0.28 expiring on September 2, 2019, and 30,000 with an exercise price of \$0.18 expiring on January 26, 2020).
- (10) Sander Shalinsky received 25,000 options on September 2, 2014 with an exercise price of \$0.28 and an expiry date of September 2, 2019. The vesting of these options is not subject to any performance criteria. As of December 31, 2015, 17,500 of these options were vested and have become exercisable. Sander Shalinsky received 30,000 options on January 26, 2015 with an exercise price of \$0.18 and an expiry date of January 26, 2020. The vesting of these options is not subject to any performance criteria. As of December 31, 2015, 12,000 of these options were vested and have become exercisable. As at December 31, 2015, Sander Shalinsky had a total of 130,000 options (5,000 with an exercise price of \$1.00, the last of which expires on December 13, 2017, 50,000 with an exercise price of \$0.25 expiring on October 1, 2018, 25,000 with an exercise price of \$0.28 expiring on September 2, 2019, and 30,000 with an exercise price of \$0.18 expiring on January 26, 2020).
- (11) Gerald Quinn received 25,000 options on September 2, 2014 with an exercise price of \$0.28 and an expiry date of September 2, 2019. The vesting of these options is not subject to any performance criteria. As of December 31, 2015, 17,500 of these options were vested and have become exercisable. Gerald Quinn received 30,000 options on January 26, 2015 with an exercise price of \$0.18 and an expiry date of January 26, 2020. The vesting of these options is not subject to any performance criteria. As of December 31, 2015, 12,000 of these options were vested and have become exercisable. As at December 31, 2015, Gerald Quinn had a total of 92,000 options (2,500 with an exercise price of \$1.00, the last of which expires on December 13, 2017, 60,000 with an exercise price of \$0.25 expiring on October 1, 2018, 17,500 with an exercise price of \$0.28 expiring on September 2, 2019, and 12,000 with an exercise price of \$0.18 expiring on January 26, 2020).

(12) As at December 31, 2015.

### **Defined Benefit or Contribution Plans**

The Corporation does not have a pension plan that provides for benefits at or in connection with retirement.

### **Termination and Change of Control Benefits**

The Corporation reimburses its Executive Officers for all travel and other out-of-pocket expenses incurred in connection with the performance of their respective duties. The Corporation implemented an employment contract with the Vice-Chairman, Secretary and COO in 2007. In the event employment of this executive is terminated on a without cause basis, he will receive a lump sum payment equal to twelve months base salary, plus an additional lump sum payment equal to one month base salary for each additional fully completed year of service with the Corporation after December 31, 2007, or a pro-rated additional lump sum payment for any partial year of service after December 31, 2007. The executive will also receive a bonus payment equal to the bonus he received for the fiscal year prior to termination. The Corporation provides an insurance benefit package in the form of an employee group insurance plan (the “Benefit Package”) and in the event of termination on a without cause basis the Corporation will continue to make its portion of any payments required to maintain the Benefit Package for the lump sum period referred to above, or the period required by applicable employment or labour standards legislation if that is longer than the lump sum period referred to above, in accordance with the terms of the applicable insurance policies. Any continued coverage under the Benefit Package will be conditional on the Executive’s satisfying the terms and conditions of the applicable insurance policies.

The Corporation implemented an employment contract with the President and CEO in 2012. The Executive’s employment contract stated that upon resignation by the Executive, the Executive would not be entitled to receive any further compensation or benefits other than those which had accrued up to the Executive’s last day of active service with the Corporation. In the event employment of this executive is terminated on a without cause basis, or in the event of a triggering event (which is a defined term in the employment contract referring to: (i) an adverse change in any of the duties, powers, rights, discretion, prestige, salary, benefits, perquisites of the Executive; (ii) a diminution of the title of the Executive; (iii) a change in the person or body to whom the Executive reports; (iv) a change in the hours during or location at which the Executive is regularly required to carry out the terms of his employment with the Corporation, or an increase in the amount of travel the Executive is required to conduct on behalf of the Corporation; or (v) any other reason which in the honestly-held view of the Executive results in the inability of the Executive to carry out his duties), he will receive a lump sum payment equal to twelve months base salary, plus an additional lump sum payment equal to one month base salary for each additional fully completed year of service with the Corporation after December 1, 2012, or a pro-rated additional lump sum payment for any partial year of service after December 1, 2012, to a maximum of twenty-four (24) months. The executive will also receive a bonus payment which shall be calculated based upon the bonus he received for the fiscal year prior to termination for the number of months that he is to receive pay in lieu of notice of termination of employment. The Corporation provides an insurance benefit package in the form of an employee group insurance plan (the “Benefit Package”) and in the event of termination on a without cause basis the Corporation will continue to make its portion of any payments

required to maintain the Benefit Package for the lump sum period referred to above, or the period required by applicable employment or labour standards legislation if that is longer than the lump sum period referred to above, in accordance with the terms of the applicable insurance policies. Any continued coverage under the Benefit Package will be conditional on the Executive's satisfying the terms and conditions of the applicable insurance policies. Notwithstanding the foregoing, in the Event that the Corporation terminates the Executive's employment on a without cause basis within (6) months of a change of control (which is a defined term in the employment contract) or in the event of a "Triggering Event" within six (6) months of a change of control, the Corporation shall provide the Executive a lump sum payment equal to twenty-four (24) months base salary along with a bonus payment equal to two times the bonus he received for the fiscal year prior to the termination of his employment.

### **Management & Employment Agreements**

The provision of services by each of the Named Executive Officers is governed by employment or management agreements with the Corporation. The following summarizes the relevant features of each agreement including any subsequent amendments:

Mr. Moss, through a company on his behalf, entered into a consulting contract with the Corporation on February 22, 2012, which was replaced by an employment contract between Mr. Moss and the Corporation on December 1, 2012. His annual base salary in 2015 was \$275,000 and his annual cash bonus potential is 60% of his base salary. Mr. Moss is prohibited from competing with the Corporation and/or soliciting employees of the Corporation for a period of 12 months following the termination of his employment with the Corporation.

Mr. Hunt entered into an employment agreement with the Corporation on July 1, 2005. His annual base salary in 2015 was \$200,000 and his annual cash bonus potential is 50% of his base salary. Mr. Hunt is prohibited from competing with the Corporation and/or soliciting employees of the Corporation for a period of 12 months following the termination of his employment with the Corporation.

The Corporation entered into a service agreement with ALOE Finance Inc. for Mr. Galloro's services as CFO on December 1, 2010. ALOE Finance Inc. is compensated at \$8,500 per month and an addition of \$1,500 per quarter.

Mr. Klosa entered into an employment agreement with the Corporation on January 14, 2008. His annual base salary in 2015 was \$175,000 and his annual cash bonus potential was 40% of his base salary. Mr. Klosa is prohibited from competing with the Corporation and/or soliciting employees of the Corporation for a period of 12 months following the termination of his employment with the Corporation.

Ms. Sarah Foss entered into an employment agreement with the Corporation on August 8, 2013. Her annual base salary was \$210,000.00 per annum, subject to increase based on certain performance milestones, and an annual cash bonus potential of 50% of her salary. Ms. Foss resigned and her employment agreement with the Corporation was terminated as of October 2, 2014. Ms. Foss is prohibited from competing with the Corporation and/or soliciting employees of the Corporation for a period of 12 months following the termination of her employment with the Corporation, concluding on October 2, 2015.

## **Indebtedness of Directors, Executive Officers and Others**

At no time since the beginning of the Corporation's last financial year was any director, executive officer, proposed nominee for election as a director, or any of their respective associates indebted to the Corporation or any of its subsidiaries, nor was the indebtedness of any such person to another entity the subject of any guarantee, support agreement, letter of credit or similar arrangement provided by the Corporation or any of its subsidiaries.

## **Board Committee**

There are two permanent Board committees: (i) the Audit Committee; and (ii) the Compensation Committee. The Board may also appoint other temporary or permanent committees from time to time for particular purposes.

### *Audit Committee*

Throughout 2015, Messrs. Quinn (until resignation on December 24, 2015), Atkinson, and Miller were members of the Audit Committee, of which Mr. Atkinson was Chairman. They were all independent throughout 2015 for purposes of the Audit Committee. Each of the members of the Audit Committee is financially literate as defined in Multilateral Instrument 52-110. During the year ended December 31, 2015, the Audit Committee met 4 times. The Corporation as a venture issuer has relied on the exemptions in Section 6.1 of National Instrument 52-110 ("NI 52-110") exempting the Corporation from the requirements in Part 5 (Reporting Obligations) of NI 52-110. The 2015 amendment to NI 52-110 included the addition of Section 6.1.1, whereby a venture issuer must have a minimum of three (3) members on the Audit Committee as of January 1, 2016, with a majority being independent. As the Corporation is subject to the policies of the TSX Venture Exchange, which included a like requirement, the Corporation had already had the requisite number of audit committee members in place.

The Audit Committee assists the Board in carrying out its responsibilities relating to corporate accounting and financial reporting practices. The duties and responsibilities of the Audit Committee include the following:

- reviewing for recommendation to the Board for its approval the principal documents comprising the Corporation's continuous disclosure record, including interim and annual financial statements and management's discussion and analysis;
- recommending to the Board a firm of independent auditors for appointment by the shareholders and reporting to the Board on the fees and expenses of such auditors. The Committee has the authority and responsibility to select, evaluate and if necessary replace the independent auditor. The Committee has the authority to approve all audit engagement fees and terms and the Committee, or a member of the Committee, must review and pre-approve any non-audit services provided to the Corporation by the Corporation's independent auditor and consider the impact on the independence of the auditor;
- reviewing periodic reports from the CFO;

- discussing with management and the independent auditor, as appropriate, any audit problems or difficulties and management's response; and
- establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters.

The Audit Committee maintains direct communication during the year with the Corporation's independent auditor and the Corporation's senior officers responsible for accounting and financial matters.

#### *Compensation Committee*

The Compensation Committee assists the Board in carrying out its responsibilities relating to personnel matters, including performance, compensation and succession. The Compensation Committee is comprised of four independent directors. The members of the Compensation Committee during 2015 were Mr. Miller (Chair), Mr. Quinn (until his resignation on December 24, 2015), Mr. Atkinson and Mr. Shalinsky. The Compensation Committee develops annual objectives against which to assess members of management including the President and CEO, and reviews and makes recommendations to the Board with respect to employee and contractor compensation arrangements including stock options and management succession planning.

A part of each meeting is conducted without management present, including for the purpose of specifically discussing the compensation of the Vice Chairman and the President and CEO.

#### **Directors' and Officers' Liability Insurance**

The Corporation maintains insurance for the benefit of its Directors and Officers against liability in their respective capacities as directors and officers. During the year, the Corporation had Directors' and Officers' insurance in place providing \$1 million in coverage for a premium of \$10,100.

#### **INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as otherwise disclosed in this Circular, no insider of the Corporation or proposed nominee for election as a director of the Corporation, nor any of their respective associates or affiliates, has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's last financial year or in any proposed transaction which has materially affected or will materially affect the Corporation or any of its subsidiaries.

Except as otherwise disclosed in this Circular, no person who has been a director or senior officer of the Corporation since the commencement of the Corporation's last financial year, nor any proposed nominee for election as a director of the Corporation, nor any of their respective associates or affiliates, has any material interest, direct or indirect, in any matter to be acted upon at the Meeting.

## ANNUAL MATTERS TO BE VOTED UPON

### 1. Election of Directors

The articles of the Corporation provide that the Board shall consist of a minimum of one and a maximum of ten directors, the number of which may be fixed from time to time by a resolution of the Board. THE PERSONS NAMED IN THE FORM OF PROXY FOR THE MEETING (UNLESS OTHERWISE INSTRUCTED) INTEND TO VOTE FOR the election to the Board of the nominees whose names are set forth below. The number of directors proposed to be elected at the Meeting is five. Shareholders may vote for all of the nominees, some of them and withhold for others, or withhold for all of them. Each director elected will hold office until the next annual meeting or until his successor is duly elected or appointed.

The following table and the notes thereto list certain information concerning the nominees for election as directors of the Corporation. The information as to principal occupations and the number of Common Shares beneficially owned or over which control or direction is exercised by each nominee has been furnished by the respective nominees individually.

<b>NAME, OFFICE AND MUNICIPALITY OR RESIDENCE</b>	<b>DIRECTOR SINCE</b>	<b>Number of Shares Beneficially Owned, Directly or Indirectly, or over which Control or Direction is Exercised</b>	<b>Principal Occupation During the Past Five Years</b>
Gary Moss Director, President, CEO Etobicoke, Ontario	August 25, 2004	180,000 <sup>(3)</sup>	President and CEO, YANGAROO; business consultant, former Chief Operating Officer, IMAX Corporation since July 2009; independent consultant since May 1, 2008; Chief Operating Officer, Live Nation Artists (successor to Concert Productions International) since May 2006.
Anthony Miller <sup>(1)(2)</sup> Director, Chairman Toronto, Ontario	September 27, 2010	1,172,300 <sup>(5)</sup>	Chairman, YANGAROO; Retired, Vice Chair of McCann Worldgroup; Chairman of MacLaren McCann.
Howard John Atkinson <sup>(1)(2)</sup> Director, Toronto, Ontario	November 16, 2007	719,983 <sup>(6)</sup>	President, Horizons ETFs Management Inc. (formerly BetaPro Management Inc.) 2006-2015; CEO, Horizons ETFs Inc. (formerly JovFunds Inc.) 2011-2013, President, 2007 – 2011; President, Alpha Pro Management Inc. 2008 – 2011.
Gerry Hurlow <sup>(1)(2)</sup> Director, Toronto, Ontario	January 26, 2016	4,478,500 <sup>(9)</sup>	President, Meteor Capital Inc. since 2007

Philip Benson <sup>(1)(2)</sup> Director,  Toronto, Ontario	January 26, 2016	758,518 <sup>(10)</sup>	Managing Partner, Fraser Mackenzie Merchant Capital since 2007
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- <sup>(1)</sup> Denotes a member of the audit committee. It is anticipated that all directors will be proposed members of the audit committee.
- <sup>(2)</sup> Denotes a member of the compensation committee. It is anticipated that all directors will be proposed members of the audit committee.
- <sup>(3)</sup> In addition to the number of shares stated in the above table, Gary Moss holds options to acquire 1,560,000 shares at an average price of \$0.29 per share,<sup>(5)</sup> In addition to the number of shares stated in the above table, Anthony Miller holds options to acquire 185,000 shares at an average price of \$0.34 per share and warrants to acquire 360,000 shares at an exercise price of \$0.35 per share.
- <sup>(6)</sup> Addition to the number of shares stated in the above table, Howard Atkinson holds options to acquire 147,498 shares at an average price of \$0.37 per share and warrants to acquire 260,000 shares at an average exercise price of \$0.35 per share.
- <sup>(9)</sup> Gerry Hurlow indirectly, through Meteor Capital Inc., holds warrants to acquire 1,200,000 shares at an exercise price of \$0.35 per share.
- <sup>(10)</sup> Philip Benson holds warrants to acquire 447,716 shares at an average exercise price of \$0.29 per share.

The term of office for each director will be from the date of the meeting at which he or she is elected until the next annual meeting or until his or her successor is duly elected or appointed.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS/HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF. MANAGEMENT HAS NO REASON TO BELIEVE THAT ANY OF THE NOMINEES WILL BE UNABLE TO SERVE AS A DIRECTOR BUT, IF A NOMINEE IS FOR ANY REASON UNABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE REMAINING NOMINEES AND MAY BE VOTED FOR A SUBSTITUTE NOMINEE UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS/HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE ELECTION OF DIRECTORS.**

#### **Corporate Cease Trade Orders or Bankruptcies**

None of the directors or officers of the Corporation is, or has been within the ten years before the date of this Circular, a director or officer of any other issuer that, while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the issuer access to any statutory exemptions under Canadian securities legislation for a period of more than 30 consecutive days or was declared bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that company.

#### **Penalties or Sanctions**

None of the directors or officers of the Corporation has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or

has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Personal Bankruptcies**

None of the directors or officers of the Corporation has, during the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver-manager or trustee appointed to hold the assets of the director or officer.

### **2. Appointment of Auditors**

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF COLLINS BARROW TORONTO LLP, CHARTERED ACCOUNTANTS, AS AUDITORS OF THE CORPORATION TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS/HER SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.**

Collins Barrow Toronto LLP and its affiliates have been the auditors of the Corporation since October 2002.

The aggregate fees billed by Collins Barrow Toronto LLP for audit and audit-related services in relation to the Corporation during the financial year ended December 31, 2015 were \$40,040. The aggregate fees billed by Collins Barrow Toronto LLP for all non-audit services were \$30,146.

### **SPECIAL MATTERS TO BE VOTED ON**

#### **1. Confirmation of Rolling Stock Option Plan**

The shareholders of the Corporation approved the previous form of stock option plan at a meeting of shareholders held on August 22, 2003 (the “Stock Option Plan”). The Stock Option Plan was amended on January 20, 2011, and received approval and ratification at a meeting of shareholders held on January 11, 2012.

The Corporation again amended the Stock Option Plan to provide for a “rolling” plan as opposed to a “fixed” plan, which was approved at a meeting of the shareholders on August 15<sup>th</sup>, 2013 and at each annual meeting of the shareholders thereafter.

The TSX Venture Exchange (the “Exchange”) requires that all listed companies with a 10% “rolling” stock option plan, similar to the Stock Option Plan, obtain shareholder approval of the plan upon initial adoption of the “rolling” plan and thereafter on an annual basis. Accordingly, the Shareholders will be asked to approve and ratify the Stock Option Plan, as amended.

The Stock Option Plan was established to provide an incentive to the directors, officers, employees, consultants and other personnel of the Corporation and any of its subsidiaries to achieve the longer-term objectives of the Corporation, to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation and to attract and retain in the employ of the

Corporation, or any of its subsidiaries, persons of experience and ability by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

The Stock Option Plan is administered by the Board or, if the Board so delegates, a committee of directors appointed from time to time by the Board. In administering the Stock Option Plan, the Board or committee, as the case may be, may select participants to whom options are granted, determine the terms relating to options, including the number of Common Shares subject to option, the exercise price, the expiration date of each option and any vesting limitations.

The Stock Option Plan provides that the Board or committee may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or its subsidiaries, non-transferable options to purchase Common Shares provided that the number of Common Shares reserved for issuance under the Stock Option Plan does not exceed 10% of the issued and outstanding Common Shares at the time of grant, including shares issuable pursuant to the exercise of issued options, exercisable for a period of up to ten years from the date of grant. 10% of the Corporation's 56,188,448 currently issued and outstanding shares as at the record date is 5,618,844.

Notwithstanding the non-transferability of the options, optionees may assign their options to a corporation wholly-owned by the optionee or a registered retirement savings plan or registered income fund established by and where the sole beneficiary is the optionee.

In addition, the number of Common Shares reserved for issuance in any 12 month period to any one person may not exceed 5% of the issued and outstanding Common Shares (unless the Corporation is a Tier 1 issuer and has obtained disinterested shareholder approval) and the number of Common Shares reserved for issuance in any 12 month period to any one technical consultant may not exceed 2% of the issued and outstanding Common Shares.

Aside from the amendment to a "rolling" plan, the Stock Option Plan has been amended to include more detail as are set out in TSX Venture Exchange Policy 4.4, which governs Stock Option Plans for issuers listed on the TSX Venture Exchange. Specifically, details with respect to the Exchange Hold Period (as defined in TSX Venture Exchange Policy 1.1, have been included, as well as details with respect to situations that do and don't require shareholder and/or TSX Venture Exchange approval. A copy of the amended Stock Option Plan is attached as Schedule "B" of the Corporation's information circular dated June 1<sup>st</sup>, 2016.

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, approve the following resolution:

**"BE IT RESOLVED THAT**

the Stock Option Plan, as described in the Information Circular of the Corporation dated June 1<sup>st</sup>, 2016, be and is hereby ratified and approved."

In order for the resolution to be passed, approval by the majority of the votes cast by all shareholders, present in person and by proxy at the Meeting, is required.

**THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY, UNLESS OTHERWISE INSTRUCTED, INTEND TO VOTE IN FAVOUR OF THE RESOLUTION APPROVING AND RATIFYING THE STOCK OPTION PLAN.**

**OTHER MATTERS WHICH MAY COME BEFORE THE MEETING**

The management knows of no matters to come before the Meeting other than as set forth in this Circular. **HOWEVER, IF OTHER MATTERS WHICH ARE NOT KNOWN TO THE MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, THE ENCLOSED FORM OF PROXY**

**WILL BE USED TO VOTE ON SUCH MATTERES IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE PROXY.**

**2. Shareholder Rights Plan**

The Corporation had a shareholder rights plan, dated June 17, 2009 (the “Original Rights Plan”). On or about June 28<sup>th</sup>, 2012, the Original Rights Plan expired. On March 13, 2013, the Board adopted a Shareholder Rights Plan (the “Rights Plan”, attached hereto as Schedule “C”) which is similar to the Original Rights Plan. The Rights Plan was adopted to ensure the fair treatment of Shareholders in connection with any take-over bid. The Rights Plan seeks to provide Shareholders with adequate time to properly assess a take-over bid without undue pressure. It also provides the Board with more time to fully consider an unsolicited take-over bid and, if applicable, to explore other alternatives to maximize Shareholder value. The Rights Plan became effective on March 13, 2013 upon adoption by the Board and received approval from the TSX Venture Exchange, subject to shareholder approval within six (6) months from the date of adoption. The shareholders approved the plan at the Annual General and Special Meeting of the Shareholders on August 15, 2013. The Rights Plan was not adopted in response to any proposal to acquire control of the Corporation.

The Rights Plan is not intended to prevent take-over bids that treat Shareholders fairly. Under the Rights Plan, those bids that meet certain requirements intended to protect the interests of all shareholders are deemed to be “Permitted Bids”. Permitted Bids must be made by way of a takeover bid circular prepared in compliance with applicable securities laws and, among other conditions, must remain open for 60 days. In the event a take-over bid does not meet the Permitted Bid Requirements of the Rights Plan, the rights will entitle shareholders, other than any shareholder or shareholders making the take-over bid, to purchase additional Shares at a substantial discount to the market price of the Shares at that time.

The Corporation and Equity Financial Trust Company, the transfer agent at the time of original adoption (the “Initial Rights Agent”) entered into an agreement (the “Rights Plan”) dated as of April 8, 2013 to implement the Rights Plan. All capitalized terms used in this section of the Circular and not otherwise defined in this Circular have the meanings set forth in the Rights Plan unless otherwise indicated. Upon engaging Computershare Trust Company of Canada (formerly Valiant Trust Company) as the new transfer agent for the Corporation (the “Transfer Agent”), the Transfer Agent became the Rights Agent pursuant to a Successor Rights Plan Agreement dated November 1<sup>st</sup>, 2013.

Pursuant to the terms of the Rights Plan, shareholder approval must be sought every three years as of the date of the Rights Plan. At the Meeting, the Shareholders will be asked to consider, and if deemed advisable, approve the following resolution:

**“BE IT RESOLVED THAT**

the YANGAROO Shareholder Rights Plan, as described in the Information Circular of the Corporation dated June 1<sup>st</sup>, 2016, be and is hereby ratified and approved.”

In order for the resolution to be passed, approval by a special majority of the votes cast by all shareholders, present in person and by proxy at the Meeting, is required.

**THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY, UNLESS OTHERWISE INSTRUCTED, INTEND TO VOTE IN FAVOUR OF THE RESOLUTION APPROVING AND RATIFYING THE YANGAROO SHAREHOLDER RIGHTS PLAN.**

### **ADDITIONAL INFORMATION**

Additional financial information for the Corporation is available in the Corporation's audited financial statements for the year ended December 31, 2015 and related management's discussion and analysis for the year ended December 31, 2015, which have been filed with Canadian securities regulators and are available under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

On January 29, 2015, the Company announced the granting of stock options in accordance with the terms and conditions of the Company's stock option plan to directors, officers, insiders, employees and consultants of the Company to purchase an aggregate of 1,092,500 common shares in the capital stock of the Company. The options are exercisable for a period of five years from the date of grant at a price of \$0.18 per share. Following 10% of the options vesting on the date of grant, the remaining 90% will vest as to a third on each 6 month anniversary following the date of grant.

On February 11, 2015, the Company announced that it had entered into a two year extension to provide its industry leading digital awards show platform for the 2015 and 2016 "MTV Movie Awards" and "MTV Video Music Awards" (VMAs). MTV will utilize YANGAROO's DMDS to distribute nominated movie and music video clips submitted for consideration to its voting members throughout the U.S., allowing them to stream the content online for review and to vote electronically.

On February 25, 2015, the Company announced it had entered into a partnership with Mediaocean, a leading software platform for the advertising world, to bring Mediaocean users a cost-effective solution to streamline their ad delivery and traffic management. Mediaocean users have the option to select YANGAROO on an advertiser-by-advertiser basis to deliver the media content in a fast and secure manner in Mediaocean's Optica platform. Optica connects media buys to traffic instructions, talent usage, ad distribution, and broadcasters so that everything is in one place to help make the right decision at the right time.

On April 14, 2015, the Company announced that it was co-sponsoring, along with RDR Music, "Street Idol 2015" at Canadian Music Week (CMW), which took place in Toronto from May 1 through May 9, 2015. Street Idol 2015 was a search for the most 'radio friendly' Canadian recording. This search was open to all Canadian Independent/Emerging Artists and record labels in every genre including, Rock, Country, Pop, Adult Contemporary, Top 40, R n' B, Hip Hop and Hot A/C.

On May 12, 2015, the Company announced a non-brokered private placement to raise a minimum of \$500,000 and up to \$750,000 through the issuance of a minimum of 2,083,333 and up to 3,125,000 common shares at a price of \$0.24 per share.

On May 13, 2015, the Company announced the expansion of their ad delivery service to all major broadcast and cable destinations throughout Canada. Canadian agencies and U.S. based media agencies and advertisers can now easily extend distribution of their advertising content to the Canadian market when utilizing YANGAROO's state of the art cloud-based platform.

On May 20, 2015, the Company announced a partnership with Dubsat, the global software solutions provider for the management and fulfillment of advertising, to provide Dubsat's customers with an expanded ad delivery service. Dubsat currently provides management and delivery services to thousands of media companies globally, including major brands, media agencies, ad agencies, production companies, publishers, and broadcasters. The new partnership enables Dubsat customers to seamlessly manage and deliver their spots across YANGAROO's network of over 16,000 destinations throughout North America.

On May 22, 2015, the Company announced that it had completed its non-brokered private placement financing of common shares sold at a price of \$0.24 per share, as was previously announced in the news release dated May 12, 2015. The Company raised gross proceeds of \$626,200, which the Company used primarily for working capital purposes. The Company issued 2,609,166 shares pursuant to the private placement and paid finder's fees consisting of \$6,000.

As certain directors of the Company participated in the private placement, this private placement constitutes a related party transaction under Multilateral Instrument 61-101 ("MI 61-101") and TSX Venture Exchange Policy 5.9. The Company relied on exemptions from the formal valuation and minority approval requirements of MI 61-101, based on a determination that the securities of the Company were listed on the TSX Venture Exchange only, and that the fair market value of the private placement, insofar as it involved interested parties, did not exceed 25% of the market capitalization of the Company at the time the private placement was initially announced. No new insiders were created, nor has there been any change of control as a result of the private placement. The Company did not file a material change report 21 days prior to the closing of the private placement as the private placement had not yet been offered at such time.

All securities issued to purchasers under the private placement were subject to a four-month hold period pursuant to securities legislation and the policies of the TSX Venture Exchange, beginning as of May 21, 2015.

On June 11, 2015, the Company announced an agreement with the Hollywood Foreign Press Association (HFPA) for the 73<sup>rd</sup> Annual Golden Globe® Awards. The 73<sup>rd</sup> Annual Golden Globe Awards was held January 10, 2016 in Beverly Hills, CA. YANGAROO Awards digital platform provided the sole system for Golden Globe motion picture and television award entries, and content under consideration was also made available online for viewing by HFPA members.

This partnership with the HFPA collectively involved entries for English-language and foreign-language motion pictures and for television programming submitted for awards in 25 categories. YANGAROO provided, maintained and hosted a digital awards system for the Association, which allowed Golden Globe Awards entrants to submit their entry forms online. The system also allowed for the secure uploading of films, television shows, digital media productions, trailers, photos and more.

On June 30, 2015, the Company announced an agreement with the Academy of Canadian Cinema & Television (Academy.ca) to expand use of the YANGAROO Awards digital platform to provide online jury and balloting services. The Academy has been utilizing the YANGAROO Awards submission

platform since the 2013 Canadian Screen Awards and this agreement extended the partnership for an additional three award seasons.

On August 5, 2015, the Company announced a multi-year agreement with Ireland's music writers association, IASCA, to provide secure delivery of music from record labels and independent music artists to broadcasters, music reviewers and other destinations in Ireland and Northern Ireland. The DMDS was officially launched in Q4 of 2015 in Ireland, and the introduction of this world class technology solved a number of issues for artists, labels, as well as broadcasters and other media outlets in Ireland.

On August 14, 2015, the Company announced the voting results from the Company's Annual General Meeting of shareholders held on August 13, 2015. The six nominees as proposed by the Company were elected to the Board of Directors, being Mr. Gary Moss, Mr. Clifford Hunt, Mr. Anthony Miller, Mr. Howard Atkinson, Mr. Gerald Quinn, and Mr. Sander Shalinsky.

The shareholders approved a resolution appointing Collins Barrow Toronto LLP as auditors for the Company for the ensuing year, and re-approved the 10% rolling stock option plan of the Company in accordance with the policies of the TSX Venture Exchange.

On September 8, 2015, the Company announced the launch of a major update to its technology platform, an extension of the Company's DMDS, which provides a new look and user interface that is faster, more responsive, and optimized for use on desktops, laptops, tablets, and mobile devices. The enhancements encompass the entire YANGAROO Advertising and YANGAROO Music applications.

On December 14, 2015, the Company announced it had entered into a Credit Facility Agreement (the "Agreement") with Espresso Capital Investment Fund IV Limited Partnership ("Espresso"), whereby Espresso has provided the Company with a revolving credit facility (the "Credit Facility") of up to the lesser of \$500,000 and the Authorized Credit Amount (as defined in the Agreement). The Credit Facility may be drawn down in one or more tranches in the Company's discretion subject to a minimum amount to be drawn on or before January 31, 2016.

The Credit Facility will be used, if necessary, to fund working capital requirements. Amounts drawn down under the Credit Facility will bear interest at the rate of 1.5% per month from the date of each advance, with a minimum interest amount payable with respect to each advance. Further, a fee for each advance will be payable to Espresso.

Subject to early termination, the Credit Facility will mature on December 31, 2017. A general security agreement (the "GSA") was issued by the Company in favour of Espresso to secure the Credit Facility. For further details on the terms of the Credit Facility, please refer to the Agreement and the GSA, which are both available for review on SEDAR (SEDAR.com).

On December 24, 2015, the Company announced that Mr. Gerald Quinn had resigned as an independent member of the Board of Directors.

Upon completion of the Financial Statement Request Form and returning to the Corporation in accordance with the instructions with the form, which form was delivered together with the Notice of Meeting, the Corporation will provide a shareholder of the Corporation with a copy of its audited

financial statements for the year ended December 31, 2015 and related management's discussion and analysis of financial condition and results of operations for the year ended December 31, 2015.

**APPROVAL BY BOARD OF DIRECTORS**

The contents and the sending of this Circular have been approved by the board of directors of the Corporation.

**DATED** at Toronto, this 1<sup>st</sup> day of June, 2016

**By Order of the Board of directors**

(Signed) "Clifford Hunt"

Vice-Chairman

## **Schedule “A”**

### **YANGAROO Inc.**

#### **Audit Committee – Terms of Reference**

The purpose of the Audit Committee shall be to assist the Board in its oversight of the integrity of the financial statements of the Corporation, of the Corporation's compliance with legal and regulatory requirements, of the independence and qualification of the independent auditors, and of the performance of the Corporation's internal audit function and independent auditors.

#### **CHAIR**

The Board appoints or re-appoints the Chair of the Committee annually when it completes the appointments for all Board committee members following the Annual General Meeting of shareholders. In selecting the Chair, the Board takes into consideration those directors who bring background skills and experience relevant to financial statement review and analysis. The Chair shall also be “financially literate” as such term is defined under applicable Canadian regulatory requirements.

The Chair shall provide leadership to Committee members in fulfilling the mandate set out in these terms of reference. He or she shall work with the Chief Executive Officer and the Chairman of the Board in planning Committee meetings and agendas. The Chair of the Committee reports to the Board on behalf of the Committee on the matters and issues covered or determined at each Committee meeting.

#### **RESPONSIBILITIES**

In assisting the Board in fulfilling its responsibilities relating to the Corporation's corporate accounting and reporting practices the Audit Committee shall:

1. review and discuss with management and the independent auditors the annual audited financial statements, the quarterly financial statements, Management's Discussion and Analysis accompanying such financial statements and any other matter required to be reviewed under applicable legal, regulatory or stock exchange requirements, and report thereon to the Board;
2. review the results of the external audits and any changes in accounting practices or policies and the financial statement impact thereof;
3. review the terms of engagement and audit plans of the external auditors and determine through discussion with the auditors that no restrictions were placed by management on the scope of their examination or on its implementation;
4. assess management's programs and policies regarding the adequacy and effectiveness of internal controls over the accounting and financial reporting system within the Corporation;
5. recommend to the Board a firm of independent auditors for appointment by the shareholders and report to the Board on the fees and expenses of such auditors. The Committee shall have the authority and responsibility to select, evaluate and if necessary replace the independent auditors. The Committee shall have the authority to approve all audit engagement fees and terms and the

Committee, or a member of the Committee, must review and pre-approve any non-audit service provided to the Corporation by the Corporation's independent auditors and consider the impact on the independence of the auditors;

6. enquire into and report regularly to the Board, with associated recommendations, on any matter referred to the Committee;
7. discuss with management and the independent auditors, as appropriate, earnings press releases and any financial information and earnings guidance provided to analysts and rating agencies;
8. discuss with management and the independent auditors, as appropriate, any audit problems or difficulties and management's response, and the Corporation's risk assessment and risk management policies, including the Corporation's major financial risk exposure and steps taken by management to monitor and mitigate such exposure;
9. obtain and review at least annually a formal written report from the independent auditors delineating the auditing firm's procedures for reviewing internal controls and any material issues raised by (i) the auditing firm's internal quality-control reviews, (ii) peer reviews of the firm, or (iii) any governmental or other inquiry or investigation relating to any audit conducted by the firm. The Committee will also review steps taken by the auditing firm to address any findings in any of the foregoing reviews. Also, in order to assess auditor independence, the Committee will review at least annually all relationships between the independent auditors and the Corporation;
10. prepare and publish an annual Committee report in the Corporation's proxy circular;
11. conduct an annual self-evaluation in respect of the effectiveness of the Committee;
12. set clear hiring policies for employees or former employees of the independent auditors; and
13. establish procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

The Committee shall hold in camera sessions without members of management as frequently as is determined necessary by the Committee members.

The Committee shall have authority to retain such outside counsel, experts and other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have sole authority to approve related fees and retention terms.

The Committee shall meet separately with the Corporation's independent auditors at least on an annual basis and more often as determined necessary by the Committee members.

The Committee shall review at least annually the adequacy of this charter and recommend any proposed changes to the Board for approval.

**Committee Composition:** Three or more members, of which the majority shall be independent directors. All members shall have sufficient financial experience, financial literacy and ability to enable them to discharge their responsibilities.

**Quorum:** Majority of members.

**SCHEDULE “B”**

**YANGAROO Inc.**

**ROLLING STOCK OPTION PLAN**

**[see attached]**

## **INCENTIVE STOCK OPTION PLAN**

**AS AMENDED AUGUST 15, 2013**

An Incentive Stock Option Plan (herein called the "Plan") for YANGAROO Inc. (the "Corporation") is hereby established with the intent of advancing the interests of the Corporation by encouraging and enabling the acquisition of an equity interest in the Corporation by the participants in the Plan.

Capitalized terms used in this Plan and any Exhibits or Schedules thereto and not otherwise defined in the Plan, or such Exhibits and/or Schedules, shall have the meanings attributed thereto in Policy 4.4, Policy 1.1, and any other applicable policy of the TSX Venture Exchange (the "Exchange").

1. The Board of Directors, or any committee thereof specifically designated by the Board of Directors to be responsible therefore (the "Committee"), shall, from time to time, by resolution designate those employees, directors, senior officers, consultants and other service providers, if any, who, in the opinion of the Board of Directors or such Committee, bear significant responsibility for the management and growth of the Corporation and who, as an additional inducement to promote the best interests of the Corporation, are entitled to participate in the Plan (herein referred to as the "Participant(s)") and shall determine the extent and terms of such participation by such Participants. For greater certainty, Directors, Employees and Consultants (as those terms are defined in TSX Venture Exchange Policy 4.4 ("Policy 4.4")). The judgement of the said Board of Directors or the Committee in designating Participants and the extent of their participation shall be final and conclusive; provided, however, that each designated Participant shall have the right not to participate in the Plan and any decision not to participate therein shall not affect his or her employment by, or other engagement with, the Corporation. The provisions of the Plan and the eligibility of Participants shall further be subject to and be deemed to be amended to comply with any and all requirements of any stock exchange or exchanges upon which the Corporation's common shares may from time to time be listed for trading and any other applicable regulatory authority (collectively, the "Regulatory Authorities"). The stock exchange requirements shall, while the Corporation's common shares are listed on the Exchange, include, without limitation, the requirements set out in Exhibit "A" to the Plan.
2. The Plan is an amendment to the incentive stock option plan (the "Initial Plan") adopted by the Corporation's shareholders at a meeting of the shareholders held on the 25th day of June, 2007 (as amended by the Corporation on June 15, 2010).
3. (a) The total number of authorized but unissued common shares allocated to and made available to be issued to Participants under the Plan shall not exceed, at the time of any grant of options under the Plan, that number of common shares that is equal to ten percent (10%) of the issued shares of the Corporation at such time of grant (including, for certainty, common shares subject to stock option agreements entered into pursuant to the terms of the Initial Plan). Notwithstanding the provisions of the

Plan, the grant of options under the Plan shall be subject to the regulations and policies in effect from time to time by the applicable Regulatory Authorities.

- (b) The Corporation represents that, in the event that it wishes to grant options under the Plan to “Employees”, “Consultants” or “Management Company Employees” (as those terms are defined for the purpose of Policy 4.4), it will only grant such options to Participants who are bona fide Employees, Consultants or Management Company Employees, as the case may be.

The exercise price to each Participant for each common share optioned to such Participant shall be determined by the Board of Directors or Committee but shall not, in any event, be less than the “Discounted Market Price” of the Corporation’s common shares on Exchange (as the term is defined in TSX Venture Exchange Policy 1.1 [“Policy 1.1”]); provided that such exercise price per common share in respect of options granted within 90 days of a Distribution by a Prospectus (as those terms are defined in Policy 1.1) shall not be less than the greater of the Discounted Market Price and the price per common share paid by public investors for Listed Shares (as defined in Policy 1.1) of the Corporation under the Distribution.

4. Residents of the United States of America or any territory or possession thereof may be Participants in the Plan provided that such participation is in accordance with and does not violate any securities or other legislation, regulation or policy of the applicable governing authorities in the United States of America or any state, territory or possession thereof.
5. The Board of Directors or the Committee shall have the unfettered right to interpret the provisions of this Plan and to make such regulations and formulate such administrative procedures for carrying this Plan into effect and to make such changes therein and in the regulations and administrative provisions therein as, from time to time, the Board or the Committee deem appropriate in the best interests of the Corporation. The Board of Directors shall also have the unfettered right from time to time and at any time to rescind or terminate the Plan; provided, however, that no such rescission or termination shall impair or change the rights and options theretofore granted under the Plan without the prior written consent of the Participant or Participants affected thereby.
6. The Corporation shall pay all costs of administering the Plan.
7. The Board of Directors, the Committee or the specific option agreement entered into by the Participant may specify that the options granted hereunder may only be exercisable at certain specified intervals. A written agreement shall be entered into between the Corporation and each person to whom an option is granted hereunder which agreement shall set out the option price and the terms and conditions on which the option may be exercised, all in accordance with the provisions of the Plan. The agreement shall be in such form as the Board of Directors may from time to time approve and as the rules and policies of the Regulatory Authorities permit and may contain such terms as may be considered necessary in order that the option will also comply with any provisions respecting stock options in the income tax or other laws in force in any country or

jurisdiction or which the person to whom the option is granted may from time to time be a resident or citizen.

8. In addition to any resale restrictions under applicable securities laws and any other circumstances under which the Exchange Hold Period (as defined in Policy 1.1) may apply, where the stock option exercise price is at a discount to the Market Price, any such stock options and the underlying Listed Shares, if exercised prior to the Exchange Hold Period, shall be legended commencing on the date of the grant of options as follows:

“Without prior written approval of TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until [insert date that is 4 months plus a date from date of grant].”

9. Subject to applicable regulatory approval, the Board of Directors may from time to time amend this Plan and the terms and conditions of any option thereafter to be awarded and, without limiting the generality of the foregoing, may make such amendments for the purpose of meeting any changes in any relevant law, the Exchange or other regulatory authority policy, rule or regulation applicable to this Plan, any option or the underlying, or for any other purpose which may be permitted by all relevant laws, rules and regulations, provided always that any such amendment shall not alter the terms or conditions of any option or impair any right of any Optionee pursuant to any option awarded prior to such amendment. Subject to applicable regulatory approval, the Board of Directors may from time to time retroactively amend this Plan and may also, with the consent of the affected Optionees, retroactively amend the terms and conditions of any options which have been previously awarded. With the consent of affected Optionees, the Board of Directors may amend the terms of any outstanding option so as to reduce the number of optioned shares, increase the exercise price, or cancel an option without approval of the shareholders or the Exchange. Any other amendment will be subject to receiving prior Exchange approval. This Plan must be approved by the Shareholders annually, at a duly called Annual General Meeting of the Shareholders. Disinterested shareholder approval (as defined in Policy 4.4) will be required for: (i) any reduction in the exercise price of options granted to Insiders; and (ii) the situations where the Plan, together with all other outstanding options could result at any time in: (b) the issuance to any one Optionee, within a 12 month period, of a number of Shares exceeding 5% of the Corporation's issued shares.

**EXHIBIT “A”**

**To the Incentive Stock Option Plan  
of YANGAROO Inc.**

The following provisions shall apply to the Plan and options granted there under:

- (a) all options are non-assignable and non-transferable;
- (b) options can be exercisable for a maximum of 10 years from the date of grant;
- (c) the aggregate number of options granted to any one Person (and Companies wholly owned by that Person) in a 12 month period must not exceed 5% of the issued shares of the Issuer, calculated on the date an option is granted to the Person (unless the Issuer has obtained the requisite disinterested Shareholder approval), it being understood that such restriction shall include/apply to any Employee or Director whose duties consist primarily of Investor Relations Activities;
- (d) the aggregate number of options granted to any one Consultant in a 12 month period must not exceed 2% of the issued shares of the Issuer, calculated at the date an option is granted to the Consultant;
- (e) the aggregate number of options granted to all Persons retained to provide Investor Relations Activities must not exceed 2% of the issued shares of the Issuer in any 12 month period, calculated at the date an option is granted to any such Person;
- (f) if a provision is included that the Optionee’s heirs or administrators can exercise any portion of the outstanding option, the period in which they can do so must not exceed one year from the Optionee’s death;
- (g) disinterested Shareholder approval will be obtained for any reduction in the exercise price if the Optionee is an Insider of the Issuer at the time of the proposed amendment;
- (h) options granted to an Optionee who is engaged in Investment Relations Activities must vest in stages over a period of not less than 12 months with no more than 25% of such options vesting in any three (3) month period;
- (i) Optionees who performs Investor Relations Activities shall provide written notice to the Board of Directors of each of such Optionee’s trades of securities of the Corporation, within five business days of each trade.

**SCHEDULE “C”**

**YANGAROO Inc.**

**SHAREHOLDER RIGHTS PLAN**

**[see attached]**

**YANGAROO INC.**

and

**EQUITY FINANCIAL TRUST COMPANY**

as Rights Agent

**SHAREHOLDER RIGHTS PLAN AGREEMENT**

April 8, 2013

## TABLE OF CONTENTS

ARTICLE 1 INTERPRETATION .....	2
1.1 Certain Definitions .....	2
1.2 Currency .....	13
1.3 Headings .....	13
1.4 Number and Gender .....	13
1.5 Acting Jointly or in Concert .....	13
1.6 Statutory References .....	13
ARTICLE 2 THE RIGHTS .....	14
2.1 Legend on Common Share Certificates .....	14
2.2 Initial Exercise Price; Exercise of Rights; Detachment of Rights. ....	14
2.3 Adjustments to Exercise Price; Number of Rights .....	17
2.4 Date on Which Exercise is Effective. ....	22
2.5 Execution, Authentication, Delivery and Dating of Rights Certificates .....	22
2.6 Registration, Registration of Transfer and Exchange .....	23
2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates .....	23
2.8 Persons Deemed Owners .....	24
2.9 Delivery and Cancellation of Rights Certificates .....	24
2.10 Agreement of Rights Holders .....	25
2.11 Rights Certificate Holder not Deemed a Shareholder .....	25
ARTICLE 3 ADJUSTMENTS TO THE RIGHTS IN THE EVENT OF CERTAIN TRANSACTIONS .....	26
3.1 Flip-in Event .....	26
3.2 Fiduciary Duties of the Board of Directors of the Corporation .....	27
ARTICLE 4 THE RIGHTS AGENT .....	27
4.1 General .....	27
4.2 Merger or Amalgamation or Change of Name of Rights Agent .....	28
4.3 Duties of Rights Agent .....	29
4.4 Change of Rights Agent .....	31
ARTICLE 5 MISCELLANEOUS .....	31
5.1 Redemption and Waiver .....	31
5.2 Expiration .....	33
5.3 Issuance of New Rights Certificates .....	33
5.4 Supplements and Amendments .....	33
5.5 Fractional Rights and Fractional Shares .....	35
5.6 Rights of Action .....	35
5.7 Notice of Proposed Actions .....	36
5.8 Notices .....	36
5.9 Successors .....	37
5.10 Benefits of this Agreement .....	37
5.11 Governing Law .....	37
5.12 Severability .....	37
5.13 Effective Date .....	37
5.14 Determinations and Actions by the Board of Directors .....	38
5.15 Rights of Board, Corporation and Offeror .....	38

5.16 Regulatory Approvals .....	38
5.17 Declaration as to Non-Canadian Holders .....	38
5.18 Time of the Essence .....	38
5.19 Execution in Counterparts .....	39

**ADDENDA**

Schedule “2.2(3)” FORM OF RIGHTS CERTIFICATE

## SHAREHOLDER RIGHTS PLAN AGREEMENT

THIS AGREEMENT dated April 8, 2013,

**B E T W E E N:**

**YANGAROO INC.**, a corporation incorporated under the laws of the Province of Ontario

(hereinafter referred to as the “**Corporation**”)

**OF THE FIRST PART**

- and -

**EQUITY FINANCIAL TRUST COMPANY**, a trust company existing under the laws of Canada, as rights agent

(hereinafter referred to as the “**Rights Agent**”, which term shall include any successor Rights Agent hereunder)

**OF THE SECOND PART**

**WHEREAS:**

- (1) The Corporation previously had a shareholder rights plan agreement dated June 17, 2009 (the “Previous Agreement”), which expired on or about June 28, 2012;
- (2) The Board of Directors has determined that it is advisable and in the best interests of the Corporation to adopt and maintain this Agreement;
- (3) In order to implement the adoption of this Agreement, the Board of Directors has authorized:
  - (i) the issuance of one Right effective at the Record Time in respect of each Common Share outstanding at the Record Time;
  - (ii) the issuance of one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time; and
  - (iii) the issuance of the Rights Certificates to holders of Rights pursuant to the terms and subject to the conditions set forth herein;
- (4) Each Right entitles the holder thereof, after the Separation Time, to purchase securities of the Corporation pursuant to the terms and subject to the conditions set forth in this Agreement; and
- (5) The Corporation desires to appoint the Rights Agent to act on behalf of the Corporation, and the Rights Agent is willing to so act, in connection with the issuance, transfer,

exchange and replacement of Rights Certificates, the exercise of Rights and other matters referred to in this Agreement.

**NOW THEREFORE**, in consideration of the foregoing premises and the respective, covenants and agreements set forth herein, the parties hereby agree as follows:

## **ARTICLE 1 INTERPRETATION**

### **1.1 Certain Definitions.**

For purposes of the Agreement, the following terms have the meanings indicated:

- (a) **“Acquiring Person”** means, any Person who is the Beneficial Owner of twenty percent (20%) or more of the outstanding Voting Shares of the Corporation; provided, however, that the term **“Acquiring Person”** shall not include:
  - (i) the Corporation or any Subsidiary of the Corporation;
  - (ii) any Person who becomes the Beneficial Owner of twenty percent (20%) or more of the outstanding Voting Shares of the Corporation as a result of any one or any combination of: (A) Corporate Acquisitions, (B) Permitted Bid Acquisitions, (C) Corporate Distributions, (D) Exempt Acquisitions, or (E) Convertible Security Acquisitions; provided, however, that if a Person shall become the Beneficial Owner of twenty percent (20%) or more of the Voting Shares of the Corporation then outstanding by reason of one or more or any combination of a Corporate Acquisition, Permitted Bid Acquisition, Corporate Distribution, Exempt Acquisition or Convertible Security Acquisition and, after such Corporate Acquisition, Permitted Bid Acquisition, Corporate Distribution, Exempt Acquisition or Convertible Security Acquisition, becomes the Beneficial Owner of an additional one percent (1%) or more of the outstanding Voting Shares of the Corporation other than pursuant to Corporate Acquisitions, Permitted Bid Acquisitions, Corporate Distributions, Exempt Acquisitions or Convertible Security Acquisitions, then as of the date of such acquisition, such Person shall become an Acquiring Person;
  - (iii) for a period of ten (10) days after the Disqualification Date (as hereinafter defined), any Person who becomes the Beneficial Owner of twenty percent (20%) or more of the outstanding Voting Shares of the Corporation as a result of such Person becoming disqualified from relying on Clause 1.1(e)(3) hereof solely because such Person makes or proposes to make a Take-over Bid in respect of securities of the Corporation alone or by acting jointly or in concert with any other Person (the first date of public announcement (which, for the purposes of this definition, shall include, without limitation, a report filed pursuant to section 102.1 of the Securities Act (Ontario)) by such Person or the Corporation of a current intent to commence such a Take-over Bid being herein referred to as the “Disqualification Date”); and

- (iv) an underwriter or member of a banking or selling group that acquires Voting Shares of the Corporation from the Corporation in connection with a distribution of securities (including, for greater certainty, by way of private placement of such securities) to the public.
- (b) “**Affiliate**” when used to indicate a relationship with a specified Person, means a Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person.
- (c) “**Agreement**” means this agreement as amended, modified or supplemented from time to time.
- (d) “**Associate**” when used to indicate a relationship with a specified Person, means any relative of such specified Person who has the same home as such specified Person, or any Person to whom such specified Person is married or with whom such specified Person is living in a conjugal relationship outside marriage, or any relative of such spouse or other Person who has the same home as such specified Person.
- (e) A Person shall be deemed the “**Beneficial Owner**”, and to have “**Beneficial Ownership**” of, and to “**Beneficially Own**”:
  - (i) any securities of which such Person or any Affiliate or Associate of such Person is the owner at law or in equity;
  - (ii) any securities as to which such Person or any of such Person's Affiliates or Associates has the right to acquire (A) upon the exercise of any Convertible Securities, or (B) pursuant to any agreement, arrangement or understanding, in each case if such right is exercisable immediately or within a period of 60 days thereafter whether or not on condition or the happening of any contingency (other than customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities or pursuant to a pledge of securities in the ordinary course of business); and
  - (iii) any securities that are Beneficially Owned within the meaning of Clause 1.1(e)(i) or (ii) hereof by any other Person with whom such Person is acting jointly or in concert;

provided, however, that a Person shall not be deemed the “**Beneficial Owner**”, or to have “**Beneficial Ownership**” of, or to “**Beneficially Own**”, any security as a result of the existence of any one or more of the following circumstances:

- (1) such security has been deposited or tendered, pursuant to a Take-over Bid made by such Person or made by any Affiliate or Associate of such Person or made by any other Person acting jointly or in concert with such Person, unless such deposited or tendered security has been accepted unconditionally for payment or exchange or has been taken up and paid for, whichever shall first occur;

- (2) such Person or any Affiliate or Associate of such Person or any other Person acting jointly or in concert with such Person, holds such security; provided that (i) the ordinary business of any such Person (the “Fund Manager”) includes the management of mutual funds or investment funds for others (which others may include or be limited to one or more employee benefit plans or pension plans) and/or includes the acquisition or holding of securities for a non-discretionary account of a Client (as defined below) by a dealer or broker registered under applicable securities laws to the extent required, and such security is held by the Fund Manager in the ordinary course of such business in the performance of such Fund Manager’s duties for the account of any other Person (a “Client”), (ii) such Person (the “Trust Company”) is licensed to carry on the business of a trust company under applicable law and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons or in relation to other accounts and holds such security in the ordinary course of such duties for the estate of any such deceased or incompetent Person (each an “Estate Account”) or for such other accounts (each an “Other Account”), (iii) the Person (the “Statutory Body”) is an independent Person established by statute for purposes that include, and the ordinary business or activity of such person includes, the management of investment funds for employee benefit plans, pension plans, insurance plans of various public bodies and the Statutory Body holds such security for the purposes of its activities as such, (iv) the ordinary business of any such Person includes acting as an agent of the Crown in the management of public assets (the “Crown Agent”), or (v) the Person is the administrator or the trustee of one or more pension funds or plans (each a “Pension Fund”) registered under the laws of Canada or any province thereof or the United Kingdom or the United States or any state thereof (the “Independent Person”), or is a Pension Fund and holds such securities for the purposes of its activities as an Independent Person or as a Pension Fund, and further provided that such Pension Fund or Independent Person does not hold more than thirty percent (30%) of the Voting Shares of the Corporation; provided, however, that in any of the foregoing cases no one of the Fund Manager, the Trust Company, the Statutory Body, the Crown Agent, the Independent Person or the Pension Fund makes or announces a current intention to make a Take-over Bid in respect of securities of the Corporation alone or by acting jointly or in concert with any other Person (other than pursuant to a distribution by the Corporation or by means of ordinary market transactions (including prearranged trades entered in the ordinary course of business of such Person) executed through the facilities of a stock exchange or organized over-the-counter market);
- (3) such Person is a Client of the same Fund Manager as another Person on whose account the Fund Manager holds such security, or such Person is an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security, or such Person is a Pension Fund with the same Independent Person as another Pension Fund;
- (4) such Person is a Client of a Fund Manager and such security is owned at law or in equity by the Fund Manager, or such Person is an Estate Account or an Other Account of a Trust Company and such security is owned at law or in equity by the

Trust Company, or such Person is a Pension Fund and such security is owned at law or in equity by the Independent Person; or

- (5) such Person is a registered holder of securities as a result of carrying on the business of, or acting as a nominee of, a securities depository. For purposes of this Agreement, the percentage of Voting Shares Beneficially Owned by any Person, shall be and be deemed to be the product of one hundred (100) and the number of which the numerator is the number of votes for the election of all directors generally attaching to the Voting Shares Beneficially Owned by such Person and the denominator of which is the number of votes for the election of all directors generally attaching to all outstanding Voting Shares. Where any Person is deemed to Beneficially Own unissued Voting Shares, such Voting Shares shall be deemed to be issued and outstanding for the purpose of calculating the percentage of Voting Shares Beneficially Owned by such Person in both the numerator and the denominator, but no other unissued Voting Shares which may be acquired pursuant to any other outstanding Convertible Securities shall, for purposes of that calculation, be deemed to be outstanding.
- (f) “**Board of Directors**” means, at any time, the duly constituted board of directors of the Corporation.
- (g) “**Business Day**” means any day other than a Saturday, Sunday or a day on which banking institutions in Toronto are authorized or obligated by law to close.
- (h) “**Business Corporations Act (Ontario)**” means the *Business Corporations Act* (Ontario), as amended and the regulations thereunder, as from time to time in effect.
- (i) “**Canadian-U.S. Exchange Rate**” shall mean on any date the inverse of the U.S. Canadian Exchange Rate.
- (j) “**Canadian Dollar Equivalent**” of any amount which is expressed in United States dollars shall mean on any day the Canadian dollar equivalent of such amount determined by reference to the Canadian-U.S. Exchange Rate on such date.
- (k) “**close of business**” on any given date means the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the office of the transfer agent for the Common Shares in the City of Toronto (or, after the Separation Time, the office of the Rights Agent in the City of Toronto) is closed to the public.
- (l) “**Common Shares**”, when used with reference to the Corporation, means the common shares in the capital of the Corporation as constituted at the Record Time.
- (m) “**Competing Permitted Bid**” means a Take-over Bid that: (i) is made while another Permitted Bid is in existence, and (ii) satisfies all the components of the definition of a Permitted Bid, except that the requirements set out in Clause (ii) of

the definition of a Permitted Bid shall be satisfied if the Take-over Bid shall contain, and the take up and payment for securities tendered or deposited thereunder shall be subject to, an irrevocable and unqualified condition that no Voting Shares shall be taken up or paid for pursuant to the Competing Permitted Bid prior to the close of business on the date that is no earlier than the date which is the later of thirty-five (35) days after the date the Competing Permitted Bid is made or sixty (60) days after the earliest date on which any other Permitted Bid or Competing Permitted Bid that is then in existence was made and only if at that date, more than fifty percent (50%) of the then outstanding Voting Shares held by Independent Shareholders have been deposited or tendered to the Competing Permitted Bid and not withdrawn.

- (n) A Person is “**controlled**” by another Person or two or more other Persons acting jointly or in concert if:
  - (i) in the case of a body corporate, securities entitled to vote in the election of directors of such body corporate carrying more than 50% of the votes for the election of directors are held, directly or indirectly, by or for the benefit of the other Person or Persons acting jointly or in concert and the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such body corporate; or
  - (ii) in the case of a Person which is not a body corporate, more than 50% of the voting or equity interests of such entity are held, directly or indirectly, by or for the benefit of the other Person or Persons and “**controls**”, “**controlling**” and “**under common control with**” shall be interpreted accordingly.
- (o) “**Convertible Security**” means at any time:
  - (i) any right (regardless of whether such right constitutes a security) to acquire Voting Shares from the Corporation; and
  - (ii) any securities issued by the Corporation from time to time (other than the Rights) carrying any exercise, conversion or exchange right; in each case pursuant to which the holder thereof may acquire Voting Shares or other securities which are convertible into or exercisable or exchangeable for Voting Shares.
- (p) “**Convertible Security Acquisition**” means the acquisition of Voting Shares upon the exercise, conversion or exchange of Convertible Securities received by a Person pursuant to a Permitted Bid Acquisition, Exempt Acquisition or a Corporate Distribution.
- (q) “**Corporate Acquisition**” means an acquisition by the Corporation or a Subsidiary of the Corporation or the redemption by the Corporation of Voting Shares of the Corporation which by reducing the number of Voting Shares of the Corporation outstanding increases the proportionate number of Voting Shares Beneficially Owned by any Person.

- (r) **“Corporate Distribution”** means an acquisition as a result of:
  - (i) a stock dividend or a stock split or other event pursuant to which a Person receives or acquires Voting Shares on the same pro rata basis as all other holders of Voting Shares of the same class; or
  - (ii) any other event pursuant to which all holders of Voting Shares of the Corporation are entitled to receive Voting Shares or Convertible Securities on a pro rata basis, including, without limiting the generality of the foregoing, pursuant to the receipt or exercise of rights issued by the Corporation and distributed to all the holders of a class of Voting Shares to subscribe for or purchase Voting Shares or Convertible Securities of the Corporation, provided that such rights are acquired directly from the Corporation and not from any other Person and provided further that the Person in question does not thereby acquire a greater percentage of Voting Shares, or Convertible Securities representing the right to acquire Voting Shares of such class, than the percentage of Voting Shares of the class Beneficially Owned immediately prior to such acquisition.
- (s) **“Disqualification Date”** has the meaning ascribed thereto in Section 1.1(a)(iii) hereof.
- (t) **“Effective Date”** has the meaning ascribed thereto in Section 5.13 hereof.
- (u) **“Election to Exercise”** has the meaning ascribed thereto in Section 2.2(4) hereof.
- (v) **“Exempt Acquisition”** means a share acquisition:
  - (i) in respect of which the Board of Directors has waived the application of Section 3.1 hereof pursuant to the provisions of Section 5.1(2), 5.1(3) or 5.1(4) hereof
  - (ii) which was made on or prior to the Record Time;
  - (iii) which was made pursuant to a dividend reinvestment plan of the Corporation or other similar share purchase plan made available to the holders of shares of the Corporation generally;
  - (iv) pursuant to a distribution to the public by the Corporation of Voting Shares or Convertible Securities made pursuant to a prospectus provided that the Person in question does not thereby acquire a greater percentage of Voting Shares, or Convertible Securities representing the right to acquire Voting Shares of such class, than the percentage of Voting Shares of the class Beneficially Owned immediately prior to such acquisition; or
  - (v) pursuant to an issuance and sale by the Corporation of Voting Shares or Convertible Securities by way of a private placement or a securities exchange takeover bid circular by the Corporation, provided that (x) all necessary stock exchange approvals for such distribution have been

obtained and such distribution complies with the terms and conditions of such approvals, and (y) the purchaser does not become the Beneficial Owner of more than 25% of the Voting Shares outstanding immediately prior to the private placement or securities exchange takeover bid (and in making this determination, the securities to be issued to such purchaser on the private placement or securities exchange takeover bid shall be deemed to be held by such purchaser but shall not be included in the aggregate number of outstanding Voting Shares immediately prior to the private placement or securities exchange takeover bid).

- (w) “**Exercise Price**” means, as of any date, the price at which a holder may purchase the securities issuable upon exercise of one whole Right. Until adjustment thereof in accordance with the terms hereof, the Exercise Price shall be \$10.00 (Canadian).
- (x) “**Expiration Time**” means the earlier of: (i) the Termination Time; and (ii) the time at which this Agreement terminates in accordance with Section 5.13.
- (y) “**Flip-in Event**” means a transaction in or pursuant to which any Person becomes an Acquiring Person provided, however, that a Flip-in Event shall be deemed to occur at the close of business on the tenth day (or such later date as the Board of Directors may determine) after the Stock Acquisition Date.
- (z) “**Independent Shareholders**” means holders of Voting Shares of the Corporation, but shall not include (i) any Acquiring Person or any Offeror, or any Affiliate or Associate of such Acquiring Person or such Offeror, or any Person acting jointly or in concert with such Acquiring Person or such Offeror, or (ii) any employee benefit plan, stock purchase plan, deferred profit sharing plan or any similar plan or trust for the benefit of employees of the Corporation or a Subsidiary of the Corporation, unless the beneficiaries of any such plan or trust direct the manner in which the Voting Shares are to be voted or direct whether the Voting Shares are to be tendered to a Takeover Bid; and for greater certainty shall include any Person referred to in Clause 1.1(e)(3) hereof (other than any Person who pursuant to Clause 1.1(e)(3) is deemed to Beneficially Own the Voting Shares).
- (aa) “**Market Price**” per security of any securities on any date of determination shall mean the average of the daily Closing Price Per Security of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 hereof shall have caused the price used to determine the Closing Price Per Security on any Trading Day not to be fully comparable with the price used to determine the Closing Price Per Security on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to make it fully comparable with the

price per security used to determine the Closing Price Per Security on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The “Closing Price Per Security” of any securities on any date shall be:

- (i) the closing board lot sale price or, if such price is not available, the average of the closing bid and asked prices, for such securities as reported by the principal Canadian stock exchange on which such securities are listed or admitted to trading, or if for any reason neither of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange, the closing board lot sale price or, if such price is not available, the average of the closing bid and asked prices, for such securities as reported by such other securities exchange or national securities quotation system on which such securities are listed or admitted for trading on which the largest number of such securities were traded during the most recently completed calendar year;
- (ii) if, for any reason, none of such prices is available on such date or the securities are not listed or admitted to trading on a Canadian stock exchange or other securities exchange or on a national securities quotation system, the last sale price, or in case no sale takes place on such date, the average of the high bid and low asked prices for such securities in the over-the-counter market, as quoted by any reporting system then in use (as selected by the Board of Directors); or
- (iii) if the securities are not listed or admitted to trading as contemplated in clause 1.1(z)(i) or (ii), the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities provided, however, that if on any such date the Closing Price Per Security cannot be determined in accordance with the foregoing, the Closing Price Per Security of such securities on such date shall mean the fair value per share of such securities on such date as determined in good faith by an internationally recognized investment dealer or investment banker with respect to the fair value per share of such securities.

The Market Price shall be expressed in Canadian dollars and, if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in question in United States dollars, such amount shall be translated into Canadian dollars at the Canadian Dollar Equivalent thereof.

- (bb) Intentionally omitted.
- (cc) Intentionally omitted.
- (dd) “**Offer to Acquire**” shall include:
  - (i) an offer to purchase, a public announcement of an intention to make an offer to purchase, or a solicitation of an offer to sell; and

- (ii) an acceptance of an offer to sell, whether or not such offer to sell has been solicited;

or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell.

- (ee) “**Offeror**” means a Person who has announced a current intention to make, or who makes and has outstanding, a Take-over Bid.
- (ff) “**Offeror’s Securities**” means Voting Shares of the Corporation Beneficially Owned by an Offeror, any Affiliate or Associate of such Offeror or any Person acting jointly or in concert with the Offeror.
- (gg) “**Permitted Bid**” means a Take-over Bid that is made by means of a Take-over Bid circular and which also complies with the following additional provisions:
  - (i) the Take-over Bid shall be made to all registered holders of Voting Shares (other than the Voting Shares held by the Offeror), and for all Voting Shares (other than the Voting Shares held by the Offeror);
  - (ii) the Take-over Bid shall contain, and the take up and payment for securities tendered or deposited thereunder shall be subject to, an irrevocable and unqualified condition that no Voting Shares shall be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the date which is not less than sixty (60) days following the date of the Take-over Bid and that no Voting Shares shall be taken up or paid for pursuant to the Take-over Bid unless, at such date, more than fifty percent (50%) of the then outstanding Voting Shares held by Independent Shareholders have been deposited to the Take-over Bid and not withdrawn;
  - (iii) the Take-over Bid shall contain an irrevocable and unqualified provision that, unless the Take-over Bid is withdrawn, Voting Shares of the Corporation may be deposited pursuant to such Take-over Bid at any time during the period of time described in Clause (ii) of this Section 1.1(gg) and that any Voting Shares deposited pursuant to the Takeover Bid may be withdrawn at any time until taken up and paid for; and
  - (iv) the Take-over Bid shall contain an irrevocable and unqualified provision that should the condition referred to in Clause (ii) of this Section 1.1(gg) be met: (A) the Offeror will make a public announcement of that fact on the date the Takeover Bid would otherwise expire; and (B) the Take-over Bid will be extended for a period of not less than ten (10) Business Days from the date it would otherwise expire.
- (hh) “**Permitted Bid Acquisitions**” means share acquisitions made pursuant to a Permitted Bid or a Competing Permitted Bid.

- (ii) “**Person**” means any individual, firm, partnership, limited partnership, limited liability company or partnership, association, trust, trustee, executor, administrator, legal or personal representative, government, governmental body, entity or authority, group, body corporate, corporation, unincorporated organization or association, syndicate, joint venture or any other entity, whether or not having legal personality, and any of the foregoing in any derivative, representative or fiduciary capacity and pronouns have a similar extended meaning.
- (jj) “**Previous Agreement**” means the previous shareholder rights plan agreement dated June 17, 2009, which lapsed on or about June 28, 2012.
- (kk) “**Record Time**” means the close of business on April 8, 2013.
- (ll) “**Redemption Price**” has the meaning ascribed thereto in Section 5.1(1) hereof.
- (mm) “**regular periodic cash dividends**” means cash dividends paid at regular intervals in any fiscal year of the Corporation to the extent that such cash dividends do not exceed, in the aggregate, the greatest of:
  - (i) two hundred percent (200%) of the aggregate amount of cash dividends declared payable by the Corporation on its Common Shares in its immediately preceding fiscal year;
  - (ii) one hundred percent (100%) of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding fiscal year; and
  - (iii) three hundred percent (300%) of the arithmetic mean of the aggregate amounts of cash dividends declared payable by the Corporation on its Common Shares in its three immediately preceding fiscal years.
- (nn) “**Right**” means a right issued pursuant to this Agreement.
- (oo) “**Rights Certificate**” has the meaning ascribed thereto in Section 2.2(3) hereof.
- (pp) “**Rights Register**” has the meaning ascribed thereto in Section 2.6(1) hereof.
- (qq) “**Securities Act (Ontario)**” means the *Securities Act* (Ontario), and the regulations and rules thereunder, and any comparable or successor laws, regulations and rules thereto.
- (rr) “**Separation Time**” means the close of business on the tenth (10th) Trading Day after the earlier of (i) the Stock Acquisition Date, (ii) the date of the commencement of, or first public announcement of the intent of any person (other than the Corporation or any Subsidiary of the Corporation) to commence, a Take-over Bid (other than a Permitted Bid or Competing Permitted Bid) or such later date as may be determined by the Board of Directors and (iii) the date on which a Permitted Bid or Competing Permitted Bid ceases to qualify as such or such later

date as may be determined by the Board of Directors provided that, if any Take-over Bid referred to in Clause (ii) of this Section 1.1(rr) or any Permitted Bid or Competing Permitted Bid referred to in Clause (iii) of this Section 1.1(rr) expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid, Permitted Bid or Competing Permitted Bid, as the case may be, shall be deemed, for the purposes of this Section 1.1(rr), never to have been made and provided further that if the Board of Directors determines pursuant to Sections 5.1(2),(3) or (4) hereof to waive the application of Section 3.1 hereof to a Flip-in Event, the Separation Time in respect of such Flip-in Event shall be deemed never to have occurred.

- (ss) “**Stock Acquisition Date**” means the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to section 102 of the Securities Act (Ontario)) by the Corporation or an Offeror or Acquiring Person of facts indicating that a Person has become an Acquiring Person.
- (tt) “**Subsidiary**”: a corporation shall be deemed to be a Subsidiary of another corporation if:
  - (i) it is controlled by:
    - (A) that other;
    - (B) that other and one or more corporations each of which is controlled by that other; or
    - (C) two or more corporations each of which is controlled by that other; or
  - (ii) it is a Subsidiary of a corporation that is that other's Subsidiary.
- (uu) “**Take-over Bid**” means an Offer to Acquire Voting Shares of the Corporation or securities convertible into or exchangeable for or carrying a right to purchase Voting Shares of the Corporation where the Voting Shares of the Corporation subject to the Offer to Acquire, together with the Voting Shares of the Corporation into which the securities subject to the Offer to Acquire are convertible, exchangeable or exercisable, and the Offeror's Securities, constitute in the aggregate twenty percent (20%) or more of the outstanding Voting Shares of the Corporation at the date of the Offer to Acquire.
- (vv) “**Termination Time**” means the time at which the right to exercise Rights shall terminate pursuant to Sections 5.1(1) or (5) hereof.
- (ww) “**Trading Day**”, when used with respect to any securities, means a day on which the principal stock exchange or market on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any stock exchange or market, a Business Day.

- (xx) **“U.S. Canadian Exchange Rate”** shall mean on any date:
- (i) if on such date the Bank of Canada sets an average noon spot rate of exchange with a conversion of one United States dollar into Canadian dollars, such rate;
  - (ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars which is calculated in the manner which shall be determined by the Board of Directors from time to time acting in good faith.
- (yy) **“Voting Shares”** means the Common Shares and any other shares of capital stock or voting interests of the Corporation entitled to vote generally in the election of all directors.

## **1.2 Currency**

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

## **1.3 Headings**

The division of this Agreement into Articles, Sections and Clauses and the insertion of headings, subheadings and a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

## **1.4 Number and Gender**

Wherever the context so requires, terms used herein importing the singular number only shall include the plural and vice-versa and words importing only one gender shall include all others.

## **1.5 Acting Jointly or in Concert**

For the purposes of this Agreement, a Person is acting jointly or in concert with every Person who is a party to an agreement, commitment or understanding, whether formal or informal, with the first Person or any Associate or Affiliate of the first Person to acquire or make an Offer to Acquire Voting Shares of the Corporation (other than customary agreements with and between underwriters or banking group members or selling group members with respect to a distribution of securities or to a pledge of securities in the ordinary course of business).

## **1.6 Statutory References**

Unless the context otherwise requires or except as expressly provided herein, any reference herein to a specific part, section, clause or Rule of any statute or regulation shall be deemed to refer to the same as it may be amended, re-enacted or replaced or, if repealed and there shall be no replacement therefor, to the same as it is in effect on the date of this Agreement.

## ARTICLE 2 THE RIGHTS

### 2.1 Legend on Common Share Certificates

- (1) Certificates issued for Common Shares after the Record Time but prior to the close of business on the earlier of the Separation Time and the Expiration Time shall evidence one Right for each Common Share represented thereby and, commencing as soon as reasonably practicable after the effective date of this Agreement, shall have impressed on, printed on, written on or otherwise affixed to them, a legend in substantially the following form:

Until the Separation Time (defined in the Rights Agreement referred to below), this certificate also evidences rights of the holder described in a Shareholder Rights Plan Agreement, dated April 8, 2013, as amended and restated from time to time (the “**Rights Agreement**”), between the Corporation and Equity Financial Trust Company as Rights Agent, a copy of which is on file at the principal executive offices of the Corporation and is available upon written request. Under certain circumstances set out in the Rights Agreement, the rights may be redeemed, may expire, may become null and void or may be evidenced by separate certificates and no longer evidenced by this certificate.

- (2) Until the earlier of the Separation Time and the Expiration Time, certificates representing Common Shares that are issued and outstanding at the Record Time shall evidence one Right for each Common Share evidenced thereby notwithstanding the absence of the foregoing legend. Following the Separation Time, Rights will be evidenced by Rights Certificates issued pursuant to Section 2.2 hereof.

### 2.2 Initial Exercise Price; Exercise of Rights; Detachment of Rights.

- (1) **Right to entitle holder to purchase one Common Share prior to adjustment.** Subject to adjustment as herein set forth and subject to Section 3.1(1) hereof, each Right will entitle the holder thereof, from and after the Separation Time and prior to the Expiration Time, to purchase, for the Exercise Price on the date of exercise of the Right, one Common Share (which price and number of Common Shares are subject to adjustment as set forth below and are subject to Section 3.1(1) hereof). Notwithstanding any other provision of this Agreement, any Rights held by the Corporation or any of its Subsidiaries shall be void.
- (2) **Rights not exercisable until Separation Time.** Until the Separation Time, (i) the Rights shall not be exercisable and no Right may be exercised, and (ii) for administrative purposes each Right will be evidenced by the certificates for the associated Common Shares registered in the names of the holders thereof (which certificates shall also be deemed to be Rights Certificates) and will be transferable only together with, and will be transferred by a transfer of, such associated Common Shares.

- (3) **Delivery of Rights Certificate and disclosure statement.** From and after the Separation Time and prior to the Expiration Time, (i) the Rights shall be exercisable, and (ii) the registration and transfer of the Rights shall be separate from, and independent of, Common Shares. Promptly following the Separation Time, the Corporation will prepare and the Rights Agent will mail to each holder of record of Rights as of the Separation Time (other than an Acquiring Person and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a “**Nominee**”)) at such holder's address as shown by the records of the Corporation (the Corporation hereby agreeing to furnish copies of such records to the Rights Agent for this purpose), (A) a certificate (a “**Rights Certificate**”) in substantially the form of Schedule 2.2(3) hereto appropriately completed, representing the number of Rights held by such holder at the Separation Time, and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule, regulation or judicial or administrative order or with any rule or regulation made pursuant thereto or with any rule or regulation of any self-regulatory organization, stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage, and (B) a disclosure statement describing the Rights, provided that a Nominee shall be sent the materials provided for in (A) and (B) in respect of all Common Shares held of record by it which are not Beneficially Owned by an Acquiring Person. In order for the Corporation to determine whether any Person is holding Common Shares which are Beneficially Owned by another Person, the Corporation may require such first mentioned Person to furnish it with such information and documentation as the Corporation considers advisable.
- (4) **Exercise of Rights.** Rights may be exercised in whole or in part on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent (at the office of the Rights Agent in the City of Toronto or any other office of the Rights Agent in the cities designated from time to time for that purpose by the Corporation) the Rights Certificate evidencing such Rights together with an election to exercise such Rights (an “**Election to Exercise**”) substantially in the form attached to the Rights Certificate duly completed and executed, accompanied by payment by certified cheque, banker's draft or money order payable to the order of the Corporation, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being exercised, all of the above to be received before the Expiration Time by the Rights Agent at its principal office in any of the cities listed on the Rights Certificate.
- (5) **Duties of Rights Agent upon receipt of Election to Exercise.** Upon receipt of a Rights Certificate, which is accompanied by (i) a completed and duly executed Election to Exercise, and (ii) payment as set forth in Section 2.2(4) above, the Rights Agent (unless otherwise instructed by the Corporation) will thereupon promptly:
- (a) requisition from the transfer agent for the Common Shares certificates representing the number of Common Shares to be purchased (the Corporation

hereby irrevocably authorizing its transfer agent to comply with all such requisitions);

- (b) when appropriate, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Common Shares;
  - (c) after receipt of such certificates, deliver the same to or upon the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such registered holder;
  - (d) when appropriate, after receipt, deliver such cash (less any amounts required to be withheld) to or to the order of the registered holder of the Rights Certificate; and
  - (e) tender to the Corporation all payments received on exercise of the Rights.
- (6) **Partial Exercise of Rights.** In case the holder of any Rights shall exercise less than all of the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.
- (7) **Duties of the Corporation.** The Corporation covenants and agrees that it will:
- (a) take all such action as may be necessary and within its power to ensure that all Common Shares or other securities delivered upon exercise of Rights shall, at the time of delivery of the certificates for such shares (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable;
  - (b) take all such action as may be necessary and within its power to ensure compliance with the provisions of Section 3.1 hereof including, without limitation, all such action to comply with any applicable requirements of the Business Corporations Act (Ontario), the Securities Act (Ontario) and any applicable comparable securities legislation of each of the provinces of Canada, and any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights Certificates and the issuance of any Common Shares or other securities upon exercise of Rights;
  - (c) use reasonable efforts to cause, from and after such time as the Rights become exercisable, all Common Shares issued upon exercise of Rights to be listed upon issuance on the principal stock exchange on which the Common Shares were traded prior to the Stock Acquisition Date;
  - (d) cause to be reserved and kept available out of its authorized and unissued Common Shares, the number of Common Shares that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights;
  - (e) pay when due and payable any and all Canadian federal and provincial transfer taxes and charges (not including any income or capital taxes of the holder or exercising holder or any liability of the Corporation to withhold tax) which may

be payable in respect of the original issuance or delivery of the Rights Certificates, provided that the Corporation shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for shares or other securities in a name other than that of the registered holder of the Rights being transferred or exercised; and

- (f) after the Separation Time, except as permitted by Sections 5.1 or 5.4 hereof, not take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

### **2.3 Adjustments to Exercise Price; Number of Rights**

The Exercise Price, the number and kind of Common Shares or other securities subject to purchase upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 2.3:

- (a) **Adjustment to Exercise Price upon changes to share capital.** In the event the Corporation shall at any time after the Record Time:
  - (i) declare or pay a dividend on the Common Shares payable in Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares or other securities) other than the issue of Common Shares or such exchangeable or convertible securities to holders of Common Shares in lieu of but not in an amount which exceeds the value of regular periodic cash dividends;
  - (ii) subdivide or change the outstanding Common Shares into a greater number of Common Shares;
  - (iii) combine or change the outstanding Common Shares into a smaller number of Common Shares; or
  - (iv) issue any Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares or other securities) in respect of, in lieu of or in exchange for existing Common Shares in a reclassification, amalgamation, merger, statutory arrangement, consolidation or otherwise, except as otherwise provided in this Section 2.3;

the Exercise Price in effect at the time of the record date for such dividend or of the effective date of such subdivision, combination or reclassification, and the number and kind of Common Shares, or other securities, as the case may be, issuable on such date, shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive, upon payment of the Exercise Price then in effect, the aggregate number and kind of Common Shares or other securities, as the case may be, which, if such Right had been exercised immediately prior to such date and at a time when the Common Share transfer

books of the Corporation were open, such holder would have owned upon such exercise and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification. If an event occurs which would require an adjustment under both this Section 2.3 and Section 3.1 hereof, the adjustment provided for in this Section 2.3 shall be in addition to and, shall be made prior to, any adjustment required pursuant to Section 3.1 hereof.

- (b) **Adjustment to Exercise Price upon issue of rights, options and warrants.** In the event the Corporation shall at any time after the Record Time fix a record date for the issuance of rights, options or warrants to all holders of Common Shares entitling them (for a period expiring within forty-five (45) calendar days after such record date) to subscribe for or purchase Common Shares (or shares having the same rights, privileges and preferences as Common Shares (“**equivalent common shares**”)) or securities convertible into or exchangeable for or carrying a right to purchase Common Shares or equivalent common shares at a price per Common Share or per equivalent common share (or having a conversion price or exchange price or exercise price per share, if a security convertible into or exchangeable for or carrying a right to purchase Common Shares or equivalent common shares) less than ninety percent (90%) of the Market Price per Common Share on such record date, the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the number of Common Shares outstanding on such record date, plus the number of Common Shares that the aggregate offering price of the total number of Common Shares and/or equivalent common shares so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the convertible or exchangeable securities or rights so to be offered, including the price required to be paid to purchase such convertible or exchangeable securities or rights so to be offered) would purchase at such Market Price per Common Share, and the denominator of which shall be the number of Common Shares outstanding on such record date, plus the number of additional Common Shares and/or equivalent common shares to be offered for subscription or purchase (or into which the convertible or exchangeable securities are initially convertible, exchangeable or exercisable). In case such subscription price may be paid by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a certificate filed with the Rights Agent and shall be binding on the Rights Agent and the holders of the Rights. Such adjustment shall be made successively whenever such a record date is fixed and, in the event that such rights or warrants are not so issued, the Exercise Price shall be adjusted to be the Exercise Price which would then be in effect if such record date had not been fixed. For purposes of this Agreement, the granting of the right to purchase Common Shares (or equivalent common shares) (whether from treasury shares or otherwise) pursuant to any dividend or interest reinvestment plan and/or any Common Share purchase plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and/or the investment of periodic optional payments and/or employee benefit, stock option or similar plans (so long as such right to purchase is in no case evidenced by the delivery of rights or

warrants) shall not be deemed to constitute an issue of rights, options or warrants by the Corporation; provided, however, that, in the case of any dividend or interest reinvestment plan, the right to purchase Common Shares (or equivalent common shares) is at a price per share of not less than ninety percent (90%) of the current market price per share (determined as provided in such plans) of the Common Shares.

- (c) **Adjustment to Exercise Price upon Corporate Distributions.** In the event the Corporation shall at anytime after the Record Time fix a record date for a distribution to all holders of Common Shares (including any such distribution made in connection with a merger, amalgamation, arrangement, plan, compromise or reorganization in which the Corporation is the continuing or successor corporation) of evidences of indebtedness, cash (other than a regular periodic cash dividend or a regular periodic cash dividend paid in Common Shares, but including any dividend payable in securities other than Common Shares), assets or subscription rights, options or warrants (excluding those referred to in Section 2.3(b) above), the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the Market Price per Common Share on such record date, less the fair market value (as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent) of the portion of the cash, assets or evidences of indebtedness so to be distributed or of such subscription rights, options or warrants applicable to a Common Share and the denominator of which shall be such Market Price per Common Share. Such adjustments shall be made successively whenever such a record date is fixed, and in the event that such distribution is not so made, the Exercise Price shall be adjusted to be the Exercise Price which would have been in effect if such record date had not been fixed.
- (d) **De minimis threshold for adjustment to Exercise Price.** Notwithstanding anything herein to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in the Exercise Price; provided, however, that any adjustments which by reason of this Section 2.3(d) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 2.3 shall be made to the nearest cent or to the nearest one-hundredth of a Common Share or other share, as the case may be. Notwithstanding the first sentence of this Section 2.3(d), any adjustment required by this Section 2.3 shall be made no later than the earlier of (i) three (3) years from the date of the transaction which mandates such adjustment or (ii) the Expiration Time.
- (e) **Corporation may provide for alternate means of adjustment.** In the event the Corporation shall at any time after the Record Time issue any shares of capital stock (other than Common Shares), or rights or warrants to subscribe for or purchase any such capital stock, or securities convertible into or exchangeable for any such capital stock, in a transaction referred to in Sections 2.3(a)(i) or (iv) or 2.3(b) or (c) above, if the Board of Directors acting in good faith determines that

the adjustments contemplated by Sections 2.3(a), (b) and (c) above in connection with such transaction will not appropriately protect the interests of the holders of Rights, the Corporation shall be entitled to determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding Sections 2.3(a), (b) and (c) above, such adjustments, rather than the adjustments contemplated by Sections 2.3(a), (b) and (c) above, shall be made. The Corporation and the Rights Agent shall amend this Agreement as appropriate to provide for such adjustments.

- (f) **Adjustment to Rights exercisable into shares other than Common Shares.** If as a result of an adjustment made pursuant to Section 3.1 hereof, the holder of any Right thereafter exercised shall become entitled to receive any shares other than Common Shares, thereafter the number of such other shares so receivable upon exercise of any Right and the Exercise Price thereof shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Common Shares contained in Sections 2.3(a), (b), (c), (d), (e), (g), (h), (i), (j), (k) and (l) above and below, as the case may be, and the provisions of this Agreement with respect to the Common Shares shall apply on like terms to any such other shares.
- (g) **Rights to evidence right to purchase Common Shares at adjusted Exercise Price.** Each Right originally issued by the Corporation subsequent to any adjustment made to the Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Common Shares purchasable from time to time hereunder upon exercise of such Right, all subject to further adjustment as provided herein.
- (h) **Adjustment to number of Common Shares purchasable upon adjustment to Exercise Price.** Unless the Corporation shall have exercised its election as provided in Section 2.3(i) below, upon each adjustment of the Exercise Price as a result of the calculations made in Sections 2.3(b) and (c) above, each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Exercise Price, that number of Common Shares (calculated to the nearest one ten-thousandth) obtained by (A) multiplying (x) the number of shares purchasable upon exercise of a Right immediately prior to this adjustment, by (y) the Exercise Price in effect immediately prior to such adjustment of the Exercise Price, and (B) dividing the product so obtained by the Exercise Price in effect immediately after such adjustment of the Exercise Price.
- (i) **Election to adjust number of Rights upon adjustment to Exercise Price.** The Corporation shall be entitled to elect on or after the date of any adjustment of the Exercise Price to adjust the number of Rights, in lieu of any adjustment in the number of Common Shares purchasable upon the exercise of a Right. Each of the Rights outstanding after the adjustment in the number of Rights shall be exercisable for the number of Common Shares for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become that number of Rights

(calculated to the nearest one ten thousandth) obtained by dividing the Exercise Price in effect immediately prior to adjustment of the Exercise Price by the Exercise Price in effect immediately after adjustment of the Exercise Price. The Corporation shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the Exercise Price is adjusted or any day thereafter but, if Rights Certificates have been issued, shall be at least ten (10) days later than the date of the public announcement. If Rights Certificates have been issued, upon each adjustment, of the number of Rights pursuant to this Section 2.3(i), the Corporation shall, as promptly as practicable, cause to be distributed to holders of record of Rights Certificates on such record date Rights Certificates evidencing, subject to Section 5.5 hereof, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Corporation, shall cause to be distributed to such holders of record in substitution and replacement for the Rights Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, new Rights Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Rights Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein and may bear, at the option of the Corporation, the adjusted Exercise Price and shall be registered in the names of the holders of record of Rights Certificates on the record date for the adjustment specified in the public announcement.

- (j) **Rights Certificates may contain Exercise Price before adjustment.** Irrespective of any adjustment or change in the Exercise Price or the number of Common Shares issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the Exercise Price per share and the number of shares which were expressed in the initial Rights Certificates issued hereunder.
- (k) **Corporation may in certain cases defer issues of securities.** In any case in which this Section 2.3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional shares (fractional or otherwise) or securities upon the occurrence of the event requiring such adjustment.
- (l) **Corporation has discretion to reduce Exercise Price for tax reasons.** Notwithstanding anything in this Section 2.3 to the contrary, the Corporation shall be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this Section 2.3, as and to the extent that in

their good faith judgment, the Board of Directors shall determine to be advisable in order that any (A) consolidation or subdivision of the Common Shares, (B) issuance of any Common Shares at less than the Market Price, (C) issuance of securities convertible into or exchangeable for Common Shares, (D) stock dividends or (E) issuance of rights, options or warrants, referred to in this Section 2.3 hereafter made by the Corporation to holders of its Common Shares, shall not be taxable to such shareholders.

- (m) **Notification of Rights Agent.** Whenever an adjustment to the Exercise Price or a change in the securities purchasable upon exercise of the Rights is made at any time after the Separation Time pursuant to this Section 2.3, the Corporation shall promptly:
  - (i) file with the Rights Agent and with the transfer agent for the Common Shares a certificate specifying the particulars of such adjustment or change; and
  - (ii) cause notice of the particulars of such adjustment or change to be given to the holders of the Rights; provided that failure to file such certificate or cause such notice to be given as aforesaid, or any defect therein, shall not affect the validity of any such adjustment or change.
- (n) If an event occurs which would require an adjustment under both this Section 2.3 and Section 3.1 hereof, the adjustment provided for in this Section 2.3 shall be in addition to, and shall be made prior to, any adjustment required pursuant to Section 3.1 hereof.

#### **2.4 Date on Which Exercise is Effective.**

Each person in whose name any certificate for Common Shares is issued upon the exercise of Rights, shall for all purposes be deemed to have become the holder of record of the Common Shares represented thereby on, and such certificate shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered (together with a duly completed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the Common Share transfer books of the Corporation are closed, such person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the Common Share transfer books of the Corporation are open.

#### **2.5 Execution, Authentication, Delivery and Dating of Rights Certificates**

- (1) The Rights Certificates shall be executed on behalf of the Corporation by its Chairman, Chief Executive Officer or Chief Financial Officer under its corporate seal reproduced thereon attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Corporation shall bind the Corporation, notwithstanding

that such individuals or any of them have ceased to hold such offices prior to the countersignature and delivery of such Rights Certificates.

- (2) Promptly after the Corporation learns of the Separation Time, the Corporation will notify the Rights Agent of such Separation Time and will deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature and a disclosure statement as described in Section 2.2(3), and the Rights Agent shall manually countersign and send such Rights Certificates and disclosure statement to the holders of the Rights pursuant to Section 2.2(3) hereof. No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.
- (3) Each Rights Certificate shall be dated the date of countersignature thereof.

## **2.6 Registration, Registration of Transfer and Exchange**

- (1) The Corporation will cause to be kept a register (the “**Rights Register**”) in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed “**Rights Registrar**” for the purpose of maintaining the Rights Register for the Corporation and registering Rights and transfers of Rights as herein provided. In the event that the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times. After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate and subject to the provisions of Section 2.6(3) below and the other provisions of this Agreement, the Corporation will execute and the Rights Agent will countersign, register and deliver, in the name of the holder or the designated transferee or transferees as required pursuant to the holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.
- (2) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be the valid obligations of the Corporation, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.
- (3) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Corporation or the Rights Agent, as the case may be, duly executed by the registered holder thereof or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.6, the Corporation or the Rights Agent may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and the Corporation may require payment of a sum sufficient to cover any other expenses (including the fees and expenses of the Rights Agent) in connection therewith.

## **2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates**

- (1) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Corporation shall execute and the Rights Agent shall countersign

and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.

- (2) If there shall be delivered to the Corporation and the Rights Agent prior to the Expiration Time (i) evidence to their reasonable satisfaction of the destruction, loss or theft of any Rights Certificate, and (ii) such indemnity or other security as may be required by each of them, in their sole discretion, to save each of them and any of their agents harmless then, in the absence of notice to the Corporation or the Rights Agent that such Rights Certificate has been acquired by a bona fide purchaser, the Corporation shall execute and upon its request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.
- (3) As a condition to the issuance of any new Rights Certificate under this Section 2.7, the Corporation or the Rights Agent may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and the Corporation may require payment of a sum sufficient to cover any other expenses (including the fees and expenses of the Rights Agent) in connection therewith.
- (4) Every new Rights Certificate issued pursuant to this Section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence an original additional contractual obligation of the Corporation, whether or not the destroyed lost or stolen Rights Certificate shall be at any time enforceable by anyone, and the holder thereof shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other holders of Rights duly issued by the Corporation.

## **2.8 Persons Deemed Owners**

Prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent shall be entitled to deem and treat the person in whose name a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term “**holder**” of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated Common Shares).

## **2.9 Delivery and Cancellation of Rights Certificates**

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Corporation may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Corporation may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided in this Section 2.9 except as expressly permitted by this Agreement. The Rights Agent shall, subject to applicable laws, destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Corporation on request.

## **2.10 Agreement of Rights Holders**

Every holder of Rights, by accepting the same, consents and agrees with the Corporation and the Rights Agent and with every other holder of Rights:

- (a) to be bound by and subject to the provisions of this Agreement, as amended or supplemented from time to time in accordance with the terms hereof, in respect of all Rights held;
- (b) that prior to the Separation Time each Right will be transferable only together with, and will be transferred by a transfer of, the Common Share certificate representing such Right;
- (c) that after the Separation Time, the Rights Certificates will be transferable only on the Rights Register as provided herein;
- (d) that prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent shall be entitled to deem and treat the person in whose name the Rights Certificate (or prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Common Share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;
- (e) that such holder of Rights has waived his right to receive any fractional Rights or any fractional shares upon exercise of Right;
- (f) that, in accordance with Section 5.4 hereof, without the approval of any holder of Rights and upon the sole authority of the Board of Directors acting in good faith this Agreement may be supplemented or amended from time to time pursuant to and as provided herein; and
- (g) that notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation, or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation.

## **2.11 Rights Certificate Holder not Deemed a Shareholder**

No holder, as such, of any Rights or Rights Certificate shall be entitled to vote, receive dividends or be deemed for any purpose whatsoever the holder of any Common Share or any other share or security of the Corporation which may at any time be issuable on the exercise of the Rights

represented thereby, nor shall anything contained herein or in any Rights Certificate be construed or deemed to confer upon the holder of any Right or Rights Certificate, as such, any of the rights, titles, benefits or privileges of a holder of Common Shares or any other shares or securities of the Corporation or any right to vote at any meeting of shareholders of the Corporation whether for the election of directors or otherwise or upon any matter submitted to holders of shares of the Corporation at any meeting thereof, or to give or withhold consent to any action of the Corporation, or to receive notice of any meeting or other action affecting any holder of Common Shares or any other shares or securities of the Corporation except as expressly provided herein, or to receive dividends, distributions or subscription rights, or otherwise, until the Right or Rights evidenced by Rights Certificates shall have been duly exercised in accordance with the terms and provisions hereof.

### **ARTICLE 3**

#### **ADJUSTMENTS TO THE RIGHTS IN THE EVENT OF CERTAIN TRANSACTIONS**

##### **3.1 Flip-in Event**

- (1) Subject to Section 3.1(2) below, and Sections 5.1(2), (3) and (4) hereof, in the event that prior to the Expiration Time a Flip-in Event shall occur, the Corporation shall take such action as may be necessary to ensure and provide within eight (8) Business Days of such occurrence, or such longer period as may be required to satisfy all applicable requirements of the Securities Act (Ontario), and the securities legislation of each other province of Canada, and any other applicable law, rule or regulation that, except as provided below, each Right shall thereafter constitute the right to purchase from the Corporation upon exercise thereof in accordance with the terms hereof that number of Common Shares of the Corporation having an aggregate Market Price on the date of the occurrence of such Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such Right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in the event that after such date of occurrence an event of a type analogous to any of the events described in Section 2.3 hereof shall have occurred with respect to such Common Shares).
- (2) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are Beneficially Owned by (i) an Acquiring Person, or any Affiliate or Associate of an Acquiring Person, or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of such Acquiring Person, or any Affiliate or Associate of such Person so acting jointly or in concert, or (ii) a transferee or other successor in title of Rights, directly or indirectly, of an Acquiring Person (or of any Affiliate or Associate of an Acquiring Person) or of any Person acting jointly or in concert with an Acquiring Person or any Associate or Affiliate of an Acquiring Person (or of any Affiliate or Associate of such Person so acting jointly or in concert) who becomes a transferee or successor in title concurrently with or subsequent to the Acquiring Person becoming such, shall become null and void without any further action, and any holder of such Rights (including transferees or successors in title) shall not have any rights whatsoever to exercise such Rights under any provision of this Agreement and shall not have thereafter any other rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise.

- (3) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either clause 3.1(2)(i) or (ii), and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain the following legend:

The Rights represented by this Rights Certificate were issued to a Person who was an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (all capitalized terms used herein have the meaning given to such terms in the Shareholder Rights Plan Agreement, dated April 8, 2013, as amended and restated from time to time, (the “**Rights Agreement**”)) or a Person who was acting jointly or in concert with an Acquiring Person (including, without limitation, a Person who has entered into an agreement or arrangement to sell Common Shares to an Acquiring Person). This Rights Certificate and the Rights represented hereby are void or shall become void in the circumstances specified in Section 3.1(2) of the Rights Agreement.

provided, however, that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall be required to impose such legend only if instructed to do so in writing by the Corporation or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not a Person described in such legend. This issuance of a Rights Certificate without the legend referred to in this Section 3.1(3) shall have no effect on the provisions of Section 3.1.

### **3.2 Fiduciary Duties of the Board of Directors of the Corporation**

For clarification, it is understood that nothing contained in this Article 3 shall be considered to affect the obligations of the Board of Directors to exercise its fiduciary duties. Without limiting the generality of the foregoing, nothing contained herein shall be construed to suggest or imply that the Board of Directors shall not be entitled to recommend that holders of the Voting Shares reject or accept any Take-over Bid or take any other action including, without limitation, the commencement, prosecution, defence or settlement of any litigation and the submission of additional or alternative Take-over Bids or other proposals to the shareholders of the Corporation with respect to any Take-over Bid or otherwise that the Board of Directors believes is necessary or appropriate in the exercise of its fiduciary duties.

## **ARTICLE 4 THE RIGHTS AGENT**

### **4.1 General**

- (1) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint such co-Rights Agents as it may deem necessary or desirable, subject to the prior approval of the Rights Agent. In the event the Corporation appoints one or more co-Rights Agents, the respective duties of the Rights Agents and co-Rights Agents shall be as the Corporation

may determine, with the approval of the Rights Agent. The Corporation agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses (including reasonable counsel fees and disbursements) incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Corporation also agrees to indemnify the Rights Agent, its officers, directors and employees for, and to hold such persons harmless against, any loss, liability, cost, claim, action, suit, damage, or expense incurred (that is not the result of gross negligence, bad faith or wilful misconduct on the part of any one or all of the Rights Agent, its officers, directors or employees) for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement or the resignation or removal of the Rights Agent.

- (2) The Rights Agent shall be protected from and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any certificate for Common Shares or any Rights Certificate or certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.
- (3) The Corporation shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and at any time, upon request, shall provide to the Rights Agent an incumbency certificate certifying the then current officers of the Corporation.

#### **4.2 Merger or Amalgamation or Change of Name of Rights Agent**

- (1) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation, statutory arrangement or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any corporation succeeding to the shareholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 4.4 hereof. In case at the time such successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.

- (2) In case at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

#### **4.3 Duties of Rights Agent**

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, to all of which the Corporation and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

- (a) The Rights Agent may retain and consult with legal counsel (who may be legal counsel for the Corporation) and the opinion of such counsel will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted to be taken by it in good faith and in accordance with such opinion. Subject to the prior written consent of the Corporation, which consent shall not be unreasonably withheld, the Rights Agent may also consult with such other experts as the Rights Agent shall consider necessary or appropriate to properly carry out the duties and obligations imposed under this Agreement (at the expense of the Corporation) and the Rights Agent shall be entitled to act and rely in good faith on the advice of any such expert.
- (b) Whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proven and established by a certificate signed by a person believed by the Rights Agent to be the Chairman of the Board, the Chief Executive Officer or the Chief Financial Officer of the Corporation and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.
- (c) The Rights Agent will be liable hereunder for its gross negligence, bad faith or wilful misconduct.
- (d) The Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Common Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only.
- (e) The Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Common Share certificate or Rights Certificate (except its

countersignature thereof); nor will it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 3.1(2) hereof) or any adjustment required under the provisions of Section 2.3 hereof or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 hereof describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Common Shares will, when issued, be duly and validly authorized, executed, issued and delivered or fully paid and non-assessable.

- (f) The Corporation agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged, and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.
- (g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any person designated in writing by the Corporation (email shall suffice) and to apply to such persons for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such person. It is understood that instructions to the Rights Agent shall, except where circumstances make it impracticable or the Rights Agent otherwise agrees, be given in writing and, where not in writing, such instructions shall be confirmed in writing as soon as reasonably possible after the giving of such instructions.
- (h) Subject to applicable law, the Rights Agent and any shareholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Common Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity.
- (i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or, with the prior written consent of the Corporation, by or through its attorneys or agents. The Rights Agent will not be answerable or accountable for any act, omission, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, omission, default, neglect or misconduct,

provided the prior written consent of the Corporation was obtained and reasonable care was exercised in the selection and continued employment thereof.

#### **4.4 Change of Rights Agent**

The Rights Agent may resign and be discharged from its duties under this Agreement upon sixty (60) days' notice (or such lesser notice as is acceptable to the Corporation) in writing mailed to the Corporation and to each transfer agent of Voting Shares of the Corporation by registered or certified mail, and to the holders of the Rights in accordance with Section 5.8 hereof (all of which shall be at the expense of the Corporation). The Corporation may remove the Rights Agent upon sixty (60) days' notice in writing, mailed to the Rights Agent and to each transfer agent of the Voting Shares of the Corporation by registered or certified mail and to the holders of the Rights in accordance with Section 5.8 hereof. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Corporation will appoint a successor to the Rights Agent. If the Corporation fails to make such appointment within a period of sixty (60) days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate for inspection by the Corporation), then the Rights Agent or the holder of any Rights may apply to any court of competent jurisdiction for the appointment of a new Rights Agent at the Corporation's expense. Any successor Rights Agent, whether appointed by the Corporation or by such a court, shall be a corporation incorporated under the laws of Canada or a province thereof. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent, upon receiving from the Corporation payment in full of all amounts outstanding under this Agreement, shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Corporation will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Voting Shares of the Corporation, and mail a notice thereof in writing to the holders of the Rights. The cost of giving any notice required under this Section 4.4 shall be borne solely by the Corporation. Failure to give any notice provided for in this Section 4.4 however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

### **ARTICLE 5 MISCELLANEOUS**

#### **5.1 Redemption and Waiver**

- (1) Subject to the prior consent of the holders of Voting Shares or Rights, the Board of Directors acting in good faith may, at any time prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 has not been waived pursuant to the provisions of this Section 5.1, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.00001 per Right appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in the event that an event of the type described in Section 2.3 hereof shall have occurred (such redemption price being herein referred to as the "**Redemption Price**").

- (2) Subject to the prior consent of the holders of Voting Shares, the Board of Directors may, at any time prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 hereof has not been waived pursuant to this Section 5.1, if such Flip-in Event would occur by reason of an acquisition of Voting Shares otherwise than pursuant to a Take-over Bid made by means of a Take-over Bid circular to all registered holders of Voting Shares and otherwise than in the circumstances set forth in Section 5.1(4) hereof, waive the application of Section 3.1 hereof to such Flip-in Event. In such event, the Board of Directors shall extend the Separation Time to a date at least ten (10) Business Days subsequent to the meeting of shareholders called to approve such waiver.
- (3) The Board of Directors acting in good faith, may, prior to the occurrence of a Flip-in Event, and upon prior written notice delivered to the Rights Agent, determine to waive the application of Section 3.1 hereof to a Flip-in Event that may occur by reason of a Take-over Bid made by means of a Take-over Bid circular to all registered holders of Voting Shares; provided that if the Board of Directors waives the application of Section 3.1 hereof to a particular Flip-in Event pursuant to this Section 5.1(3), the Board of Directors shall be deemed to have waived the application of Section 3.1 hereof to any other Flip-in Event occurring by reason of any Take-over Bid made by means of a Take-over Bid circular to all registered holders of Voting Shares prior to the expiry of any Take-over Bid in respect of which a waiver is, or is deemed to have been granted, pursuant to this Section 5.1(3).
- (4) The Board of Directors acting in good faith may, in respect of a Flip-in Event, waive or agree to waive the application of Section 3.1 hereof to that Flip-in Event, provided that both of the following conditions are satisfied:
  - (a) the Board of Directors has determined that a Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that Person would become, an Acquiring Person; and
  - (b) such Acquiring Person has reduced its Beneficial Ownership of Voting Shares (or has entered into a contractual arrangement with the Corporation, acceptable to the Board of Directors, to do so within thirty (30) days of the date on which such contractual arrangement is entered into) such that at the time the waiver becomes effective pursuant to this Section 5.1(4) it is no longer an Acquiring Person; and in the event of such a waiver, for the purposes of this Agreement, the Flip-in Event shall be deemed never to have occurred.
- (5) Where a Person acquires pursuant to a Permitted Bid, a Competing Permitted Bid or an Exempt Acquisition under Section 5.1(3) above, outstanding Voting Shares, then the Corporation shall immediately upon the consummation of such acquisition redeem the Rights at the Redemption Price.
- (6) If the Corporation is obligated under Section 5.1(5) above to redeem the Rights, or if the Board of Directors elects under Section 5.1(1) above or Section 5.1(8) below to redeem the Rights, the right to exercise the Rights will thereupon, without further action and without notice, terminate and each Right will after redemption be null and void and the only right thereafter of the holders of Rights shall be to receive the Redemption Price.

- (7) Within ten (10) days after the Corporation is obligated under Section 5.1(5) above to redeem the Rights, or the Board of Directors elects under Section 5.1(1) above or Section 5.1(8) below to redeem the Rights, the Corporation shall give notice of redemption to the holders of the then outstanding Rights by mailing such notice to all such holders at their last address as they appear upon the Rights Register or, prior to the Separation Time, on the registry books of the transfer agent for the Common Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. The Corporation may not redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 5.1 and other than in connection with the purchase of Common Shares prior to the Separation Time.
- (8) Where a Take-over Bid that is not a Permitted Bid is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price.
- (9) Notwithstanding the Rights being redeemed pursuant to Section 5.1(8) above, all the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and Rights Certificates representing the number of Rights held by each holder of record of Common Shares as of the Separation Time had not been mailed to each such holder and for all purposes of this Agreement the Separation Time shall be deemed not to have occurred and the Rights shall remain attached to outstanding Voting Shares, subject to and in accordance with the provisions of this Agreement.

## **5.2 Expiration**

No person shall have any rights whatsoever pursuant to or arising out of this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in Section 4.1(1) hereof.

## **5.3 Issuance of New Rights Certificates**

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Corporation may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by its Board of Directors to reflect any adjustment or change in the number or kind or class of shares purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

## **5.4 Supplements and Amendments**

- (1) The Corporation may, prior to any shareholders' meeting called to approve this Agreement, supplement or amend this Agreement without the approval of any holder of Rights or Voting Shares. Thereafter, the Corporation may from time to time supplement or amend this Agreement without the approval of any holders of Rights or Voting Shares to correct any clerical or typographical error or to maintain the validity of the Agreement as a result of a change in any applicable legislation or regulations or rules thereunder. Notwithstanding anything in this Section 5.4 to the contrary, no supplement or

amendment shall be made to the provisions of Article 4 hereof except with the written concurrence of the Rights Agent to such supplement or amendment.

- (2) Subject to Section 5.4(1) above, the Corporation may, with the prior consent of the holders of the Voting Shares obtained as set forth below, at any time prior to the Separation Time amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if provided by the holders of Voting Shares at a meeting of the holders of Voting Shares, which meeting shall be called and held in compliance with applicable laws and regulatory requirements and the requirements in the articles and by-laws of the Corporation. Subject to compliance with any requirements imposed by the foregoing, consent shall be deemed to have been given if the proposed amendment, variation or revision is approved by the affirmative vote of a majority of the votes cast by all holders of Voting Shares (other than any holder of Voting Shares who is an Offeror pursuant to a Take-over Bid that is not a Permitted Bid or Competing Permitted Bid with respect to all Voting Shares Beneficially Owned by such Person), represented in person or by proxy at the meeting.
- (3) Subject to Section 5.4(1) above, the Corporation may, with the prior consent of the holders of Rights, at any time after the Separation Time and before the Expiration Time, amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally).
- (4) Any approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are void pursuant to the provisions hereof) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Corporation's by-laws and the Business Corporations Act (Ontario) with respect to a meeting of shareholders of the Corporation.
- (5) The Corporation shall be required to provide the Rights Agent with notice in writing of any such amendment, variation or deletion to this Agreement as referred to in this Section 5.4 within 5 days of effecting such amendment, variation or deletion.
- (6) Any supplements or amendments made by the Corporation to this Agreement pursuant to Section 5.4(1) above which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation or regulations or rules thereunder shall:
  - (a) if made before the Separation Time, be submitted to the shareholders of the Corporation at the next meeting of shareholders and the shareholders may, by the majority referred to in Section 5.4(2) above confirm or reject such amendment; and
  - (b) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next

meeting of shareholders of the Corporation and the holders of Rights may, by resolution passed by the majority referred to in Section 5.4(4) above, confirm or reject such amendment. A supplement or amendment of the nature referred to in this Section 5.4(6) shall be effective from the date of the resolution of the Board of Directors adopting such supplement or amendment until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such supplement or amendment is confirmed, it continues in effect in the form so confirmed. If such supplement or amendment is rejected by the shareholders or the holders of Rights or is not submitted to the shareholders or holders of Rights as required, then such supplement or amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the Board of Directors to amend, vary or delete any provision of this Agreement to substantially the same effect shall be effective until confirmed by the shareholders or holders of Rights, as the case may be.

### **5.5 Fractional Rights and Fractional Shares**

- (1) The Corporation shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. Any such fractional Right shall be null and void and the Corporation will not have any obligation or liability in respect thereof.
- (2) The Corporation shall not be required to issue fractions of Common Shares or other securities upon exercise of the Rights or to distribute certificates which evidence fractional Common Shares or other securities. In lieu of issuing fractional Common Shares or other securities, the Corporation shall pay to the registered holders of Rights Certificates at the time such Rights are exercised as herein provided, an amount in cash equal to the same fraction of the Market Price of one Common Share. The Rights Agent shall have no obligation to make any payments in lieu of fractional Common Shares unless the Corporation shall have provided the Rights Agent with the necessary funds to pay in full all amounts payable in accordance with Section 2.2(5).

### **5.6 Rights of Action**

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective registered holders of the Rights; and any registered holder of any Rights, without the consent of the Rights Agent or of the registered holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce such holder's right to exercise such holder's Rights in the manner provided in such holder's Rights Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this Agreement.

## **5.7 Notice of Proposed Actions**

In case the Corporation shall propose after the Separation Time and prior to the Expiration Time to effect the liquidation, dissolution or winding-up of the Corporation or the sale of all or substantially all of the Corporation's assets, then, in each such case, the Corporation shall give to each holder of a Right, in accordance with Section 5.8 hereof, a notice of such proposed action, which shall specify the date on which such liquidation, dissolution, winding up, or sale is to take place, and such notice shall be so given at least twenty (20) Business Days prior to the date of taking of such proposed action.

## **5.8 Notices**

- (1) Notices or demands authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the Corporation shall be sufficiently given or made if delivered by facsimile transmission or sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

YANGAROO INC.  
18 Mowat Avenue  
Toronto, ON M6K 3E8

Attention: President  
Facsimile No.: (416) 534-9427

- (2) Any notice or demand authorized or required by this Agreement to be given or made by the Corporation or by the holder of any Rights to or on the Rights Agent shall be sufficiently given or made if delivered by facsimile transmission or sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Corporation) as follows:

Equity Financial Trust Company  
200 University Avenue, Suite 400  
Toronto ON M5H 4H1

Attention: Manager, Corporate Trust Department  
Facsimile No.: (416) 361-0470

- (3) Notices or demands authorized or required by this Agreement to be given or made by the Corporation or the Rights Agent to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the Rights Register or, prior to the Separation Time, on the registry books of the transfer agent for the Common Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice.

## **5.9 Successors**

All the covenants and provisions of this Agreement by or for the benefit of the Corporation or the Rights Agent shall bind and enure to the benefit of their respective successors and assigns hereunder.

## **5.10 Benefits of this Agreement**

Nothing in this Agreement shall be construed to give to any Person other than the Corporation, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Corporation, the Rights Agent and the holders of the Rights.

## **5.11 Governing Law**

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Ontario and the law of Canada applicable therein and for all purposes shall be governed by and construed in accordance with the laws of such province.

## **5.12 Severability**

If any Section, Clause, term or provision hereof or the application thereof to any circumstances or any right hereunder shall, in any jurisdiction and to any extent, be invalid or unenforceable, such Section, Clause, term or provision or such right shall be ineffective only in such jurisdiction and to the extent of such invalidity or unenforceability in such jurisdiction without invalidating or rendering unenforceable or ineffective the remaining Sections, Clauses, terms and provisions hereof or rights hereunder in such jurisdiction or the application of such Section, Clause, term or provision or rights hereunder in any other jurisdiction or to circumstances other than those as to which it is specifically held invalid or unenforceable.

## **5.13 Effective Date**

This Agreement is effective and in full force and effect in accordance with its terms and conditions as of and from the date of this Agreement (the “**Effective Date**”). If this Agreement is not confirmed by a majority of the votes cast by holders of Voting Shares permitted to vote on a resolution under Section 5.4 or the confirmation of this Agreement, at a meeting to be held no later than 6 months from the date of this Agreement then this Agreement and any then outstanding Rights will be of no further force and effect from the earlier of the close of business on the date immediately following the date of the meeting and the close of business on the date which is 6 months from the date of this Agreement.

At the annual meeting of the shareholders of the Corporation held in 2016 and every third anniversary thereafter, the Board of Directors may submit a resolution ratifying the continued existence of this Agreement (as it may be amended or restated) to the Independent Shareholders for their consideration and approval. If no such resolution is submitted to any such meeting or the resolution is not passed by a majority of the votes cast by Independent Shareholders present in person or voting by proxy, then immediately following the meeting if no such resolution was submitted or upon confirmation by the chair of such meeting of the result of the vote on such resolution, without further formality, the Rights Plan, this Agreement and all outstanding rights

shall terminate and be void and of no further force and effect; provided that termination shall not occur if a Flip-in Event has occurred (other than a Flip-in Event in respect of which the application of Section 3.1 has been waived pursuant to Section 5.1) prior to the time at which this Agreement would otherwise terminate pursuant to this section 5.13.

#### **5.14 Determinations and Actions by the Board of Directors**

All actions, calculations and determinations (including all omissions with respect to the foregoing) which are done or made by the Board of Directors, in good faith, in relation to or in connection with this Agreement, shall not subject the Board of Directors or any director of the Corporation to any liability to the holders of the Rights.

#### **5.15 Rights of Board, Corporation and Offeror**

Without limiting the generality of the foregoing, nothing contained herein shall be construed to suggest or imply that the Board of Directors shall not be entitled to recommend that holders of Voting Shares reject or accept any Take-over Bid or take any other action (including, without limitation, the commencement, prosecution, defence or settlement of any litigation and the submission of additional or alternative Takeover Bids or other proposals to the holders of Voting Shares of the Corporation) with respect to any Takeover Bid or otherwise that the Board of Directors believes is necessary or appropriate in the exercise of its fiduciary duties.

#### **5.16 Regulatory Approvals**

This Agreement shall be subject in any jurisdiction to the receipt of any required prior or subsequent approval or consent from any governmental or regulatory authority in such jurisdiction including any securities regulatory authority or stock exchange.

#### **5.17 Declaration as to Non-Canadian Holders**

If in the opinion of the Board of Directors (who may rely upon the advice of counsel) any action or event contemplated by this Agreement would require compliance with the securities laws or comparable legislation of a jurisdiction outside Canada, the Board of Directors acting in good faith may take such actions as it may deem appropriate to ensure such compliance. In no event shall the Corporation or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to Persons who are citizens, residents or nationals of any jurisdiction other than Canada, the United States or the United Kingdom in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes, or (until such notice is given as required by law) without advance notice to any regulatory or self-regulatory body.

#### **5.18 Time of the Essence**

Time shall be of the essence in this Agreement.

**5.19 Execution in Counterparts**

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

**IN WITNESS WHEREOF**, the parties have executed this Agreement.

**YANGAROO INC.**

Per: \_\_\_\_\_  
Cliff Hunt, Authorized Signing Officer

Per: \_\_\_\_\_  
Gary Moss, Authorized Signing Officer

**EQUITY FINANCIAL TRUST COMPANY**

Per: \_\_\_\_\_  
Authorized Signing Officer

Per: \_\_\_\_\_  
Authorized Signing Officer

**SCHEDULE “2.2(3)”  
FORM OF RIGHTS CERTIFICATE**

Certificate No. \_\_\_\_\_ Rights \_\_\_\_\_

**THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE CORPORATION, ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SECTION 3.1(2) OF THE RIGHTS AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON, ANY PERSON ACTING JOINTLY OR IN CONCERT WITH AN ACQUIRING PERSON OR THEIR RESPECTIVE ASSOCIATES AND AFFILIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) AND THEIR RESPECTIVE TRANSFEREES SHALL BECOME VOID WITHOUT ANY FURTHER ACTION.**

**RIGHTS CERTIFICATE**

This certifies that \_\_\_\_\_ is the registered holder of the number of Rights set forth above each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Shareholder Rights Plan Agreement dated April 8, 2013, as amended and restated from time to time (the “**Rights Agreement**”), between YANGAROO INC., a corporation incorporated under the laws of Canada (the “**Corporation**”), and Equity Financial Trust Company, a trust company existing under the laws of Canada, as rights agent (the “**Rights Agent**”, which term shall include any successor Rights Agent under the Rights Agreement) to purchase from the Corporation at any time after the Separation Time (as such term is defined in the Rights Agreement) and prior to the Expiration Time (as such term is defined in the Rights Agreement) (or such earlier expiration time as is provided in the Rights Agreement) one fully paid and non-assessable Common Share of the Corporation (a “**Common Share**”) at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate together with the Form of Election to Exercise duly executed and submitted to the Rights Agent at its principal offices in the City of Toronto. The Exercise Price shall initially be \$10.00 (Canadian) per Right payable by certified cheque, bankers’ draft or money order payable to the order of the Corporation, and shall be subject to adjustment in certain events as provided in the Rights Agreement.

In certain circumstances described in the Rights Agreement, each Right evidenced hereby may entitle the registered holder thereof to purchase or receive assets, debt securities or other equity securities of the Corporation (or a combination thereof) all as provided in the Rights Agreement.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Corporation and the holders of the Rights. Copies of the Rights Agreement are on file at the principal executive offices of the Corporation and are available upon written request.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights

entitling the holder to purchase a like aggregate number of Common Shares as the Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised. Subject to the provisions of the Rights Agreement, the Rights evidenced by this Rights Certificate may be, and under certain circumstances are required to be, redeemed by the Corporation at a redemption price of \$0.00001 per Right.

No fractional Common Shares will be issued upon the exercise of any Right or Rights evidenced hereby.

No holder of this Rights Certificate, as such, shall be entitled to vote, receive dividends or be deemed for any purpose the holder of Common Shares or of any other securities of the Corporation which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof any of the rights of a shareholder of the Corporation or any right to vote for the election of directors or upon any matter submitted to shareholders of the Corporation at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders of the Corporation (except as expressly provided in the Rights Agreement), or to receive dividends, distributions or subscription rights, or otherwise until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been manually countersigned by the Rights Agent.

**WITNESS** the facsimile signature of the proper officers of the Corporation.

Dated April 8, 2013

**YANGAROO INC.**

Per: \_\_\_\_\_  
Cliff Hunt, Authorized Signing Officer

Per: \_\_\_\_\_  
Gary Moss, Authorized Signing Officer

**COUNTERSIGNED AND REGISTERED BY:  
EQUITY FINANCIAL TRUST COMPANY**

Per: \_\_\_\_\_  
Authorized Signing Officer

Per: \_\_\_\_\_  
Authorized Signing Officer

(To be attached to each Rights Certificate)

**FORM OF ELECTION TO EXERCISE**

**TO: YANGAROO INC.**

The undersigned hereby irrevocably elects to exercise \_\_\_\_\_ whole Rights represented by the attached Rights Certificate to purchase the Common Shares issuable upon the exercise of such Rights and requests that certificates for such Shares be issued to:

\_\_\_\_\_  
(NAME)

\_\_\_\_\_  
(ADDRESS)

\_\_\_\_\_  
(CITY AND STATE OR PROVINCE)

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

\_\_\_\_\_  
(NAME)

\_\_\_\_\_  
(ADDRESS)

\_\_\_\_\_  
(CITY AND STATE OR PROVINCE)

\_\_\_\_\_  
(SOCIAL INSURANCE, SOCIAL SECURITY OR OTHER TAXPAYER NUMBER)

Dated \_\_\_\_\_

Signature Guaranteed

\_\_\_\_\_  
Signature

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Signature must be guaranteed by a Canadian Schedule 1 chartered bank or an eligible guarantor institution with membership in an approved Signature Guarantee Medallion Program.

**To be completed if true**

The undersigned hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or any Person acting jointly or in consent with any of the foregoing or any Affiliate or Associate of such Person (as defined in the Rights Agreement).

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Signature

**NOTICE**

In the event the certification set forth in the Form of Election to Exercise is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and accordingly such Rights shall be null and void.

**FORM OF ASSIGNMENT**

(To be executed by the registered holder if such holder desires to transfer the Rights Certificate)

FOR VALUE RECEIVED \_\_\_\_\_ hereby sells,  
assigns and transfers unto \_\_\_\_\_

(Please print name and address of transferee)

the Rights represented by this Rights Certificate, together with all right, title and interest therein and does hereby irrevocably constitute and appoint \_\_\_\_\_ as attorney to transfer the within Rights on the books of the Corporation, with full power of substitution.

Dated \_\_\_\_\_

Signature Guaranteed

\_\_\_\_\_  
Signature

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Signature must be guaranteed by a Canadian Schedule 1 chartered bank or an eligible guarantor institution with membership in an approved Signature Guarantee Medallion Program.

**To be completed if true**

The undersigned hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or any Person acting jointly or in consent with any of the foregoing (as defined in the Rights Agreement).

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Signature

## **NOTICE**

In the event the certification set forth in the Form of Assignment is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and accordingly such Rights shall be null and void.