



# 2014

## Management Proxy Circular

Notice of 2014 annual general and special meeting  
of shareholders to be held on September 19, 2014

August 19, 2014

Wellgreen Platinum Ltd.  
Suite 1128, 1090 West Georgia Street  
Vancouver, BC, Canada V6E 3V7  
(604) 569.3690  
[info@wellgreenplatinum.com](mailto:info@wellgreenplatinum.com)  
[www.wellgreenplatinum.com](http://www.wellgreenplatinum.com)

Based in Vancouver, Canada, Wellgreen Platinum Ltd. is a Canadian exploration & development company focused on the acquisition and development of platinum group metals (PGM) projects in politically stable, mining-friendly jurisdictions.

One of the largest undeveloped PGM-nickel-copper deposits outside southern Africa or Russia, our 100% owned flagship Wellgreen project located in Canada's mining-friendly Yukon Territory is 14 kilometres by all-weather road from the paved Alaska Highway leading to deep sea ports in Haines and Skagway, Alaska.

Our experienced management team has a track record of successful, large-scale project discovery, development, operations and financing, combined with an entrepreneurial approach to sustainability and collaboration with First Nations and communities, and is focused on advancing the Wellgreen project towards production.

Our shares are listed on the TSX Venture Exchange (the "TSXV") under the symbol "WG" and on the US OTC-QX market under the symbol "WGPLF".

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Dear Shareholder:

It is my pleasure to invite you to our 2014 annual general and special meeting of shareholders on Friday, September 19, 2014 at 10:00 a.m. (Pacific Standard Time) (the “**Meeting**”). The Meeting will be held at the offices of our legal counsel, Cassels Brock & Blackwell LLP, at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia.

The Meeting is your opportunity to vote on various items of business, meet our board of directors and management team, and hear first-hand about our operations, our performance over the past year and our future plans. Please take some time to read the accompanying management proxy circular because it includes important information about the Meeting, voting, the nominated directors, our governance practices and how we compensate our executives and directors.

**Your vote is very important. You can vote online or by phone, fax, mail, or in person at the Meeting.**

*If you have any questions and/or need assistance in voting your shares, please contact Chris Ackerman, Manager, Corporate Communications at 604-569-3634 or at 1-888-715-7528.*

Thank you for your continued support as we move our company forward.

Yours sincerely,

*“Greg Johnson”*

Greg Johnson  
President, Chief Executive Officer and Director

Vancouver, British Columbia  
August 19, 2014

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TSX-V: WG | OTC-QX: WGPLF

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Suite 1128 – 1090 West Georgia Street  
Vancouver, BC V6E 3V7, Canada



## Notice of 2014 annual general and special meeting of shareholders

### When

Friday, September 19, 2014 at 10:00 a.m. (Pacific Standard Time)

### Where

At the offices of our legal counsel, Cassels Brock & Blackwell LLP, at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia.

We will cover eight items of business at our 2014 annual general and special meeting (the “**Meeting**”):

1. Receive our audited consolidated financial statements for the financial year ended December 31, 2013 and the auditor’s report thereon;
2. Fix the number of directors at five for the ensuing year;
3. Elect five directors to our board to hold office for the ensuing year;
4. Re-appoint Manning Elliott LLP as our independent auditor for the ensuing year and authorize the directors to set the auditor’s pay;
5. Approve a shareholder rights plan;
6. Vote on whether to approve amendments that were made in November 2012 in respect of certain stock options held by Mr. John Lee, the former CEO and a former director of the Company;
7. Vote to approve amending the expiration date of all fully vested and unexercised stock options held by Mr. Lee immediately following the date of the Meeting to December 19, 2014; and
8. Other business properly brought before the Meeting.

### Your vote is important

You’re entitled to receive this notice and to vote at the Meeting if you held common shares of Wellgreen Platinum Ltd. as of the close of business on August 11, 2014 (the record date for the Meeting).

The accompanying management proxy circular contains important information about the Meeting, who can vote and how to vote. Please read it carefully.

By order of the Board of Directors,

*“Greg Johnson”*

Greg Johnson  
President, Chief Executive Officer and Director

Vancouver, British Columbia  
August 19, 2014



### 2014 Management proxy circular

You have received this management proxy circular (the “**Circular**”) because our records indicate you held common shares (“**Common Shares**”) of Wellgreen Platinum Ltd. (“**Wellgreen Platinum**” or the “**Company**”) as of the close of business on August 11, 2014 (the “**Record Date**”) and we are sending this Circular to you in connection with the 2014 annual general and special meeting of our shareholders to be held on September 19, 2014 (the “**Meeting**”).

We encourage you to vote at the Meeting. On behalf of management of the Company, we will be soliciting votes for this Meeting and any meeting that is reconvened if it is postponed or adjourned. The cost of solicitation will be borne by the Company.

This Circular is dated August 19, 2014. Unless otherwise stated, all information in this Circular is current as of August 19, 2014. All dollar figures are in Canadian dollars, except as noted.

This Circular is being mailed on August 21, 2014 with a **GREEN** proxy or voting instruction form, in accordance with applicable laws.

In this document, *we, us, our, Wellgreen Platinum and the Company* mean Wellgreen Platinum Ltd.

*You, your and shareholder* mean holders of Common Shares.

## About the Meeting

### Items of business

**1. Receive our audited consolidated financial statements for the financial year ended December 31, 2013 and the auditor's report thereon (see page 8)**

Our consolidated financial statements for the financial year ended December 31, 2013, and the auditor's report thereon are available on our website at [www.wellgreenplatinum.com](http://www.wellgreenplatinum.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

**2. Fix the number of directors at five for the ensuing year (see page 8)**

Our board of directors (the "**Board**") currently consists of five directors and we propose to fix the number of directors at five for the ensuing year.

**3. Elect five directors to the Board to hold office for the ensuing year (see page 8)**

We have nominated the following individuals as directors for the ensuing year:

Wesley J. Hall  
Greg Johnson  
Myron G. Manternach  
Jeffrey R. Mason  
Mike Sylvestre

Each of these nominees is well qualified to serve on our Board and has expressed his willingness to do so.

Our directors are elected for a one-year term, which expires at the end of our 2015 annual general meeting, unless the person ceases to be a director before then.

**4. Re-appoint Manning Elliott LLP as our independent auditor for the ensuing year and authorize the directors to set the auditor's pay (see page 15)**

We have recommended that Manning Elliott LLP ("**Manning Elliott**") be re-appointed as our independent auditor and serve until the end of our 2015 annual general meeting.

You will also vote on authorizing the Board to set the auditor's pay for the ensuing year.

**5. Approve a Shareholder Rights Plan (see page 15)**

At the Meeting, we will seek approval of shareholders to approve and ratify a shareholder rights plan that was approved by the Board on August 11, 2014 (the "**Rights Plan**").

**6. Vote regarding Certain Historical Stock Options (see page 20)**

For the reasons set forth at page 20 of this Circular, we have recommended:

- voting **AGAINST** amendments that were made in November 2012, which, among other things, extended the expiration terms of certain stock options held by Mr. Lee (the "**Lee Options**") beyond the limits set out in the relevant stock option plan of the Company and the limits established by the TSX Venture Exchange; and

Our transfer agent and registrar is Computershare Investor Services Inc. ("**Computershare**").

They will act as scrutineer of the Meeting and are responsible for counting the votes on our behalf.

- voting **FOR** an amendment to the terms of all fully vested and unexercised stock options held by Mr. Lee immediately following the date of the Meeting such that they thereafter expire on December 19, 2014.

## 7. Other business

We'll also consider other matters that properly come before the Meeting. As of the date of this Circular, we are not aware of any other items of business to be considered at the Meeting, other than as set forth above.

### Quorum and approval

We need a quorum of shareholders to transact business at the Meeting. Under our articles, a quorum is two or more persons who are, or represent by proxy, shareholders holding, in the aggregate, at least 5% of the Common Shares entitled to be voted at the Meeting.

We require a simple majority (50% plus 1) of the votes cast at the Meeting to approve all items of business, unless otherwise stated.

### Record Date

We have fixed August 11, 2014 as the Record Date for determining the registered shareholders who will be entitled to notice of the Meeting, and any adjournment or postponement of the Meeting, and who will be entitled to vote at the Meeting.

### Shares and outstanding principal holders

Our authorized capital consists of an unlimited number of Common Shares without par value, each carrying the right to one vote. On a vote by show of hands, every person present who is a shareholder or proxyholder and entitled to vote on the matter has one vote and, on a poll, every shareholder entitled to vote on the matter has one vote in respect of each Common Share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

We had a total of 93,708,420 Common Shares outstanding at the close of business on the Record Date.

To the knowledge of our directors and executive officers, the following persons or companies beneficially own, or control or direct, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all outstanding Common Shares as of the Record Date:

| <b>Name of shareholder</b> | <b>Number of Common Shares</b> | <b>Percentage of issued and outstanding Common Shares</b> |
|----------------------------|--------------------------------|---|
| Ernesto Echavarria         | 13,794,725                     | 14.7%   |

Our Common Shares are listed on:

- the TSX Venture Exchange under the symbol "WG"; and
- the US OTC-QX market under the symbol "WGPLF".

### Interest of certain persons in matters to be acted upon

Other than as described elsewhere in this Circular, none of the following individuals has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors and the appointment of the independent auditor:

- each person who has been a director or executive officer of the Company at any time since April 1, 2013;
- the nominees for director; or
- any associate or affiliate of any of the above.

### Interest of informed persons in material transactions

We are not aware of any informed person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of the Company, or any proposed director, or any associate or affiliate of the foregoing, who has a direct or indirect material interest in any transaction we entered into since April 1, 2013 or any proposed transaction, which has materially affected or would materially affect the Company or its subsidiaries other than as described below.

On June 20, 2013, we completed a non-brokered private placement (the “**Private Placement**”) of 8,386,264 units of the Company at a price of \$0.70 per unit, for aggregate gross proceeds of approximately \$5.9 million. In connection with the Private Placement, in order to assist our management to build direct equity ownership in the Company and further align the interests of shareholders and management, we advanced short-term loans (the “**Loans**”) in the aggregate amount of \$892,500 to members of our senior management team to allow them to participate in the Private Placement. The full amount of each Loan was used by each recipient to subscribe for units under the Private Placement on the same premium to market terms as other investors. The Loans bear interest at a rate prescribed by the Canada Revenue Agency for corporate taxpayers’ overpaid remittances on Harmonized Sales Tax, and, having been extended on March 28, 2014, are repayable in full (together with any accrued interest) on December 31, 2014. As security for the Loans, each recipient granted the Company a securities pledge agreement constituting a first priority encumbrance over all securities that the recipient purchased in the Private Placement. For additional details regarding the Loans, see “Indebtedness of directors and executive officers” below.

On June 24, 2014, we completed a prospectus offering (the “**Offering**”) of 10,615,650 units of the Company at a price of \$0.65 per unit, for aggregate gross proceeds of approximately \$6.9 million. Each of the officers and directors of the Company participated in the Offering, purchasing an aggregate of 535,769 units.



## Voting

### Who can vote

You are entitled to receive notice of and vote at the Meeting if you held Common Shares as of the close of business on August 11, 2014, the Record Date for the Meeting.

### How to vote

You can vote by proxy or you can attend the Meeting and vote your Common Shares in person.

Voting by proxy is the easiest way to vote because you're appointing someone else (called *your proxyholder*) to attend the Meeting and vote your Common Shares for you.

There are different ways to submit your voting instructions, depending on whether you are a registered or non-registered shareholder.

#### Registered shareholders

You are a registered shareholder if you hold a share certificate in your name.

#### Voting by proxy

Greg Johnson, President, Chief Executive Officer and Director, failing him, Jeffrey R. Mason, Chief Financial Officer and Director, or failing him, John Sagman, Senior Vice President and Chief Operating Officer, have agreed to act as the Wellgreen Platinum proxyholders.

**You can appoint someone other than Wellgreen Platinum proxyholders to represent you at the Meeting and vote on your behalf.** If you want to appoint someone else, print the name of the person you want as your proxyholder in the space provided on the enclosed **GREEN** proxy form. This person need not be a shareholder.

**Your proxyholder must vote your Common Shares or withhold your vote according to your instructions on any ballot that may be called for and, if you specify a choice on any matter to be acted upon, your Common Shares will be voted accordingly.** If there are other items of business that properly come before the Meeting, or amendments or variations to the items of business, your proxyholder has the discretion to vote as he or she sees fit.

**If you appoint the Wellgreen Platinum proxyholders but do not tell them how to vote your Common Shares, your Common Shares will be voted as follows:**

- **FOR** fixing the number of directors at five;
- **FOR** electing the five nominated directors listed on the **GREEN** proxy form and in this Circular;
- **FOR** re-appointing Manning Elliott as the independent auditor and **FOR** authorizing the Board to set the auditor's pay;
- **FOR** approving the Rights Plan;
- **AGAINST** amendments in respect of certain stock options held by Mr. John Lee, the former CEO and a former director of the Company; and

**The voting process is different depending on whether you are a registered or non-registered shareholder.**

You're a *registered* shareholder if your name appears on your share certificate.

You're a *non-registered* shareholder if your bank, trust company, securities broker, trustee or other financial institution holds your Common Shares (*your nominee*). This means the Common Shares are registered in your nominee's name, and you are the *beneficial* shareholder.

- **FOR** an amendment to extend the expiry date of all fully vested and unexercised stock options held by Mr. Lee immediately following the date of the Meeting to December 19, 2014.

This is consistent with the voting recommendations by management and the Board. **If there are other items of business that properly come before the Meeting, or amendments or variations to the items of business, the Wellgreen Platinum proxyholders will vote according to management's recommendation.**

If you appoint someone other than the Wellgreen Platinum proxyholders to be your proxyholder, that person must attend and vote at the Meeting for your vote to be counted.

A proxy will not be valid unless it is signed by the registered shareholder, or by the registered shareholders' attorney with proof that they are authorized to sign. If you represent a registered shareholder who is a corporation or association, your **GREEN** proxy should have the seal of the corporation or association, and must be executed by an officer or an attorney who has written authorization. If you execute a proxy as an attorney for an individual registered shareholder, or as an officer or attorney of a registered shareholder who is a corporation or association, you must include the original or a notarized copy of the written authorization for the officer or attorney, with your **GREEN** proxy form.

If you are voting by proxy, you may vote:

- by telephone;
- by fax;
- by mail; or
- on the internet.

Computershare must receive your **GREEN** proxy by 10:00 a.m. (Pacific Standard Time) on September 17, 2014 or at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the province of British Columbia) prior to the time set for any adjournment or postponement of the Meeting. The chairman of the Meeting has the discretion to accept late proxy forms without notice.

#### By telephone

You may vote your Common Shares using the telephone by dialling the following toll-free number from a touch tone telephone: 1-866-732-8683. If you vote using the telephone, you will need your control number, which appears below your name and address on your **GREEN** proxy form.

#### By fax or mail

Complete your **GREEN** proxy form, including the section on declaration of residency, sign and date it, and send it to Computershare by fax to 1-866-249-7775 (within North America) or (416) 263-9524 (outside North America) or mail it to:

Computershare Investor Services Inc.  
Attention: Proxy Department  
100 University Avenue  
8th Floor  
Toronto, ON M5J 2Y1

#### On the internet

Go to [www.investorvote.com](http://www.investorvote.com) and follow the instructions on the screen. If you vote using the internet, you will need your control number, which appears below your name and address on your **GREEN** proxy form.

### **Attending the Meeting and voting in person**

Do not complete the enclosed **GREEN** proxy form if you want to attend the Meeting and vote in person. Simply register with a representative from Computershare when you arrive at the Meeting.

#### **Non-registered shareholders**

You are a non-registered (beneficial) shareholder if your Common Shares are held on your behalf by an intermediary. Most shareholders are non-registered shareholders.

### **Voting using the voting instruction form or proxy form**

If you are a non-registered shareholder, your intermediary will send you a **GREEN** voting instruction form or proxy form with this Circular. This form will instruct the intermediary how to vote your Common Shares at the Meeting on your behalf.

If you do not intend to attend the Meeting and vote in person, mark your voting instructions on the **GREEN** voting instruction form or proxy form, sign it, and return it as instructed by your intermediary. Your intermediary may have also provided you with the option of voting by telephone or fax or through the internet.

### **Attending the Meeting and voting in person**

If you wish to vote in person at the Meeting, insert your name in the space provided for the proxyholder appointment in the **GREEN** voting instruction form or proxy form, and return it as instructed by your intermediary. Do not complete the voting section of the proxy form or voting information form, since you will vote in person at the Meeting.

Your intermediary may have also provided you with the option of appointing yourself or someone else to attend and vote on your behalf at the Meeting through the internet. When you arrive at the Meeting, make sure you register with a representative from Computershare so your voting instructions can be taken at the Meeting.

Your intermediary must receive your voting instructions in sufficient time for your intermediary to act on them. Computershare must receive proxy vote instructions from your intermediary by no later than 10:00 a.m. (Pacific Standard Time) on September 17, 2014, or at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the province of British Columbia) prior to the time set for any adjournment or postponement of the Meeting.

### **Changing your vote**

#### **Registered shareholders**

You can revoke your proxy by sending a new completed **GREEN** proxy form with a later date, or a written notice of revocation signed by you, or by your attorney if he or she has your written authorization. You can also revoke your proxy in any manner permitted by law.

If you represent a registered shareholder who is a corporation or association, your written notice of revocation must have the seal of the corporation or association, and must be executed by an officer or an attorney who has their written authorization. The written authorization must accompany the written notice of revocation.

We must receive the written notice of revocation any time up to and including the last business day before the day of the Meeting, or the day the Meeting is reconvened if it was postponed or adjourned.

Send the signed written notice to:

Wellgreen Platinum Ltd.  
c/o Cassels Brock & Blackwell LLP  
Suite 2200, 885 West Georgia Street  
Vancouver, British Columbia V6C 3E8  
Attention: Deepak S. Gill

You can also give your written notice to the chairman of the Meeting on the day of the Meeting. If the Meeting has already started, your new voting instructions can only be executed for items that have not yet been voted on.

If you've sent in your completed proxy form and since decided that you want to attend the Meeting and vote in person, you need to revoke the proxy form before you are able to vote at the Meeting.

#### **Non-registered shareholders**

You can revoke your prior voting instructions by providing new instructions on a **GREEN** voting instruction form or proxy form with a later date, or at a later time in the case of voting by telephone or through the internet, provided that your new instructions are received by your intermediary in sufficient time for your intermediary to act on them before 10:00 a.m. (Pacific Standard Time) on September 17, 2014 or at least 48 hours (excluding Saturdays, Sundays and statutory holidays in the province of British Columbia) prior to the time set for any adjournment or postponement of the Meeting.

Non-registered shareholders should follow the instructions on the forms they receive and contact their intermediaries promptly if they need assistance.

#### **Processing the votes**

Our transfer agent, Computershare, or its authorized agents count and tabulate the votes on our behalf.

#### **Particulars of the matters to be acted upon**

##### **Receipt of audited consolidated financial statements**

The audited consolidated financial statements of the Company for the financial year ended December 31, 2013 and the auditor's report thereon will be presented to the Meeting. A copy is available on our website at [www.wellgreenplatinum.com](http://www.wellgreenplatinum.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

The consolidated financial statements, auditor's report and management's discussion and analysis ("MD&A") for the financial year ended December 31, 2013 have been mailed to registered shareholders who have indicated to us that they wish to receive these documents.

##### **Election of directors**

Our Board presently consists of five directors and we propose to fix the number of directors at five for the ensuing year. If there are more nominees for election than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected until all such vacancies have been filled.

**In the absence of instructions to the contrary, the Wellgreen Platinum proxyholders will vote the Common Shares represented by each **GREEN** form of proxy, properly executed, FOR fixing the number of directors at five for the ensuing year.**

We have nominated the five current directors of the Company as the five individuals to stand for re-election as directors, based on their mix of skills and experience that we believe are necessary to effectively fulfill the Board's duties and responsibilities.

Each of our directors is elected annually and holds office until the end of the next annual general meeting of shareholders, unless that person ceases to be a director before then. Each of the nominated directors has confirmed his willingness to serve on the Board for the next year.

**In the absence of instructions to the contrary, the Wellgreen Platinum proxyholders will vote the Common Shares represented by each GREEN form of proxy, properly executed, FOR the five nominees for director listed herein.**

**About the nominated directors**

The following provides information on the five director nominees including:

- their province or state and country of residence;
- their position with the Company;
- the period or periods during which each has served as a director of the Company;
- their membership on committees of the Board;
- their principal occupation, business or employment; and
- the current equity ownership consisting of Common Shares beneficially owned, or controlled or directed, directly or indirectly, of each director and of each director's associates or affiliates.

| <p><b>Wesley J. Hall, ICD.D.,</b><br/>Toronto, Ontario,<br/>Canada<br/>Director (since August 7,<br/>2012)<br/>Principal area of<br/>expertise: corporate<br/>governance; finance; and<br/>corporate<br/>communication</p> | <p><b>Present principal occupation, business or employment for past five years <sup>(1)</sup></b><br/>Corporate director of Wellgreen Platinum as of August 2012; Director, SickKids Foundation (healthcare) from 2013 to present; Chairman of the Board, Difference Capital Financial Inc. (finance company) from 2010 to 2014; Founder, President and Chief Executive Officer, Kingsdale Communications Inc. (shareholder services company) from 2009 to present; Founder, President and Chief Executive Officer, Kingsdale Shareholder Services Inc. (proxy advisory company) from 2003 to present; Director, Longford Energy Inc. (oil and gas company) from 2012 to 2013; Director, Caldera Geothermal Inc. (geothermal company) from 2010 to 2013; Director, Genesis Land Development Corp. (real estate development company) from May to June 2010; Director and member of Audit Committee, Metallic Ventures Gold Inc. (resource company) from 2009 to 2010; and Director, Exempt Market Dealers Association of Canada (association of firms in the exempt market) from 2009 to 2010.</p> <p><b>Board committees</b><br/>Audit Committee<br/>Corporate Governance, Compensation and Nominating Committee (chair)<br/>Special Committee (chair)</p> <p><b>Securities beneficially owned, or controlled or directed, directly or indirectly <sup>(1)</sup></b></p> <table border="1"> <thead> <tr> <th>Common shares</th> <th>Options</th> <th>SARs</th> <th>Warrants</th> </tr> </thead> <tbody> <tr> <td>850,149</td> <td>100,000</td> <td>200,000</td> <td>332,469</td> </tr> </tbody> </table> | Common shares | Options  | SARs | Warrants | 850,149 | 100,000 | 200,000 | 332,469 |
|--|--|---------------|----------|------|----------|---------|---------|---------|---------|
| Common shares  | Options  | SARs          | Warrants |      |          |         |         |         |         |
| 850,149  | 100,000  | 200,000       | 332,469  |      |          |         |         |         |         |

| <p><b>Greg Johnson</b>, Burnaby, British Columbia, Canada<br/> Director (since November 30, 2012)<br/> President and Chief Executive Officer<br/> Principal area of expertise: geology; and finance</p> | <p><b>Present principal occupation, business or employment for past five years</b> <sup>(1)</sup><br/> Assumed current position as President and Chief Executive Officer of Wellgreen Platinum as of November 2012; Director, TNR Gold Corp. (resource company) from 2008 to present; Director, Northern Freegold Ltd. (resource company) from 2009 to present; Director, Namibia Rare Earths Inc. (resource company) from 2011 to 2013; President and Chief Executive Officer, South American Silver Corp. (resource company) from 2010 to 2012; and Co-founder and Executive, NovaGold Resources Inc. (resource company) from 1998 to 2010.</p>   |               |          |      |          |           |         |           |         |
|---|---|---------------|----------|------|----------|-----------|---------|-----------|---------|
|   | <p><b>Board committees</b></p>  |               |          |      |          |           |         |           |         |
|   | <p>N/A</p>  |               |          |      |          |           |         |           |         |
|   | <p><b>Securities beneficially owned, or controlled or directed, directly or indirectly</b> <sup>(1)</sup></p>   |               |          |      |          |           |         |           |         |
|   | <table border="1"> <thead> <tr> <th data-bbox="516 701 630 730">Common shares</th> <th data-bbox="669 701 766 730">Options</th> <th data-bbox="815 701 880 730">SARs</th> <th data-bbox="977 701 1091 730">Warrants</th> </tr> </thead> <tbody> <tr> <td data-bbox="516 772 630 802">1,200,000</td> <td data-bbox="669 772 766 802">800,000</td> <td data-bbox="815 772 928 802">1,000,000</td> <td data-bbox="977 772 1075 802">700,000</td> </tr> </tbody> </table>   | Common shares | Options  | SARs | Warrants | 1,200,000 | 800,000 | 1,000,000 | 700,000 |
| Common shares   | Options   | SARs          | Warrants |      |          |           |         |           |         |
| 1,200,000   | 800,000   | 1,000,000     | 700,000  |      |          |           |         |           |         |
| <p><b>Myron G. Manternach</b>, Brooklyn, New York, United States<br/> Director (since July 10, 2012)<br/> Principal area of expertise: finance</p>  | <p><b>Present principal occupation, business or employment for past five years</b> <sup>(1)</sup><br/> Corporate director of Wellgreen Platinum as of July 2012; President of Castle Grove Capital, LLC (financial and strategic consulting firm) from 2013 to present; Consultant to the investment committee of Geologic Resource Partners, LLC (investment fund specializing in the mining and metals sector) from 2013 to present; Senior Advisor to ACA Associates (consulting firm specializing in the transportation industry) from 2012 to present; Director, Lithium Americas Corp. from June 17, 2014 to present; Director, Rathdowney Resources Ltd. from August 12, 2014 to present; and Managing Director, Octavian Advisors, LP (global investment fund) from 2006 to 2011.</p> |               |          |      |          |           |         |           |         |
|   | <p><b>Board committees</b></p>  |               |          |      |          |           |         |           |         |
|   | <p>Audit Committee (chair)<br/> Corporate Governance, Compensation and Nominating Committee<br/> Special Committee</p>  |               |          |      |          |           |         |           |         |
|   | <p><b>Securities beneficially owned, or controlled or directed, directly or indirectly</b> <sup>(1)</sup></p>   |               |          |      |          |           |         |           |         |
|   | <table border="1"> <thead> <tr> <th data-bbox="516 1436 630 1465">Common shares</th> <th data-bbox="669 1436 766 1465">Options</th> <th data-bbox="815 1436 880 1465">SARs</th> <th data-bbox="977 1436 1091 1465">Warrants</th> </tr> </thead> <tbody> <tr> <td data-bbox="516 1507 604 1537">20,000</td> <td data-bbox="669 1507 766 1537">100,000</td> <td data-bbox="815 1507 912 1537">200,000</td> <td data-bbox="977 1507 1058 1537">20,000</td> </tr> </tbody> </table>   | Common shares | Options  | SARs | Warrants | 20,000    | 100,000 | 200,000   | 20,000  |
| Common shares   | Options   | SARs          | Warrants |      |          |           |         |           |         |
| 20,000  | 100,000   | 200,000       | 20,000   |      |          |           |         |           |         |

| <p><b>Jeffrey R. Mason, CA, ICD.D.</b>, Vancouver, British Columbia, Canada<br/> Director (since November 18, 2013)<br/> Chief Financial Officer<br/> Principal area of expertise: finance; regulatory/operation reporting; and corporate governance</p> | <p><b>Present principal occupation, business or employment for past five years</b> <sup>(1)</sup></p> <p>Corporate director of Wellgreen Platinum as of November 18, 2013 and Chief Financial Officer of Wellgreen Platinum as of November 2012 to present; Director and member of audit, nominating &amp; corporate governance, and safety, health and environment committees of Great Panther Silver Limited (silver mining company) from May 2014 to present; Director and Audit Committee chair, Red Eagle Mining Corporation (resource company) from 2011 to present; Slater Mining Corporation (resource company) from 2008 to present; Director, Amarc Resources Ltd. (resource company) from 1995 to present; Business advisory board member of Fortius Sport &amp; Health (sport and fitness company) from 2008 to present; Director, Audit Committee chair, member of Corporate Governance and Compensation Committee, Coastal Contacts, Inc. (online e-retailer) from 2006 to April, 2014; Chief Financial Officer, Prophecy Coal Corp. (resource company) from November 2012 to August 2013; Director, Hunter Dickinson Inc. (resource company) from 1994 to 2008; Chief Financial Officer of Hunter Dickinson Inc., Northern Dynasty Minerals Ltd. (resource company), Taseko Mines Limited (resource company), Amarc Resources Ltd., and Continental Minerals Corporation (resource company) from 1998 to 2008; Director and Corporate Secretary, Northern Dynasty Minerals Ltd. from 1996 to 2008; Corporate Secretary, Amarc Resources Ltd. from 1995 to 2008; Director, Continental Minerals Corporation from 1995 to 2008; and Director and Corporate Secretary, Taseko Mines Limited from 1994 to 2008.</p> |               |          |      |          |           |         |         |         |
|--|--|---------------|----------|------|----------|-----------|---------|---------|---------|
|  | <p><b>Board committees</b></p>   |               |          |      |          |           |         |         |         |
|  | <p>N/A</p>   |               |          |      |          |           |         |         |         |
|  | <p><b>Securities beneficially owned, or controlled or directed, directly or indirectly</b> <sup>(1)</sup></p>  |               |          |      |          |           |         |         |         |
|  | <table border="1"> <thead> <tr> <th data-bbox="518 1192 630 1220">Common shares</th> <th data-bbox="667 1226 764 1253">Options</th> <th data-bbox="813 1226 878 1253">SARs</th> <th data-bbox="976 1226 1094 1253">Warrants</th> </tr> </thead> <tbody> <tr> <td data-bbox="518 1268 630 1295">2,621,500</td> <td data-bbox="667 1268 764 1295">520,000</td> <td data-bbox="813 1268 911 1295">600,000</td> <td data-bbox="976 1268 1073 1295">925,000</td> </tr> </tbody> </table>  | Common shares | Options  | SARs | Warrants | 2,621,500 | 520,000 | 600,000 | 925,000 |
| Common shares  | Options  | SARs          | Warrants |      |          |           |         |         |         |
| 2,621,500  | 520,000  | 600,000       | 925,000  |      |          |           |         |         |         |

| <b>Mike Sylvestre, M.Sc., P.Eng., ICD.D,</b> Port Hope, Ontario, Canada<br>Chairman of the Board<br>Director (since February 3, 2012)<br>Principal area of expertise: mine engineering; exploration; operations; management; and corporate governance         | <b>Present principal occupation, business or employment for past five years</b> <sup>(1)</sup>  |         |          |        |  |  |  |        |         |      |          |        |         |         |        |
|---|---|---------|----------|--------|--|--|--|--------|---------|------|----------|--------|---------|---------|--------|
|   | Corporate director of Wellgreen Platinum as of February 2012, and chairman of the Board since December 2013; Director, President and Chief Executive Officer, Castle Resources Inc. (resource company) from 2011 to present; Director, James Bay Resources Ltd. (resource company) from 2010 to present; Chief Operating Officer, Castle Resources Inc. from 2010 to 2011; Director, Claude Resources Inc. (resource company) from June 2011 to present; Interim Chief Executive Officer, Claude Resources Inc. from May 1, 2014 to present; Chairman, Claude Resources Inc. from May 8, 2014 to present; Chief Operating Officer, Linear Gold Corp. (resource company) from 2009 to 2010; and Chief Executive Officer, Vale Inco New Caledonia (resource company) from 2008 to 2009. |         |          |        |  |  |  |        |         |      |          |        |         |         |        |
|   | <b>Board committees</b>   |         |          |        |  |  |  |        |         |      |          |        |         |         |        |
|   | Audit Committee<br>Corporate Governance, Compensation and Nominating Committee<br>Special Committee   |         |          |        |  |  |  |        |         |      |          |        |         |         |        |
|   | <b>Securities beneficially owned, or controlled or directed, directly or indirectly</b> <sup>(1)</sup>  |         |          |        |  |  |  |        |         |      |          |        |         |         |        |
| <table border="1"> <thead> <tr> <th colspan="4">Common</th> </tr> <tr> <th>shares</th> <th>Options</th> <th>SARs</th> <th>Warrants</th> </tr> </thead> <tbody> <tr> <td>60,000</td> <td>200,000</td> <td>150,000</td> <td>60,000</td> </tr> </tbody> </table> |   |         |          | Common |  |  |  | shares | Options | SARs | Warrants | 60,000 | 200,000 | 150,000 | 60,000 |
| Common  |   |         |          |        |  |  |  |        |         |      |          |        |         |         |        |
| shares  | Options   | SARs    | Warrants |        |  |  |  |        |         |      |          |        |         |         |        |
| 60,000  | 200,000   | 150,000 | 60,000   |        |  |  |  |        |         |      |          |        |         |         |        |

(1) The information as to principal occupation, business or employment and securities beneficially owned, or controlled or directed, directly or indirectly, is not within the knowledge of the management of the Company and has been furnished by the respective nominees.

We note that our proposed nominees for director, together with our senior management team, hold, in the aggregate, 5,514,399 Common Shares, representing approximately 5.9% of the issued and outstanding Common Shares.

#### Director profiles

The following section provides further details regarding the background and experience of each of the five director nominees:

- Wesley J. Hall – Mr. W. Hall is a graduate of the Institute of Corporate Directors with nearly 20 years of experience in corporate governance and shareholder communications. Mr. W. Hall founded Kingsdale Shareholder Services Inc. (2003) and Kingsdale Communications Inc. (2009) with the aim of providing clients with an effective and comprehensive mechanism for communicating with shareholders and managing investor relations. For his extraordinary success in the areas of innovation, financial performance and personal commitment to his businesses and communities, he was honoured with the Ernst & Young Entrepreneur of the Year 2009 Award in the Financial Services category in Ontario. Prior to forming Kingsdale, Mr. W. Hall was Vice President, National Sales for Georgeson Shareholder Communications Canada, Inc. and prior thereto, a Senior Manager for a major Canadian transfer agent. Mr. W. Hall was a founding board member and the longest serving President of the Canadian Society of Corporate Secretaries, an organization he continues to be involved with and support along with other corporate governance and investor relations organizations.



- Greg Johnson – Mr. Johnson has over 25 years of experience in the exploration and development of large scale projects in the mining industry and, through his global network of contacts, has been involved in raising over \$650 million in project financing. Previously President and Chief Executive Officer at South American Silver Corp., he led the significant advancement and expansion of two development stage projects – a period in which the company’s market capitalization increased from \$20 million to a peak of \$350 million. A co-founder and executive at NovaGold Resources Inc., Mr. Johnson was a key member of the executive team that led NovaGold Resources Inc. from a \$50-million market capitalization to more than \$2-billion and oversaw the expansion of the company’s resource base to over 30 million ounces of gold. Over his 12 years with NovaGold Resources Inc., Mr. Johnson played a prominent role in the acquisition and advancement of three world-class deposits, including the completion of three feasibility studies. Mr. Johnson began his career with Placer Dome Inc. (now Barrick Gold Corporation), where he held various senior roles in domestic and international exploration in projects from early discovery stage to feasibility and operations in Alaska, Canada, Africa, Australia and Russia. He holds an honours degree in Geology from Western Washington University.
- Myron G. Manternach – Mr. Manternach is President of Castle Grove Capital, LLC, a consulting firm that provides strategic and financial advice to investment funds and portfolio companies in the mining and metals and technology sectors. Mr. Manternach serves as a consultant to the investment committee of Geologic Resource Partners, LLC, an investment firm specializing in the mining and metals sector. He is also a Senior Advisor to ACA Associates, a consulting firm specializing in the transportation industry. He has 20 years of experience in corporate finance, mergers and acquisitions and capital management, including as Managing Director with Octavian Advisors, Vice President with Robeco Investment Management, Senior Analyst with EagleRock Capital and Vice President of investment banking with JPMorgan. Mr. Manternach is a director of Lithium Americas Corp. and Rathdowney Resources Ltd. Mr. Manternach holds an MBA from the Wharton School of the University of Pennsylvania and a B.Sc. in Electrical Engineering with Distinction from Iowa State University.
- Jeffrey R. Mason – Mr. Mason is a Chartered Accountant and has his Institute of Corporate Directors (ICD.D) designation with 25 years of public mineral company experience in exploration, development, construction and operation for PGM, gold, copper, nickel, lead, zinc, and diamond projects in Canada, USA, Mexico, China, Brazil, and South Africa. In September 2004, he was awarded the BC Ernst and Young Entrepreneur of the Year Award (Natural Resources Category). He has expertise in exploration, construction and operations reporting, mergers and acquisitions, corporate finance and regulatory reporting, and corporate governance, including 15 years as a Principal with, and Chief Financial Officer of, Hunter Dickinson Inc., and in addition, as Chief Financial Officer, Corporate Secretary and director for 15 public companies listed on the TSX, TSXV, AMEX and NASDAQ. Mr. Mason began his career and traditional training with Deloitte LLP as a Chartered Accountant, followed by Homestake Mining Company (merged with Barrick Gold Corporation) in mineral exploration, construction and operations reporting. Mr. Mason holds directorships on four publicly-traded exploration companies (Red Eagle Mining Corporation, Slater Mining Corporation, Amarc Resources Ltd. and Great Panther Silver Limited) and is a former director, for 8 years, of the public TSX/NASDAQ-listed company, Coastal Contacts Inc., which was recently acquired by Essilor International SA.
- Mike Sylvestre – Mr. Sylvestre was appointed as Chairman of the Board at a directors’ meeting that was held immediately after the Company’s 2013 AGM. For most of his career, Mr. Sylvestre

worked with Inco Ltd. where he held senior management positions domestically and internationally. Most notably, he was the Chief Executive Officer of Vale Inco, New Caledonia, the President of Vale Inco, Manitoba Operations and the Vice President of Operations PT Inco, Indonesia. Mr. Sylvestre is also currently the President and Chief Executive Officer of Castle Resources Inc. and the Interim Chief Executive Officer of Claude Resources Inc. Mr. Sylvestre brings over 35 years of mining experience to Wellgreen Platinum. Mr. Sylvestre holds a M.Sc. and a B.Sc. in Mining Engineering from McGill University and Queen's University, respectively. He is a member of the Professional Engineers of Ontario and the Canadian Institute of Mining. Mr. Sylvestre is also a graduate of the Rotman School of Management, University of Toronto, Institute of Corporate Directors Program.

#### **Cease trade orders, bankruptcies, penalties or sanctions**

No proposed director:

- is, as of the date of this Circular, or has been within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including ours) that: (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an “**order**”) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- is, as of the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including ours) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became 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 its assets; or
- has within 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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 proposed director.

None of the proposed directors:

- has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority;
- has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director; or
- has entered into a settlement agreement with any securities regulatory authority.

#### **Skills and experience**

We believe that it is important for directors to have experience in senior management, governance, compensation, finance, environment, health and safety, and to participate with public company boards

as an advisor, director or member of management to effectively fulfill their duties and responsibilities as a member of our Board.

The Board reviews the slate of nominated directors every year to determine whether it still reflects the mix of skills, background and experience it believes is necessary for fulfilling its duties and responsibilities in overseeing the Company's strategic direction, management and affairs.

We believe that the directors who have been nominated for election at the Meeting are well qualified to represent the interests of shareholders and appropriately address our business needs, and we recommend that shareholders vote **FOR** the five director nominees set out herein.

#### **Advance Notice**

On November 2, 2012, the Board approved an advance notice policy (the "**Advance Notice Policy**") for the purpose of providing shareholders, directors and management of the Company with a clear framework for nominating directors. The Advance Notice Policy fixes a deadline by which holders of record of Common Shares must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Company for the notice to be in proper written form in order for any director nominee to be eligible for election at any annual or special meeting of shareholders. No director nominations were received pursuant to the Advance Notice Policy as of the date hereof. The Advance Notice Policy was ratified, confirmed and approved by shareholders at the Company's 2012 annual general meeting held on November 30, 2012 (the "**2012 AGM**"). A copy of the Advance Notice Policy is attached as Schedule "A" to the Company's management information circular in respect of the 2012 AGM, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Appointment of auditor**

Manning Elliott has been our external auditor since September 2006.

**In the absence of instructions to the contrary, the Wellgreen Platinum proxyholders will vote the Common Shares represented by each **GREEN** form of proxy, properly executed, FOR re-appointing Manning Elliott as our independent auditor for the ensuing year, and FOR authorizing the directors to fix the auditor's pay.**

#### **Approval of the Rights Plan**

At the Meeting, shareholders will be asked to approve a resolution ratifying the Rights Plan. A copy of the Rights Plan is attached to this Information Circular as Schedule "B".

The Board has determined that the Rights Plan is in the best interests of the Company and recommends that the shareholders vote in favour of ratifying the Rights Plan. The Rights Plan was approved by the Board on August 11, 2014. The Rights Plan was not and has not been implemented to date, and if adopted by shareholders it shall remain available for implementation by the Board, at such time and under such circumstances as the Board, in its sole discretion, shall determine.

The purpose of the Rights Plan is to give adequate time for the shareholders of the Company to properly assess the merits of a takeover bid and to allow competing bids to emerge. The Rights Plan is further designed to give the Board time to consider alternatives thereby allowing shareholders to receive full and fair value for their shares.

The Rights Plan is not recommended in response to management's anticipation of any acquisition and is not intended to prevent a takeover of the Company or to secure continuance in office of

management or the directors. The Board and management are currently not aware of any intended or proposed acquisition of the Company.

At the Meeting, shareholders will be asked to consider, and if deemed advisable, to pass an ordinary resolution approving the adoption of the Rights Plan in the following form:

“BE IT RESOLVED as an ordinary resolution THAT:

1. the Rights Plan between the Company and Computershare Investor Services Inc. as described in the information circular of Wellgreen Platinum Ltd. (the “**Company**”) dated August 19, 2014 is hereby approved, confirmed and ratified and the Company is authorized to issue rights pursuant thereto;
2. notwithstanding that this resolution has been passed by the shareholders of the Company, the board of directors of the Company may revoke such resolution at any time before it has been effected without further action by the shareholders; and
3. any one director or officer of the Company be and is hereby authorized, for and on behalf of the Company, to execute and deliver all other documents and instruments and do all such acts or things, including making all necessary revisions or amendments to the Rights Plan as required by the TSX Venture Exchange, and making all necessary filings with applicable regulatory bodies and stock exchanges, as such director or officer may determine to be necessary or desirable to carry out the foregoing resolution.”

We believe that the Rights Plan is in the Company’s best interests and recommend that shareholders vote **FOR** the resolution set out above approving the adoption of the Rights Plan.

**In the absence of instructions to the contrary, the Wellgreen Platinum proxyholders will vote the Common Shares represented by each GREEN form of proxy, properly executed, FOR approving the Rights Plan.**

The following is a brief summary of the Rights Plan which is qualified in its entirety by reference to the complete text of the Rights Plan set out in Schedule “B”. Unless otherwise defined below, all capitalized terms shall have the meanings specified in the Rights Plan.

#### **Purpose of the plan**

The objectives of the Rights Plan are to ensure, to the extent possible, that all shareholders are treated equally and fairly in connection with any takeover bid for the Company. Takeover bids may be structured to be coercive or may be initiated at a time when the Board will have a difficult time preparing an adequate response to the offer. Accordingly, such offers do not always result in shareholders receiving equal or fair treatment or full or maximum value for their investment. Under current Canadian securities legislation, a takeover bid is required to remain open for 35 days, a period of time which may be insufficient for the directors to: (i) evaluate a takeover bid (particularly if it includes share consideration); (ii) explore, develop and pursue alternatives which are superior to the takeover bid and which could maximize shareholder value; and (iii) make reasoned recommendations to the shareholders.

The Rights Plan discourages discriminatory, coercive or unfair takeovers of the Company and gives the Board time if, in the circumstances, the Board determines it is appropriate to take such time, to pursue alternatives to maximize shareholder value in the event an unsolicited takeover bid is made for all or a portion of the outstanding Common Shares. As set forth in detail below, the Rights Plan discourages coercive hostile takeover bids by creating the potential that any Common Shares which may be acquired or held by such a bidder will be significantly diluted. The potential for significant dilution to

the holdings of such a bidder can occur as the Rights Plan provides that all holders of Common Shares who are not related to the bidder will be entitled to exercise rights issued to them under the Rights Plan and to acquire Common Shares at a substantial discount to prevailing market prices. The bidder or the persons related to the bidder will not be entitled to exercise any Rights (as defined below) under the Rights Plan. Accordingly, the Rights Plan will encourage potential bidders to make takeover bids by means of a Permitted Bid (as defined below) or to approach the Board to negotiate a mutually acceptable transaction. The Permitted Bid provisions of the Rights Plan are designed to ensure that in any takeover bid for outstanding Common Shares of the shareholders, all shareholders are treated equally and are given adequate time to properly assess such takeover bid on a fully-informed basis.

The Rights Plan is not being proposed to prevent a takeover of the Company, to secure the continuance of management or the directors of the Company in their respective offices or to deter fair offers for the Common Shares.

#### **Term**

Provided the Rights Plan is approved at the Meeting, the Rights Plan (unless terminated earlier) will remain in effect until termination of the annual meeting of shareholders in 2017 unless the term of the Rights Plan is extended beyond such date by resolution of shareholders at such meeting.

#### **Issuance of rights**

The Rights Plan provides that one right (a “**Right**”) will be issued by the Company pursuant to the Rights Plan in respect of each Voting Share outstanding as of 5:00 p.m. (Vancouver time) (the “**Record Time**”) on the Effective Date. “**Voting Shares**” include the Common Shares and any other shares of the Company entitled to vote generally in the election of all directors. One Right will also be issued for each additional Voting Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time, subject to the earlier termination or expiration of the Rights as set out in the Rights Plan.

As of the Effective Date, the only Voting Shares outstanding are the Common Shares. The issuance of the Rights is not dilutive and will not affect reported earnings or operating cash flow per share until the Rights separate from the underlying Common Shares and become exercisable or until the exercise of the Rights. The issuance of the Rights will not change the manner in which shareholders trade their Common Shares.

#### **Certificates and transferability**

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for Common Shares issued after the Record Time. Rights are also attached to Common Shares outstanding on the Effective Date, although share certificates issued prior to the Effective Date will not bear such a legend. Shareholders are not required to return their certificates in order to have the benefit of the Rights. Prior to the Separation Time, Rights will trade together with the Common Shares and will not be exercisable or transferable separately from the Common Shares. From and after the Separation Time, the Rights will become exercisable, will be evidenced by Rights Certificates and will be transferable separately from the Common Shares.

#### **Separation of rights**

The Rights will become exercisable and begin to trade separately from the associated Common Shares after the “Separation Time” which is generally (subject to the ability of the Board to defer the Separation Time) the close of business on the tenth trading day after the earliest to occur of:

- a public announcement that a person or group of affiliated or associated persons or persons acting jointly or in concert has become an “Acquiring Person”, meaning that such person or group has acquired Beneficial Ownership (as defined in the Rights Plan) of 20% or more of the outstanding Voting Shares other than as a result of: (i) a reduction in the number of Voting Shares outstanding; (ii) a “Permitted Bid” or “Competing Permitted Bid” (as defined below); (iii) acquisitions of Voting Shares in respect of which the Board has waived the application of the Rights Plan; (iv) other specified exempt acquisitions and *pro rata* acquisitions in which shareholders participate on a *pro rata* basis; or (v) an acquisition by a person of Voting Shares upon the exercise, conversion or exchange of a security convertible, exercisable or exchangeable into a Voting Share received by a person in the circumstances described in (ii), (iii) or (iv) above;
- the date of commencement of, or the first public announcement of, an intention of any person (other than the Company or any of its subsidiaries) to commence a takeover bid (other than a Permitted Bid or a Competing Permitted Bid) where the Voting Shares subject to the bid owned by that person (including affiliates, associates and others acting jointly or in concert therewith) would constitute 20% or more of the outstanding Voting Shares; and
- the date upon which a Permitted Bid or Competing Permitted Bid ceases to qualify as such.

Promptly following the Separation Time, separate certificates evidencing rights (“**Rights Certificates**”) will be mailed to the holders of record of the Voting Shares as of the Separation Time and the Rights Certificates alone will evidence the Rights.

#### **Rights exercise privilege**

After the Separation Time, each Right entitles the holder thereof to purchase one Common Share at an initial “**Exercise Price**” equal to four times the “**Market Price**” at the Separation Time. The Market Price is generally defined as the average of the daily closing prices per share of such securities on each of the 20 consecutive trading days through and including the trading day immediately preceding the Separation Time. Following a transaction which results in a person becoming an Acquiring Person (a “**Flip-In Event**”), the Rights entitle the holder thereof to receive, upon exercise, such number of Common Shares which have an aggregate Market Price (as of the date of the Flip-In Event) equal to twice the then Exercise Price for an amount in cash equal to the Exercise Price. In such event, however, any Rights beneficially owned by an Acquiring Person (including affiliates, associates and others acting jointly or in concert therewith), or a transferee of any such person, will be null and void.

#### **Permitted bid requirements**

A bidder can make a takeover bid and acquire Voting Shares without triggering a Flip-In Event under the Rights Plan if the takeover bid qualifies as a Permitted Bid.

The requirements of a “Permitted Bid” include the following:

- the takeover bid must be made by means of a takeover bid circular;
- the takeover bid is made to all holders of record of Voting Shares, other than the offeror;
- the takeover bid contains an irrevocable and unqualified provision that, no Voting Shares are taken up or paid for pursuant to the takeover bid unless more than 50% of the Voting Shares held by Independent Shareholders shall have been deposited or tendered pursuant to the takeover bid and not withdrawn;
- the takeover bid contains an irrevocable and unqualified provision that, no Voting Shares will be taken up or paid for pursuant to the takeover bid prior to the close of business on the date

which is not less than 60 days following the date the takeover bid circular is sent to shareholders;

- the takeover bid contains an irrevocable and unqualified provision that, Voting Shares may be deposited pursuant to such takeover bid at any time during the period of time between the date of the takeover bid and the date on which Voting Shares may be taken up and paid for and any Voting Shares deposited pursuant to the takeover bid may be withdrawn until taken up and paid for; and
- the takeover bid contains an irrevocable and unqualified provision that, if on the date on which Voting Shares may be taken up and paid for under the takeover bid, more than 50% of the Voting Shares held by Independent Shareholders have been deposited or tendered pursuant to the takeover bid and not withdrawn, the offeror will make public announcement of that fact and the takeover bid will remain open for deposits and tenders of Voting Shares for not less than 10 business days from the date of such public announcement.

The Rights Plan also allows for a competing Permitted Bid (a “**Competing Permitted Bid**”) to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all of the requirements of a Permitted Bid except that it may expire on the same date as the Permitted Bid, subject to the requirement that it be outstanding for a minimum period of 35 days (the minimum period required under Canadian securities laws).

#### **Permitted lock-up agreements**

A person will not become an Acquiring Person by virtue of having entered into an agreement (a “**Permitted Lock-Up Agreement**”) with a holder of Voting Shares or securities convertible into or exercisable or exchangeable for Voting Shares whereby the shareholder agrees to deposit or tender Voting Shares or to a takeover bid (the “**Lock-Up Bid**”) made by such person, provided that the agreement meets certain requirements including:

- the terms of the agreement are publicly disclosed and a copy of the agreement is publicly available not later than the date of the Lock-Up Bid or, if the Lock-Up Bid has been made prior to the date on which such agreement is entered into, not later than the date of such agreement;
- the holder who has agreed to tender Voting Shares to the Lock-Up Bid made by the other party to the agreement is permitted to terminate its obligation under the agreement, and to terminate any obligation with respect to the voting of such Voting Shares, in order to tender Voting Shares to another takeover bid or to support another transaction where: (i) the offer price or value of the consideration payable under the other takeover bid or transaction is greater than the price or value of the consideration per share at which the holder has agreed to deposit or tender Voting Shares to the Lock-Up Bid, or is greater than a specified minimum which is not more than 7% higher than the price or value of the consideration per share at which the holder has agreed to deposit or tender Voting Shares under the Lock-Up Bid; and (ii) if the number of Voting Shares offered to be purchased under the Lock-Up Bid is less than all of the Voting Shares held by shareholders (excluding Voting Shares held by the offeror), the number of Voting Shares offered to be purchased under the other takeover bid or transaction (at an offer price not lower than in the Lock-Up Bid) is greater than the number of Voting Shares offered to be purchased under the Lock-Up Bid or is greater than a specified number which is not more than 7% higher than the number of Voting Shares offered to be purchased under the Lock-Up Bid; and

- no break-up fees, top-up fees, or other penalties that exceed in the aggregate the greater of 2.5% of the price or value of the consideration payable under the Lock-Up Bid and 50% of the increase in consideration resulting from another takeover bid or transaction shall be payable by the holder if the holder fails to deposit or tender Voting Shares to the Lock-Up Bid.

#### **Waiver and redemption**

If a potential offeror does not desire to make a Permitted Bid, it can negotiate with, and obtain the prior approval of, the Board to make a takeover bid by way of a takeover bid circular sent to all holders of Voting Shares on terms which the Board considers fair to all shareholders. In such circumstances, the Board may waive the application of the Rights Plan thereby allowing such bid to proceed without dilution to the offeror. Any waiver of the application of the Rights Plan in respect of a particular takeover bid shall also constitute a waiver of any other takeover bid which is made by means of a takeover bid circular to all holders of Voting Shares while the initial takeover bid is outstanding. The Board may also waive the application of the Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered such Flip-in Event reduces its beneficial holdings to less than 20% of the outstanding Voting Shares within 30 days or such earlier or later date as may be specified by the Board. With the prior consent of the holders of Voting Shares, the Board may, prior to the occurrence of a Flip-in Event that would occur by reason of an acquisition of Voting Shares otherwise than pursuant to the foregoing, waive the application of the Rights Plan to such Flip-in Event.

The Board may, with the prior consent of the holders of Voting Shares, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.00001 per Right.

#### **Protection against dilution**

The Exercise Price, the number and nature of securities which may be purchased upon the exercise of Rights and the number of Rights outstanding are subject to adjustment from time to time to prevent dilution in the event of dividends, subdivisions, consolidations, reclassifications or other changes in the outstanding Common Shares, *pro rata* distributions to holders of Common Shares and other circumstances where adjustments are required to appropriately protect the interests of the holders of Rights.

#### **Amendment**

The Company may make amendments to the Rights Plan at any time to correct any clerical or typographical error and may make amendments which are required to maintain the validity of the Rights Plan due to changes in any applicable legislation, regulations or rules. The Company may, with the prior approval of shareholders (or the holders of Rights if the Separation Time has occurred), supplement, amend, vary, rescind or delete any of the provisions of the Rights Plan.

#### **Historical stock option grant, extension and amendment**

##### **Grant exceeding 5% of share capital**

On June 17, 2011, Mr. John Lee, the former CEO and chairman of the Company, was granted a total of 2,500,000 stock options, each exercisable for one common share of the Company (the “**June 17, 2011 Options**”). At the time of the grant of these options, Mr. Lee was the CEO of the Company and the Chairman of the Board (which was at that time, comprised of Mr. Lee (Chairman), Mr. Greg Hall, Mr. Donald Gee, Mr. David Patterson, Mr. John Icke and Mr. Michael Sweatman), and he chaired the Board meeting at which these options were granted. The 2,500,000 common shares for which the June



17, 2011 Options were exercisable exceeded 5% of the Company's outstanding share capital as at the grant date. The June 17, 2011 Options were granted under the Company's 2012 Option Plan, and have an existing exercise price of \$0.91 each.

Under the terms of the 2012 Option Plan (which terms are summarized below under the section entitled, "Description of equity compensation plans – 2012 Option Plan"), and under the rules and policies of the TSX Venture Exchange, an officer or director of the Company is not eligible to receive such number of options as are convertible for a number of common shares that exceeds 5% of the Company's then outstanding share capital unless disinterested shareholder approval is received.

As discussed under the section below entitled, "Special committee", the Board constituted a special committee in October 2012 to investigate various historical issues, including the grant to Mr. Lee of the June 17, 2011 Options. As described in greater detail under, "Special committee", the Special Committee presented a report to the Board on January 31, 2014 (the "**Special Committee Report**"). The Special Committee Report recommended that 190,715 of the June 17, 2011 Options granted to Mr. Lee be cancelled on the basis that such number represents the amount in excess of the 5% share capital threshold as at the grant date, and disinterested shareholder approval of this grant was never obtained. The Special Committee Report further recommended that the Company should take all required steps and make all required filings with the TSX Venture Exchange in connection with the cancellation of the 190,715 June 17, 2011 Options. Further to discussions with the TSX Venture Exchange, the Board approved the Special Committee's recommendations contained in the Special Committee Report and, on February 24, 2014, the Company cancelled 190,715 of the June 17, 2011 Options granted to John Lee on the basis that: (i) such amount exceeded 5% of the Company's outstanding share capital as at the June 17, 2011 grant date, in contravention of the rules and policies of the TSX Venture Exchange and the terms of the 2012 Option Plan; and (ii) disinterested shareholder approval for the excess grant of 190,715 June 17, 2011 Options had not been received since the options were granted on June 17, 2011. For further information regarding the cancellation of these June 17, 2011 Options, see the Company's news release that was disseminated on February 24, 2014 (available on SEDAR at [www.sedar.com](http://www.sedar.com)).

#### **Extension of stock option expiry dates**

During the course of its detailed review of historic stock option grants, the Company became aware of a letter dated November 5, 2012 (the "**Lee Termination Letter**"), which terminated a consulting agreement between the Company and Mau Capital Management LLC, a consulting company controlled by Mr. Lee. This termination occurred just ahead of, and to allow for, the appointment of the Company's new President and CEO. The Lee Termination Letter was signed by Mr. Greg Hall, who was at that time a Director of the Company (and who resigned from the Board in November 2013). A paragraph of the Lee Termination Letter purported to amend the terms of Mr. Lee's stock options in the Company (previously defined as the "**Lee Options**", which term, for greater certainty, includes the June 17, 2011 Options) as follows: Mr. Lee would have the right to exercise any stock options which had vested by November 5, 2012 until the original expiry dates of such options; moreover, Mr. Lee's unvested options would continue to vest until September 5, 2014, and Mr. Lee would have the right to exercise all such options until their original expiry dates (collectively, the "**Lee Option Extensions**").

All of the Lee Options were granted under the Company's 2012 Option Plan (the terms of which are summarized below under the section entitled, "Description of equity compensation plans – 2012 Option Plan"). The 2012 Option Plan states that any option granted to an officer or director will, subject to disinterested shareholder approval, expire within 90 days of the date the optionee ceases to be employed by the Company. In addition, the Lee Option Extensions were never approved by the Company's Board of Directors, nor by the TSX Venture Exchange, nor were they put forward for

approval by disinterested shareholders after their grant at either the 2011 annual general meeting of the Company's shareholders or at the 2012 AGM, at which times Mr. Lee was a director and Chairman of the Company. Mr. Lee ceased to be a director or Insider of the Company on December 17, 2013.

On the basis of the Special Committee's recommendation with respect to the June 17, 2011 Options, the Company brought the issue detailed above to the attention of the TSX Venture Exchange, who advised the Company that, as Mr. Lee was an "Insider" (as such term is defined in TSXV Policy 1.1 – Interpretation) of the Company at the time the Lee Option Extensions were made on November 5, 2012, pursuant to the rules and policies of the TSX Venture Exchange, the Lee Option Extensions could be treated as being valid by, and for the purposes of, the TSX Venture Exchange only if disinterested shareholder approval was obtained in respect thereof. Disinterested shareholder approval in each case is the approval of a majority of the votes cast by all shareholders excluding any shares beneficially owned by Mr. Lee or any "Associate" (as such term is defined in TSXV Policy 1.1 – Interpretation) of Mr. Lee.

#### Management's recommendations

If you **follow management's recommendations** and you: (i) vote **AGAINST** Historical Lee Options Resolution No. 1 (as defined below); and (ii) vote **FOR** Historical Lee Options Resolution No. 2 (as defined below), Mr. Lee will thereafter have the number and terms of options as depicted below:

|          | Number of securities underlying unexercised options | Option exercise price (\$) | Option expiration date |
|----------|---|----------------------------|------------------------|
| John Lee | 100,000   | \$1.40                     | December 19, 2014      |
|          | 2,309,285   | \$0.91                     | December 19, 2014      |
|          | 50,000  | \$2.25                     | December 19, 2014      |
|          | 386,000   | \$1.16                     | December 19, 2014      |

If **you do not follow management's recommendations** and you: (i) vote for Historical Lee Options Resolution No. 1; and (ii) vote against Historical Lee Options Resolution No. 2, Mr. Lee will thereafter have the number and terms of options as depicted below:

|          | Number of securities underlying unexercised options | Option exercise price (\$) | Option expiration date |
|----------|---|----------------------------|------------------------|
| John Lee | 100,000   | \$1.40                     | December 13, 2015      |
|          | 2,309,285   | \$0.91                     | June 17, 2016          |
|          | 50,000  | \$2.25                     | December 12, 2016      |
|          | 386,000   | \$1.16                     | August 7, 2017         |

At the Meeting, disinterested shareholders will be asked to consider voting **AGAINST** the following resolution:

1. "BE IT RESOLVED as an ordinary resolution THAT:

The Lee Option Extensions, which were made in November 2012 pursuant to the Lee Termination Letter, as described in further detail in the Company's information circular dated August 19, 2014, are hereby approved ("**Historical Lee Options Resolution No. 1**")".

**In the absence of instructions to the contrary, the Wellgreen Platinum Ltd. proxyholders will vote the Common Shares represented by each GREEN form of proxy, properly executed, AGAINST approving the foregoing resolution.**

At the Meeting, disinterested shareholders will also be asked to consider voting **FOR** the following resolution:

2. "BE IT RESOLVED as an ordinary resolution THAT:
  - a. Subject to the approval of the TSX Venture Exchange, the change in the expiration date to December 19, 2014 for the exercise of all fully vested and unexercised stock options of the Company held by Mr. John Lee immediately following the annual general and special meeting of shareholders of the Company held on September 19, 2014, as described in further detail in the Company's information circular dated August 19, 2014, is hereby approved; and
  - b. notwithstanding that this resolution has been passed by the shareholders of the Company, this resolution will be deemed to have been revoked in the event that the resolution approving the Lee Option Extensions (as described in further detail in the Company's information circular dated August 19, 2014) is approved,

("Historical Lee Options Resolution No. 2")".

**In the absence of instructions to the contrary, the Wellgreen Platinum Ltd. proxyholders will vote the Common Shares represented by each GREEN form of proxy, properly executed, **FOR** approving the foregoing resolution.**

#### Other business

As of the date of this Circular, we are not aware of any other items of business to be considered at the Meeting other than as set forth above. If other items of business are properly brought before the Meeting, the Wellgreen Platinum proxyholders intend to vote on such items in accordance with management's recommendation.

#### Corporate governance

National Policy 58-201 – *Disclosure of Corporate Governance Practices* establishes corporate governance guidelines that apply to all public companies. National Instrument 58-101 – *Disclosure of Governance Practices* requires us to disclose in this Circular certain information regarding our corporate governance guidelines. That disclosure is set out below.

#### Board of directors

The mandate of our Board is to act in the best interests of the Company and to supervise management. The Board is responsible for approving long-term strategic plans and annual operating budgets recommended by management. Board consideration and approval is also required for material contracts, business transactions and debt and all equity financing transactions. Any responsibility which is not delegated to management or to Board committees remains the responsibility of the Board.

The Board meets on a regular basis consistent with the state of our affairs and also from time to time as deemed necessary to enable it to fulfill its responsibilities.

#### **Independence of members of the Board**

The Board is currently comprised of five directors. As at the date of this Circular, the following three directors are considered to be independent for the purposes of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”): Messrs. W. Hall, Manternach and Sylvestre. Our President and Chief Executive Officer, Mr. Johnson and our Chief Financial Officer, Mr. Mason are not considered to be independent, nor do they collect fees for serving on the Board.

The independent directors are able to meet at any time without members of management (including the non-independent directors) present. Further supervision of management is performed through the Audit Committee, which meets with our auditors without management in attendance.

#### **Other directorships**

The following is a list of each current and proposed director of the Company who is also a director of other reporting issuers (or equivalent) in a Canadian or foreign jurisdiction:

| <b>Name of director</b> | <b>Name of other reporting issuer</b>   |
|-------------------------|---|
| Greg Johnson            | Northern Freegold Ltd.<br>TNR Gold Corp.  |
| Myron Manternach        | Lithium Americas Corp.<br>Rathdowney Resources Ltd.   |
| Jeffrey R. Mason        | Amarc Resources Ltd.<br>Red Eagle Mining Corporation<br>Great Panther Silver Limited<br>Slater Mining Corporation |
| Mike Sylvestre          | Castle Resources Inc.<br>Claude Resources Inc.<br>James Bay Resources Limited                                     |

#### **Meeting attendance**

All of the directors who have been nominated for re-election attended the Company’s December 17, 2013 annual general meeting of shareholders.

The table below shows director attendance at Board and Board committee meetings held since the December 17, 2013 annual general meeting of shareholders:

| Director            | Board meetings            | Committee meetings <sup>(1)</sup> |   |                           |
|---------------------|---------------------------|-----------------------------------|---|---------------------------|
|                     |                           | Audit Committee                   | Corporate Governance, Compensation and Nominating Committee | Special Committee         |
| Wesley J. Hall      | 2 out of 4                | 2 out of 2 <sup>(2)</sup>         | 1 out of 1  | 1 out of 1                |
| Greg Johnson        | 4 out of 4                | N/A                               | N/A   | N/A                       |
| Myron G. Manternach | 4 out of 4                | 2 out of 2                        | 1 out of 1  | 1 out of 1 <sup>(3)</sup> |
| Jeffrey Mason       | 4 out of 4 <sup>(4)</sup> | N/A                               | N/A   | N/A                       |
| Mike Sylvestre      | 4 out of 4                | 2 out of 2 <sup>(2)</sup>         | 1 out of 1  | 1 out of 1                |

(1) The following directors served as committee chairs since the 2013 annual general meeting of shareholders:

- Mr. W. Hall – chair of the Corporate Governance, Compensation and Nominating Committee;
- Mr. Manternach – chair of the Audit Committee; and
- Mr. W. Hall – chair of the Special Committee.

(2) Mr. W. Hall and Mr. Sylvestre were each appointed as a member of the Audit Committee on November 18, 2013.

(3) Mr. Manternach was appointed a member of the Special Committee on August 27, 2013.

(4) Mr. Mason was appointed as a member of the Board on November 18, 2013, and he was re-elected as a Board member by the Company's shareholders at the Company's 2013 AGM.

### Orientation and continuing education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on our properties, business and industry and on the responsibilities of directors. Board meetings may also include presentations by our management and employees to give the directors additional insight into our business.

### Ethical business conduct

Our Board has adopted a Code of Business Conduct and Ethics (the "**Code**") to be followed by the directors, officers, employees and principal consultants of the Company and its subsidiaries. The Code is also to be followed, where appropriate, by our agents and representatives, including consultants where specifically required. The purpose of the Code is, among other things, to promote honest and ethical conduct, avoid conflicts of interest, protect confidential or proprietary information and comply with applicable laws and securities rules and regulations.

### Corporate governance, compensation and nominating committee

We have established a Corporate Governance, Compensation and Nominating Committee that is currently made up of the following directors, all of whom are independent:

- Wesley J. Hall (chair);
- Myron G. Manternach; and
- Mike Sylvestre.

For a summary of the relevant experience of each of the members of the Corporate Governance, Compensation and Nominating Committee, see the heading below entitled “Audit committee – Relevant education and experience”.

The Corporate Governance, Compensation and Nominating Committee’s mandate is to develop our approach to corporate governance and to make recommendations to the Board on the implementation and assessment of effective corporate governance principles. This committee is also normally responsible for assisting the Board in respect of the nomination of directors for appointment to the Board. In identifying and considering new candidates for board nomination, the Corporate Governance, Compensation and Nominating Committee considers, among other factors, the impact of the number of directors upon the effectiveness of the Board and the appropriate number of directors to facilitate more effective decision making. The Corporate Governance, Compensation and Nominating Committee also considers the competencies that the Board, as a whole, should possess, and the skills, experience and reputation of each of current director.

Our Corporate Governance, Compensation and Nominating Committee is, among other things, also responsible for:

- determining all forms of compensation to be granted to our Chief Executive Officer and for reviewing, as required, other senior management and executive officer compensation;
- evaluating the Chief Executive Officer’s performance in light of the corporate goals and objectives set for him/her;
- reviewing the adequacy and form of the compensation and benefits of the directors (in their capacities as directors) to ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective director; and
- reviewing and making periodic recommendations to the Board as to our general compensation and benefits policies and practices, including incentive compensation plans and equity based plans.

For a summary of the compensation received by our Named Executive Officers (as defined below) and directors for the financial year ended December 31, 2013, see: “Statement of executive compensation” below.

### **Special committee**

As disclosed in a news release dated December 20, 2012, the Board, by unanimous resolution, formed a Special Committee, comprised of Wesley J. Hall (chair) and Mike Sylvestre, in connection with certain inquiries made by the British Columbia Securities Commission (“**BCSC**”) regarding the events leading up to a July 14, 2011 news release that revealed the results of a resource estimate for the Wellgreen property. The Special Committee was given a broad mandate to assess:

- (a) an Order for Production received by the Company from the BCSC on October 4, 2012;
- (b) trading in the Common Shares by certain insiders prior to the Company’s press release of July 14, 2011; and
- (c) filing of reports by the Company’s insiders respecting their trades in securities of the Company under *National Instrument 55-102 – System for Electronic Disclosure by Insiders (SEDI)*.

During the relevant period for the purposes of the BCSC’s inquiries, John Lee was Chief Executive Officer and Chairman of the Company’s Board. Our current management team, including Greg Johnson, President and Chief Executive Officer, Jeffrey R. Mason, Chief Financial Officer, John Sagman, Senior Vice President and Chief Operating Officer, Robert Bruggeman, VP Corporate Development, and Samir Patel, Corporate Counsel and Corporate Secretary, were each appointed after August 2012, well

after the relevant period for the purposes of the BCSC's inquiries. Similarly, all of the proposed nominees for election as director for the ensuing year were first appointed to the Board in 2012 (in the case of Mr. Mason, he was first retained as an officer of the Company in November 2012, and first appointed to the Board in November 2013), subsequent to the period on which the BCSC's inquiries are focused.

### **Stock options**

On January 31, 2014, the Special Committee presented a Special Committee Report to the Board, which addressed, among other matters, the June 17, 2011 Options granted to Mr. John Lee. The Special Committee Report recommended that 190,715 of the June 17, 2011 Options be cancelled on the basis that such number represents the amount in excess of the 5% share capital threshold as at the grant date, and disinterested shareholder approval of this excessive grant was never obtained. Under the terms of the 2012 Option Plan and under the rules and policies of the TSX Venture Exchange, an officer or director of the Company is not eligible to receive such number of options as are convertible for a number of common shares that exceeds 5% of the Company's then outstanding share capital unless disinterested shareholder approval is received.

The Special Committee Report further recommended that the Company should take all required steps and make all required filings with the TSX Venture Exchange in connection with the cancellation of the 190,715 June 17, 2011 Options. Further to discussions with the TSX Venture Exchange, the Board approved the Special Committee's recommendations contained in the Special Committee Report and, on February 24, 2014, the Company cancelled 190,715 of the June 17, 2011 Options granted to John Lee on the basis that: (i) such amount exceeded 5% of the Company's outstanding share capital as at the June 17, 2011 grant date, in contravention of the rules and policies of the TSX Venture Exchange and the terms of the 2012 Option Plan; and (ii) disinterested shareholder approval for the excess grant of 190,715 June 17, 2011 Options had not been received since the options were granted on June 17, 2011.

Please see the section entitled, "Historical option grant, extension and amendment", for further information.

### **Board committees**

Other than the Corporate Governance, Compensation and Nominating Committee and the Special Committee described above, and the Audit Committee described below, there are no other committees of the Board.

### **Assessments**

The Board regularly assesses its own effectiveness and the effectiveness and contribution of each Board committee member and director.

### **Audit committee**

NI 52-110 requires our Audit Committee to meet certain requirements. It also requires us to disclose in this Circular certain information regarding the Audit Committee. That disclosure is set out below.

#### **Overview**

The Audit Committee is principally responsible for:

- recommending to the Board the external auditor to be nominated for election by the shareholders at each annual general meeting and negotiating the compensation of such external auditor;

- overseeing the work of the external auditor;
- reviewing our annual and interim financial statements, MD&A and press releases regarding earnings before they are reviewed and approved by the Board and publicly disseminated; and
- reviewing our financial reporting procedures and internal controls to ensure adequate procedures are in place for our public disclosure of financial information extracted or derived from our financial statements.

#### Audit committee charter

A copy of the Audit Committee charter is attached as Schedule “A” hereto.

#### Composition of the audit committee

Our Audit Committee is made up of three directors, all of whom are independent and financially literate, as defined, in each case, under NI 52-110:

- Wesley J. Hall;
- Myron Manternach (chair); and
- Mike Sylvestre.

#### Relevant education and experience

The following table contains a description of the skills and experience of each member of the Audit Committee that is relevant to the performance of their responsibilities as a member of the Audit Committee:

| Name of Audit Committee member | Relevant Education and Experience   |
|--------------------------------|---|
| Wesley J. Hall                 | <ul style="list-style-type: none"> <li>• Founder, President and Chief Executive Officer, Kingsdale Communications Inc. (shareholder services company) from 2009 to present.</li> <li>• President and Chief Executive Officer, Kingsdale Shareholder Services Inc. (proxy advisory company) from 2003 to present.</li> <li>• Former positions include: Chairman of the Board, Difference Capital Financial Inc. (finance company) from 2010 to 2014; Director, Longford Energy Inc. (oil and gas company) from 2012 to 2013; Director, Caldera Geothermal Inc. (geothermal company) from 2010 to 2013; Director, Genesis Land Development Corp. (real estate development company) from May to June 2010; Director and member of Audit Committee, Metallic Ventures Gold Inc. (resource company) from 2009 to 2010; and Director, Exempt Market Dealers Association of Canada (association of firms in the exempt market) from 2009 to 2010.</li> </ul> |
| Myron Manternach (chair)       | <ul style="list-style-type: none"> <li>• President of Castle Grove Capital, LLC (financial and strategic consulting firm) from 2013 to present.</li> <li>• Consultant to the investment committee of Geologic Resource Partners, LLC (investment fund specializing in the mining and metals sector) from 2013 to present.</li> </ul>  |



| Name of Audit Committee member | Relevant Education and Experience  |
|--------------------------------|--|
| Mike Sylvestre                 | <ul style="list-style-type: none"> <li>• Senior Advisor to ACA Associates (consulting firm specializing in the transportation industry) from 2012 to present.</li> <li>• Director, Lithium Americas Corp. from June 17, 2014 to present and Director, Rathdowney Resources Ltd. from August 12, 2014 to present.</li> <li>• Former positions include: Managing Director, Octavian Advisors, LP (global investment fund) from 2006 to 2011.</li> </ul><br><ul style="list-style-type: none"> <li>• Director, President and Chief Executive Officer, Castle Resources Inc. (resource company) from 2011 to present.</li> <li>• Director, James Bay Resources Ltd. (resource company) from 2010 to present.</li> <li>• Director, Claude Resources Inc. (resource company) from June 2011 to present.</li> <li>• Interim Chief Executive Officer, Claude Resources Inc. from May 1, 2014 to present.</li> <li>• Chairman, Claude Resources Inc. from May 8, 2014 to present.</li> <li>• Former positions include: Chief Operating Officer, Castle Resources Inc. from 2010 to 2011; Chief Operating Officer, Linear Gold Corp. (resource company) from 2009 to 2010; and Chief Executive Officer, Vale Inco New Caledonia (resource company) from 2008 to 2009.</li> </ul> |

#### Audit committee oversight

At no time since the commencement of our most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

#### Reliance on certain exemptions

Since the commencement of our most recently completed financial year, we have not relied on the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 or on an exemption from NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110. We are relying on the exemption in section 6.1 (*Venture Issuers*) of NI 52-110 regarding the requirements of Part 5 (*Reporting Obligations*) of NI 52-110.

#### Pre-approval policies and procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

### External auditor service fees (by category)

The table below shows the fees earned by Manning Elliott for services for the fiscal periods ended March 31, 2013 and December 31, 2013.

|                           | <b>Year Ended<br/>March 31,<br/>2013</b> | <b>Nine Months<br/>Ended<br/>December 31,<br/>2013</b> |   |
|---------------------------|--|--|---|
| <b>Audit fees</b>         | \$59,000                                 | \$59,000   | Total fees for audit services. Audit fees include fees necessary to perform the annual audit and quarterly reviews of our consolidated financial statements, fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements and audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits. |
| <b>Audit-related fees</b> | \$17,250                                 | \$21,650   | Audit-related fees include services that are traditionally performed by the auditor and include fees for employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and auditor or attest services not required by legislation or regulation.   |
| <b>Tax fees</b>           | \$15,000                                 | \$19,750   | Fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for ruling or technical advice from tax authorities. Special work included rationalization of corporate structure, flow through assessments and part 12.6 tax review.   |
| <b>All other fees</b>     | Nil                                      | Nil  | Fees for all other “non-audit services”.  |
| <b>Total</b>              | \$91,250                                 | \$100,400  |   |

### Statement of executive compensation

#### Compensation discussion and analysis

##### Compensation philosophy, objectives and process

The primary goal of our executive compensation process is to attract and retain the key executives necessary for the Company’s long term success, to encourage executives to further the development of

the Company and its operations, and to motivate top quality and experienced executives. Our Board meets to discuss and determine management compensation, with reference to relevant objectives, criteria and analysis. The general objectives of our compensation strategy are to:

- compensate management in a manner that encourages and rewards a high level of performance and results with a view to increasing long-term shareholder value;
- align management's interests with the long-term interests of shareholders;
- provide a compensation package that is commensurate with other comparable mineral exploration companies to enable us to attract and retain talent; and
- ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a junior mineral exploration company without a history of earnings. Our Board, as a whole, ensures that total compensation paid to all NEOs (as defined below) is fair and reasonable.

Our Board relies on the experience of its members, as officers and directors with other mining companies, and public compensation data in assessing compensation levels.

#### **Analysis of elements**

The key elements of executive compensation awarded by the Company are:

- base salary and/or management fees;
- cash or share bonus awards;
- incentive stock options and/or stock appreciation rights ("**SARs**")

There are no formal policies regarding cash and non-cash elements of our compensation program. The directors are of the view that all elements should be considered, rather than any single element. We do not currently provide the executive officers with personal benefits, aside from reimbursement for nominal monthly parking fees. We do not provide any additional compensation to the NEOs for serving as directors or as members of other committees.

#### **Option-based awards**

The Corporate Governance, Compensation and Nominating Committee recognizes that the Company operates in a competitive environment and that its performance depends on the quality of its employees. The Corporate Governance, Compensation and Nominating Committee has the responsibility to administer compensation policies related to executive management of the Company, including option-based awards.

Other than stock options granted under the Company's previous stock option plan approved by shareholders on April 15, 2011 and November 30, 2012 (the "**2012 Option Plan**"), all stock options and other share-based awards, including SARs, granted by the Company are issued under, and governed by, the share-based compensation plan of the Company (the "**Share-Based Compensation Plan**") approved by shareholders on December 17, 2013. The Share-Based Compensation Plan provides compensation to participants and an additional incentive to work toward long-term Company performance. See "Description of equity compensation plans – Share-Based Compensation Plan" and "Description of equity compensation plans – 2012 Option Plan" below.

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. Under the Share-Based Compensation Plan, options, bonus shares and SARs are granted based on the level of responsibility of the executive, as well as his or her impact and/or contribution to the longer-term operating performance of the Company. In determining the number of

options or other share-based awards to be granted to the executive officers, our Board takes into account the number of options, if any, previously granted to each executive officer and the exercise price of any outstanding options to ensure that such grants comply with the policies of the TSXV, and closely align the interests of the executive officers with the interests of the Company's shareholders.

#### **Risk assessment and oversight**

As is commensurate with companies of a similar size and at a similar stage of development, during our financial year ended December 31, 2013, the Board did not consider the implications of the risks associated with the Company's compensation policies and practices.

#### **Our share trading policy**

The Board has adopted a share trading policy (the "**Share Trading Policy**") that applies to all directors, officers and employees of the Company and its subsidiaries (collectively, "**Company Personnel**"), and to any and all transactions by them concerning the Company's securities. Pursuant to the Share Trading Policy, Company Personnel may not:

- purchase or sell any securities of the Company while aware of any material non-public information concerning the Company; or
- purchase or sell any securities of another company while aware of any material non-public information concerning such other company which was learned in the course of his or her service as a director, officer or employee of the Company.

Trading blackout periods may be prescribed from time to time by the Board or the Chief Executive Officer as a result of special circumstances relating to the Company when Company Personnel or certain Company Personnel are precluded from trading in the Company's securities. Company Personnel who are notified of a trading blackout period shall not trade in securities of the Company during such trading blackout period, except in accordance with certain exceptions permitted under the Share Trading Policy.

Other restrictions on trading under the Share Trading Policy include a prohibition on short-term speculation and a restriction on the number of securities of the Company that can be sold by Company Personnel in any one day. Company Personnel are required to advise the Chief Executive Officer (or a person designated by the Chief Executive Officer) whenever he or she intends to trade, directly or indirectly, in the Company's securities.

#### **Summary compensation table**

In accordance with the provisions of applicable securities legislation, we had three "Named Executive Officers" during the financial year ended December 31, 2013, namely: (i) Greg Johnson, President and CEO; (ii) Jeffrey R. Mason, CFO; and (iii) John Sagman, Senior Vice President and COO. For the purposes of this Circular:

"**CEO**" means an individual who acted as Chief Executive Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

"**CFO**" means an individual who acted as Chief Financial Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

"**executive officer**" of an entity means an individual who is:

- (a) the chair of the Company, if any;
- (b) the vice-chair of the Company, if any;
- (c) the president of the Company;

- (d) a vice-president of the Company in charge of a principal business unit, division or function including sales, finance or production;
- (e) an officer of the Company (or subsidiary, if any) who performs a policy-making function in respect of the Company; or
- (f) any other individual who performs a policy-making function in respect of the Company; and

**“Named Executive Officers” or “NEOs” means:**

- (a) the CEO of the Company;
- (b) the CFO of the Company;
- (c) each of the Company’s three most highly compensated executive officers, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

The following table contains a summary of the compensation paid to the NEOs for the financial year ended December 31, 2013:

| Name and principal position                    | Year                       | Salary (\$) | Share-based awards (\$) | Option-based awards (\$) <sup>(1)</sup> | Non-equity incentive plan compensation |                                | Pension value (\$) | All other compensation (\$) | Total compensation (\$) |
|--|----------------------------|-------------|-------------------------|---|--|--------------------------------|--------------------|-----------------------------|-------------------------|
|  |                            |             |                         |   | Annual incentive plans (\$)            | Long term incentive plans (\$) |                    |                             |                         |
| Greg Johnson, President and CEO <sup>(2)</sup> | Dec 31, 2013               | \$293,867   | Nil                     | \$227,795                               | Nil                                    | Nil                            | Nil                | Nil                         | \$521,662               |
|  | Mar 31, 2013               | \$154,203   | Nil                     | \$224,211                               | Nil                                    | Nil                            | Nil                | Nil                         | \$378,414               |
|  | Mar 31 2012 <sup>(4)</sup> | –           | –                       | –                                       | –                                      | –                              | –                  | –                           | –                       |

| Name and principal position          | Year                       | Salary (\$) | Share-based awards (\$) | Option-based awards (\$) <sup>(1)</sup> | Non-equity incentive plan compensation |                                | Pension value (\$) | All other compensation (\$) | Total compensation (\$) |
|--------------------------------------|----------------------------|-------------|-------------------------|---|--|--------------------------------|--------------------|-----------------------------|-------------------------|
|                                      |                            |             |                         |   | Annual incentive plans (\$)            | Long term incentive plans (\$) |                    |                             |                         |
| Jeffrey R. Mason, CFO <sup>(3)</sup> | Dec 31, 2013               | \$151,866   | Nil                     | \$192,332                               | Nil                                    | Nil                            | Nil                | Nil                         | \$344,198               |
|                                      | Mar 31, 2013               | \$54,444    | Nil                     | \$99,003                                | Nil                                    | Nil                            | Nil                | Nil                         | \$153,447               |
|                                      | Mar 31 2012 <sup>(4)</sup> | –           | –                       | –                                       | –                                      | –                              | –                  | –                           | –                       |
| John Sagman, SVP and COO             | Dec 31, 2013               | \$257,585   | Nil                     | \$173,678                               | Nil                                    | Nil                            | Nil                | Nil                         | \$431,263               |
|                                      | Mar 31, 2013               | \$142,681   | Nil                     | \$65,988                                | Nil                                    | Nil                            | Nil                | Nil                         | \$208,669               |
|                                      | Mar 31 2012 <sup>(4)</sup> | –           | –                       | –                                       | –                                      | –                              | –                  | –                           | –                       |

- (1) The figures shown are based on the fair value estimated at the date of option grant using the Black-Scholes pricing model under the following assumptions: (i) risk free weighted average interest rate is 1.44%; (ii) expected dividend yield of 0%; (iii) average expected volatility is 74%; and (iv) an expected term of 5 years. The Black-Scholes pricing model was used to estimate the fair value as it is the most accepted methodology. Certain of the option-based awards described in this column that were granted in June 2011 may be subject to cancellation.
- (2) Mr. Johnson was appointed President and CEO on November 15, 2012.
- (3) Mr. Mason was appointed CFO on November 13, 2012. His base salary was initially set at \$140,000 per annum. As of August 2013, Mr. Mason's base salary was adjusted to \$280,000 per annum on a go-forward basis, reflecting that Mr. Mason now works for the Company as Chief Financial Officer on a full-time basis, as opposed to on a 50% basis, as was the case prior to this salary adjustment.
- (4) The figures in this row represent an eight month period as the Company's financial year end was changed from July 31 to March 31 for this financial year end. The Company's financial year end was thereafter changed to December 31 at the Company's 2013 AGM.

#### Incentive plan awards – outstanding share-based awards and option-based awards

The following table sets forth details regarding the incentive plan awards (option-based awards) for each NEO that are outstanding as at December 31, 2013, including awards granted before the most recently completed financial year.

| Name             | Option-based awards                                     |                            |                        |   | Share-based awards   |  |  |
|------------------|---|----------------------------|------------------------|---|--|--|--|
|                  | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options <sup>(1)</sup> (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of vested share-based awards not paid out or distributed (\$) |
| Greg Johnson     | 800,000   | \$1.14                     | November 2, 2017       | Nil   | Nil  | Nil  | N/A  |
| Jeffrey R. Mason | 520,000   | \$1.25                     | November 5, 2017       | Nil   | Nil  | Nil  | N/A  |
| John Sagman      | 500,000   | \$1.24                     | October 17, 2017       | Nil   | Nil  | Nil  | N/A  |

(1) This amount is based on the difference between the market value of the Common Shares underlying the options as at December 31, 2013 (the last trading day of the financial year ended December 31, 2013), which was \$0.69 and the exercise price of the option.

Subsequent to our most recently completed financial year, on January 15, 2014, the Company issued an aggregate of 2,200,000 SARs at an exercise price of \$0.57 to its NEOs as follows:

| Name             | Number of SARs <sup>(1)</sup> |
|------------------|-------------------------------|
| Greg Johnson     | 1,000,000                     |
| Jeffrey R. Mason | 600,000                       |
| John Sagman      | 600,000                       |

(1) The SARs vest in four stages: 25% immediately, 25% after six months, 25% after 12 months and 25% after 18 months.

#### Incentive plan awards – value vested or earned during the year

The following table sets forth details regarding all awards outstanding under share-based or option-based incentive plans of the Company as at December 31, 2013 for each of the NEOs. The options granted to NEOs vest 50% each year (except for Greg Johnson's options, which vest 25% every 6 months).

| Name             | Option-based awards – value vested during the year <sup>(1)</sup> (\$) | Share-based awards – value vested during the year (\$) | Non-equity incentive plan compensation – value earned during the year (\$) |
|------------------|--|--|--|
| Greg Johnson     | Nil  | Nil  | Nil  |
| Jeffrey R. Mason | Nil  | Nil  | Nil  |

| Name        | Option-based awards – value vested during the year <sup>(1)</sup> (\$) | Share-based awards – value vested during the year (\$) | Non-equity incentive plan compensation – value earned during the year (\$) |
|-------------|--|--|--|
| John Sagman | Nil  | Nil  | Nil  |

(1) Dollar value that would have been realized is calculated by determining the difference between the market price of the underlying securities on the vesting date and the exercise or base price of the options under the option-based award.

There were no re-pricing of options under the Share Based Compensation Plan or otherwise during the financial year ended December 31, 2013.

### Pension plan benefits

We do not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with, retirement.

### Termination of employment, change in responsibilities and employment agreements

Each of the NEOs, namely Greg Johnson, Jeffrey R. Mason and John Sagman, have entered into employment agreements with the Company.

During the financial year ended December 31, 2013, neither the Company nor any of its subsidiaries had any plan or arrangement with respect to compensation of its executive officers which would result from the resignation, retirement or any other termination of the executive officers' employment with the Company or its subsidiaries, from a change of control of the Company or any subsidiary of the Company or from a change in the executive officers' responsibilities, other than with respect to Messrs. Greg Johnson, Jeffrey R. Mason and John Sagman (as described below).

### Greg Johnson – CEO executive employment agreement

Under the executive employment agreement entered into between Greg Johnson and the Company on November 2, 2012 (the "**Johnson Employment Agreement**"), the Company has agreed to pay Mr. Johnson a base annual salary of \$375,000 (this salary will be reviewed annually by the Board) and he is also eligible to receive an annual bonus of up to 60% of his salary (payable in cash or Common Shares), as determined by the Board in its sole discretion. In addition, Mr. Johnson was granted 800,000 stock options, is entitled to an annual option to acquire a minimum of 200,000 Common Shares, and may also receive additional stock options or other awards under the Share-Based Compensation Plan as determined by the Board in its sole discretion. Mr. Johnson is also entitled to participate in any group benefit plan(s) the Company makes available to senior executives.

The Johnson Employment Agreement also provides that:

- if Mr. Johnson's employment is terminated without cause, the Company will pay to him an amount, less deductions required by law, equal to: (a) 12 months' salary, if the termination occurs before completing two years of employment; (b) 18 months' salary, if the termination occurs on or after completing two years of employment but before completing three years of employment; and (c) 24 months' salary if the termination occurs on or after completing three years of employment;
- if an Event of Termination (as defined below) occurs, and Mr. Johnson elects to terminate the Johnson Employment Agreement, the Company will immediately terminate his employment without cause and will pay him an amount, less deductions required by law, equal to: (a) 18



months' salary, if the Event of Termination occurs before completing three years of employment; and (b) 24 months' salary, if the Event of Termination occurs on or after completing three years of employment;

- if Mr. Johnson's employment is terminated for any reason, the Company will pay all wages owing to him up to and including the termination date;
- if Mr. Johnson's employment is terminated without cause, or due to a Change of Control (as defined below), the Company will pay him a bonus (of up to 60% of his salary) in an amount determined by the Board, prorated for the period between the beginning of the calendar year and the termination date;
- if Mr. Johnson's employment is terminated without cause, all benefit coverage will cease at the end of the month following termination or upon such earlier date as the applicable benefit plan(s) require;
- if Mr. Johnson's employment is terminated for any reason, subject to the terms of the 2012 Option Plan, he will be entitled to exercise any vested stock options for a period of 90 days following the termination date; and
- if a Change of Control occurs, any outstanding stock options held by Mr. Johnson will vest immediately and will remain exercisable for the duration of their original term if Mr. Johnson's employment is not terminated. In the Event of Termination due to a Change of Control, any outstanding stock options held by Mr. Johnson will vest immediately and he will be entitled to exercise such options for a period of 90 days following the termination date.

A "**Change of Control**" is generally defined in the Johnson Employment Agreement as: (a) a merger, amalgamation, arrangement, consolidation, reorganization or transfer in which more than 50% of the issued and outstanding Common Shares are acquired, and the Board following such transaction is composed of less than 50% of the directors of the Board prior to the transaction; (b) any person or combination of persons acting jointly or in concert acquire or hold, directly or indirectly, 50% or more of the issued and outstanding Common Shares; (c) any person or combination of persons acting jointly or in concert acquire or hold, directly or indirectly, the right to appoint a majority of the directors of the Company; or (d) the Company sells, transfers or otherwise disposes of all or substantially all of its assets.

An "**Event of Termination**" is generally defined in the Johnson Employment Agreement to mean the occurrence of any of the following events within 12 months of a Change of Control, without Mr. Johnson's written consent: (a) the termination of employment without cause; (b) a material reduction in salary, benefits, title, status, duties or responsibilities; (c) a relocation of the principal place of employment outside the lower mainland area of British Columbia; (d) a material breach by the Company of the Johnson Employment Agreement; (e) any action that would constitute constructive dismissal at common law; or (f) the failure of the Company to obtain a satisfactory agreement from a successor to assume performance of the Johnson Employment Agreement.

The Johnson Employment Agreement also contains: (a) confidentiality provisions which require Mr. Johnson to keep in strict confidence the Company's or a subsidiary's confidential information during the term of his employment and any time thereafter, subject to certain exceptions; and (b) non-competition and non-solicitation provisions which apply during the term of his employment and for a period of 12 months following his termination.

## Jeffrey R. Mason – CFO executive employment agreement

Under the executive employment agreement entered into between Jeffrey R. Mason and the Company on November 13, 2012 (the “**Mason Employment Agreement**”), the Company has agreed to pay Mr. Mason a base annual salary of \$140,000 (this salary will be reviewed annually by the Board) and he is also eligible to receive an annual bonus of up to 20% of his salary (payable in cash or Common Shares), as determined by the Board in its sole discretion. In addition, Mr. Mason was granted 520,000 stock options and may also receive additional stock options or other awards under the Share-Based Compensation Plan as determined by the Board in its sole discretion. Subsequent to Mr. Mason resigning from Prophecy Coal Corp. effective August 30, 2013, the Mason Employment Agreement was amended to provide for a base annual salary of \$280,000 on a go-forward basis, reflecting that Mr. Mason works for the Company as Chief Financial Officer on a full-time basis, as opposed to on a 50% basis, as was the case prior to such amendment.

The Mason Employment Agreement also provides that:

- if Mr. Mason’s employment is terminated without cause, the Company will pay to him an amount, less deductions required by law, equal to: (a) 12 months’ salary, if the termination occurs before completing two years of employment; (b) 18 months’ salary, if the termination occurs on or after completing two years of employment but before completing three years of employment; and (c) 24 months’ salary if the termination occurs on or after completing three years of employment;
- if Mr. Mason’s employment is terminated for any reason, the Company will pay all wages owing to him up to and including the termination date;
- if Mr. Mason’s employment is terminated for any reason, the Company will pay him the portion of the then declared and/or earned or accrued bonus, prorated for the corresponding number of months;
- if Mr. Mason’s employment is terminated without cause, all benefit coverage will cease at the end of the month following termination or upon such earlier date as the applicable benefit plan(s) require;
- if Mr. Mason’s employment is terminated for any reason, subject to the terms of the 2012 Option Plan, for a period of 90 days following the termination date, he will be entitled to exercise any vested stock options and any stock options that would otherwise vest under the Mason Employment Agreement during the effective time period of the severance payment, being 12, 18 or 24 months (as described above), to which such stock options shall immediately vest; and
- if an Event of Termination (as defined below) occurs, and Mr. Mason elects to terminate the Mason Employment Agreement, the Company will immediately terminate his employment without cause and will pay him the amounts, and provide him with the benefits, described above.

A “**Change of Control**” is generally defined in the Mason Employment Agreement as: (a) a merger or acquisition in which the Company is either not the surviving entity or the Company’s shareholders do not constitute initially at least 50% plus 1 of the shareholdings of the surviving entity; or (b) the sale, transfer or other disposition of all or substantially all of the Company’s assets.

An “**Event of Termination**” is generally defined in the Mason Employment Agreement to mean the occurrence of any of the following events within 12 months of a Change of Control, without Mr. Mason’s written consent: (a) a material reduction in salary, benefits, status, duties or responsibilities; (b) a relocation of the principal place of employment outside the lower mainland area

of British Columbia; (c) a material breach by the Company of the Mason Employment Agreement; or (d) any action that would constitute constructive dismissal at common law.

The Mason Employment Agreement also contains: (a) confidentiality provisions which require Mr. Mason to keep in strict confidence the Company's or a subsidiary's confidential information during the term of his employment and any time thereafter, subject to certain exceptions; and (b) non-competition and non-solicitation provisions which apply during the term of his employment and for a period of 24 months following his termination.

#### **John E. Sagman – Sr. Vice President and COO executive services agreement**

Under the executive services agreement entered into between John E. Sagman and the Company on November 1, 2012 (the "**Sagman Employment Agreement**"), pursuant to which Mr. Sagman is classified as a consultant of the Company, the Company has agreed to pay Mr. Sagman a base annual salary of \$342,000 (this salary will be reviewed periodically by the Company) and he is also eligible to receive an annual bonus of up to 20% of his salary (payable in cash or Common Shares), as determined by the Board in its sole discretion. In addition, Mr. Sagman was granted 500,000 stock options and may also receive additional stock options or other awards under the Share-Based Compensation Plan as determined by the Company in its sole discretion. Mr. Sagman is also entitled to participate in any group benefit plan(s) the Company makes available to senior executives.

The Sagman Employment Agreement also provides that:

- if Mr. Sagman's employment is terminated involuntarily and without cause, the Company will pay to him an amount, less deductions required by law, equal to: (a) a fee of: (i) 18 months' salary, if the termination occurs before completing three years of employment; and (ii) 24 months' salary if the termination occurs on or after completing three years of employment; (b) the prorated proportion of any declared and/or earned or accrued bonus; (c) any outstanding vacation pay; and (d) all reasonable repatriation expenses of returning to the Lower Mainland if that is done within a period of three months from the date of termination;
- if Mr. Sagman's employment is terminated involuntarily and without cause, all benefit coverage will continue for six months from the date of termination;
- if Mr. Sagman's employment is terminated involuntarily and without cause, the Company will, subject to regulatory authority and stock exchange restrictions, allow Mr. Sagman to exercise any unexercised and fully vested portion of his stock options on the termination date at any time during the 90 days from the termination date;
- if Mr. Sagman's employment is terminated for any reason, the Company will pay all wages owing to him up to and including the termination date;
- if a Change of Control (as defined below) occurs, and Mr. Sagman elects to terminate the Sagman Employment Agreement, the Company will pay him an amount, less deductions required by law, equal to: (a) a fee of: (i) 18 months' salary, if the termination occurs before completing three years of employment; and (ii) 24 months' salary, if the termination occurs on or after completing three years of employment; (b) any outstanding vacation pay; and (c) all reasonable repatriation expenses of returning to the Lower Mainland if that is done within a period of three months from the date of termination; and
- if a Change of Control occurs, and Mr. Sagman elects to terminate the Sagman Employment Agreement, the Company will maintain Mr. Sagman's group benefit plan(s) for a period of one year from the effective date of termination and allow Mr. Sagman to exercise any unexercised and fully vested portion of his stock options on the termination date at any time during the 90 days from the termination date.

A “**Change of Control**” is generally defined in the Sagman Employment Agreement as: (i) a merger, or acquisition in which the Company is either not the surviving entity or the Company’s shareholders do not constitute initially at least 50% +1 of the shareholdings in the surviving entity; or (ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company.

The Sagman Employment Agreement also contains: (a) confidentiality provisions which require Mr. Sagman to keep in strict confidence the Company’s or a subsidiary’s confidential information during the term of his employment and any time thereafter, subject to certain exceptions; and (b) non-competition and non-solicitation provisions which apply during the term of his employment and for a period of 24 months following his termination.

**Estimated incremental payment on termination**

**Termination of employment without cause**

The following table provides details regarding the estimated incremental payments from the Company to each of Greg Johnson, Jeffrey R. Mason and John Sagman upon termination without cause, assuming that the termination was on December 31, 2013.

| <b>Name</b>      | <b>Severance period</b> | <b>Salary value (\$)</b> | <b>Bonus value (\$)</b> | <b>Benefits value (\$)</b> | <b>Unvested stock options value <sup>(1)</sup> (\$)</b> | <b>Total estimated incremental payment (\$)</b> |
|------------------|-------------------------|--------------------------|-------------------------|----------------------------|---|---|
| Greg Johnson     | 12 months               | \$375,000                | Nil                     | Nil                        | Nil   | \$375,000                                       |
| Jeffrey R. Mason | 12 months               | \$280,000                | Nil                     | Nil                        | Nil   | \$280,000                                       |
| John Sagman      | 18 months               | \$513,000                | Nil                     | Nil                        | Nil   | \$513,000                                       |

(1) This amount is calculated based on the difference between the market value of the Company’s Common Shares as at December 31, 2013 (the last trading day of the financial year ended December 31, 2013), which was \$0.69 and the exercise price of the stock option. If the stock options are not “in-the-money” no value is ascribed to such options.

**Termination of employment following Change of Control**

The following table provides details regarding the estimated incremental payments from the Company to each of Greg Johnson, Jeffrey R. Mason and John Sagman upon termination following a Change of Control, assuming that the termination was on December 31, 2013.

| <b>Name</b>      | <b>Severance period</b> | <b>Salary value (\$)</b> | <b>Bonus value (\$)</b> | <b>Benefits value (\$)</b> | <b>Unvested stock options value <sup>(1)</sup> (\$)</b> | <b>Total estimated incremental payment (\$)</b> |
|------------------|-------------------------|--------------------------|-------------------------|----------------------------|---|---|
| Greg Johnson     | 18 months               | \$562,000                | Nil                     | Nil                        | Nil   | \$562,000                                       |
| Jeffrey R. Mason | 12 months               | \$280,000                | Nil                     | Nil                        | Nil   | \$280,000                                       |

| Name        | Severance period | Salary value (\$) | Bonus value (\$) | Benefits value (\$) | Unvested stock options value <sup>(1)</sup> (\$) | Total estimated incremental payment (\$) |
|-------------|------------------|-------------------|------------------|---------------------|--|--|
| John Sagman | 18 months        | \$513,000         | Nil              | Nil                 | Nil  | \$513,000                                |

(1) This amount is calculated based on the difference between the market value of the Company's Common Shares as at December 31, 2013 (the last trading day of the financial year ended December 31, 2013), which was \$0.69 and the exercise price of the stock option. If the stock options are not "in-the-money" no value is ascribed to such options.

### Director compensation

Our Board established and adopted compensation guidelines for its independent directors, which are reviewed by us on an annual basis. The guidelines provide for the payment of fees to independent directors who are not otherwise compensated under a formal management agreement. The fees are paid to independent directors for attendance at various Board and/or Board committee meetings, the consideration of consent resolutions of the directors or Board committees and the review of related documentation. Each independent director receives fees in the amount of \$500 per month and \$500 per meeting attended (\$800 if the director chairs the meeting). We may also pay a fee for any additional services rendered by directors at the regular rates for services. In such instances, Board approval will be obtained. All directors are reimbursed by us for travel and other out-of-pocket expenses incurred in attending meetings. No director fees are paid to Messrs. Johnson or Mason for serving on the Board.

The following table sets forth all amounts of compensation provided to directors who were not Named Executive Officers for the financial year ended December 31, 2013.

| Name                            | Fees earned (\$) | Share-based awards (\$) | Option-based awards <sup>(1)</sup> (\$) | Non-equity incentive plan compensation (\$) | Pension value (\$) | All other compensation (\$) | Total compensation (\$) |
|---------------------------------|------------------|-------------------------|---|---|--------------------|-----------------------------|-------------------------|
| Mike Sylvestre <sup>(2)</sup>   | \$14,702         | N/A                     | \$41,495                                | N/A   | N/A                | Nil                         | \$56,197                |
| Wesley J. Hall <sup>(3)</sup>   | \$34,500         | N/A                     | \$24,191                                | N/A   | N/A                | Nil                         | \$58,691                |
| Harald Batista <sup>(4)</sup>   | \$8,536          | N/A                     | \$27,370                                | N/A   | N/A                | Nil                         | \$35,906                |
| John Lee <sup>(5)</sup>         | \$5,290          | N/A                     | \$93,379                                | N/A   | N/A                | Nil                         | \$98,669                |
| Myron Manternach <sup>(6)</sup> | \$15,300         | N/A                     | \$24,191                                | N/A   | N/A                | Nil                         | \$39,491                |
| D. Greg Hall <sup>(7)</sup>     | \$8,390          | N/A                     | \$19,354                                | N/A   | N/A                | Nil                         | \$27,744                |

(1) These figures are based on the fair value estimated at the date of option grant using the Black-Scholes pricing model under the following assumptions: (i) risk free weighted average interest rate is 1.44%; (ii) expected dividend yield of 0%; (iii) average expected volatility is 74%; and (iv) an expected term of 5 years. The Black-Scholes pricing model was used to estimate the fair value as it is the most accepted methodology. Certain of the option-based awards described in this column that were granted in June 2011 may be subject to cancellation.

(2) Mr. Sylvestre was appointed as a director on February 3, 2012, and as Chairman of the Board on December 17, 2013.

- (3) Mr. W. Hall was appointed director on August 7, 2012.
- (4) Mr. Batista ceased to be a director of the Company on December 17, 2013, as he was not re-elected as a director at the Company's 2013 AGM.
- (5) Mr. Lee ceased to be a director of the Company on December 17, 2013, as he was not re-elected as a director at the Company's 2013 AGM.
- (6) Mr. Manternach was appointed director on July 10, 2012.
- (7) Mr. G. Hall resigned as a director of the Company effective November 17, 2013.

Other than as set forth in the foregoing or elsewhere herein, no director who is not an NEO has received, during the most recently completed financial year, compensation pursuant to:

- (a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for Board committee participation or special assignments;
- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors; or
- (c) any arrangement for the compensation of directors for services as consultants or experts.

#### Incentive plan awards – outstanding share-based awards and option-based awards

The following table sets forth details regarding the incentive plan awards (option-based awards) for each director of the Company who is not a Named Executive Officer that are outstanding as at December 31, 2013, including awards granted prior to the most recently completed financial year.

| Name                          | Option-based awards <sup>(1)</sup>                      |                            |                        |   | Share-based awards   |  |  |
|-------------------------------|---|----------------------------|------------------------|---|--|--|--|
|                               | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options <sup>(2)</sup> (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of vested share-based awards not paid out or distributed (\$) |
| Mike Sylvestre                | 100,000   | \$3.68                     | February 3, 2017       | Nil   | N/A  | N/A  | N/A  |
|                               | 100,000   | \$1.16                     | August 7, 2017         | Nil   | N/A  | N/A  | N/A  |
| Wesley J. Hall                | 100,000   | \$1.16                     | August 7, 2017         | Nil   | N/A  | N/A  | N/A  |
| Harald Batista <sup>(3)</sup> | 100,000   | \$0.91                     | Expired                | Nil   | N/A  | N/A  | N/A  |
|                               | 100,000   | \$1.16                     | Expired                | Nil   | N/A  | N/A  | N/A  |
| John Lee <sup>(4)</sup>       | 100,000   | \$1.40                     | See Note 6 below       | Nil   | Nil  | Nil  | N/A  |
|                               | 2,309,285   | \$0.91                     | See Note 6 below       | Nil   | Nil  | Nil  | N/A  |

| Name                        | Option-based awards <sup>(1)</sup>                      |                            |                        |   | Share-based awards   |  |  |
|-----------------------------|---|----------------------------|------------------------|---|--|--|--|
|                             | Number of securities underlying unexercised options (#) | Option exercise price (\$) | Option expiration date | Value of unexercised in-the-money options <sup>(2)</sup> (\$) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested (\$) | Market or payout value of vested share-based awards not paid out or distributed (\$) |
|                             | 50,000  | \$2.25                     | See Note 6 below       | Nil   | Nil  | Nil  | N/A  |
|                             | 386,000   | \$1.16                     | See Note 6 below       | Nil   | Nil  | Nil  | N/A  |
| Myron Manternach            | 100,000   | \$1.16                     | August 7, 2017         | Nil   | N/A  | N/A  | N/A  |
| D. Greg Hall <sup>(5)</sup> | 25,000  | \$1.40                     | Expired                | Nil   | N/A  | N/A  | N/A  |
|                             | 250,000   | \$0.91                     | Expired                | Nil   | N/A  | N/A  | N/A  |
|                             | 50,000  | \$2.25                     | Expired                | Nil   | N/A  | N/A  | N/A  |
|                             | 80,000  | \$1.16                     | Expired                | Nil   | N/A  | N/A  | N/A  |

(1) Certain of the option-based awards described in this column that were granted in June 2011 may be subject to cancellation.

(2) This amount is based on the difference between the market value of the Common Shares underlying the options as at December 31, 2013 (the last trading day of the financial year ended December 31, 2013), which was \$0.69, and the exercise price of the option.

(3) Mr. Batista ceased to be a director of the Company on December 17, 2013, as he was not re-elected as a director at the Company's 2013 AGM.

(4) Mr. Lee ceased to be a director of the Company on December 17, 2013, as he was not re-elected as a director at the Company's 2013 AGM.

(5) Mr. G. Hall resigned as a director of the Company effective November 17, 2013.

(6) See the section above entitled "Historical stock option grant, extension and amendment – Management's recommendations".

#### Incentive plan awards – value vested or earned during the year

The following table sets forth details regarding all awards outstanding under share-based or option-based incentive plans of the Company as at December 31, 2013 to each of the non-executive directors. The options granted to directors do not have a vesting period.

| Name           | Option-based awards – value vested during the year <sup>(1)</sup> (\$) | Share-based awards – value vested during the year(\$) | Non-equity incentive plan compensation – value earned during the year(\$) |
|----------------|--|---|---|
| Mike Sylvestre | Nil  | Nil   | Nil   |

| Name                          | Option-based awards – value vested during the year <sup>(1)</sup> (\$) | Share-based awards – value vested during the year(\$) | Non-equity incentive plan compensation – value earned during the year(\$) |
|-------------------------------|--|---|---|
| Wesley J. Hall                | Nil  | Nil   | Nil   |
| Harald Batista <sup>(2)</sup> | Nil  | Nil   | Nil   |
| John Lee <sup>(3)</sup>       | Nil  | Nil   | Nil   |
| Myron Manternach              | Nil  | Nil   | Nil   |
| D. Greg Hall <sup>(4)</sup>   | Nil  | Nil   | Nil   |

(1) Dollar value that would have been realized is calculated by determining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.

(2) Mr. Batista ceased to be a director of the Company on December 17, 2013, as he was not re-elected as a director at the Company's 2013 AGM.

(3) Mr. Lee ceased to be a director of the Company on December 17, 2013, as he was not re-elected as a director at the Company's 2013 AGM.

(4) Mr. G. Hall resigned as a director of the Company effective November 17, 2013.

Subsequent to our most recently completed financial year, on January 15, 2014, the Company issued an aggregate of 550,000 SARs at an exercise price of \$0.57 to its directors as follows:

| Name             | Number of SARs <sup>(1)</sup> |
|------------------|-------------------------------|
| Mike Sylvestre   | 150,000                       |
| Wesley J. Hall   | 200,000                       |
| Myron Manternach | 200,000                       |

(1) The SARs granted to the directors vest in four stages: 25% immediately, 25% after six months, 25% after 12 months and 25% after 18 months.

#### Securities authorized for issuance under equity compensation plans

##### Equity compensation plan information as at December 31, 2013

| Plan category   | Number of securities to be issued upon exercise of outstanding options | Weighted-average exercise price of outstanding options | Number of securities remaining available for future issuance under equity compensation plans |
|---|--|--|--|
| Equity compensation plans approved by securityholders | 10,582,118 Shares <sup>(1)</sup>                                       | Common \$0.99  | 4,847,882  |



| <b>Plan category</b>   | <b>Number of securities to be issued upon exercise of outstanding options</b> | <b>Weighted-average exercise price of outstanding options</b> | <b>Number of securities remaining available for future issuance under equity compensation plans</b> |
|--|---|---|---|
| <b>Equity compensation plans not approved by securityholders</b> | Nil   | Nil   | Nil   |
| <b>Total</b>   | 10,582,118<br>Shares  | Common \$0.99   | 4,847,882   |

(1) Certain of the option-based awards described in this column that were granted in June 2011 may be subject to cancellation.

## **Description of equity compensation plans**

### **Share-Based Compensation Plan**

The following is a summary of certain provisions of the Share-Based Compensation Plan and is qualified in its entirety by the full text of the Share-Based Compensation Plan, a copy of which is available under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

#### **Purpose**

Shareholders approved the Share-Based Compensation Plan at the Company's annual general and special meeting held on December 17, 2013. The purpose of the Share-Based Compensation Plan is to promote the interests and long-term success of the Company by: providing certain employees, directors, officers and consultants with greater incentive to further develop and promote our business and financial success; furthering the alignment of interests of persons to whom Awards (as defined below) may be granted with those of the shareholders generally through a proprietary ownership interest in the Company; and assisting the Company in attracting, retaining and motivating its employees, directors, officers and consultants.

#### **Eligible Persons**

Awards may be granted to an employee, director, officer or consultant of the Company or any of its subsidiaries (an "**Eligible Person**"). A participant ("**Participant**") is an Eligible Person to whom an Award has been granted. An "**Award**" means any Option, Bonus Share (each as defined below) or SAR granted under the Share-Based Compensation Plan.

#### **Number of Common Shares available for Awards**

Subject to the adjustment provisions provided for in the Share-Based Compensation Plan and the applicable rules and regulations of all regulatory authorities to which the Company is subject (including the TSXV), the aggregate number of Common Shares issuable pursuant to the exercise of Awards granted under the Share-Based Compensation Plan, plus the aggregate number of Common Shares issuable pursuant to the exercise of outstanding stock options granted under the 2012 Option Plan, must not exceed 15,430,000. There are currently 10,582,118 stock options outstanding under the 2012 Option Plan. The Company currently has available for issuance an additional 4,847,882 Common Shares under the Share-Based Compensation Plan. However, see "Corporate governance – Special

committee – Stock options”. Common Shares available under the Share-Based Compensation Plan may be used for any Option, Bonus Share or SAR.

For purposes of the above, if an Award entitles the holder to receive or purchase Common Shares, the number of Common Shares covered by such Award or to which such Award relates will be counted on the date of grant of such Award against the aggregate number of Common Shares available for granting Awards under the Share-Based Compensation Plan as follows: (a) every Common Share subject to a stock option to purchase Common Shares granted under the Share-Based Compensation Plan (an “**Option**”) will be counted as one Common Share for every Common Share subject to such Option; (b) every Common Share that may be issued on account of a Bonus Share will be counted as one Common Share for every Common Share that may be issued on account of such Bonus Share; and (c) every Common Share that may be issued on account of a SAR will be counted as one Common Share for every Common Share that may be issued on account of such SAR.

If an outstanding Award for any reason expires or is terminated or cancelled without having been exercised or settled in full, or if Common Shares acquired pursuant to an Award subject to forfeiture or repurchase are forfeited, the Common Shares will again be available for issuance under the Share-Based Compensation Plan. Common Shares will not be deemed to have been issued pursuant to the Share-Based Compensation Plan with respect to any portion of an Award that is settled in cash.

#### **Number of Common Shares under Award grant**

Subject to complying with all requirements of the TSXV and the provisions of the Share-Based Compensation Plan, the number of Common Shares that may be purchased under any Award will be determined and fixed by the Corporate Governance, Compensation and Nominating Committee at the date of grant.

#### **Maximum Award grant**

- (a) The aggregate number of Common Shares reserved for issuance to any one Eligible Person, within any 12 month period, under the Share-Based Compensation Plan and under the 2012 Option Plan, must not exceed 5% of the issued Common Shares (unless the Company has obtained the approval of disinterested shareholders for such grant).
- (b) The aggregate number of Common Shares reserved for issuance to any one consultant, within any 12 month period, under the Share-Based Compensation Plan and under the 2012 Option Plan, must not exceed 2% of the issued Common Shares.
- (c) The aggregate number of Common Shares reserved for issuance to all persons retained to provide Investor Relations Activities (as defined in the Share-Based Compensation Plan), within any 12 month period, under the Share-Based Compensation Plan and under the 2012 Option Plan, must not exceed 2% of the issued Common Shares.
- (d) Unless the Company has obtained the approval of disinterested shareholders: (i) the aggregate number of Common Shares reserved for issuance to insiders of the Company, at any time, under the Share-Based Compensation Plan and under the 2012 Option Plan, must not exceed 10% of the issued Common Shares; and (ii) the aggregate number of Common Shares granted to insiders of the Company, within any 12 month period, under the Share-Based Compensation Plan and under the 2012 Option Plan, must not exceed 10% of the issued Common Shares.

#### **Exercise price of Options**

The exercise price per Common Share under each Option will be the fair market value of the Common Shares, as determined by the Corporate Governance, Compensation and Nominating Committee, in its sole discretion, provided that such price may not be less than the Discounted Market Price (within

the meaning of the policies of the TSXV) or such other minimum price as may be permitted under the applicable rules and regulations of all regulatory authorities to which the Company is subject, including the TSXV. Subject to the foregoing, the fair market value of any Common Share for the purpose of determining the exercise price for any Option will be, unless otherwise determined by the Corporate Governance, Compensation and Nominating Committee in their discretion, the trading price at which the Common Shares traded on the TSXV as of the close of market on the day immediately prior to the date such Option is granted.

### **Vesting restrictions**

Options issued to persons performing Investor Relations Activities will vest in stages over a period of not less than 12 months with no more than 25% of the Options vesting in any three month period.

Except as determined from time to time by the Corporate Governance, Compensation and Nominating Committee, all Options will cease to vest as at the date upon which the Participant ceases to be an Eligible Person (which, in the case of an employee or consultant of the Company or its subsidiaries, will be the date on which active employment or engagement, as applicable, with the Company or its subsidiaries terminates, specifically without regard to any period of reasonable notice or any salary continuance).

Notwithstanding the above, in the event of the death of a Participant prior to the Participant ceasing to be an Eligible Person, all Options of such Participant will become immediately vested.

### **Term of Options and causes of cessation**

Subject to the requirements of the TSXV, each Option will expire (the “**Expiry Date**”) on the earlier of:

- (a) the date determined by the Corporate Governance, Compensation and Nominating Committee and specified in the option agreement pursuant to which such Option is granted, provided that such date may not be later than the earlier of: (i) the date which is the tenth anniversary of the date on which such Option is granted, and (ii) the latest date permitted under the applicable rules and regulations of all regulatory authorities to which the Company is subject, including the TSXV;
- (b) in the event the Participant ceases to be an Eligible Person for any reason, other than the death of the Participant or the termination of the Participant for cause, such period of time after the date on which the Participant ceases to be an Eligible Person as may be specified by the Corporate Governance, Compensation and Nominating Committee, which date must not exceed three months following the termination of the Participant’s employment with the Company, or in the case of Options granted to a director, officer or consultant, three months following the Participant ceasing to be a director, officer or a consultant, unless the Corporate Governance, Compensation and Nominating Committee otherwise determines, and which period will be specified in the option agreement with the Participant with respect to such Option;
- (c) in the event of the termination of the Participant as an officer, employee or consultant of the Company or a subsidiary for cause, the date of such termination;
- (d) in the event that a director is subject to any order, penalty or sanction by an applicable securities regulatory authority which relates to such director’s activities in relation to the Company, and the Corporate Governance, Compensation and Nominating Committee determines that such director’s Options should be cancelled, the date of such determination;
- (e) in the event of the death of a Participant prior to: (i) the Participant ceasing to be an Eligible Person; or (ii) the date which is the number of days specified by the Corporate Governance, Compensation and Nominating Committee pursuant to subparagraph (b) above from the date

on which the Participant ceased to be an Eligible Person; the date which is one year after the date of death of such Participant or such earlier date as may be specified by the Corporate Governance, Compensation and Nominating Committee and which period will be specified in the option agreement with the Participant with respect to such Option; and

- (f) notwithstanding the foregoing provisions of subparagraphs (b), (c) and (d) above, the Corporate Governance, Compensation and Nominating Committee may, subject to the Share-Based Compensation Plan and to regulatory approval, at any time prior to expiry of an Option, extend the period of time within which an Option may be exercised by a Participant who has ceased to be an Eligible Person, but such an extension must not be granted beyond the earlier to occur of (i) the date that is one year from the date such extension was granted, and (ii) the original expiry date of the Option as provided for in subparagraph (a) above.

### **Share Bonus plan**

The Corporate Governance, Compensation and Nominating Committee will have the right, subject to the limitations described under the heading “Maximum Award grant” above, to issue, or reserve for issuance, for no cash consideration, to any Eligible Person, as a discretionary bonus, any number of Common Shares (“**Bonus Shares**”) as the Corporate Governance, Compensation and Nominating Committee may determine. The price at which such Bonus Shares are issued will be equal to the Current Market Price or the Discounted Market Price. The obligation of the Company to issue and deliver any Bonus Shares pursuant to an Award will be subject to receipt of all necessary approvals of any applicable securities regulatory authority and the TSXV.

“**Current Market Price**” means: (a) in respect of Bonus Shares, means the most recent closing price of the Common Shares on the TSXV immediately prior to the grant of the Bonus Shares; and (b) in respect of SARs which are exercised: (i) the closing price of the Common Shares on the TSXV on the date the notice of exercise in respect thereof is received by the Company, if such day is a trading day and the notice of exercise is received by the Company after regular trading hours; or (ii) the closing price of the Common Shares on the TSXV on the trading day immediately prior to the date the notice of exercise in respect thereof is received by the Company, if the notice of exercise is received by the Company during regular trading hours, or on a non-trading day.

### **SARs plan**

The Corporate Governance, Compensation and Nominating Committee has the right, subject to the paragraphs below, to grant to any Eligible Person SARs, with the specific terms and conditions thereof to be as provided in the Share-Based Compensation Plan and in the award agreement entered into in respect of such grant.

A SAR will entitle the Participant to receive from the Company the number of Common Shares, disregarding fractions, as determined on the following basis:

$$\text{Number of Common Shares} = \text{Number of SARs} \times (\text{Current Market Price} - \text{SAR Exercise Price}), \text{ less any amount withheld on account of income taxes.}$$

The exercise price per Common Share under each SAR (“**SAR Exercise Price**”) will be the fair market value of the Common Shares, expressed in terms of money, as determined by the Corporate Governance, Compensation and Nominating Committee, in its sole discretion, provided that such price may not be less than the Discounted Market Price or such other minimum price as may be permitted under the applicable rules and regulations of all regulatory authorities to which the Company is subject, including the TSXV. Subject to the foregoing, the fair market value of any Common Share for the purpose of determining the SAR Exercise Price for any SAR will be, unless otherwise determined

by the Corporate Governance, Compensation and Nominating Committee in their discretion, the trading price at which the Common Shares traded on the TSXV as of close of market on the day immediately prior to the date such SAR is granted.

The obligation of the Company to issue and deliver any SARs pursuant to an Award or to deliver any Common Shares pursuant to the exercise thereof, will be subject to receipt of all necessary approvals of any applicable securities regulatory authority and the TSXV.

#### **Procedure for amending**

Subject to the provisions of the Share-Based Compensation Plan and the requirements of the TSXV, the Corporate Governance, Compensation and Nominating Committee has the right at any time to suspend, amend or terminate the Share-Based Compensation Plan, including, but not limited to, the right: (a) without approval of the shareholders, to make amendments of a clerical nature, to reflect any requirements of any regulatory authorities to which the Company is subject or to vesting provisions of Awards, to extend the term of any Award held by non-insiders of the Company, and to reduce the exercise price per Common Share under any Award held by non-insiders of the Company, or replace such Award with a lower exercise price per Common Share under such replacement Award; and (b) with approval of disinterested shareholders, to make any amendment to the Share-Based Compensation Plan, including with respect to any of the following: (i) the aggregate number of Common Shares reserved for issuance to any one Eligible Person, within any 12 month period, under the Share-Based Compensation Plan and under the 2012 Option Plan, exceeding 5% of the issued Common Shares; (ii) the aggregate number of Common Shares reserved for issuance to insiders of the Company, at any time, under the Share-Based Compensation Plan and under the 2012 Option Plan, exceeding 10% of the issued Common Shares; and (iii) the aggregate number of Common Shares reserved for issuance to insiders of the Company, within any 12 month period, under the Share-Based Compensation Plan and under the 2012 Option Plan, exceeding 10% of the issued Common Shares.

#### **Other material information**

Subject to the provisions of the Share-Based Compensation Plan, appropriate adjustments to the Share-Based Compensation Plan and to Awards will be made, and will be conclusively determined, by the Corporate Governance, Compensation and Nominating Committee, to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations, substitutions, or reclassifications of the Common Shares, the payment of share dividends by the Company (other than dividends in the ordinary course) or other changes in the capital of the Company or from a Merger and Acquisition Transaction (as defined in the Share-Based Compensation Plan). In the event of a Merger and Acquisition Transaction, or a proposed Merger and Acquisition Transaction, the Corporate Governance, Compensation and Nominating Committee will: (a) in an appropriate and equitable manner, determine any adjustment to the number and type of Common Shares (or other securities or other property) that thereafter will be made the subject of Awards; (b) in an appropriate and equitable manner, determine the number and type of Common Shares (or other securities or other property) subject to outstanding Awards; (c) in an appropriate and equitable manner, determine the exercise price with respect to any Award, provided, however, that the number of securities covered by any Award or to which such Award relates will always be a whole number; (d) in an appropriate and equitable manner, determine the manner in which all unexercised rights granted under the Share-Based Compensation Plan will be treated including, without limitation, requiring the acceleration of the time for the exercise of such rights by the Participants, the time for the fulfillment of any conditions or restrictions on such exercise, and the time for the expiry of such rights; (e) offer any Participant the opportunity to obtain a new or replacement Award over any securities into which the Common Shares are changed or are convertible or exchangeable, on a basis proportionate to the number of Common

Shares under the Award and the exercise price (and otherwise substantially upon the terms of the Award being replaced, or upon terms no less favourable to the Participant); and (f) commute for or into any other security or any other property or cash, any Award that is still capable of being exercised, upon giving to the Participant to whom such Award has been granted at least 30 days' written notice of its intention to commute such Award, and during such period of notice, the Award, to the extent it has not been exercised, may be exercised by the Participant without regard to any vesting conditions attached thereto, and on the expiry of such period of notice, the unexercised portion of the Award will lapse and be cancelled.

### **2012 Option Plan**

Shareholders approved the 2012 Option Plan at the Company's special meeting held on April 15, 2011 and subsequently approved amendments to the 2012 Option Plan at the Company's annual general and special meeting held on November 30, 2012.

The purpose of the 2012 Option Plan is to attract and motivate directors, officers and employees of and consultants to the Company and its subsidiaries and thereby advance the Company's interests by affording such persons with an opportunity to acquire an equity interest in the Company through the stock options.

Under the policies of the TSXV, options granted under such a fixed plan are not required to have a vesting period (except as noted below), although the directors may grant options with vesting periods, as the circumstances require. Options granted to persons conducting investor relations activities must vest over a period of not less than 12 months with no more than 25% of the options vesting in any three month period. The 2012 Option Plan authorizes the Board to grant stock options to the optionees on the following terms:

- (a) The number of Common Shares subject to each option is determined by the Board provided that the 2012 Option Plan, together with all other previously established or proposed share compensation arrangements may not, during any 12 month period, result in:
  - (i) the number of Common Shares reserved for issuance pursuant to stock options granted to any one person exceeding 5% of the issued Common Shares (unless the Company has obtained disinterested shareholder approval);
  - (ii) the issuance, within a one year period, to insiders of the Company of a number of Common Shares exceeding 10%, or to any one optionee of a number exceeding 5% (unless the Company has obtained disinterested shareholder approval), or to a consultant of a number exceeding 2%; or to a person who provides investor relations activities of a number exceeding 2% of the issued Common Shares.
- (b) The aggregate number of Common Shares which may be issued pursuant to options granted under the 2012 Option Plan may not exceed 13,505,211 Common Shares.
- (c) The exercise price of an option may not be set at less than the closing market price during the trading day immediately preceding the date of grant of the option less a maximum discount of 25%.
- (d) The options may be exercisable for a maximum of 10 years from the date of grant.
- (e) The options are non-assignable, except in certain circumstances. The options can only be exercised by the optionee as long as the optionee remains an eligible optionee pursuant to the 2012 Option Plan or within a period of not more than 90 days (30 days for providers of investor relations activities) after ceasing to be an eligible optionee or, if the optionee dies, until the earlier of one year from the date of the optionee's death and the date of expiration of the term otherwise applicable.

- (f) On the occurrence of a takeover bid, issuer bid or going private transaction, the Board will have the right to accelerate the date on which any option becomes exercisable.

### Indebtedness of directors and executive officers

The following table sets out the aggregate indebtedness of all executive officers, directors, employees and former executive officers, directors and employees of the Company or any of its subsidiaries as at August 19, 2014.

| Aggregate indebtedness (\$) |                                    |                   |
|-----------------------------|------------------------------------|-------------------|
| Purpose                     | To the Company or its subsidiaries | To another entity |
| Share purchases             | \$892,500 <sup>(1)</sup>           | Nil               |
| Other                       | Nil                                | Nil               |

- (1) For details of the Loans provided to members of our senior management team, see: “About the Meeting – Interest of informed persons in material transactions” above. The Loans bear interest at a rate prescribed by the Canada Revenue Agency, and are repayable in full (together with any accrued interest) on December 31, 2014.

The following table sets forth each individual who is, or at any time during the most recently completed financial year was, a director or executive officer of the Company, each proposed nominee for election as a director of the Company, and each associate or affiliate of such director, executive officer or proposed nominee who is, or at any time since the beginning of our most recently completed financial year was, indebted to the Company or any of its subsidiaries.

| Indebtedness of directors and executive officers                                      |                                      |  |  |   |  |   |
|---|--------------------------------------|--|--|---|--|---|
| Name and principal position   | Involvement of Company or subsidiary | Largest amount outstanding during financial year ended December 31, 2013 | Amount outstanding as at August 19, 2013 | Financially assisted securities purchases during financial year ended December 31, 2013 | Security for indebtedness                                | Amount forgiven during financial year ended December 31, 2013 |
| Greg Johnson, President, Chief Executive Officer and Director (and proposed Director) | Lender                               | \$280,000 <sup>(1)</sup>   | \$280,000                                | 400,000 Common Shares<br>400,000 warrants   | First priority encumbrance over all securities purchased | Nil   |
| Jeffrey R. Mason, Chief Financial Officer and Director (and proposed Director)        | Lender                               | \$227,500 <sup>(1)</sup>   | \$227,500                                | 325,000 Common Shares<br>325,000 warrants   | First priority encumbrance over all securities purchased | Nil   |

## Indebtedness of directors and executive officers

| Name and principal position                                    | Involvement of Company or subsidiary | Largest amount outstanding during financial year ended December 31, 2013 | Amount outstanding as at August 19, 2013 | Financially assisted securities purchases during financial year ended December 31, 2013 | Security for indebtedness                                | Amount forgiven during financial year ended December 31, 2013 |
|--|--------------------------------------|--|--|---|--|---|
| John Sagman, Senior Vice President and Chief Operating Officer | Lender                               | \$227,500 <sup>(1)</sup>   | \$227,500                                | 325,000 Common Shares<br>325,000 warrants   | First priority encumbrance over all securities purchased | Nil   |
| Robert Bruggeman, VP Corporate Development                     | Lender                               | \$70,000 <sup>(1)</sup>  | \$70,000                                 | 100,000 Common Shares<br>100,000 warrants   | First priority encumbrance over all securities purchased | Nil   |
| Samir Patel, Corporate Counsel and Corporate Secretary         | Lender                               | \$52,500 <sup>(1)</sup>  | \$52,500                                 | 75,000 Common Shares<br>75,000 warrants   | First priority encumbrance over all securities purchased | Nil   |

(1) For details of the Loans provided to members of our senior management team, see: “About the Meeting – Interest of informed persons in material transactions” above. The Loans bear interest at a rate prescribed by the Canada Revenue Agency, and are repayable in full (together with any accrued interest) on December 31, 2014.

No guarantee, support agreement, letter of credit or other similar arrangement or understanding has been provided by us at any time since the beginning of the most recently completed financial year with respect to any indebtedness of any of the individuals named above.

### Management contracts

There are no management functions of the Company or any of its subsidiaries, which are to any substantial degree performed by a person or company other than the directors or executive officers of the Company or subsidiary.



### Additional information

Additional information relating to Wellgreen Platinum is available on SEDAR at [www.sedar.com](http://www.sedar.com).

You can find financial information relating to Wellgreen Platinum in our comparative financial statements and MD&A for the most recently completed financial year. These documents are available on our website at [www.wellgreenplatinum.com](http://www.wellgreenplatinum.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

You can also request copies free of charge by contacting us at:

|                                       |  |
|---------------------------------------|--|
| Wellgreen Platinum Ltd.               | <a href="mailto:info@wellgreenplatinum.com">info@wellgreenplatinum.com</a> |
| Suite 1128 – 1090 West Georgia Street | T. (604) 569-3690  |
| Vancouver, British Columbia V6E 3V7   | F. (604) 428-7528  |

### Directors' approval

Our Board has approved the contents of this Circular and authorized us to send it to you.

By order of the Board,

*"Greg Johnson"*

Greg Johnson  
President, Chief Executive Officer and Director

Vancouver, British Columbia  
August 19, 2014

## Schedule "A"

### Audit Committee Charter

#### 1.0 Purpose of the Committee

1.1 The Audit Committee represents the Board in discharging its responsibility relating to the accounting, reporting and financial practices of WG and its subsidiaries, and has general responsibility for oversight of internal controls, accounting and auditing activities and legal compliance of and its subsidiaries.

#### 2.0 Members of the Committee

2.1 The Audit Committee shall consist of no less than three Directors a majority of whom shall be "independent" as defined under Multilateral Instrument 52-110, while is in the developmental stage of its business. The members of the Committee shall be selected annually by the Board and shall serve at the pleasure of the Board.

2.2 At least one Member of the Audit Committee must be "financially literate" as defined under Multilateral Instrument 52-110, having sufficient accounting or related financial management expertise to read and understand a set of financial statements, including the related notes, that present a breadth and level of complexity of the accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by 's financial statements.

#### 3.0 Meeting Requirements

3.1 The Committee will, where possible, meet on a regular basis at least once every quarter, and will hold special meetings as it deems necessary or appropriate in its judgment. Meetings may be held in person or telephonically, and shall be at such times and places as the Committee determines. Without meeting, the Committee may act by unanimous written consent of all members which shall constitute a meeting for the purposes of this charter.

3.2 A majority of the members of the Committee shall constitute a quorum.

#### 4.0 Duties and Responsibilities

4.1 The Audit Committee's function is one of oversight only and shall not relieve WG's management of its responsibilities for preparing financial statements which accurately and fairly present WG's financial results and conditions or the responsibilities of the external auditors relating to the audit or review of financial statements. Specifically, the Audit Committee will:

- (a) have the authority with respect to the appointment, retention or discharge of the independent public accountants as auditors of (the "auditors") who perform the annual audit in accordance with applicable securities laws, and who shall be ultimately accountable to the Board through the Audit Committee;

- (b) review with the auditors the scope of the audit and the results of the annual audit examination by the auditors, including any reports of the auditors prepared in connection with the annual audit;
- (c) review information, including written statements from the auditors, concerning any relationships between the auditors and or any other relationships that may adversely affect the independence of the auditors and assess the independence of the auditors;
- (d) review and discuss with management and the auditors's audited financial statements and accompanying Management's Discussion and Analysis of Financial Conditions ("MD&A"), including a discussion with the auditors of their judgments as to the quality of WG's accounting principles and report on them to the Board;
- (e) review and discuss with management WG's interim financial statements and interim MD&A and report on them to the Board;
- (f) pre-approve all auditing services and non-audit services provided to by the auditors to the extent and in the manner required by applicable law or regulation. In no circumstances shall the auditors provide any non-audit services to that are prohibited by applicable law or regulation;
- (g) evaluate the external auditor's performance for the preceding fiscal year, reviewing their fees and making recommendations to the Board;
- (h) periodically review the adequacy of WG's internal controls and ensure that such internal controls are effective;
- (i) review changes in the accounting policies of and accounting and financial reporting proposals that are provided by the auditors that may have a significant impact on WG's financial reports, and report on them to the Board;
- (j) oversee and annually review WG's Code of Business Conduct and Ethics;
- (k) approve material contracts where the Board of Directors determines that it has a conflict;
- (l) establish procedures for the receipt, retention and treatment of complaints received by regarding the audit or other accounting matters;
- (m) where unanimously considered necessary by the Audit Committee, engage independent counsel and/or other advisors at WG's expense to advise on material issues affecting which the Audit Committee considers are not appropriate for the full Board;
- (n) satisfy itself that management has put into place procedures that facilitate compliance with the provisions of applicable securities laws and regulation relating to insider trading, continuous disclosure and financial reporting;
- (o) review and monitor all related party transactions which may be entered into by ; and

- (p) periodically review the adequacy of its charter and recommending any changes thereto to the Board.

## **5.0 Miscellaneous**

5.1 Nothing contained in this Charter is intended to extend applicable standards of liability under statutory or regulatory requirements for the directors of WG or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

**Schedule "B"**

**Shareholder Rights Plan**

(Attached)

**SHAREHOLDER RIGHTS PLAN AGREEMENT**  
**AUGUST 14, 2014**  
**between**  
**WELLGREEN PLATINUM LTD.**  
**and**  
**COMPUTERSHARE INVESTOR SERVICES INC.**  
**as Rights Agent**

# SHAREHOLDER RIGHTS PLAN AGREEMENT

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**Exhibit “A” Form of Rights Certificate**



## SHAREHOLDER RIGHTS PLAN AGREEMENT

THIS AGREEMENT is made as of August 14, 2014

### BETWEEN:

**WELLGREEN PLATINUM LTD.**, a corporation incorporated under the laws of the Province of British Columbia

(the “**Corporation**”),

- and -

**COMPUTERSHARE INVESTOR SERVICES INC.**, a company incorporated under the laws of Canada, as rights agent

(“**Rights Agent**”)

### WHEREAS:

- (1) The Board Of Directors of the Corporation, in the exercise of their fiduciary duties, have determined that it is advisable and in the best interests of the Corporation to adopt a new shareholder rights plan to: (a) ensure, to the extent possible that all holders of the Common Shares (as hereinafter defined) of the Corporation and the Board of Directors have adequate time to consider and evaluate any unsolicited bid for the Common Shares; (b) provide the Board of Directors with adequate time to identify, develop and negotiate value-enhancing alternatives, if considered appropriate, to any such unsolicited bid; (c) encourage the fair treatment of the Corporation’s securityholders in connection with any Take-over Bid (as hereinafter defined) made for the Common Shares; and (d), generally, to assist the Board of Directors in enhancing shareholder value (the “**Rights Plan**” or the “**Agreement**”);
- (2) In implementation of the Rights Plan, the Board of Directors of the Corporation:
  - (a) authorized and declared a distribution of one Right in respect of each Common Share outstanding as of 5:00 p.m. on the date of this Agreement (the “**Record Time**”) to each holder of record of Common Shares as of the Record Time;
  - (b) authorized the issue 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;
- (3) 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
- (4) The Rights Agent has agreed to act on behalf of the Corporation 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 premises and respective agreements set forth herein, the parties hereby agree as follows:

### ARTICLE I INTERPRETATION

#### 1.1 Certain Definitions

In this Agreement, unless the context otherwise requires:

**“Acquiring Person”** means any Person who is the Beneficial Owner of 20% or more of the outstanding Voting Shares; *provided, however,* that the term “Acquiring Person” shall not include:

- (i) the Corporation or any Subsidiary of the Corporation, or
- (ii) an underwriter or member of a banking or selling group that acquires Voting Shares from the Corporation in connection with a distribution of securities pursuant to a prospectus or by way of private placement, or
- (iii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares solely as a result of one or any combination of:
  - (A) a Corporate Acquisition which, by reducing the number of Voting Shares outstanding, increases the percentage of Voting Shares beneficially owned by such Person to or above 20% or more of the Voting Shares then outstanding;
  - (B) a Permitted Bid Acquisition;
  - (C) an Exempt Acquisition;
  - (D) a Pro-Rata Acquisition; or
  - (E) a Convertible Security Acquisition,

in each such case, until such time thereafter as such Person shall become the Beneficial Owner (otherwise than pursuant to any one or more of a Corporate Acquisition, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro-Rata Acquisition, or a Convertible Security Acquisition) of additional Voting Shares constituting more than 1% of the Voting Shares then outstanding, in which event such Person shall become an Acquiring Person as of the date and time of acquisition of such additional Voting Shares; or

- (iv) for a period of 10 days after the Disqualification Date (as hereinafter defined), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of such Person becoming disqualified from relying on clause (B) of the definition of Beneficial Owner. In this definition, **“Disqualification Date”** means the first date of public announcement of facts indicating that such Person has or is making or has announced an intention to make a Take-over Bid alone or by acting jointly or in concert with any other Person; or
- (v) any Person (a **“Grandfathered Person”**) who is the Beneficial Owner of 20% or more of the Voting Shares determined as at the Record Time, provided, however, that this exception shall not, and shall cease to, apply if, after the Record Time the Grandfathered Person: (A) ceases to own 20% or more of the outstanding Voting Shares; or (B) becomes the Beneficial Owner of more than 1% of the number of outstanding Voting Shares then outstanding in addition to those Voting Shares such Person already holds other than pursuant to a Corporate Acquisition, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition, or a Convertible Security Acquisition or any combination thereof.

**“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 and a body corporate shall be deemed to be

an Affiliate of another body corporate if one of them is the Subsidiary of the other or if both are Subsidiaries of the same body corporate or if each of them is controlled by the same Person.

“**Associate**” of a specified individual shall mean any individual to whom such specified individual is married or with whom such specified individual is living in a conjugal relationship, outside marriage, or any relative of such specified individual or said spouse who has the same residence as such specified individual.

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 of such Person’s Affiliates or Associates is the owner at law or in equity;
- (ii) any securities of which such Person or any of such Person’s Affiliates or Associates has the right to become the owner at law or in equity (where such right is exercisable immediately or within a period of 60 days, whether or not upon the condition or occurrence of any contingency or the making of one or more payments) upon the exercise of any conversion right, exchange right, purchase right (other than the Rights) or pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing, other than:
  - (A) customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities pursuant to a prospectus or by way of a private placement; and
  - (B) pledges of securities in the ordinary course of the pledgee’s business as a lender granted as security for bona fide indebtedness; and
- (iii) any securities that are Beneficially Owned within the meaning of clauses (i) or (ii) of this definition by any other Person with which such Person is acting jointly or in concert,

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

- (A) where: (1) the holder of such security has agreed to deposit or tender such security to a Take-over Bid made by such Person or any of such Person’s Affiliates or Associates or any other Person referred to in clause (iii) of this definition pursuant to a Permitted Lock-up Agreement; or (2) such security has been deposited or tendered pursuant to a Take-over Bid made by such Person or any of such Person’s Affiliates or Associates or made by any other Person acting jointly or in concert with such Person until such deposited or tendered security has been taken up or paid for, whichever shall first occur;
- (B) such Person, any Affiliate or Associate of such Person or any other Person acting jointly or in concert with such Person holds such security; provided that:
  - (a) the ordinary business of such Person (the “**Investment Manager**”) includes the management or administration of investment funds or mutual funds for other Persons and such security is held by the Investment Manager in the ordinary course of such business in the performance of the Investment Manager’s duties for the account of any other Person (a “**Client**”) including non-discretionary accounts held on

behalf of a Client by a broker or dealer or broker-dealer registered under applicable law;

- (b) 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 (each, an “**Estate Account**”) or in relation to other accounts (each, an “**Other Account**”) and holds such security in the ordinary course of and for the purposes of the activities of such Estate Accounts or for such Other Accounts;
- (c) such Person (the “**Statutory Body**”) is 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, or various public bodies and the Statutory Body holds such security in the ordinary course of and for the purposes of its activities as such; or
- (d) such Person (the “**Plan Administrator**”) is the administrator or the trustee of one or more pension funds or plans registered under the laws of Canada or the United States of America or any province or state thereof (each, a “**Plan**”) or is a Plan and such security is Beneficially Owned or held by the Person in the ordinary course of and for the purposes of its activities as such;

provided, however, that in any of the foregoing cases, the Investment Manager, the Trust Company, the Statutory Body, the Plan Administrator or the Plan, as the case may be: (1) did not acquire and does not Beneficially Own or hold such security for the purpose of or with the effect of changing or influencing the control of the issuer thereof, either alone or acting jointly or in concert with any other person, or in connection with or as a participant in any transaction having that purpose or effect; and (2) is not then making or has not then announced an intention to make a Take-over Bid, alone or by acting jointly or in concert with any other Person, other than an Offer to Acquire Voting Shares or other securities pursuant to a distribution by the Corporation, a Permitted Bid or by means of ordinary market transactions (including pre-arranged trades entered into in the ordinary course of business of such Person) executed through the facilities of a stock exchange or organized over-the-counter market in respect of securities of the Corporation;

- (C) such Person is a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security, or because 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 because such Person is a Plan with the same Plan Administrator as another Plan on whose account the Plan Administrator holds such security;
- (D) such Person is a Client of a Investment Manager and such security is owned at law or in equity by the Investment Manager or because 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 Plan and such security is owned at law or in equity by the Plan Administrator of such Plan; or

- (E) such Person is the registered holder of securities as a result of carrying on the business, or acting as a nominee, of a securities depository.

For purposes of this Agreement, the percentage of Voting Shares Beneficially Owned by any Person at any time shall be and be deemed to be the product determined by the formula:

$$100 \times \frac{A}{B}$$

- where: A = the number of votes for the election of all directors generally attached to the Voting Shares Beneficially Owned by such Person at such time; and
- B = the number of votes for the election of all directors generally attaching to all Voting Shares actually outstanding.

Where any Person is deemed to Beneficially Own unissued Voting Shares, such Voting Shares shall be deemed to be outstanding for the purpose of calculating the percentage of Voting Shares Beneficially Owned by such Person, but unissued Voting Shares which another Person may be deemed to Beneficially Own shall not be included in the denominator of the above formula.

**“Board of Directors”** means the board of directors of the Corporation.

**“Business Day”** means any day other than a Saturday, Sunday or, unless otherwise specified, a day on which Canadian chartered banks in Vancouver, British Columbia, (or after the Separation Time, the principal office of the Rights Agent in Vancouver, British Columbia) are generally authorized or obligated by law to close.

**“Canadian-U.S. Exchange Rate”** means, on any date, the inverse of the U.S.-Canadian Exchange Rate.

**“Canadian Dollar Equivalent”** of any amount which is expressed in United States dollars means, on any date, the Canadian dollar equivalent of such amount determined by reference to the Canadian-U.S. Exchange Rate on such date.

**“Close of Business”** on any given date means 5:00 p.m. (Vancouver time, unless otherwise specified), on such date *provided, however*, that if such date is not a Business Day, Close of Business on such date shall mean 5:00 p.m. (Vancouver time, unless otherwise specified), on the next succeeding Business Day.

**“Common Share(s)”** means the common shares which the Corporation is authorized to issue, as such common shares may be subdivided, consolidated, reclassified or otherwise changed from time to time, and “common shares” when used with reference to any Person other than the Corporation means the class or classes of shares (or similar equity interests) with the greatest per share voting power entitled to vote generally in the election of all directors of such other Person or the equity securities or other equity interest having power (whether or not exercised) to control or direct the management of such other Person or, if such other Person is a Subsidiary of another Person, of the Person or Persons (other than an individual) which ultimately control such first mentioned other Person.

**“Competing Permitted Bid”** means a Take-over Bid that:

- (i) is made after a Permitted Bid or Competing Permitted Bid has been made and prior to the expiry of that Permitted Bid or Competing Permitted Bid (in this definition, the **“Prior Bid”**);

- (ii) satisfies all components of the definition of a Permitted Bid other than the requirements set out in clause (ii)(A) of that definition; and
- (iii) contains, and the taking up and payment for securities tendered or deposited thereunder are subject to, irrevocable and unqualified conditions that:
  - (A) no Common Shares shall be taken up or paid for pursuant to the Take-over Bid (x) prior to the Close of Business on a date that is not earlier than the later of 35 days after the date of such Take-over Bid and the earliest date on which Common Shares may be taken up or paid for under any Prior Bid in existence at the date of such Take-over Bid, and (y) the 60th day after the date on which the earliest Prior Bid was made and then only if, at the time that such Common Shares are first taken up or paid for, more than 50% of the then outstanding Common Shares held by Independent Shareholders have been deposited or tendered pursuant to the Take-over Bid and not withdrawn; and
  - (B) in the event that the requirement set forth in subclause (iii)(A)(y) of this definition is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Common Shares for not less than 10 days from the date of such public announcement;

provided always that a Competing Permitted Bid will cease to be a Competing Permitted Bid at any time when such bid ceases to meet any of the provisions of this definition and provided that, at such time, any acquisition of Voting Shares made pursuant to such Competing Permitted Bid, including any acquisition of Voting Shares theretofore made, will cease to be a Permitted Bid Acquisition.

**“controlled”**: a Person shall be deemed to be “controlled” by another Person or two or more Persons if:

- (i) securities entitled to vote in the election of directors (including, for Persons other than corporations, the administrators, managers, trustees or other persons performing similar functions in respect of any such Person) 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; and
- (ii) the votes carried by such securities are entitled, if exercised, to elect, appoint or designate a majority of the board of directors of such corporation or other Person;

and **“controls”**, **“controlling”** and **“under common control with”** shall be interpreted accordingly.

**“Convertible Securities”** means at any time any securities issued by the Corporation from time to time (other than the Rights) carrying any exercise, conversion, or exchange right pursuant to which the holder thereof may acquire Voting Shares or other securities which are convertible into or exercisable or exchangeable for Voting Shares.

**“Convertible Security Acquisition”** means the acquisition of Voting Shares upon the exercise of Convertible Securities received by a Person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition or a Pro-Rata Acquisition.

**“Corporate Acquisition”** means an acquisition, redemption or cancellation by the Corporation of Voting Shares which, by reducing the number of Voting Shares outstanding, increases the percentage of Voting Shares Beneficially Owned by any Person.

**“Exempt Acquisition”** means the acquisition of Voting Shares or Convertible Securities: (i) in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to the provisions of subsections 5.1(b), (c) or (d) hereof, (ii) pursuant to a regular dividend reinvestment or other similar share purchase plan of the Corporation made available by it to all holders of Voting Shares of a class or series or Voting Shares where such plan permits the holder to direct that dividends paid in respect of such Voting Shares be applied to the purchase from the Corporation of further securities of the Corporation, or (iii) pursuant to a distribution of Voting Shares, or securities convertible into or exchangeable for Voting Shares, made by the Corporation pursuant to a prospectus or a securities exchange take-over bid, by way of a private placement or pursuant to an issuance of securities in connection with an acquisition, provided that such private placement or issuance of securities has received the approval of the Board of Directors and all applicable securities regulatory authorities and the Person acquiring such Voting Shares or Convertible Securities does not thereby acquire a greater percentage of Voting Shares or Convertible Securities than that person’s percentage of Voting Shares Beneficially Owned immediately prior to such acquisition; or (iv) pursuant to a plan of arrangement, amalgamation or other statutory procedure requiring approval by shareholders at a duly-called meeting.

**“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 an amount equal to four times the Market Price per Common Share determined as at the Separation Time.

**“Expiration Time”** means the earliest of: (i) the Termination Time; (ii) the Close of Business on the date on which the first annual meeting of shareholders of the Corporation following the third anniversary of the date of this Agreement is held; and (iii) the Close of Business on the date this Agreement becomes void pursuant to the provisions of Section 5.17 hereof.

**“Fiduciary”** means, when acting in that capacity, a trust company registered under the trust company legislation of Canada or any province thereof or a portfolio manager registered under the securities legislation of one or more provinces of Canada.

**“Flip-in Event”** means a transaction or event that results in a Person becoming an Acquiring Person.

**“Independent Shareholders”** means all holders of Common Shares other than (i) any Acquiring Person, (ii) any Offeror, (iii) any Affiliate or Associate of any Acquiring Person or Offeror, (iv) any Person acting jointly or in concert with any Person referred to in clauses (i), (ii) or (iii) above, and (v) any employee benefit plan, deferred profit sharing plan, stock participation plan or trust for the benefit of employees of the Corporation or a wholly-owned Subsidiary of the Corporation, unless the beneficiaries of such plan or trust direct the manner in which such Common Shares are to be voted or direct whether the Common Shares are to be tendered to a Take-over Bid. For greater certainty, persons who are exempt from the definition of “Beneficial Owner” by virtue of any of paragraphs (A) through (E) of the definition of “Beneficial Owner” shall be “Independent Shareholders” until they cease to be “Independent Shareholders” in accordance with this definition.

**“Market Price”** per security of any securities on any date means the average of the daily closing prices 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 closing prices used to determine the Market Price on any Trading Days not to be fully comparable with the closing price on such date (or, if such date is not a Trading Day, on the immediately preceding Trading Day), each such closing 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 closing price on such date (or, if such date 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 on such date or, if such price is not available, the average of the closing bid and asked prices per security, 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 on which such securities are listed or admitted for trading;
- (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, 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 clauses (i) or (ii) above, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities selected by the Board of Directors;

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 security of such securities on such date as determined by the Board of Directors, after consultation with a nationally or internationally recognized investment banking firm as to the fair value per security 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.

**“Offer to Acquire”** includes:

- (i) an offer to purchase, or a solicitation of an offer to sell, Common Shares or Convertible Securities; and
- (ii) an acceptance of an offer to sell Common Shares or Convertible Securities, 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.

**“Offeror”** means a Person who is making or has announced a current intention to make a Take-over Bid (including a Permitted Bid or Competing Permitted Bid but excluding an ordinary market transaction (including a prearranged trade in the ordinary course of business) contemplated in paragraph (iii) of the definition of Beneficial Owner) but only so long as the Take-over Bid so announced or made has not been withdrawn or terminated or has not expired.



**“Permitted Bid”** means a Take-over Bid which is made by means of a Take-over Bid circular and which also complies with the following additional provisions:

- (i) the Take-over Bid is made to all holders of record of Voting Shares (other than 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, irrevocable and unqualified conditions that:
  - (A) no Voting Shares shall be taken up or paid for pursuant to the Take-over Bid (x) prior to the Close of Business (Vancouver time) on a date which is not earlier than 60 days following the date the Take-over Bid circular is sent to shareholders of the Corporation and (y) then only if, at the Close of Business on the date Voting Shares are first taken up or paid for under the Take-over Bid, more than 50% of the then outstanding Voting Shares held by Independent Shareholders have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;
  - (B) Voting Shares may be deposited pursuant to such Take-over Bid, unless such Take-over Bid is withdrawn, at any time prior to the date Voting Shares are first taken up or paid for under the Take-over Bid;
  - (C) any Voting Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
  - (D) in the event that the requirement set forth in subclause (A)(y) of this definition is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tender of Voting Shares for not less than 10 days from the date of such public announcement;

provided always that a Permitted Bid will cease to be a Permitted Bid at any time when such bid ceases to meet any of the provisions of this definition and any acquisitions of Voting Shares made pursuant to such Permitted Bid, including any acquisition of Voting Shares theretofore made, will cease to be a Permitted Bid Acquisition.

**“Permitted Bid Acquisition”** means a Share acquisition made pursuant to a Permitted Bid or Competing Permitted Bid.

**“Permitted Lock-Up Agreement”** means an agreement between a Person and one or more holders of Voting Shares or Convertible Securities (each, a **“Locked-up Person”**) (the terms of which are publicly disclosed and a copy of which is made available to the public, including the Corporation, not later than the date of the Lock-up Bid (as defined below) or, if the Lock-up Bid has been made prior to the date on which such agreement is entered into, not later than the date of such agreement and if such date is not a Business Day, the next Business Day) pursuant to which each such Locked-up Person agrees to deposit or tender Voting Shares or Convertible Securities (or both) to a Take-over Bid (the **“Lock-up Bid”**) made or to be made by the Person, any of such Person's Affiliates or Associates or any other Person acting jointly or in concert with such Person, provided that:

- (i) the agreement permits any Locked-up Person to terminate its obligation to deposit or tender to or withdraw Voting Shares from the Lock-up Bid in order to tender or deposit the Voting Shares to another Take-over Bid or support another transaction prior to the Voting Shares being taken up and paid for under the Lock-Up Bid:

(A) where the price or value offered under such Take-over Bid or transaction per Voting Share exceeds the price or value per Voting Share offered under the Lock-Up Bid; or

(B) if:

(1) the price or value per Voting Share offered under the other Take-over Bid or transaction exceeds by as much as or more than a specified amount (the "**Specified Amount**") the price or value per Voting Share offered under the Lock-up Bid, provided that such Specified Amount is not greater than 7% of the price or value per Voting Share offered under the Lock-up Bid; or

(2) the number of Voting Shares to be purchased under the other Take-over Bid or transaction exceeds by as much as or more than a specified number (the "**Specified Number**") the number of Voting Shares that the Offeror has offered to purchase under the Lock-up Bid at a price or value per Voting Share that is not less than the price or value per Voting Share offered under the Lock-up Bid, provided that the Specified Number is not greater than 7% of the number of Voting Shares offered to be purchased under the Lock-up Bid,

and, for greater clarity, the agreement may contain a right of first refusal or require a period of delay to give such Person an opportunity to match a higher price in another Take-over Bid or transaction or other similar limitation on a Locked-up Person's right to withdraw Voting Shares from the agreement, so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Voting Shares during the period of the other Take-over Bid or transaction; and

(ii) no "break-up" fees, "top-up" fees, penalties, expenses or other amounts that exceed in the aggregate the greater of:

(A) the cash equivalent of 2.5% of the price or value of the consideration payable under the Lock-up Bid to a Locked-up Person; and

(B) 50% of the amount by which the price or value of the consideration payable under another Take-over Bid or transaction to a Locked-up Person exceeds the price or value of the consideration that such Locked-up Person would have received under the Lock-up Bid,

shall be payable by a Locked-up Person pursuant to the agreement in the event a Locked-up Person fails to deposit or tender Voting Shares to the Lock-up Bid or withdraws Voting Shares in order to accept the other Take-over Bid or support another transaction.

"**Person**" includes any individual, firm, partnership, association, trust, body corporate, joint venture, syndicate or other form of unincorporated organization, government and its agencies and instrumentalities or other entity or group (whether or not having legal personality) and any successor (by merger, statutory amalgamation or arrangement, or otherwise) thereof.

"**Pro-Rata Acquisition**" means the acquisition of Voting Shares or Convertible Securities: (i) as a result of a stock dividend, stock split or other event pursuant to which a Person receives or

acquires Voting Shares or securities convertible into or exchangeable for Voting Shares on the same pro-rata basis as all other holders of Voting Shares of the same class or series; or (ii) pursuant to a regular dividend reinvestment plan or other plan of the Corporation made available by the Corporation to the holders of Voting Shares where such plan permits the holder to direct that the dividends paid in respect of such Voting Shares be applied to the purchase from the Corporation of further securities of the Corporation; or (iii) pursuant to the receipt and/or exercise of rights issued by the Corporation on a pro-rata basis to all holders of a class or series of Voting Shares to subscribe for or purchase Voting Shares or securities convertible into or exchangeable for Voting Shares provided that such rights are acquired directly from the Corporation and not from any other Person and further provided that the Person acquiring such Voting Shares or Convertible Securities does not thereby acquire a greater percentage of Voting Shares or Convertible Securities than that Person's percentage of Voting Shares Beneficially Owned immediately prior to such acquisition; or (iv) pursuant to a distribution by the Corporation of Voting Shares or Convertible Securities (and the conversion or exchange of such securities) made pursuant to a prospectus or by way of a private placement by the Corporation provided that the Person acquiring such Voting Shares or Convertible Securities does not thereby acquire a greater percentage of Voting Shares or Convertible Securities than that Person's percentage of Voting Shares Beneficially Owned immediately prior to such acquisition; or (v) pursuant to a plan of arrangement, amalgamation or other statutory procedure requiring approval by shareholders at a duly called meeting.

**"Record Time"** has the meaning ascribed thereto in the preambles to this Agreement.

**"Redemption Price"** has the meaning ascribed to that term in subsection 5.1(a) hereof.

**"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) 200% of the aggregate amount of cash dividends declared payable by the Corporation on its Common Shares in its immediately preceding fiscal year; and
- (ii) 100% of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding fiscal year.

**"Rights"** means the herein described rights to purchase securities pursuant to the terms and subject to the conditions set forth herein.

**"Rights Agent"** means Computershare Investor Services Inc., a company incorporated under the laws of Canada, and any successor Rights Agent appointed pursuant to the provisions hereof.

**"Rights Certificate"** has the meaning ascribed to that term in subsection 2.2(c) hereof.

**"Rights Register"** and **"Rights Registrar"** shall have the respective meanings ascribed thereto in subsection 2.6(a) hereof.

**"Securities Act (British Columbia)"** means the *Securities Act*, R.S.B.C. 1996, c.418, as amended, and the regulations thereunder, unless otherwise specified, as the same exist on the date hereof.

**"Separation Time"** means the Close of Business (Vancouver time) on the tenth Trading Day after the earliest of:

- (i) the Stock Acquisition Date (as hereinafter defined);

(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 a Competing Permitted Bid, as the case may be); and

(iii) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such;

or such later date as may be determined by the Board of Directors, provided that: (A) if the foregoing results in a Separation Time being prior to the Record Time, the Separation Time shall (subject to any determination of the Board of Directors as aforesaid) be the Record Time; (B) if any such Take-over Bid expires, is cancelled, is terminated or is otherwise withdrawn prior to the Separation Time without securities deposited thereunder being taken up and paid for, then such Take-over Bid shall be deemed, for purposes of this definition, never to have been made; and (C) if the Board of Directors determines, pursuant to Section 5.1, to waive the application of Section 3.1 to a Flip-In Event, then the Separation Time in respect of such Flip-In Event shall be deemed never to have occurred.

**“Shares”** means shares in the capital of the Corporation.

**“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 5.2 of Multilateral Instrument 62-104, as amended from time to time and any provision substituted therefor) by the Corporation or an Acquiring Person of facts indicating that a Person has become an Acquiring Person.

**“Subsidiary”:**

A body corporate is a Subsidiary of another body corporate if:

(i) it is controlled by (A) that other, or (B) that other and one or more bodies corporate, each of which is controlled by that other, or (C) two or more bodies corporate, each of which is controlled by that other, or

(ii) it is a Subsidiary of a body corporate that is that other’s Subsidiary.

**“Take-over Bid”** means an Offer to Acquire Voting Shares or Convertible Securities (or both), where the securities subject to the Offer to Acquire, together with the Voting Shares, if any, into which the securities subject to the Offer to Acquire are convertible and the Voting Shares Beneficially Owned by the Offeror at the date of the Offer to Acquire constitute, in the aggregate, 20% or more of the then outstanding Voting Shares.

**“Termination Time”** means the time at which the right to exercise Rights shall terminate pursuant to Section 5.1 hereof.

**“Trading Day”**, when used with respect to any securities, means a day on which the principal securities exchange in Canada 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 securities exchange in Canada, a Business Day.

**“U.S.-Canadian Exchange Rate”** means, on any date:

(i) if on such date the Bank of Canada sets an average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, such rate; and

- (ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars calculated in the manner which shall be determined by the Board of Directors from time to time.

**“U.S. Dollar Equivalent”** of any amount which is expressed in Canadian dollars means, on any date, the United States dollar equivalent of such amount determined by reference to the U.S.-Canadian Exchange Rate on such date.

**“Voting Shares”** means, collectively, the Common Shares and any other Shares entitled to vote generally for the election of directors.

## 1.2 **Holder**

As used in this Agreement, unless the context otherwise requires, the term “holder” when used with reference to Rights, means the registered holder of such Rights or, prior to the Separation Time, the associated Common Shares.

## 1.3 **Acting Jointly or in Concert**

For purposes of this Agreement, a Person is acting jointly or in concert with another Person if such Person has any agreement, arrangement or understanding (whether formal or informal and whether or not in writing) with such other Person to acquire or Offer to Acquire any Voting Shares (other than (A) customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities by way of prospectus or private placement; or (B) pursuant to a pledge of securities in the ordinary course of business).

## 1.4 **Application of Statutes, Regulations and Rules**

Unless the context otherwise requires, any reference to a specific section, subsection, clause or rule of any act 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 therefore, to the same as it is in effect on the date of this Agreement.

## 1.5 **Currency**

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

## 1.6 **Headings and References**

The headings of the Articles and Sections of this Agreement and the Table of Contents are inserted for convenience of reference only and shall not affect the construction or interpretation of this Agreement. All references to Articles, Sections and Exhibits are to articles and sections of and exhibits to, and forming part of, this Agreement. The words “hereto”, “herein”, “hereof”, “hereunder”, “this Agreement”, “the Rights Agreement” and similar expressions refer to this Agreement including the Exhibits, as the same may be amended, modified or supplemented at any time or from time to time.

## 1.7 **Singular, Plural, etc.**

In this Agreement, where the context so admits, words importing the singular number include the plural and vice versa and words importing gender include the masculine, feminine and neuter genders.

## 1.8 **Generally Accepted Accounting Principles**

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be IFRS (as such term is defined under National Instrument 14-101-

*Definitions*) or such other accounting standards applicable at securities law to the Corporation at the relevant time, applicable on a consolidated basis (unless otherwise specifically provided herein to be applicable on an unconsolidated basis) as at the date on which a calculation is made or required to be made in accordance with generally accepted accounting principles. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with generally accepted accounting principles applied on a consistent basis.

## **ARTICLE II THE RIGHTS**

### **2.1 Issuance and Legend on Common Share Certificates**

- (a) One right in respect of each Common Share outstanding at the Record Time and each Common Share that may be issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time shall be issued in accordance with the terms hereof. Notwithstanding the foregoing, one Right in respect of each Common Share issued after the Record Time upon the exercise of rights pursuant to Convertible Securities outstanding at the Record Time may be issued after the Separation Time but prior to the Expiration Time.
- (b) Certificates for Common Shares issued after the Record Time hereof but prior to the Separation Time shall evidence one Right for each Common Share represented thereby and shall have impressed, printed, or written thereon or otherwise affixed thereto a legend in substantially the following form:

“Until the Separation Time (as such term is defined in the Rights Agreement referred to below), this certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Rights Agreement, made as of August 14, 2014 (the “**Rights Agreement**”), between Wellgreen Platinum Ltd. (the “Corporation”) and Computershare Investor Services Inc., as Rights Agent, the terms of which are hereby incorporated herein by reference and a copy of which is on file and may be inspected during normal business hours at the principal executive offices of the Corporation. Under certain circumstances, as set forth in the Rights Agreement, such Rights may be amended or redeemed, may expire, may become void, or may be evidenced by separate certificates and may no longer be evidenced by this certificate. The Corporation will mail or arrange for the mailing of a copy of the Rights Agreement to the holder of this certificate without charge as soon as practicable after the receipt of a written request therefor.”

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 a legend in substantially the foregoing form until the earlier of the Separation Time and the Expiration Time.

### **2.2 Initial Exercise Price: Exercise of Rights: Detachment of Rights**

- (a) Subject to adjustment as herein set forth, each Right will entitle the holder thereof, after the Separation Time and prior to the Expiration Time, to purchase, for the Exercise Price (or its U.S. Dollar Equivalent on the Business Day immediately preceding the date of exercise of the Right), one Common Share. Notwithstanding any other provision of

this Agreement, any Rights held by the Corporation or any of its Subsidiaries shall be void.

- (b) Until the Separation Time:
  - (i) the Rights shall not be exercisable and no Right may be exercised; and
  - (ii) for administrative purposes, each Right shall be evidenced by the certificate for the associated Common Share registered in the name of the holder thereof (which certificate shall be deemed to represent a Rights Certificate) and shall be transferable only together with, and shall be transferred by a transfer of, such associated Common Share.
- (c) From and after the Separation Time and prior to the Expiration Time, the Rights: (i) may be exercised and (ii) shall be registered and transferable independent of Common Shares. Promptly following the Separation Time, the Corporation shall prepare and the Rights Agent shall mail to each holder of record of Common Shares as of the Separation Time (other than an Acquiring Person, any other Person whose Rights are or become void pursuant to the provisions of subsection 3.1(b) hereof 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), at such holder's address as shown in the records of the Corporation (the Corporation hereby agreeing to furnish copies of such records to the Rights Agent for this purpose):
  - (i) a certificate (a "**Rights Certificate**") in substantially the form of Exhibit "A" hereto appropriately completed and registered in such holder's name, 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 applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage; and
  - (ii) a disclosure statement describing the Rights.
- (d) Rights may be exercised in whole at any time or in part from time to time on any Business Day (or other day that is not a bank holiday at the place of exercise) after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent at its office in the City of Vancouver, British Columbia or at any other office of the Rights Agent in the cities specified in the Rights Certificate or designated from time to time for that purpose by the Corporation after consultation with the Rights Agent:
  - (i) the Rights Certificate evidencing such Rights with an Election to Exercise (an "**Election to Exercise**") substantially in the form attached to the Rights Certificate, appropriately completed and duly executed by the holder or his executors or administrators or other personal representatives or his legal attorney duly appointed by instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and
  - (ii) payment by certified cheque 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 issuance, transfer or delivery of Rights Certificates or the issuance, transfer or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being exercised.

- (e) Upon receipt of a Rights Certificate accompanied by a duly completed and executed Election to Exercise, which does not indicate that Rights evidenced by such Rights Certificate have become void pursuant to subsection 3.1(b) hereof, and payment as set forth in subsection 2.2(d) above, the Rights Agent (unless otherwise instructed by the Corporation) shall thereupon promptly:
  - (i) requisition, from a transfer agent of the Common Shares certificates, the number of Common Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agents to comply with all such requisitions);
  - (ii) when appropriate, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Common Shares;
  - (iii) 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 holder together with, where applicable, any cash payment in lieu of a fractional interest; and
  - (iv) tender to the Corporation all payments received on exercise of the Rights.
- (f) In case the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing (subject to the provisions of subsection 5.5(a) hereof) the Rights remaining unexercised will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.
- (g) The Corporation covenants and agrees to:
  - (i) take all such action as may be necessary on its part and within its powers to ensure that all Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates evidencing such Shares (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered and be fully paid and non-assessable;
  - (ii) take all reasonable action as may be necessary on its part and within its power to comply with any applicable requirements of the Business Corporations Act (British Columbia), the Securities Act (British Columbia) or comparable legislation of each of the provinces and territories of Canada, and the rules and regulations thereunder, and any other applicable law, rule or regulation, in connection with the issuance and delivery of Rights Certificates and of any securities of the Corporation upon exercise of Rights;
  - (iii) use its reasonable efforts to cause all Shares of the Corporation issued upon exercise of Rights to be listed upon the TSX Venture Exchange or such other stock exchange on which the Common Shares are listed at that time;
  - (iv) pay, when due and payable, any and all Canadian federal, provincial transfer taxes (not including any taxes referable to the income or profit of the holder or exercising Person or any liability of the Corporation to withhold tax) and charges



which may be payable in respect of the original issuance or delivery of the Rights Certificates or of any Shares of the Corporation issued upon the exercise of Rights, 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 securities in a name other than that of the holder of the Rights being transferred or exercised;

- (v) if necessary, 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; and
- (vi) after the Separation Time, except as permitted by Section 5.1 or Section 5.4, 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**

Subject to Section 5.19, the Exercise Price, the number and kind of 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) If the Corporation shall, at any time after the Record Time and prior to the Expiration Time:
  - (i) declare or pay a dividend on Common Shares payable in Common Shares (or other Shares of capital or securities exchangeable for or convertible into or giving a right to acquire Common Shares or other Shares of capital) otherwise than pursuant to any optional share dividend program;
  - (ii) subdivide or change the outstanding Common Shares into a greater number of Common Shares;
  - (iii) consolidate or change the outstanding Common Shares into a smaller number of Common Shares; or
  - (iv) issue any Common Shares (or other shares of capital or securities exchangeable for or convertible into or giving a right to acquire Common Shares or other Shares of capital) in respect of, in lieu of, or in exchange for, existing Common Shares in a reclassification or redesignation of Common Shares, an amalgamation or statutory arrangement;

the Exercise Price and the number of Rights outstanding, or, if the payment or effective date therefor shall occur after the Separation Time, the securities purchasable upon exercise of Rights shall be adjusted in the manner set forth below. If an event occurs which would require an adjustment under both this Section 2.3 and subsection 3.1(a), the adjustment provided for in this Section 2.3 shall be in addition to, and shall be made prior to, any adjustment required under subsection 3.1(a). If the Exercise Price and number of Rights are to be adjusted:

- (v) the Exercise Price in effect after such adjustment shall be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of

Common Shares (or other Shares of capital) (the “**Expansion Factor**”) that a holder of one Common Share immediately prior to such dividend, subdivision, change, consolidation or issuance would hold immediately thereafter as a result thereof (assuming the exercise of all such exchange or conversion rights, if any); and

- (vi) each Right held prior to such adjustment shall become that number of Rights equal to the Expansion Factor, and the adjusted number of Rights shall be deemed to be distributed among the Common Shares with respect to which the original Rights were associated (if they remain outstanding) and the Shares issued in respect of such dividend, subdivision, change, consolidation or issuance, so that each such Common Share (or other whole share or security exchangeable for or convertible into a whole Share of capital) shall have exactly one Right associated with it.

If the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment shall be the securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such dividend, subdivision, change, consolidation or issuance would hold immediately thereafter as a result thereof. To the extent that any such rights of exchange, conversion or acquisition are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect based upon the number of Common Shares (or securities convertible into or exchangeable for Common Shares) actually issued upon the exercise of such rights. If, after the Record Time and prior to the Expiration Time, the Corporation shall issue any shares of its authorized capital, other than Common Shares in a transaction of a type described in the first sentence of this subsection 2.3(a), such shares shall be treated herein as nearly equivalent to Common Shares as may be practicable and appropriate under the circumstances and the Corporation and the Rights Agent agree to amend this Agreement in order to effect such treatment.

If the Corporation shall, at any time after the Record Time and prior to the Separation Time, issue any Common Shares otherwise than in a transaction referred to in the preceding paragraph, each such Common Share so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such Share.

- (b) If the Corporation shall, at any time after the Record Time and prior to the Separation Time, fix a record date for the making of a distribution to all holders of Common Shares of rights, options or warrants entitling them (for a period expiring within 45 days after such record date) to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares) at a price per Common Share (or, in the case of a security convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares, having a conversion, exchange or exercise price (including the price required to be paid to purchase such convertible or exchangeable security or right) per share) that is less than the Market Price per Common Share on such record date, the Exercise Price shall be adjusted. The Exercise Price in effect after such record date shall equal the Exercise Price in effect immediately prior to such record date multiplied by a fraction, of which the numerator shall be the number of Common Shares outstanding on such record date

plus the number of Common Shares which the aggregate offering price of the total number of 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)) would purchase at such Market Price and of which the denominator shall be the number of shares of Common Shares outstanding on such record date plus the number of additional Common Shares to be offered for subscription or purchase (or into which the convertible or exchangeable securities or rights so to be offered are initially convertible, exchangeable or exercisable). In case such subscription price may be paid in a form other than cash, the value of such non-cash consideration shall be as determined by the Board of Directors. To the extent that any such rights or warrants are not so issued or, if issued, are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or to the Exercise Price which would then be in effect based upon the number of Common Shares (or securities convertible into or exchangeable for Common Shares) actually issued upon the exercise of such rights or warrants, as the case may be. For purposes of this Agreement, the granting of the right to purchase Common Shares (whether previously unissued, treasury shares or otherwise) pursuant to any optional dividend reinvestment plan and/or any Common Share purchase plan providing for the reinvestment of dividends payable on securities of the Corporation and/or employee stock option, stock purchase or other employee benefit plan (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 or warrants by the Corporation; provided, however, that, in the case of any dividend reinvestment plan, the right to purchase Common Shares is at a price per share of not less than 90% of the then current market price per share (determined as provided in such plan) of the Common Shares.

- (c) If the Corporation shall, at any time after the Record Time and prior to the Separation Time, fix a record date for the making of a distribution to all holders of Common Shares of evidences of indebtedness or assets (other than a Regular Periodic Cash Dividend or a dividend paid in Common Shares) or rights or warrants (excluding those referred to in subsection 2.3(a) or 2.3(b)), the Exercise Price shall be adjusted. The Exercise Price in effect after such record date shall, subject to adjustment as provided in the penultimate sentence of subsection 2.3(b), equal the Exercise Price in effect immediately prior to such record date less the fair market value (as determined by the Board of Directors) of the portion of the assets, evidences of indebtedness, rights or warrants so to be distributed applicable to the securities purchasable upon exercise of one Right.
- (d) Each adjustment made pursuant to this Section 2.3 shall be made as of:
  - (i) the payment or effective date for the applicable dividend, subdivision, change, consolidation or issuance in the case of an adjustment made pursuant to subsection 2.3(a) above; and
  - (ii) the record date for the applicable dividend or distribution, in the case of an adjustment made pursuant to subsections 2.3(b) or (c) above.
- (e) Subject to the prior consent of the holders of Common Shares or Rights obtained in accordance with the provisions of subsection 5.4(b) or (c), as applicable, if the Corporation shall, at any time after the Record Time and prior to the Expiration Time,

issue any Shares of capital (other than Common Shares), or rights or warrants to subscribe for or purchase any such Shares, or securities convertible into or exchangeable for any such Shares, in a transaction referred to in clause (a)(i) or (a)(iv) above and if the Board of Directors determines that the adjustments contemplated by subsections 2.3(a), (b) and (d) above in connection with such transaction will not appropriately protect the interests of the holders of Rights, the Board of Directors may determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding such clauses, such adjustments (rather than the adjustments contemplated by subsections 2.3(a), (b) and (d) above) shall be made and the Corporation and the Rights Agent shall amend this Agreement as appropriate to provide for such adjustments.

- (f) Anything herein to the contrary notwithstanding, no adjustment to the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in such Exercise Price; provided, however, that any adjustments which by reason of this subsection 2.3(f) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. Each adjustment made pursuant to this Section 2.3 shall be calculated to the nearest cent or to the nearest one ten-thousandth of a Common Share or Right, as the case may be.
- (g) All Rights originally issued by the Corporation subsequent to any adjustment made to an 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 the Rights, all subject to further adjustment as provided herein.
- (h) Unless the Corporation shall have exercised its election as provided in subsection 2.3(i), upon each adjustment of an Exercise Price as a result of the calculations made in subsections 2.3(b) and (c), 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:
  - (i) multiplying (A) the number of Common Shares covered by a Right immediately prior to this adjustment, by (B) the Exercise Price in effect immediately prior to such adjustment of the Exercise Price; and
  - (ii) dividing the product so obtained by the Exercise Price in effect immediately after such adjustment of the Exercise Price.
- (i) The Corporation may elect on or after the date of any adjustment of an 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 immediately prior to such adjustment of the number of Rights shall become the number of Rights (calculated to the nearest one ten-thousandth) obtained by dividing the Exercise Price in effect immediately prior to the 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 date thereafter, but, if the Rights Certificates have been issued, shall be at least 10 calendar days after the date of the public announcement. If Rights Certificates have been issued, upon each adjustment of the number of Rights pursuant to this subsection 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 the additional Rights to which such holder 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 or replacement for the Rights Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Corporation, 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 specified in the public announcement.

- (j) Irrespective of any adjustment or change in the securities purchasable upon exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the securities so purchasable which were expressed in the initial Rights Certificates issued hereunder.
- (k) If, as a result of an adjustment made pursuant to Section 3.1, the holder of any Right thereafter exercised shall become entitled to receive any securities other than Common Shares, thereafter the number of such other securities so receivable upon exercise of any Right and the applicable Exercise Price thereof shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as may be practicable to the provisions with respect to the Common Shares contained in the foregoing subsections of this Section 2.3 and the provisions of this Agreement with respect to the Common Shares shall apply on like terms to any such other securities.
- (l) In any case in which this Section 2.3 shall require that any 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 of 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 Common Shares or other securities upon the occurrence of the event requiring such adjustment.
- (m) 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 judgment, the Board of Directors determines advisable in order that any (i) subdivision or consolidation of the Common Shares, (ii) issuance wholly for cash of any Common Shares at less than applicable Market Price, (iii) issuance wholly for cash of any Common Shares or securities that by their terms are exchangeable for or convertible into or give a

right to acquire Common Shares, (iv) stock dividends, or (v) issuance of rights, options or warrants referred to in this Section 2.3, hereafter made by the Corporation to holders of its Common Shares, and subject to applicable taxation laws, shall not be taxable to such shareholders.

- (n) Whenever an adjustment to the Exercise Price or a change in the securities purchasable upon the exercise of Rights is made pursuant to this Section 2.3, the Corporation shall promptly:
  - (i) prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment;
  - (ii) file with the Rights Agent and with each transfer agent for the Common Shares, a copy of such certificate; and
  - (iii) cause notice of the particulars of such adjustment or change to be given to the holders of the Rights.

Failure to file such certificate or to cause such notice to be given as aforesaid, or any defect therein, shall not affect the validity of any such adjustment or change.

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

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

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

- (a) The Rights Certificates shall be executed on behalf of the Corporation by any two of its Chairman, President and Chief Executive Officer, its Chief Financial Officer or its Corporate Secretary. The signature of any of these officers on the Rights Certificates may be manual or facsimile.
- (b) 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.
- (c) Promptly after the Corporation learns of the Separation Time, the Corporation shall notify the Rights Agent of such Separation Time and shall deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature, and the Rights Agent shall countersign (manually or by facsimile signature in a manner satisfactory to the Corporation) and deliver such Rights Certificates to the holders of the Rights pursuant to subsection 2.2(c) hereof. No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent in the manner described above.
- (d) Each Rights Certificate shall be dated the date of countersignature thereof.

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

- (a) The Corporation shall cause to be kept a register (the “**Rights Register**”) in which, subject to such reasonable regulations as it may prescribe, the Corporation shall 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. If the Rights Agent shall cease to be the Rights Registrar, the Rights Agent shall have the right to examine the Rights Register at all reasonable times during normal business hours.

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 subsection 2.6(c) below, the Corporation shall execute, and the Rights Agent shall countersign 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 Certificate so surrendered.

- (b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be 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.
- (c) Every Rights Certificate surrendered for registration of transfer or exchange shall have the form of assignment thereon duly completed and 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 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 may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and other expenses (including the reasonable fees and expenses of its Rights Agent) connected therewith.
- (d) The Corporation shall not be required to register the transfer or exchange of any Rights after the Rights have been terminated pursuant to the provisions of this Agreement.

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

- (a) 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 a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.
- (b) If there shall be delivered to the Corporation and the Rights Agent prior to the Expiration Time (i) evidence to their satisfaction of the destruction, loss or theft of any Rights Certificate and (ii) such security and indemnity as may be required by them to save each of them and their respective 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 the Corporation’s 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.

- (c) As a condition to the issuance of any new Rights Certificate under this Section 2.7, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and expenses of the Rights Agent) connected therewith.
- (d) 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 shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued hereunder.

## **2.8 Persons Deemed Owners**

Prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name such Rights Certificate (or, prior to the Separation Time, such 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 means the registered holder of such Rights (or, prior to the Separation Time, the associated Shares).

## **2.9 Delivery and Cancellation of 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 Certificates 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 destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Corporation.

## **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 that:

- (a) prior to the Separation Time, each Right shall be transferable only together with, and shall be transferred by a transfer of, the associated Share;
- (b) after the Separation Time, the Rights Certificates shall be transferable only on the Rights Register, as provided herein;
- (c) prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated 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 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;
- (d) such holder has waived all rights to receive any fractional Right or fractional Share upon exercise of a Right;
  - (e) such holder is otherwise bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof in respect of all Rights held;
  - (f) this Agreement may be supplemented or amended from time to time pursuant to the last sentence of the penultimate paragraph of subsection 2.3(a) hereof upon the sole authority of the Board of Directors without the approval of any holder of Rights; and
  - (g) 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 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.

### **ARTICLE III**

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

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

- (a) Subject to the provisions of Section 2.2 and Section 5.1 hereof and except as provided below, if prior to the Expiration Time a Flip-in Event shall occur, each Right shall thereafter constitute, effective at the Close of Business on the tenth Business Day after the relevant Stock Acquisition Date, 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 consummation or 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 consummation or 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).
- (b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of a Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time and the Stock Acquisition Date by:
  - (i) an Acquiring Person (or any Person acting jointly or in concert with an Acquiring Person or with an Affiliate or Associate of an Acquiring Person); or
  - (ii) a direct or indirect transferee of, or other successor in title to, such Rights (a “**Transferee**”), who becomes a Transferee concurrently with or subsequent to the Acquiring Person becoming an Acquiring Person, in a transfer, whether or not for consideration, that the Board of Directors has determined is part of a plan, understanding or scheme of an Acquiring Person (or an Affiliate or

Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate of an Acquiring Person) that has the purpose or effect of avoiding the provisions of this subsection 3.1(b) applicable in the circumstances contemplated in clause (i) hereof;

shall thereupon become and be void and any holder of such Rights (including any Transferee) shall thereafter have no rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The holder of any Rights represented by a Rights Certificate which is submitted to the Rights Agent, or any Co-Rights Agent, as hereinafter defined, upon exercise or for registration of transfer or exchange which does not contain the necessary certifications set forth in the Rights Certificate establishing that such Rights are not void under this subsection 3.1(b) shall be deemed to be an Acquiring Person for the purposes of this subsection 3.1(b) and such rights shall be null and void.

- (c) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either clauses (i) or (ii) of subsection 3.1(b) hereof or transferred to any nominee of any such Person, and any Rights Certificate issued upon the transfer, exchange or replacement 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 (as such terms are defined in the Rights Agreement) or was acting jointly or in concert with any of them. This Rights Certificate and the Rights represented hereby shall become void in the circumstances specified in subsection 3.1(b) 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 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 an Acquiring Person or an Affiliate or Associate thereof or acting jointly or in concert with any of them. The issuance of a Rights Certificate without the legend referred to in this subsection shall be of no effect on the provisions of this subsection.

#### **ARTICLE IV THE RIGHTS AGENT**

##### **4.1 General**

- (a) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation and the holders of Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint one or more co-rights agents (each, a **“Co-Rights Agent”**) as it may deem necessary or desirable subject to the approval of the Rights Agent, which approval shall not be unreasonably withheld. In such event, the respective duties of the Rights Agent and any Co-Rights Agent shall be as the Corporation may determine with the written 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 and counsel fees and

other 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, employees and agents for, and to hold them harmless against, any loss, liability, or expense, incurred without gross negligence, bad faith or wilful misconduct on the part of the Rights Agent, its officers, directors, employees or agents, for anything done or omitted by them in connection with the acceptance and performance of this Agreement, including legal costs and expenses, which right to indemnification shall survive the termination of this Agreement or the resignation or removal of the Rights Agent.

- (b) 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 performance of this Agreement in reliance upon any certificate for Shares, Rights Certificate, certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, opinion, 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.
- (c) 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 written request, shall provide to the Rights Agent an incumbency certificate certifying the then current officers of the Corporation; provided that failure to inform the Rights Agent of any such events, or any defect therein shall not affect the validity of any action taken hereunder in relation to such events.

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

- (a) Any body corporate into which the Rights Agent or any successor Rights Agent may be merged or amalgamated with or into, or any body corporate succeeding to the securityholder services business of the Rights Agent or any successor Rights Agent shall be the successor to 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 body corporate 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 shall have the full force provided in the Rights Certificates and in this Agreement.

- (b) 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, by 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 by it in good faith and in accordance with such opinion. The Corporation shall reimburse the Rights Agent for all reasonable legal fees and disbursements incurred in connection with this Section 4.3(a).
- (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 or refraining from taking any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by an individual believed by the Rights Agent to be the Chairman, the Chief Executive Officer, the Chief Financial Officer or any Vice-President and by the Secretary or any Assistant Secretary of the Corporation and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent for any action taken, omitted or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.
- (c) The Rights Agent shall be liable hereunder only for its own gross negligence, bad faith or wilful misconduct.
- (d) The Rights Agent shall 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 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 shall 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 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 subsection 3.1(b) 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 or reservation of any Shares to be issued pursuant to this Agreement or

any Rights or as to whether any Shares shall, when issued, be duly and validly authorized, executed, issued and delivered and be 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 to rely upon and directed to accept written instructions with respect to the performance of its duties hereunder from any Person believed by the Rights Agent to be the Chairman, the Chief Executive Officer, the Chief Financial Officer or any Vice-President or the Secretary or any Assistant Secretary of the Corporation, 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, omitted or suffered by it in good faith in accordance with instructions of any such Person.
- (h) The Rights Agent and any shareholder, director, officer or employee of the Rights Agent may buy, sell or deal in 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 by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, 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 reasonable care was exercised in good faith 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 60 days' notice (or such lesser notice as is acceptable to the Corporation) in writing delivered or mailed to the Corporation and to each transfer agent of Shares by first class mail, and mailed or delivered to the holders of the Rights in accordance with Section 5.9 hereof. The Corporation may remove the Rights Agent upon 30 days' notice in writing, mailed or delivered to the Rights Agent and to each transfer agent of the Shares by first class mail, and mailed to the holders of the Rights in accordance with Section 5.9 hereof. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Corporation shall appoint a successor to the Rights Agent. If the Corporation fails to make such appointment within a period of 30 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 holder of any Rights may apply, at the Corporation's expense, to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Corporation or by such a court, shall be a body corporate incorporated under the laws of Canada or a province thereof authorized to carry out the obligations specified in this agreement. After appointment, the successor Rights Agent shall 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 receipt of all fees and expenses outstanding to the predecessor Rights Agent by the Corporation, 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 shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Shares, and mail a notice thereof in writing to the holders of the Rights. 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.

#### **4.5 Compliance with Anti-Money Laundering Legislation**

The Rights Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Rights Agent reasonably determines that such an act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Rights Agent reasonably determine at any time that its acting under this Agreement has resulted in it being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' prior written notice to the Corporation, provided: (i) that the Rights Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that, if such circumstances are rectified to the Rights Agent's satisfaction within such 10 day period, then such resignation shall not be effective.

#### **4.6 Fiduciary Duties of the Directors**

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 and/or Convertible Securities reject or accept any Take-over Bid or take any other action including the commencement, prosecution, defence or settlement of any litigation and the solicitation of additional or alternative Take-over Bids or other proposals to shareholders that the directors believe are necessary or appropriate in the exercise of their fiduciary duties.

### **ARTICLE V MISCELLANEOUS**

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

The Corporation shall give prompt written notice to the Rights Agent of any waiver of the application of Section 3.1 made by the Board of Directors under this Section 5.1. In addition,

- (a) Subject to the prior consent of the holders of Voting Shares or Rights obtained as set forth in Section 5.4(b) or Section 5.4(c), the Board of Directors, 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 this Section 5.1, may 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 to the Exercise Price provided for in Section 2.3 hereof, if an event analogous to any of the events described in Section 2.3 shall have occurred (such redemption price being herein referred to as the "**Redemption Price**").
- (b) Subject to the prior consent of the holders of Voting Shares or Rights obtained as set forth in Section 5.4(b) or Section 5.4(c), the Board of Directors, may, at any time prior to the occurrence of a Flip-in Event, waive the application of Section 3.1 to such Flip-in

Event, if such Flip-in Event would occur by reason of an acquisition of Common Shares otherwise than pursuant to a Take-over Bid made by means of a Take-over Bid circular to all holders of record of Common Shares and otherwise than in the circumstances set forth in subsection 5.1(d).

- (c) Prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 has not been waived pursuant to this paragraph, upon written notice to the Rights Agent, the Board of Directors may waive the application of Section 3.1 to such Flip-in Event but only if such Flip-in Event occurs as a result of a Take-over Bid made by way of a Take-over Bid circular sent to all holders of record of Common Shares; *provided, however*, that if the Board of Directors waives the application of Section 3.1 to a particular Flip-in Event, the Board of Directors shall be deemed to have waived the application of Section 3.1 to any other Flip-in Event occurring by reason of any Take-over Bid which is made by means of a Take-over Bid circular to all holders of record of Common Shares (i) prior to the granting of such a waiver, or (ii) thereafter and prior to the expiry of any Take-over Bid in respect of which a waiver is, or is deemed to have been, granted under this subsection 5.1(c).
- (d) The Board of Directors may waive the application of Section 3.1 to a Flip-in Event provided that the following conditions are satisfied:
  - (i) the Board of Directors has determined that the Acquiring Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person; and
  - (ii) such Acquiring Person has reduced its Beneficial Ownership of Common 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 of the waiver pursuant to this subsection 5.1(d), it is no longer an Acquiring Person.
- (e) If a Person acquires, pursuant to a Permitted Bid or a Competing Permitted Bid or pursuant to an Exempt Acquisition occurring under subsection 5.1(c) hereof, outstanding Common Shares, other than Common Shares Beneficially Owned at the date of such Permitted Bid, Competing Permitted Bid or Exempt Acquisition by such Person, the Board of Directors of the Corporation shall, notwithstanding the provisions of subsection 5.1(a) hereof, immediately upon such acquisition and without further formality be deemed to have elected to redeem, and shall redeem, the Rights at the Redemption Price.
- (f) If the Board of Directors elects to or is deemed to have elected to redeem the Rights and, in circumstances where subsection 5.1(a) is applicable, (i) the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price, and (ii) no further Rights shall thereafter be issued.
- (g) Within 10 Business Days of the Board of Directors electing or having been deemed to have elected to redeem the Rights, the Corporation shall give notice of redemption to the holders of the then outstanding Rights by mailing such notice to each such holder at his last address as it appears upon the Rights Register of the Rights Agent, or, prior to the Separation Time, on the share register maintained by the Corporation's transfer

agent. Each such notice of redemption shall state the method by which the payment of the Redemption Price shall be made.

- (h) Where a Take-over Bid that is not a Permitted Bid or Competing Permitted Bid expires, 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 of the outstanding Rights at the Redemption Price.
- (i) The Corporation shall give prompt written notice to the Rights Agent of any waiver of the application of Section 3.1 made by the Board of Directors under this Section 5.1.
- (j) Upon the rights being redeemed pursuant to section 5.1(h), 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.

## 5.2 Expiration

No Person shall have any rights pursuant to this Agreement or any Right after the Expiration Time, except as provided in Section 4.1 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 the 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

- (a) The Corporation may make, with the approval of the Board of Directors but without the approval of the holders of Rights or Common Shares, any supplements or amendments to this Agreement: (i) specifically contemplated in subsection 2.10(f); (ii) to correct any clerical or typographical error; or (iii) which are required to maintain the validity and effectiveness of the Agreement as a result of any change in any applicable laws, rules or regulatory requirements. The Corporation may, prior to the date of any shareholders meeting referred to in Section 5.17, supplement, amend, vary or delete any of the provisions of this Agreement without the approval of any holder of Rights or Common Shares, where the Board of Directors deems that such action is necessary or desirable. Notwithstanding anything in this Section 5.4 to the contrary, no such supplement or amendment shall be made to the provisions of Article IV except with the written concurrence of the Rights Agent to such supplement or amendment.
- (b) Subject to subsection 5.4(a), the Corporation, with the prior consent of the holders of Voting Shares obtained as set forth below, at any time before 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 Common Shares at a special meeting called and held in compliance with applicable laws, rules 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 given if the proposed amendment, variation or rescission is approved by the affirmative vote of a majority of the votes cast by all Independent Shareholders represented in person or by proxy at the special meeting.

- (c) The Corporation, with the prior consent of the holders of Rights obtained as set forth below, at any time after the Separation Time and before the Expiration Time, may 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 Rights at a special meeting of holders of Rights called and held in compliance with applicable laws, rules and regulatory requirements and, to the extent possible, with the requirements in the articles and by-laws of the Corporation applicable to meetings of holders of Common Shares, applied *mutatis mutandis*. Subject to compliance with any requirements imposed by the foregoing, consent shall be given if the proposed amendment, variation or rescission is approved by the affirmative vote of a majority of the votes cast by holders of Rights (other than holders of Rights whose Rights have become null and void pursuant to subsection 3.1(b)), represented in person or by proxy at the special meeting.
- (d) Any amendments made by the Corporation to this Agreement pursuant to subsection 5.4(a) which are required to maintain the validity and effectiveness of this Agreement as a result of any change in any applicable laws, rules or regulatory requirements shall:
  - (i) if made before the Separation Time, be submitted to the holders of Common Shares at the next meeting of shareholders and the shareholders may, by the majority referred to in subsection 5.4(b), confirm or reject such amendment;
  - (ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called in accordance with the provisions of Section 5.4(c) hereof.
- (e) The Corporation shall be required to provide the Rights Agent with notice in writing of any such amendment, rescission or variation to this Agreement, as referred to in this Section 5.4, within five days or effecting such amendment, rescission or variation.

Any such amendment shall, unless the Board of Directors otherwise stipulates, be effective from the date of the resolution of the Board of Directors adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the shareholders of the Corporation or the holders of Rights or is not submitted to the shareholders of the Corporation or holders of Rights as required, then such 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 if such a meeting of the holders of Rights is not called within a period of 90 days of the making of any such amendment, at the end of such period, and no subsequent resolution of Board of Directors to amend this Agreement to substantially the same effect shall be effective until confirmed by the shareholders of the Corporation or holders of Rights, as the case may be.

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

- (a) The Corporation shall not be required to issue fractions of Rights or to distribute Right Certificates which evidence fractional Rights. In lieu of issuing fractional Rights, the Corporation shall pay to the registered holders of the Right Certificates, at the time such fractional Rights would otherwise be issuable, an amount in cash equal to the same

fraction of the Market Price of one whole Right that the fraction of a Right that would otherwise be issuable is of one whole Right. The Rights Agent shall have no obligation to make any payments in lieu of fractional Rights 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(e).

- (b) The Corporation shall not be required to issue fractions of Common Shares upon exercise of the Rights or to distribute certificates which evidence fractional Common Shares. In lieu of issuing fractional Common Shares, the Corporation shall pay to the registered holders of Right 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 that the fraction of a Common Share that would otherwise be issuable upon the exercise of such Right is of a whole 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(e).

#### **5.6 Rights of Action**

Subject to the terms of this Agreement, rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights, and any holder of any Rights, without the consent of the Rights Agent or of the 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, or otherwise act in respect of, 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 Holder of Rights Not Deemed a Shareholder**

No holder, as such, of any Rights shall be entitled to vote, receive dividends or be deemed for any purpose the holder of Common Shares or any other securities, which may at any time be issuable on the exercise of such Rights, nor shall anything contained herein or in any Rights Certificate be construed to confer upon the holder of any Rights, as such, 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 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 (except as provided in Section 5.8 hereof), or to receive dividends or subscription rights, or otherwise, until such Rights shall have been exercised in accordance with the provisions hereof.

#### **5.8 Notice of Proposed Actions**

If, after the Separation Time and prior to the Expiration Time:

- (i) there shall occur an adjustment in the Rights attaching to the Rights pursuant to Section 3.1 as a result of the occurrence of a Flip-in Event; or
- (ii) the Corporation proposes 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 5.9, a notice of such event or proposed action, which shall specify the date on which such change to the Rights, liquidation, dissolution or winding up occurred or is to take place, and such notice shall be so given within 10 Business Days after the occurrence of a change to the Rights and not less than 20 Business Days prior to the date of taking such proposed action by the Corporation.

#### 5.9 Notices

Any notice, demand or other communication required or permitted to be given or made by the Rights Agent or by the holder of any Rights to or on the Corporation or by the Corporation or by the holder of any Rights to or on the Rights Agent shall be in writing and shall be well and sufficiently given or made if:

- (i) delivered in person during normal business hours on a Business Day and left with the receptionist or other responsible employee at the relevant address set forth below; or
- (ii) except during any general interruption of postal services due to strike, lockout or other cause, sent by first-class mail; or
- (iii) sent by telegraph, facsimile or other form of recorded electronic communication, charges prepaid and confirmed in writing as aforesaid;

if to the Corporation, addressed to it at:

Wellgreen Platinum Ltd.  
Suite 1128 - 1090 West Georgia Street  
Vancouver, British Columbia  
V6E 3V7

Attention: President and Chief Executive Officer  
Fax No.: 604-428-7528

and if to the Rights Agent, addressed to it at:

Computershare Investor Services Inc.  
Suite 200 - 510 Burrard Street  
Vancouver BC V6C 3B9

Attention: Manager, Client Services  
Fax No.: 604-661-9401

Notices, demands or other communications required or permitted to be given or made by the Corporation or the Rights Agent to or on the holder of any Rights shall be in writing and shall be well and sufficiently given or made if delivered personally to such holder or delivered or mailed by first class mail to the address of such holder as it appears on the Rights Register maintained by the Rights Registrar, or, prior to the Separation Time, in the register of Shareholders maintained by the transfer agent for the Common Shares.

Any notice so given or made shall be deemed to have been given and to have been received on the day of delivery, if so delivered; on the third Business Day (excluding each day during which there exists any general interruption of postal service due to strike, lockout, or other cause) following the mailing thereof, if so mailed; and on the day of telegraphing, telecopying or sending of the same by other means of recorded electronic communication (provided such sending is during the normal business hours of the addressee on a Business Day and if not, on the first Business Day thereafter). Each

of the Corporation and the Rights Agent may from time to time change its address for notice by notice to the other given in the manner aforesaid.

#### **5.10 Costs of Enforcement**

The Corporation agrees that if the Corporation fails to fulfill any of its obligations pursuant to this Agreement, then the Corporation shall reimburse the holder of any Rights for the costs and expenses (including reasonable legal fees) incurred by such holder in respect of actions to enforce his rights pursuant to any Rights or this Agreement.

#### **5.11 Successors**

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

#### **5.12 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.

#### **5.13 Governing Law**

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of British Columbia and for all purposes shall be governed by and construed in accordance with the laws of such Province applicable to contracts to be made and performed entirely within such Province.

#### **5.14 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 but one and the same instrument.

#### **5.15 Severability**

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

#### **5.16 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 shall not subject the Board of Directors to any liability to the holders of the Rights.

#### **5.17 Effective Date**

This Agreement is effective in accordance with its terms from the date hereof; provided that unless confirmed by ordinary resolution passed by a majority of the votes cast by Independent Shareholders present in person or voting by proxy and who vote in respect of confirmation of this Agreement at a meeting of shareholders of the Corporation to be held not later than September 19, 2014 this Agreement shall be of no further force or effect and all Rights issued hereunder shall be void

from the first to occur of: (i) the termination of such meeting; and (ii) the Close of Business (Vancouver time) on September 19, 2014.

#### **5.18 Approval of Holders of Rights**

If, after the Separation Time, the approval of holders of Rights is required in respect of a supplement or amendment to this Agreement made pursuant to Section 5.4 hereof, the Board of Directors shall, within 31 days after the implementation of any such supplement or amendment, call a special meeting of the holders of Rights to consider and, if thought fit, to pass a resolution approving the supplement or amendment, and such supplement or amendment shall be deemed to have been approved if such resolution receives the affirmative vote of a majority of the votes cast by holders of Rights represented at the meeting in person or by proxy excluding any Rights which are then void pursuant to the provisions of subsection 3.1(b) hereof. In respect of any such meeting required to be held:

- (i) the Board of Directors shall fix a date for the meeting, which date shall be as soon as practicable after the implementation of any supplement or amendment requiring approval, but not more than 110 days thereafter;
- (ii) the Board of Directors of the Corporation shall fix a record date for determining the holders of Rights entitled to receive notice of such meeting in a manner analogous to the procedures set out in National Instrument 54-101 of the Canadian Securities Administrators (as such policy may be amended or replaced from time to time, and as required in order to conform to the requirements of any applicable securities legislation or policy) and the rules of any stock exchange on which the Common Shares are then listed, and the articles and by-laws of the Corporation; and
- (iii) each Right shall be entitled to one vote at such meeting and, in all other respects, the rules applicable to meetings of shareholders set forth in the articles and by-laws of the Corporation shall apply in respect of such meeting of holders of Rights, *mutatis mutandis*.

#### **5.19 Declaration as to Non-Canadian and Non-United States Holders**

If, upon the advice of outside counsel, any action or event contemplated by this Agreement would require compliance with the securities laws or comparable legislation of a jurisdiction outside of Canada and the United States of America, the Board of Directors may take such actions as it may deem appropriate to ensure that such compliance is not required, including without limitation establishing procedures for the issuance to a Canadian resident Fiduciary of Rights or securities issuable on exercise of Rights, the holding thereof in trust for the Persons entitled thereto (but reserving to the Fiduciary or to the Corporation, as the Corporation may determine, absolute discretion with respect thereto) and the sale thereof and remittance of the proceeds of such sale, if any, to the Persons entitled thereto. 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 and any province or territory thereof and the United States of America and any state thereof in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes.

#### **5.20 Regulatory Approvals**

Any obligation of the Corporation or action or event contemplated by this Agreement, or any amendment or supplement to this Agreement, shall be subject to receipt of any requisite approval or consent from any governmental or regulatory authority having jurisdiction, including the TSX Venture

Exchange while any securities of the Corporation are listed and posted for trading thereon and for a period of 6 months thereafter.

#### 5.21 **U.S. Registration**

Notwithstanding anything to the contrary, no Rights shall be deemed issued to a U.S. holder until a registration of the Rights under Section 12(b) of the U.S. Securities Exchange Act of 1934, as amended, is effective, but, regardless of when that registration shall become effective, the Rights shall be effective in accordance with Section 2 in respect of each Common Share outstanding at the Record Time and each Common Share that may be issued after the Effective Time and prior to the earlier of the Separation Time and the Expiration Time.

#### 5.22 **Privacy Legislation**

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individual's personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Agreement. Despite any other provision of this Agreement, neither party will take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation will, prior to transferring or causing to be transferred personal information to the Rights Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or will have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Rights Agent will use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws.

#### 5.23 **Time of the Essence**

Time shall be of the essence in this Agreement.

**[Remainder of page intentionally left blank.]**

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be duly executed as of the date first above written,

**WELLGREEN PLATINUM LTD.**

By: "Greg Johnson"

**COMPUTERSHARE INVESTOR SERVICES INC.**

By: "Teresa Kwan"

By: "Karl Burgess"

EXHIBIT "A"

[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 THE RIGHTS AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR ANY PERSON ACTING JOINTLY OR IN CONCERT WITH AN ACQUIRING PERSON OR WITH AN ASSOCIATE OR AFFILIATE OF AN ACQUIRING PERSON (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR TRANSFEREES OF ANY OF THE FOREGOING WILL BECOME VOID WITHOUT FURTHER ACTION.

RIGHTS CERTIFICATE

This certifies that \_\_\_\_\_, or registered assigns, 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 a Rights Agreement made as of August 14, 2014 (the "**Rights Agreement**") between Wellgreen Platinum Ltd., a corporation incorporated under the *Business Corporations Act* (British Columbia) (the "**Corporation**"), and COMPUTERSHARE INVESTOR SERVICES INC., as Rights Agent, to purchase from the Corporation at any time after the Separation Time and prior to the Expiration Time (as such terms are defined in the Rights Agreement), one fully paid common share in the capital of the Corporation (a "**Common Share**") (subject to adjustment as provided in the Rights Agreement) at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate with a duly completed and executed Form of Election to Exercise at the principal office of the Rights Agent in the City of Vancouver, Canada. Until adjustment thereof in certain events as provided in the Rights Agreement, the Exercise Price shall initially be an amount equal to four times the Market Price (as such term is defined in the Rights Agreement) per Common Share.

This Rights Certificate is subject to all the terms, provisions and conditions of the Rights Agreement which terms, provisions and conditions are hereby incorporated herein by this 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 Certificates. Copies of the Rights Agreement are on file at the registered office of the Corporation and are available upon written request.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any office 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 equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates so 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 provision of the Rights Agreement, the Rights evidenced by this Certificate may 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 nor will Rights Certificates be issued for less than one whole Right. In lieu thereof, a cash payment will be made as provided in the Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Common Shares or of any other securities which may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, 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 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 (except as provided in the Rights Agreement), or to receive dividends 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 countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Corporation and its corporate seal.

Date: \_\_\_\_\_

ATTEST:

**WELLGREEN PLATINUM LTD.**

By: \_\_\_\_\_

Countersigned:

**COMPUTERSHARE INVESTOR SERVICES INC.**

By: \_\_\_\_\_  
Authorized Signature

Date: \_\_\_\_\_

[Form of Reverse Side of Rights Certificate]

**FORM OF ASSIGNMENT**

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

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

\_\_\_\_\_  
(Please print name and address of transferee)

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

Date: \_\_\_\_\_

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 I chartered bank, or a financial institution that is a member of a recognized Medallion (STAMP, MSP or SEMP) Program.

\_\_\_\_\_  
(To be completed if true)

**CERTIFICATION**

**The undersigned hereby represents and certifies, 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 not been, Beneficially Owned by an Acquiring Person or any Person acting jointly or in concert with any Acquiring Person or with any Affiliate or Associate thereof (all as defined in the Rights Agreement).**

\_\_\_\_\_  
Signature

**NOTICE**

**In the event the certification set forth above is not completed in connection with a purported assignment, the Beneficial Owner of the Rights evidenced by this Rights Certificate will be deemed to be an Acquiring Person or a Person acting jointly or in concert with such Acquiring Person or an Affiliate or Associate of such Acquiring Person (all as defined in the Rights Agreement) and, accordingly, the Rights evidenced by this Rights Certificate will be null and void.**

[To be attached to each Rights Certificate]

**FORM OF ELECTION TO EXERCISE**

(To be executed if holder desires to exercise the Rights Certificate.)

TO:

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

\_\_\_\_\_

Address:

\_\_\_\_\_

\_\_\_\_\_

Social Insurance, Social Security or  
Other Taxpayer Identification Number: \_\_\_\_\_

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

Address:

\_\_\_\_\_

\_\_\_\_\_

Social Insurance, Social Security or  
Other Taxpayer Identification 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 I chartered bank, or a financial institution that is a member of a recognized Medallion (STAMP, MSP or SEMP) Program.)

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**(To be completed if true)**

**CERTIFICATION**

The undersigned hereby represents, for the benefit of all holders of Rights and 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 any Person acting jointly or in concert with any Acquiring Person or with any Affiliate or Associate thereof (all as defined in the Rights Agreement).

---

Signature

**NOTICE**

In the event the certification set forth above is not completed in connection with a purported exercise, the Beneficial Owner of the Rights evidenced by this Rights Certificate will be deemed to be an Acquiring Person or a Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate of an Acquiring Person (all as defined in the Rights Agreement) and, accordingly, the Rights evidenced by this Rights Certificate will be null and void.