

SHAREHOLDER RIGHTS PLAN AGREEMENT

Dated as of November 14, 2017

BETWEEN

BARKSDALE CAPITAL CORP.

and

COMPUTERSHARE INVESTOR SERVICES INC.

as Rights Agent

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SHAREHOLDER RIGHTS PLAN AGREEMENT

THIS SHAREHOLDER RIGHTS PLAN AGREEMENT dated as of November 14, 2017

BETWEEN:

BARKSDALE CAPITAL CORP., a company incorporated under the laws of the Province of British Columbia, having an office at Suite 610 – 815 West Hastings Street, Vancouver, British Columbia, V6C 1B4

(the "**Corporation**")

AND:

COMPUTERSHARE INVESTOR SERVICES INC., a company incorporated under the laws of Canada, having an office at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9

(the "**Rights Agent**", which term shall include any successor Rights Agent hereunder)

WHEREAS:

- A. The Board of Directors of the Corporation has determined that it is in the interests of the Corporation to adopt a shareholder rights plan for the purpose of ensuring, to the extent possible, that all shareholders of the Corporation are treated fairly in connection with any take-over bid for shares of the Corporation;
- B. 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 herein; and
- C. The Rights Agent has agreed to enter into this Agreement and act on the Corporation's behalf in connection with the issuance, transfer, exchange and replacement of Rights Certificates, the exercise of Rights and other matters referred to herein.

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

ARTICLE 1 INTERPRETATION

1.1 Certain Definitions

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

- (a) **“Acquiring Person”** means any Person who is the Beneficial Owner of 20% or more of the outstanding Shares, provided, however, that the term “Acquiring Person” shall not include:
- (i) the Corporation or any Subsidiary or Affiliate of the Corporation;
 - (ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Shares as a result of:
 - (A) an Exempt Acquisition;
 - (B) a Permitted Bid Acquisition;
 - (C) a Pro Rata Acquisition;
 - (D) a Share Reduction; or
 - (E) any combination of the foregoing,

provided that if a Person becomes the Beneficial Owner of 20% or more of the outstanding Shares by reason of (A), (B), (C), (D) or (E) and such Person’s Beneficial Ownership of Shares thereafter increases by more than 1% of the number of Shares outstanding (other than pursuant to (A), (B), (C), (D) or (E)), then such Person shall become an “Acquiring Person” as of the date such Person becomes the Beneficial Owner of such additional Shares;
 - (iii) an underwriter or member of a banking or selling group that becomes the Beneficial Owner of 20% or more of the Shares in connection with a distribution of securities of the Corporation; or
 - (iv) for a period of ten days after the first date of public announcement that any Person is making or has announced an intention to make a Take-over Bid, any Person who becomes the Beneficial Owner of 20% or more of the outstanding Shares as a result of such Person becoming disqualified from relying on Subsection 1.2(e) solely because such Person or the Beneficial Owner of such Shares is making or has announced a current intention to make a Take-over Bid, either alone or by acting jointly or in concert with any other Person;
- (b) **“Affiliate”** when used to indicate a relationship with a specified entity means a Person that directly, or indirectly through one or more controlled intermediaries, controls, or is controlled by, or is under common control with, such specified entity;
- (c) **“Agreement”** means this shareholder rights plan agreement dated as of November 14, 2017 between the Corporation and the Rights Agent, as the same may be further amended, supplemented and/or restated from time to time; “hereof”, “herein”, “hereto” and similar expressions mean and refer to this Agreement as a whole and not to any particular part of this Agreement;
- (d) **“annual cash dividend”** means cash dividends paid by the Corporation 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 (including any predecessor thereto) on the Common Shares (or applicable equity securities of any applicable predecessor entity) in its immediately preceding fiscal year;
 - (ii) 300% of the arithmetic mean of the aggregate amounts of the annual cash dividends declared payable by the Corporation (including any predecessor thereto) on the Common Shares (or applicable equity securities of any applicable predecessor entity) in its three immediately preceding fiscal years; and
 - (iii) 125% of the aggregate consolidated net income of the Corporation (including any predecessor thereto), before extraordinary items, for its immediately preceding fiscal year;
- (e) **“Associate”** means, when used to indicate a relationship with a specified Person, a spouse of that Person if that spouse is living in the same home as that Person, any Person of the same or opposite sex with whom that Person is living in a conjugal relationship outside marriage, a relative of that Person if that relative is living in the same home as that Person;
- (f) **“Business Day”** means any day other than a Saturday, Sunday or a day on which banking institutions in Vancouver, British Columbia are authorized or obligated by law to close;
- (g) **“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 multiplying such amount by the U.S.-Canadian Exchange Rate in effect on such date;
- (h) **“CDS”** means CDS Clearing and Depository Services Inc.;
- (i) **“close of business”** on any given date means the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the principal transfer office in Vancouver, British Columbia of the transfer agent for the Common Shares (or, after the Separation Time, the principal transfer office in Vancouver, British Columbia of the Rights Agent) becomes closed to the public;
- (j) **“Common Shares”** means the common shares of the Corporation;
- (k) **“Competing Permitted Bid”** means a Take-over Bid that is made by means of a Take-over Bid circular and which also complies with the following additional provisions:
- (i) is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry, termination or withdrawal of that Permitted Bid or Competing Permitted Bid;
 - (ii) satisfies each of the provisions of the definition of a Permitted Bid provided that it is not required to satisfy the requirement set out in Subclause (ii)(A) of such definition; and

- (iii) contains, and the take-up and payment for securities tendered or deposited thereunder are subject to, an irrevocable and unqualified condition that no securities shall be taken up or paid for pursuant to the Take-over Bid prior to 11:59 p.m. on the last day of the minimum initial deposit period and the mandatory ten (10) day extension period that such Take-over Bid must remain open for deposits of securities thereunder pursuant to NI 62-104 after the date of the Take-over Bid constituting the Competing Permitted Bid,

provided, however, that a Take-over Bid that qualified as a Competing Permitted Bid shall cease to be a Competing Permitted Bid as soon as such Take-over Bid ceases to meet any or all of the provisions of this definition, and any acquisition of securities made pursuant to such Takeover Bid that qualified as a Competing Permitted Bid, including any acquisition of securities made before such Take-over Bid ceased to be a Competing Permitted Bid, will not be a Permitted Bid Acquisition;

- (l) **“Constating Documents”** means the notice of articles and the articles of incorporation of the Corporation, as such may be amended from time to time;
- (m) **“Co-Rights Agents”** has the meaning ascribed thereto in Subsection 5.1(a);
- (n) **“Directors”** means the directors of the Corporation elected or appointed from time to time, or any duly constituted and empowered committee thereof;
- (o) **“Disposition Date”** has the meaning ascribed thereto in Subsection 4.2(b);
- (p) **“Dividend Reinvestment Acquisition”** means an acquisition of Shares pursuant to a Dividend Reinvestment Plan;
- (q) **“Dividend Reinvestment Plan”** means a regular dividend reinvestment or other plan of the Corporation made available by the Corporation to holders of Shares where such plan permits the holder to direct that some or all of:
 - (i) dividends of the Corporation on the Shares;
 - (ii) proceeds of redemption of Shares of the Corporation;
 - (iii) interest paid on evidences of indebtedness of the Corporation; or
 - (iv) optional cash payments;
 be applied to the purchase of Shares;
- (r) **“Effective Date”** means November 14, 2017;
- (s) **“Election to Exercise”** has the meaning ascribed thereto in Clause 2.2(d)(ii);
- (t) **“Exempt Acquisition”** means a Share acquisition in respect of which the Directors have waived the application of Section 3.1 pursuant to the provisions of Subsection 4.2(a) or 4.2(b);

- (u) **“Exercise Price”** means, as of any date, the price at which a holder may purchase the securities issuable upon exercise of one whole Right which, until adjustment thereof in accordance with the terms hereof, shall be \$20.00;
- (v) **“Expansion Factor”** has the meaning ascribed thereto in Clause 2.3(a)(x);
- (w) **“Expiration Time”** means the close of business on the date which is the earlier of (i) the date of termination of this Agreement pursuant to Section 6.15, and (ii) if this Agreement is reconfirmed pursuant to Section 6.15, the date of termination of the applicable annual meeting at which this Agreement is not reconfirmed in accordance with Section 6.15;
- (x) **“Flip-in Event”** means a transaction or other event in or pursuant to which any Person becomes an Acquiring Person;
- (y) **“holder”** has the meaning ascribed thereto in Section 2.8;
- (z) **“Independent Shareholders”** means holders of Shares, other than:
 - (i) any Acquiring Person;
 - (ii) any Offeror (other than any Person who, by virtue of Subsection 1.2(e), is not deemed to Beneficially Own the Shares held by such Person), but excluding such Person if the Take-over Bid so announced or made has terminated or has expired at least six months before the applicable date on which the status of independence is determined;
 - (iii) any Affiliate or Associate of any Acquiring Person or Offeror;
 - (iv) any Person acting jointly or in concert with any Acquiring Person or Offeror; and
 - (v) any employee benefit plan, share option plan, deferred profit sharing plan, securities participation plan and any other similar plan or trust for the benefit of employees of the Corporation or a Subsidiary unless the beneficiaries of the plan or trust direct the manner in which the Shares are to be voted or withheld from voting or direct whether the Shares are to be tendered to a Take-over Bid;
- (aa) **“Lock-Up Agreement”** means an agreement between a Person and one or more holders of Shares (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 (i) the date the Lock-up Bid (as defined below) is publicly announced or (ii) if the Lock-up Bid has been made prior to the date on which such agreement is entered into, forthwith and in any event not later than the date following the date of such agreement, pursuant to which each Locked-up Person agrees to deposit or tender Shares to a Take-over Bid (the **“Lock-up Bid”**) to be made or made by such Person or any of such Person’s Affiliates or Associates or any other Person with whom such Person, or any of such Person’s Affiliates or Associates, is acting jointly or in concert and which agreement provides that:
 - (i) any agreement to deposit or tender to, or to not withdraw Shares and/or other securities agreed to be deposited or tendered from, the

Lock-up Bid is at the Locked-up Person's option in order to permit the Locked-up Person to tender or deposit such Shares and/or other securities to another Take-over Bid or support another transaction:

(A) where the price or value per Share (and/or other security) offered under such other Take-over Bid or transaction is higher than the price or value per Share (and/or other security) offered under the Lock-up Bid; or

(B) if:

(1) the price or value per Share (and/or other security) offered under the other Take-over Bid or transaction exceeds the price or value per Share (and/or other security) offered or proposed to be offered under the Lock-up Bid by an amount that is equal to or greater than the lesser of (x) any amount specified in the agreement and (y) 7%; or

(2) the number of Shares (and/or other securities) to be purchased under the other Take-over Bid or transaction exceeds the number of Shares (and/or other securities) offered to be purchased under the Lock-up Bid by an amount that is equal to or greater than the lesser of (x) any amount specified in the agreement and (y) 7%, at a price or value per Share (and/or other security), as applicable, that is not less than the price or value per Share (and/or other security) offered under the Lock-up Bid;

and, for greater certainty, the agreement may contain a right of first refusal or require a period of delay to give such Person an opportunity to at least match a higher price or value in another Take-over Bid or transaction or other similar limitation on a Locked-up Person's right to withdraw Shares (and/or other securities) from the agreement, so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Shares (and/or other securities) 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 payable under the Lock-up Bid to a Locked-up Person; and

(B) 50% of the amount by which the price or value 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 Shares (and/or other securities) to the Lock-up Bid or withdraw Shares (and/or other securities) previously tendered thereto in order to tender to another Take-over Bid or support another transaction;

- (bb) **“Market Price”** per security of any securities on any date of determination means the average of the daily closing prices per security of the securities (determined as described below) on each of the 20 consecutive Trading Days 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 the date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each 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 the date of determination or if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The closing price per security of any securities on any date shall be:
- (i) the closing board lot sale price or, in case no such sale takes place on such date, the average of the closing bid and ask prices for such security as reported by the principal Canadian stock exchange (as determined by the Directors in good faith) on which the securities are listed or admitted to trading;
 - (ii) if for any reason none of such prices is available on such day or the securities are not listed or posted for trading on a Canadian stock exchange, the last sale price or, in case no such sale takes place on such date, the average of the closing bid and asked prices for each of such securities as reported by the principal national United States securities exchange (as determined by volume of trading) on which such securities are listed or admitted to trading;
 - (iii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange, the last sale price or, in case no sale takes place on such date, the average of the high bid and low ask prices for each such securities in the over-the-counter market, as quoted by any recognized reporting system then in use; or
 - (iv) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange or quoted by any such reporting system,, the average of the closing bid and ask prices as furnished by a recognized professional market maker making a market in the securities selected by the Directors in good faith;

provided, however, that if for any reason none of such prices is available on such day, the closing price per security of the securities on such date means the fair value per security of the securities on such date as determined by a recognized investment dealer or investment banker selected by the Directors in good faith. 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 on such date at the Canadian Dollar Equivalent thereof;

- (cc) **"NI 62-104"** shall mean National Instrument 62-104 – *Take-Over Bids and Issuer Bids*;
- (dd) **"Nominee"** has the meaning ascribed thereto in Subsection 2.2(c);
- (ee) **"Offer to Acquire"** includes:
 - (i) an offer to purchase, or a solicitation of an offer to sell, Shares or securities convertible into or exchangeable for Shares; and
 - (ii) an acceptance of an offer to sell Shares or securities convertible into or exchangeable for Shares, 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;

- (ff) **"Offeror"** means a Person who has announced, and has not withdrawn, an intention to make or who has made, and has not withdrawn, a Take-over Bid, other than a Person who has completed a Permitted Bid, a Competing Permitted Bid or an Exempt Acquisition;
- (gg) **"Offeror's Securities"** means Shares Beneficially Owned by an Offeror on the date of the Offer to Acquire;
- (hh) **"Permitted Bid"** means a Take-over Bid that is made by means of a Take-over Bid circular and which also complies with the following additional provisions:
 - (i) the Take-over Bid shall be made to all holders of Shares of record (other than the Shares held by the Offeror);
 - (ii) the Take-over Bid shall contain, and the take up and payment for securities tendered or deposited thereunder shall be subject to, an irrevocable and unqualified condition that no securities shall be taken up or paid for pursuant to the Take-over Bid:
 - (A) prior to 11:59 p.m. on the date which is not less than one hundred and five (105) days following the date of the Take-over Bid or such shorter minimum period as determined in accordance with section 2.28.2 or section 2.28.3 of NI 62-104 for which a Take-over Bid (that is not exempt from any of the requirements of Division 5 (Bid Mechanics) of NI 62-104) must remain open for deposit of securities thereunder; and
 - (B) unless, at 11:59 p.m. on the date securities are first taken up or paid for under such Take-over Bid, more than fifty percent (50%) of the then outstanding securities of the class that are subject to the Take-over Bid held by Independent Shareholders shall have been tendered or deposited to the Take-over Bid and not withdrawn;

- (iii) the Take-over Bid shall contain an irrevocable and unqualified provision that, unless the Take-over Bid is withdrawn, securities may be deposited pursuant to such Take-over Bid at any time during the period of time which applies pursuant to Clause 1.1(hh)(ii)(B) and that any securities deposited pursuant to the Take-over Bid may be withdrawn at any time until taken up and paid for; and
- (iv) the Take-over Bid shall contain an irrevocable and unqualified provision that should the condition referred to in Clause 1.1(hh)(ii)(B) be met:
 - (A) the Offeror will make a public announcement of that fact; and
 - (B) the Take-over Bid will be extended for a period of not less than ten (10) days from the date of such public announcement;

provided, however, that a Take-over Bid that qualified as a Permitted Bid shall cease to be a Permitted Bid at any time and as soon as such time as such Take-over Bid ceases to meet any or all of the provisions of this definition.

For purposes of this Agreement, the term "Permitted Bid" shall include a Competing Permitted Bid;

- (ii) **"Permitted Bid Acquisition"** means an acquisition of Shares made pursuant to a Permitted Bid or a Competing Permitted Bid;
- (jj) **"Person"** includes any individual, firm, partnership, association, trust, trustee, executor, administrator, legal personal representative, body corporate, corporation, unincorporated organization, syndicate, governmental entity or other similar entity;
- (kk) **"Privacy Laws"** has the meaning ascribed thereto in Section 5.6;
- (ll) **"Pro Rata Acquisition"** means an acquisition of Shares by a Person pursuant to:
 - (i) a Dividend Reinvestment Acquisition;
 - (ii) a Share distribution, Share split or other event in respect of securities of the Corporation of one or more particular classes or series pursuant to which such Person becomes the Beneficial Owner of Shares on the same pro rata basis as all other holders of securities of the particular class, classes or series;
 - (iii) the receipt or the exercise by the Person of only those rights to subscribe for or purchase Shares, or securities convertible into or exchangeable for Shares (and the conversion or exchange of such convertible or exchangeable securities), distributed to that Person by the Corporation in the course of a distribution (other than Rights) to all holders of Shares pursuant to a rights offering or pursuant to a prospectus or similar document, provided that the Person does not thereby acquire a greater percentage of Shares, or securities convertible into or exchangeable for Shares, than the Person's percentage of Shares Beneficially Owned immediately prior to such receipt or exercise or prior to that distribution;

- (iv) a distribution by the Corporation of Shares, or securities convertible into or exchangeable for Shares (and the conversion or exchange of such convertible or exchangeable securities), made pursuant to a prospectus (or similar document) or by way of a private placement or securities exchange take-over bid provided that the Person does not thereby acquire a greater percentage of such Shares, or securities convertible into or exchangeable for Shares, so offered than the Person's percentage of Shares Beneficially Owned immediately prior to such acquisition; or
- (v) a distribution by the Corporation of Shares, or securities convertible into or exchangeable for Shares (and the conversion or exchange of such convertible or exchangeable securities), made pursuant to a securities exchange take-over bid circular issued by the Corporation or in a management proxy circular (or similar document) or by way of a private placement, in respect of a merger pursuant to which the Corporation acquires all or substantially all of the assets of another Person in exchange for Shares or securities convertible into or exchangeable for Shares (and the conversion or exchange of such convertible or exchangeable securities) on terms approved by the Directors in good faith, provided that in the case of such acquisition transaction or private placement (i) all necessary stock exchange approvals for such private placement have been obtained and such private placement complies with the terms and conditions of such approvals, and (ii) the Person does not thereby become the Beneficial Owner of more than 25% of the Shares of the Corporation outstanding immediately prior to the completion of such acquisition transaction or private placement and in making this determination, the Shares (or convertible or exchangeable securities) to be issued to such Person shall be deemed to be held by such Person but shall not be included in the aggregate number of outstanding Shares immediately prior to the completion of such acquisition transaction or private placement;
- (mm) **"Record Time"** means 12:01 a.m. (Pacific time) on the Effective Date;
- (nn) **"Right"** means a right to purchase one Common Share, subject to adjustment as herein set forth, upon the terms and subject to the conditions set forth in this Agreement;
- (oo) **"Rights Certificate"** means the certificates representing the Rights after the Separation Time, which shall be substantially in the form attached hereto as Schedule I;
- (pp) **"Rights Register"** has the meaning ascribed thereto in Subsection 2.6(a);
- (qq) **"Securities Act (British Columbia)"** means the *Securities Act*, RSBC 1996, c 418, as amended, and the regulations and rules thereunder, and any comparable or successor laws or regulations thereto;
- (rr) **"Separation Time"** means the earlier of:
 - (i) close of business on the tenth Trading Day after the earliest of:
 - (A) the Share Acquisition Date;

- (B) 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), provided that, if any Take-over Bid expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this definition, never to have been made; and
 - (C) the date on which a Permitted Bid or Competing Permitted Bid ceases to be such; and
- (ii) such later time as may be determined in good faith by the Directors;
- (ss) **"Shareholder"** means a holder of Shares;
 - (tt) **"Share Acquisition Date"** means the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to filed pursuant to NI 62-104 or Section 13(d) of the 1934 Act) by an Acquiring Person that an Acquiring Person has become such;
 - (uu) **"Share Reduction"** means an acquisition or redemption by the Corporation of Shares which, by reducing the number of Shares outstanding, increases the proportionate number of Shares Beneficially Owned by any Person to 20% or more of the Shares then outstanding;
 - (vv) **"Shares"** means the Common Shares and any other share in the capital of the Corporation that carries a right generally to vote in the election of directors and references to a certificate representing Shares or Common Shares includes a physical share certificate or a Direct Registration System Advice form;
 - (ww) **"Take-over Bid"** means an Offer to Acquire Shares, or securities convertible into or exchangeable for Shares if, assuming that the Shares or convertible or exchangeable securities subject to the Offer to Acquire are acquired and are Beneficially Owned at the date of such Offer to Acquire by the Person making such Offer to Acquire, such Shares (including Shares that may be acquired upon conversion or exchange of securities convertible into or exchangeable for Shares) together with the Offeror's Securities, constitute in the aggregate 20% or more of the outstanding Shares at the date of the Offer to Acquire;
 - (xx) **"Trading Day"**, when used with respect to any securities, means a day on which the principal Canadian stock exchange 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 Canadian stock exchange, a Business Day;
 - (yy) **"U.S.-Canadian Exchange Rate"** means, on any date:
 - (i) if on such date the Bank of Canada sets daily 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 such manner as may be determined by the Directors from time to time acting in good faith;
- (zz) "**1933 Act**" means the Securities Act of 1933 of the United States, as amended, and the rules and regulations thereunder as now in effect or as the same may from time to time be amended, re-enacted or replaced; and
- (aaa) "**1934 Act**" means the Securities Exchange Act of 1934 of the United States, as amended, and the rules and regulations thereunder as now in effect or as the same may from time to time be amended, re-enacted or replaced.

1.2 Beneficial Ownership

For the purposes of this Agreement, a Person shall be deemed the "**Beneficial Owner**" of and to have "**Beneficial Ownership**" of, and to "**Beneficially Own**" any securities:

- (a) as to which such Person or any of such Person's Affiliates or Associates is the owner at law or in equity;
- (b) as to 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 within a period of 60 days, whether or not on condition or the happening of any contingency or the making of any payment) pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing (other than (A) customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a public offering or private placement of securities and (B) pledges of securities in the ordinary course of business), or upon the exercise of any conversion right, exchange right, right to purchase a Share or other security (other than the Rights), warrant or option; or
- (c) which are Beneficially Owned within the meaning of Clauses 1.2(a) and (b) by any other Person with whom such Person, or any of such Person's Affiliates or Associates, is acting jointly or in concert;

provided, however, that a Person shall not be deemed the "**Beneficial Owner**" of, or to have "**Beneficial Ownership**" of, or to "**Beneficially Own**", any security:

- (d) where such security has been agreed to be deposited or tendered pursuant to a Lock-up Agreement or is otherwise deposited to any Take-over Bid made by such Person, made by 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;
- (e) where such Person, any of such Person's Affiliates or Associates or any other Person acting jointly or in concert with such Person holds such security provided that:
 - (i) the ordinary business of any such Person (the "**Investment Manager**") includes the management of investment funds for others (which others,

for greater certainty, may include or be limited to one or more employee benefit plans or pension plans) and such security is held by the Investment Manager in the ordinary course of such business in the performance of such 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 appropriately registered under applicable laws;

- (ii) such Person (the "**Trust Company**") is licensed to carry on the business of a trust company under applicable laws 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 such duties for such Estate Account or for such Other Accounts;
- (iii) such Person is established by statute for purposes that include, and the ordinary business or activity of such Person (the "**Statutory Body**") includes, the management of investment funds for employee benefit plans, pension plans, insurance plans (other than plans administered by insurance companies) or various public bodies;
- (iv) such Person (the "**Administrator**") is the administrator or trustee of one or more pension funds or plans (a "**Plan**"), or is a Plan, registered or qualified under the laws of Canada or any province or territory thereof or the laws of the United States of America or any state thereof and holds such security for the purposes of its activity as such; or
- (v) such Person (the "**Crown Agent**") is a Crown agent or agency,

provided, in any of the above cases, that the Investment Manager, the Trust Company, the Statutory Body, the Administrator, the Plan or the Crown Agent, as the case may be, is not then making a Take-over Bid, or has not then announced a current intention to make a Take-over Bid, alone or acting jointly or in concert with any other Person, other than an Offer to Acquire Shares or other securities (x) pursuant to a distribution by the Corporation, or (y) by means of ordinary market transactions (including prearranged 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;

- (f) where such Person or any of such Person's Affiliates or Associates or any other Person acting jointly or in concert with such Person is (A) a Client of the same Investment Manager as another Person for whose account the Investment Manager holds such security, (B) 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 (C) a Plan with the same Administrator as another Plan on whose account the Administrator holds such security;
- (g) where such Person is (A) a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager, (B) 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 (C) a Plan and such security is owned at law or in equity by the Administrator; or

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

1.3 Control

For the purposes of this Agreement, a Person is "**controlled**" by another Person or two or more other Persons acting jointly or in concert if:

- (a) in the case of a body corporate, securities entitled to vote in the election of directors of such body corporate carrying more than 50% of the votes for the election of directors are held, directly or indirectly, by or for the benefit of the other Person or Persons and the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such body corporate; or
- (b) in the case of a Person which is not a body corporate, more than 50% of the voting or equity interests of such entity are held, directly or indirectly, by or for the benefit of the other Person or Persons:

and "**controls**", "**controlling**" and "**under common control with**" shall be interpreted accordingly;

1.4 Subsidiary

For the purposes of this Agreement, an entity is a "**Subsidiary**" of the Corporation or of another entity if:

- (a) it is controlled by:
- (i) the Corporation or that other entity; or
 - (ii) the Corporation or that other entity and by one or more entities, each of which is controlled by the Corporation or by that other entity; or
 - (iii) two or more entities, each of which is controlled by the Corporation or by that other entity; or
- (b) it is a Subsidiary of an entity or trust that is the Corporation's or that other entity's Subsidiary.

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 Number and Gender

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

1.7 Headings

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

1.8 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Shares

For purposes of this Agreement, the percentage of Shares Beneficially Owned by any Person shall be and be deemed to be the product (expressed as a percentage) determined by the formula:

$$100 \times A/B$$

where:

A = the number of votes for the election of all Directors generally attaching to the Shares Beneficially Owned by such Person; and

B = the number of votes for the election of all Directors attaching to all outstanding Shares.

Where any Person is deemed to Beneficially Own unissued Shares, such Shares shall be deemed to be outstanding for the purpose of calculating the percentage of Shares Beneficially Owned by such Person.

1.9 Acting Jointly or in Concert

For the purposes hereof, a Person is acting jointly or in concert with every Person who, as a result of any agreement, commitment or understanding, whether formal or informal, with the first Person or any Affiliate thereof, acquires or offers to acquire Shares (other than customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a public offering or private placement of securities or pledges of securities in the ordinary course of business).

1.10 Generally Accepted Accounting Principles

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be the recommendations at the relevant time of the Canadian Institute of Chartered Professional Accountants, or any successor institute, 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 2 THE RIGHTS

2.1 Issue of Rights and Legend on Share Certificates

- (a) One Right shall be issued on the Effective Date in respect of each Share issued or deemed issued at the Record Time and one Right shall be issued in respect of each Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time. Notwithstanding the foregoing, one Right in respect of each Share issued after the Record Time upon the exercise of rights pursuant to convertible or exchangeable securities outstanding at the Share Acquisition Date may be issued after the Separation Time but before the Expiration Time.
- (b) Certificates representing Shares which are issued after the Record Time, but prior to the earlier of the Separation Time and the Expiration Time, shall also evidence one Right for each Share represented thereby and shall have impressed on, printed on, written on or otherwise affixed to them the following legend:
- “Until the Separation Time (defined in the Agreement defined below), this certificate also evidences the holder’s rights described in a Shareholder Rights Plan Agreement dated November 14, 2017 (the “Agreement”) between Barksdale Capital Corp. (the “Corporation”) and Computershare Investor Services Inc., the terms of which are incorporated herein and a copy of which is available on demand without charge. Under certain circumstances set out in the Agreement, the rights may be redeemed, may expire, may become null and void or may be evidenced by separate certificates and no longer evidenced by this certificate. The Corporation will mail or arrange for the mailing of a copy of the Agreement to the holder of this certificate without charge as soon as practicable after the receipt of a written request therefor.”*
- (c) Certificates representing Shares that are issued and outstanding at the Record Time shall also evidence one Right for each Share evidenced thereby, notwithstanding the absence of the legend contemplated pursuant to Subsection 2.1(b) 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 set forth herein, each Right will entitle the holder thereof, from and after the Separation Time and prior to the Expiration Time, to purchase one Common Share for the Exercise Price (and the Exercise Price and number of Common Shares are subject to adjustment as set forth herein). Notwithstanding any other provision of this Agreement, any Rights held by the Corporation or any of its Subsidiaries shall be null and void.
- (b) Until the Separation Time:
- (i) the Rights shall not be exercisable and no Right may be exercised; and
 - (ii) each Shareholder will be entitled to one Right for each Share held (subject to adjustment as set forth herein) and each Right will be evidenced by the certificate for the associated Share registered in the

name of the holder thereof (which certificate shall also be deemed to represent a Rights Certificate) and will be transferable only together with, and will be transferred by a transfer of, such associated Share.

- (c) From and after the Separation Time and prior to the Expiration Time:
- (i) the Rights shall be exercisable and the Rights may be exercised; and
 - (ii) the registration and transfer of Rights shall be separate from and independent of Shares.

Promptly following the Separation Time, the Corporation will prepare and the Rights Agent will mail to each holder of record of Shares as of the Separation Time (other than an Acquiring Person and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a "**Nominee**")), at such holder's address as shown by the records of the Corporation (the Corporation hereby agreeing to furnish copies of such records to the Rights Agent for this purpose):

- (A) a Rights Certificate appropriately completed, representing the number of Rights held by such holder at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule or regulation or with any rule or regulation of any self-regulatory organization, stock exchange or quotation system on which the Rights may, from time to time, be listed or traded, or to conform to usage; and
- (B) a disclosure statement prepared by the Corporation describing the Rights,

provided that a Nominee shall be sent the materials provided for in (A) and (B) in respect of all Shares held of record by it which are not Beneficially Owned by an Acquiring Person. The Corporation may require any Person to furnish such documentation and information as the Corporation deems necessary or appropriate in order for the Corporation to determine whether any Person is holding Shares which are Beneficially Owned by another Person.

- (d) Rights may be exercised, in whole or in part, on any Business Day after the Separation Time and prior to the Expiration Time, by submitting to the Rights Agent at its principal office in the City of Vancouver, British Columbia or, with the approval of the Rights Agent, at any other office of the Rights Agent in the cities designated from time to time for that purpose by the Corporation:
- (i) the Rights Certificate evidencing such Rights;
 - (ii) an election to exercise such Rights (an "**Election to Exercise**") substantially in the form attached to the Rights Certificate appropriately completed and executed by the holder or his executors or administrators or other personal representatives or his or their legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and

- (iii) payment by certified cheque, banker's draft or money order payable to the order of the Rights Agent, 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 governmental charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being exercised, such aggregate proceeds to be held by the Rights Agent in a segregated bank account for the benefit of the Corporation.
- (e) Upon receipt of a Rights Certificate, together with a completed Election to Exercise executed in accordance with Clause 2.2(d)(ii), which does not indicate that such Right is null and void as provided by Subsection 3.1(b), and payment as set forth in Clause 2.2(d)(iii), the Rights Agent (unless otherwise instructed by the Corporation in the event that the Corporation is of the good faith opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly:
 - (i) requisition from the transfer agent of the Common Shares certificates representing the number of Common Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agent to comply with all such requisitions);
 - (ii) when appropriate, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Common Shares in accordance with Subsection 6.4(b);
 - (iii) after receipt of the certificates referred to in Clause 2.2(e)(i), deliver the same to or upon the order of the registered holder of such Rights Certificates, registered in such name or names as may be designated by such holder;
 - (iv) when appropriate, after receipt, deliver the cash referred to in Clause 2.2(e)(ii) to or to the order of the registered holder of such Rights Certificate; and
 - (v) promptly tender to the Corporation all payments received on exercise of 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 the Rights remaining unexercised (subject to the provisions of Subsection 6.4(a)) will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.
- (g) The Corporation covenants and agrees that it will:
 - (i) take all such action as may be necessary and within its power to ensure that all Common Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates for such Common Shares (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable;

- (ii) take all such action as may be necessary and within its power to comply with the requirements of the *Securities Act* (British Columbia), the 1933 Act, the 1934 Act, and applicable securities laws or comparable legislation of each of the provinces and territories of Canada and states of the United States of America and the regulations and rules thereunder and any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights, the Rights Certificates and the issuance of any Common Shares upon exercise of Rights;
- (iii) use reasonable efforts to cause all Common Shares issued upon exercise of Rights to be listed on the principal stock exchanges on which such Shares were traded immediately prior to the Share Acquisition Date;
- (iv) to the extent necessary pursuant to the Constatting Documents, cause to be reserved and kept available out of its authorized 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
- (v) pay when due and payable, if applicable, any and all federal, provincial and municipal transfer taxes and charges (excluding any income or capital taxes of the holder or exercising holder or any liability of the Corporation to withhold tax) which may be payable in respect of the original issuance or delivery of the Rights Certificates, or certificates for Common Shares to be issued upon exercise of any 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 Common Shares in a name other than that of the holder of the Rights being transferred or exercised.

2.3 Adjustments to Exercise Price; Number of Rights

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) In the event the Corporation shall at any time after the date of this Agreement:
 - (i) declare or pay a dividend on Shares payable in Shares (or other securities exchangeable for or convertible into or giving a right to acquire Shares or other securities of the Corporation) other than pursuant to any Dividend Reinvestment Plan;
 - (ii) subdivide or change the then outstanding Shares into a greater number of Shares;
 - (iii) consolidate or change the then outstanding Shares into a smaller number of Shares; or
 - (iv) issue any Shares or other capital share of the Corporation (or other securities exchangeable for or convertible into or giving a right to acquire Shares or other securities of the Corporation) in respect of, in

lieu of or in exchange for existing Shares except as otherwise provided in this Section 2.3,

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 as of the payment or effective date in the manner set forth below.

If the Exercise Price and number of Rights outstanding are to be adjusted:

- (x) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Shares (or other securities) (the "**Expansion Factor**") that a holder of one Share immediately prior to such distribution, subdivision, change, consolidation or issuance would hold thereafter as a result thereof; and
- (y) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor, and the adjusted number of Rights will be deemed to be distributed among the Shares with respect to which the original Rights were associated (if they remain outstanding) and the Shares issued in respect of such distribution, subdivision, change, consolidation or issuance, so that each such Share (or other securities) will have exactly one Right associated with it.

For greater certainty, if the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment will be the securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such distribution, subdivision, change, consolidation or issuance would hold thereafter as a result of such distribution, subdivision, change, consolidation or issuance.

If, after the Record Time and prior to the Expiration Time, the Corporation shall issue any securities other than Common Shares in a transaction of a type described in Clause 2.3(a)(i) or (iv), such securities 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 an event occurs which would require an adjustment under both this Section 2.3 and Section 3.1(a) hereof, the adjustment provided for in this Section 2.3 shall be in addition to and shall be made prior to any adjustment required pursuant to Section 3.1(a) hereof. Adjustments pursuant to subsection 2.3(a) shall be made successively, whenever an event referred to in Section 2.3(a) occurs.

If, at any time after the Record Time and prior to the Separation Time, the Corporation shall issue any Shares otherwise than in a transaction referred to in this Subsection 2.3(a), each such Share so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such associated Share.

- (b) If, at any time after the Record Time and prior to the Separation Time, the Corporation shall fix a record date for the issuance of rights, options or warrants to all holders of Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Shares (or securities convertible into or exchangeable for or carrying a right to purchase Shares) at a price per Share (or, if a security convertible into or exchangeable for or carrying a right to purchase or subscribe for 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) less than 95% of the Market Price per Share on such record date, the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction:
- (i) the numerator of which shall be the number of Shares outstanding on such record date, plus the number of Shares that the aggregate offering price of the total number of 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 per Share; and
 - (ii) the denominator of which shall be the number of Shares outstanding on such record date, plus the number of additional 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 by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of Rights. Such adjustment shall be made successively whenever such a record date is fixed, and in the event that such rights, options 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 be in effect based upon the number of Shares (or securities convertible into, or exchangeable or exercisable for Shares) actually issued upon the exercise of such rights, options or warrants, as the case may be.

For purposes of this Agreement, the granting of the right to purchase Shares (whether from treasury or otherwise) pursuant to any Dividend Reinvestment Plan or any employee benefit, Share option, Share purchase or similar plans shall be deemed not to constitute an issue of rights, options or warrants by the Corporation; provided, however, that, in all such cases, the right to purchase Shares is either (i) at a price per Share of not less than 90% of the current market price per Share (determined as provided in such plans) of the Shares; or (ii) limited to Directors, officers, employees or consultants of or to the Corporation or its Subsidiaries and is part of the Corporation's regular compensation practices.

- (c) If, at any time after the Record Time and prior to the Separation Time, the Corporation shall fix a record date for the making of a dividend or other distribution to all holders of Shares (including any such dividend made in connection with a merger or amalgamation) of evidences of indebtedness, cash (other than an annual cash dividend or a distribution referred to in Section 2.3(a)(i), assets or rights, options or warrants (excluding those referred to in Subsection 2.3(b)), the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction:
- (i) the numerator of which shall be the Market Price per Share on such record date, less the fair market value (as determined in good faith by the Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of Rights), on a per Share basis, of the portion of the cash, assets, evidences of indebtedness, rights, options or warrants so to be distributed; and
 - (ii) the denominator of which shall be such Market Price per Share.

Such adjustments shall be made successively whenever such a record date is fixed, and in the event that such a distribution is not so made, the Exercise Price shall be adjusted to be the Exercise Price which would have been in effect if such record date had not been fixed.

- (d) Notwithstanding anything herein to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease in the Exercise Price of at least one (1%) per cent; provided, however, that any adjustments which by reason of this Subsection 2.3(d) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under Section 2.3 shall be made to the nearest cent or to the nearest ten-thousandth of a security. Notwithstanding the first sentence of this Subsection 2.3(d), any adjustment required by Section 2.3 shall be made no later than the earlier of:
- (i) three years from the date of the transaction which gives rise to such adjustment; or
 - (ii) the Expiration Date.
- (e) If, at any time after the Record Time and prior to the Separation Time, the Corporation shall issue securities (other than Shares), or rights, options or warrants to subscribe for or purchase any such securities, or securities convertible into or exchangeable for any such securities, in a transaction referred to in Clause 2.3(a)(i) or (a)(iv), and the Directors acting in good faith determine that the adjustments contemplated by Subsections 2.3(a), (b) and (c) in connection with such transaction will not appropriately protect the interests of the holders of Rights, the 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 Subsections 2.3(a), (b) and, (c) such adjustments, rather than the adjustments contemplated by Subsections 2.3(a), (b) and, (c) shall be made. The Corporation and the Rights Agent, with prior approval of each stock exchange on which the Shares are listed for trading at the relevant time, shall have

authority to amend this Agreement as appropriate to provide for such adjustments.

- (f) Each Right originally issued by the Corporation subsequent to any adjustment made to the Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Common Shares purchasable from time to time hereunder upon exercise of a Right immediately prior to such issue, all subject to further adjustment as provided herein.
- (g) Irrespective of any adjustment or change in the Exercise Price or the number of Common Shares issuable upon the exercise of the Rights, the Rights Certificates theretofor and thereafter issued may continue to express the Exercise Price per Common Share and the number of Common Shares which were expressed in the initial Rights Certificates issued hereunder.
- (h) In any case in which this Section 2.3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional Common Shares or other securities upon the occurrence of the event requiring such adjustment.
- (i) Notwithstanding anything contained in this Section 2.3 to the contrary, the Corporation shall be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this Section 2.3, as and to the extent that in their good faith judgment the Directors determine to be advisable, in order that any:
 - (i) consolidation or subdivision of Shares;
 - (ii) issuance (wholly or in part for cash) of Shares or securities that by their terms are convertible into or exchangeable for Shares;
 - (iii) stock dividends;
 - (iv) issuance of rights, options or warrants referred to in this Section 2.3,hereafter made by the Corporation to holders of its Shares shall not be taxable to such Shareholders.
- (j) Whenever an adjustment to the Exercise Price or a change in the securities purchasable upon exercise of the Rights is made at any time after the Separation Time pursuant to this Section 2.3, the Corporation shall promptly:
 - (i) file with the Rights Agent and with the transfer agent for the Common Shares a certificate specifying the particulars of such adjustment or changes; and

- (ii) cause the particulars of such adjustment or change to be given to the holders of Rights,

provided, however, that the failure to file such certificate or cause such notice to be given in the manner set out above, 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 Common Shares or other securities, if applicable, is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Common Shares or other securities, if applicable, represented thereon, and such certificate shall be dated the date upon which the Rights Certificate evidencing such Rights was duly surrendered in accordance with Subsection 2.2(d) (together with a duly completed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the Share transfer books of the Corporation are closed, such Person shall be deemed to have become the record holder of such securities on, and such certificate shall be dated, the next succeeding Business Day on which the 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 Directors and/or officers of the Corporation. The signature of any of these individuals on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper Directors or officers of the Corporation shall bind the Corporation, notwithstanding that such individuals or any of them have ceased to hold such offices either before or after the countersignature and delivery of such Rights Certificates.
- (b) Promptly after the Corporation learns of the Separation Time, the Corporation will notify the Rights Agent of such Separation Time and will deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature, and the Rights Agent shall manually countersign (in a manner satisfactory to the Corporation) and send 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 as aforesaid.
- (c) Each Rights Certificate shall be dated the date of countersignature thereof.

2.6 Registration, Transfer and Exchange

- (a) The Corporation will cause to be kept a register (the "**Rights Register**") in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed registrar for the Rights (the "**Rights Registrar**") for the purpose of maintaining the Rights Register for the Corporation and registering Rights and transfers of Rights as herein provided, and the Rights Agent hereby accepts such appointment. In the event that the Rights Agent

shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times.

After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of Subsection 2.6(c), the Corporation will execute, and the Rights Agent will manually 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 Certificates so surrendered.

- (b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be the valid obligations of the Corporation, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.
- (c) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer satisfactory in form 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 any other expenses (including the reasonable fees and expenses of the 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 in exchange therefor 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 reasonable satisfaction of the destruction, loss or theft of any Rights Certificate, and (ii) such security and indemnity as may be reasonably required by them to save each of them and any of their agents harmless, then, in the absence of notice to the Corporation or the Rights Agent that such Rights Certificate has been acquired by a bona fide purchaser, the Corporation shall execute and upon 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 destroyed, lost or stolen Rights Certificate.
- (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 the 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.
- (e) A stop transfer notation shall be placed by the Rights Agent on the Rights Register with respect to any destroyed, lost or stolen Rights Certificate for which a replacement Rights Certificate is issued pursuant to this Section 2.7.

2.8 Persons Deemed Owners of Rights

The Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name a 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 for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term “**holder**” of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, of 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 Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided in this Section 2.9, except as expressly permitted by this Agreement. Subject to applicable laws and in accordance with its ordinary business practices, 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) such holder shall be 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;
- (b) prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Share certificate representing such Right;
- (c) after the Separation Time, the Rights Certificates will be transferable only on the Rights Register as provided herein;
- (d) 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;

- (e) such holder of Rights has waived its right to receive any fractional Right or any fractional Share or other securities upon exercise of a Right (but without prejudice to its right to receive cash in lieu thereof to the extent expressly provided herein);
- (f) notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation; and
- (g) the Directors, acting in good faith and without the approval of any holder of Rights or Shares, may amend or supplement this Agreement from time to time to cure any ambiguity or to correct or supplement any provision contained herein which may be inconsistent with the intent of this Agreement or is otherwise defective, as provided herein.

2.11 Rights Certificate Holder Not Deemed a Shareholder

No holder, as such, of any Rights or Rights Certificate shall be entitled to vote, receive distributions or be deemed for any purpose whatsoever the holder of Shares or any other securities of the Corporation which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Rights Certificate be construed or deemed or confer upon the holder of any Right or Rights Certificate, as such, any right, title, benefit or privilege of a holder of Shares or any other securities of the Corporation or any right to vote at any meeting of shareholders of the Corporation whether for the election of directors or otherwise or upon any matter submitted to holders of Shares or any other securities of the Corporation at any meeting thereof, or to give or withhold consent to any action of the Corporation, or to receive notice of any meeting or other action affecting any holder of Shares or any other securities of the Corporation except as expressly provided herein, or to receive distributions or subscription rights, or otherwise, until the Right or Rights evidenced by Rights Certificates shall have been duly exercised in accordance with the terms and provisions hereof.

2.12 Global Share Certificate and Book-Entry System

- (a) Notwithstanding any other provision of this Agreement, the Rights to be issued hereunder to holders of Shares will be made through the book-entry system representing the number of Rights so issued. Holders of Shares or associated Rights represented by the book-entry system will not be entitled to a certificate or other instrument from the Corporation, Transfer Agent or Rights Agent evidencing ownership thereof. New Shares issued as a result of the exercise of

any Rights will also be represented only through the book-entry system in all circumstances.

- (b) For as long as Rights are held through CDS, if any notice or other communication is required to be given to holders of Rights, the Corporation and the Rights Agent will give all such notices and communications to CDS. The rights of a holder whose Rights are held through CDS shall be exercised only through CDS.

ARTICLE 3 ADJUSTMENTS TO THE RIGHTS

3.1 Flip-in Event

- (a) Subject to Subsection 3.1(b) and Sections 4.1 and 4.2, if a Flip-in Event occurs prior to the Expiration Time, then effective at the close of business on the tenth Trading Day after the Share Acquisition Date (or such longer period as may be required to satisfy the requirements of the securities acts or comparable legislation of each of the provinces and territories of Canada), each Right shall constitute the right to purchase from the Corporation, upon exercise thereof in accordance with the terms hereof, that number of Common Shares 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 in the event that after such consummation or occurrence, an event of a type analogous to any of the events described in Section 2.3 shall have occurred with respect to the Shares).
- (b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time or the Share Acquisition Date by:
 - (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person); or
 - (ii) a transferee of Rights, directly or indirectly, from an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person), where such transferee becomes a transferee concurrently with or subsequent to the Acquiring Person becoming such in a transfer, whether or not for consideration, that the Directors acting in good faith have determined is part of a plan, arrangement or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person) that has the purpose or effect of avoiding Clause 3.1(b)(i),

shall become null and void without any further action, and any holder of such Rights (including transferees) shall thereafter have no right to exercise such Rights under any provision of this Agreement and shall have no other 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 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 null and void under this Subsection 3.1(b) shall be deemed to be an Acquiring Person for the purposes of this Section 3.1 and such Rights shall become null and void.

- (c) From and after the Separation Time, the Corporation shall do all such acts and things as shall be necessary and within its power to ensure compliance with the provisions of this Section 3.1, including without limitation, all such acts and things as may be required to satisfy the requirements of the *Securities Act* (British Columbia), the 1933 Act, the 1934 Act, and applicable securities laws or comparable legislation of each of the provinces and territories of Canada and states of the United States of America and the regulations and rules thereunder and any other applicable law, rule or regulation, in connection with the issue of Shares upon the exercise of Rights in accordance with this Agreement.
- (d) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either Clause 3.1(b)(i) or (b)(ii) or transferred to any nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain the following legend:

"The Rights represented by this Rights Certificate were issued to a Person who was an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (as such terms are defined in the Shareholder Rights Plan Agreement) or a Person who was acting jointly or in concert with an Acquiring Person or an Affiliate or Associate of an Acquiring Person. This Rights Certificate and the Rights represented hereby are void or shall become void in the circumstances specified in Subsection 3.1(b) of the Shareholder Rights Plan 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 impose such legend only if instructed to do so in writing by the Corporation or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not a Person described in such legend. The issuance of a Rights Certificate without the legend referred to in this Subsection 3.1(d) shall be of no effect on the provisions of Subsection 3.1(b).

ARTICLE 4 REDEMPTION AND WAIVER

4.1 Redemption and Termination

- (a) Subject to the prior consent of the holders of the Shares or the Rights given in the manner set forth in Subsection 6.3(b) or 6.3(c), the Directors acting in good faith may, at any time prior to the provisions of Section 3.1 becoming effective as a result of the occurrence of a Flip-in Event or prior to the waiver of the application of Section 3.1 pursuant to the provisions of Section 4.2, as the case may be, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.00001 per Right appropriately adjusted in a

manner analogous to the applicable adjustment provided for in Section 2.3 if an event of the type 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) Where a Person, pursuant to a Permitted Bid, or a Competing Permitted Bid or an Exempt Acquisition, acquires outstanding Shares, other than Shares Beneficially Owned by such Person at the date of the Permitted Bid, the Competing Permitted Bid or the Exempt Acquisition, the Directors shall immediately upon the consummation of such acquisition (that is, on the day that such Person takes up and pays for Shares under the applicable bid or acquisition) without further formality and without any approval under Subsection 6.3(b) or 6.3(c) be deemed to have elected to redeem the Rights at the Redemption Price.
- (c) Where a Take-over Bid that is not a Permitted Bid or a Competing Permitted Bid expires, is terminated or otherwise withdrawn after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Directors may elect to redeem all but not less than all of the outstanding Rights at the Redemption Price.
- (d) If the Directors are deemed under Subsection 4.1(b) to have elected, or elect under either of Subsection 4.1(a) or 4.1(c), to redeem the Rights, upon receipt of the required approval of Shareholders, 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.
- (e) Within 10 Business Days after receipt of the required approval of Shareholders in respect of any matter for which the Directors are deemed under Subsection 4.1(b) to have elected, or elect under Subsection 4.1(a) or 4.1(c), 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 its last address as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the transfer agent for the Shares. Any notice which is mailed in the manner provided herein shall be deemed given, whether or not the holder receives the notice. Each notice of redemption will state the method by which the payment of the Redemption Price will be made. If the Redemption Price payable to any holder of Rights includes a fraction of a cent, such Redemption Price shall be rounded (up or down) to the nearest cent.
- (f) Upon the Rights being redeemed pursuant to Subsection 4.1(c), 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 Shares as of the Separation Time had not been mailed to each such holder, and for all purposes of this Agreement, the Separation Time shall be deemed not to have occurred and the Rights shall remain attached to the outstanding Shares, subject to and in accordance with the provisions of this Agreement.

4.2 Waiver of Flip-In Events

- (a) At any time prior to the provisions of Section 3.1 becoming effective as a result of the occurrence of a Flip-in Event, the Directors acting in good faith may, upon prior written notice delivered to the Rights Agent, waive the application of Section 3.1 to a particular Flip-in Event that would result from a Take-over Bid made by way of take-over bid circular to all holders of record of Shares (which for greater certainty shall not include the circumstances described in Subsection 4.2(b)); provided that if the Directors waive the application of Section 3.1 to such a Flip-in Event pursuant to this Subsection 4.2(a), the 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 Shares prior to the expiry of any Take-over Bid (as the same may be extended from time to time) in respect of which a waiver is, or is deemed to have been, granted under this Subsection 4.2(a). If the Directors propose such a waiver, the Directors may extend the Separation Time to a date after but not more than 10 Business Days after the meeting of Shareholders called to approve such waiver.
- (b) The Directors may waive the application of Section 3.1 in respect of the occurrence of any Flip-in Event if the Directors have determined within ten Trading Days following a Share Acquisition Date that a Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person under this Agreement and, in the event that such a waiver is granted by the Directors, such Share Acquisition Date shall be deemed not to have occurred. Any such waiver pursuant to this Subsection 4.2(b) must be on the condition that such Person, within 14 days after the foregoing determination by the Directors or such earlier or later date as the Directors may determine (the "**Disposition Date**"), has reduced its Beneficial Ownership of Shares so that the Person is no longer an Acquiring Person. If the Person remains an Acquiring Person at the close of business on the Disposition Date, the Disposition Date shall be deemed to be the date of occurrence of a further Share Acquisition Date and Section 3.1 shall apply thereto.
- (c) The Corporation shall give prompt written notice to the Rights Agent of any waiver of the application of Section 3.1 made by the Directors under this Section 4.2.

ARTICLE 5 THE RIGHTS AGENT

5.1 General

- (a) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation and the holders of the Rights in accordance with the terms and conditions of this Agreement, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint such co-Rights Agents ("**Co-Rights Agents**") as it may deem necessary or desirable, subject to the prior approval of the Rights Agent and Co-Rights Agent. If the Corporation appoints one or more Co-Rights Agents, the respective duties of the Rights Agent and the Co-Rights Agents shall be as the Corporation may determine, with the approval of the Rights Agent and the Co-Rights Agents. The Corporation agrees to pay to the Rights Agent reasonable compensation for

all services rendered by it hereunder (including the reasonable fees and disbursements of any expert retained by the Rights Agent as provided in Subsection 5.3(a)) and, from time to time, on demand of the Rights Agent, its reasonable expenses and outside counsel fees and other disbursements reasonably incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Corporation also agrees to indemnify the Rights Agent, its officers, directors and employees for, and to hold them harmless against, any loss, liability, cost, claim, action, damage, suit or expense, incurred without gross negligence, bad faith or wilful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement or the resignation or removal of the Rights Agent. 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. At any time, upon request, the Corporation shall provide to the Rights Agent an incumbency certificate with respect to the then current directors and officers of the Corporation.

- (b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any certificate for Common Shares, 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) In the event of any disagreement arising regarding the terms of this Agreement, the Rights Agent shall be entitled, at its option, to refuse to comply with any and all demands whatsoever related to such disagreement, until the dispute is settled either by written agreement amongst the parties to this Agreement or by a court of competent jurisdiction.
- (d) Notwithstanding any other provision of this Agreement, and whether such losses or damages are foreseeable or unforeseeable, the Rights Agent shall not be liable under any circumstances whatsoever for any (i) breach by any other party of securities law or other rule of any securities regulatory authority, (ii) lost profits or (iii) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.
- (e) Other than liability due to its own gross negligence, bad faith or wilful misconduct, any liability of the Rights Agent shall be limited, in the aggregate, to the amount of fees paid by the Company to the Rights Agent under this Agreement in the twelve (12) months immediately prior to the Rights Agent receiving the first notice of the claim.

5.2 Merger, Amalgamation or Consolidation or Change of Name of Rights Agent

- (a) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation, statutory arrangement

or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any corporation succeeding to the shareholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor 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 corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 5.4 hereof. If, 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, the successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and if, at that time, any of the Rights have not been countersigned, any successor Rights Agent may countersign such Rights Certificates in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.

- (b) If, at any time, the name of the Rights Agent is changed and at such time any of the Rights Certificates have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and if, at that time, any of the Rights Certificates have not 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.

5.3 Duties of Rights Agent

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

- (a) the Rights Agent, at the expense of the Corporation, may consult with and retain legal counsel (who may be legal counsel for the Corporation) and such other experts as it reasonably considers necessary to perform its duties hereunder, and the opinion of such counsel or other expert 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 Rights Agent may also with the approval of the Corporation (which approval shall not be unreasonably withheld), consult with such other experts as the Rights Agent shall consider necessary or appropriate to properly carry out the duties and obligations imposed under this Agreement and the Rights Agent shall be entitled to rely in good faith on the advice of any such expert;
- (b) whenever in the performance of its duties under this Agreement, the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof is specifically prescribed herein) may be deemed to be conclusively proved and established by a certificate signed by a Person believed by the Rights Agent to be a Director or the President and Chief Executive Officer of the Corporation (or any other officer designated by the Directors) and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any

action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;

- (c) the Rights Agent will be liable hereunder for its own gross negligence, bad faith or wilful misconduct;
- (d) the Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only;
- (e) the Rights Agent will not have 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 certificate for a Common Share 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 describing any such adjustment) nor is it deemed by any act hereunder to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Common Shares will, when issued, be duly and validly authorized, executed, issued and delivered and 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, notices and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;
- (g) the Rights Agent is hereby authorized and directed to accept instructions in writing with respect to the performance of its duties hereunder from any individual believed by the Rights Agent to be a Director or the President and Chief Executive Officer of the Corporation (or any other officer designated by the Directors) and to apply to such individuals for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such individual;
- (h) the Rights Agent and any shareholder or stockholder, 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 and nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity; and

- (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 will 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, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

5.4 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 mailed to the Corporation and to each transfer agent of Common Shares by registered or certified mail. The Corporation may remove the Rights Agent upon 60 days' notice in writing, mailed to the Rights Agent and to each transfer agent of the Common Shares by registered or certified mail. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Corporation will appoint a successor to the Rights Agent. If the Corporation fails to make such appointment within a period of 60 days after removal or after it has been notified in writing of the resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of any Rights, then by prior written notice to the Corporation, the resigning Rights Agent or the holder of any Rights, may apply to a court of competent jurisdiction for the appointment of a new Rights Agent, at the Corporation's expense. Any successor Rights Agent, whether appointed by the Corporation or by such a court, shall be a company incorporated under the laws of Canada or a province thereof authorized to carry on the business of a rights agent in the Province of British Columbia. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent, upon receipt of all outstanding fees and expenses owing to it, shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Corporation will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares and mail a notice thereof in writing to the holders of the Rights in accordance with Section 6.8. Failure to give any notice provided for in this Section 5.4, 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 any successor Rights Agent, as the case may be.

5.5 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 noncompliance with any applicable anti-money laundering or antiterrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' written notice to the Corporation, provided that: (i) the Rights Agent's written notice shall describe the circumstances of such non-compliance; and (ii) if such circumstances are rectified to the Rights Agent's satisfaction within such 10-day period, then such resignation shall not be effective.

5.6 Privacy Provision

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.

ARTICLE 6 MISCELLANEOUS

6.1 Expiration

No Person shall have any rights whatsoever pursuant to this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in Subsection 5.1(a) of this Agreement.

6.2 Issuance of New Rights Certificates

Notwithstanding any of the provisions of this Agreement or 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 Directors to reflect any adjustment or change in the number or kind or class of securities purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

6.3 Supplements and Amendments

- (a) The Corporation may from time to time, without the approval of the holders of Rights or Shares, amend or supplement this Agreement to correct any clerical or typographical error or, subject to Subsection 6.3(e), to maintain the validity and effectiveness of this Agreement as a result of any change in any applicable legislation, rules or regulations thereunder. Notwithstanding anything in this Section 6.3 to the contrary, no such supplement or amendment shall be made to the provisions of Article 5 except with the written concurrence of the Rights Agent to such supplement or amendment.
- (b) Subject to Section 6.3(a), the Corporation may, with the prior consent of the holders of Shares obtained as set forth below, at any time prior to the Separation Time, amend, supplement, 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 the action requiring such approval is authorized by the affirmative vote of a majority of the votes cast by Independent Shareholders present or represented at and entitled to be voted at a meeting of the holders of Shares duly called and held in compliance with applicable laws and the Constating Documents.

- (c) The Corporation may, with the prior consent of the holders of Rights, at any time on or after the Separation Time and before the Expiration Time, amend, supplement, vary or delete 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), provided that no such amendment, supplement, variation or deletion shall be made to the provisions of Article 5 except with the written concurrence of the Rights Agent thereto. Such consent shall be deemed to have been given if such amendment, supplement, variation or deletion is authorized by the affirmative votes of a majority of the votes cast by the holders of Rights (other than holders of Rights whose Rights have become null and void pursuant to the provisions hereof) present or represented at and entitled to be voted at a meeting of the holders duly called and held in compliance with applicable laws and the Constating Documents.
- (d) For the purposes hereof, the procedures for the calling, holding and conduct of the meeting shall be those provided for in the Constating Documents with respect to meetings of shareholders of the Corporation, modified appropriately and each outstanding Right (other than Rights which are null and void pursuant to the provisions hereof) shall be entitled to one vote.
- (e) Any amendments or supplements made by the Corporation to this Agreement pursuant to Subsection 6.3(a) which are required to maintain the validity and effectiveness of this Agreement as a result of any change in any applicable legislation, rule or regulation thereunder shall:
 - (i) if made before the Separation Time, be submitted to the holders of Shares at the next meeting of Shareholders and the Shareholders may, by the majority referred to in Subsection 6.3(b), confirm or reject such amendment or supplement;
 - (ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of Shareholders and the holders of Rights may, by resolution passed by the majority referred to in Subsection 6.3(c), confirm or reject such amendment or supplement.

Any such amendment or supplement shall, unless otherwise stipulated by the Directors, be effective from the date of the resolution of the Directors adopting such amendment or supplement, until it is confirmed or rejected in accordance with Subsection 6.3(e) or until it ceases to be effective (as described in the next sentence) and, where such amendment or supplement is confirmed, it shall continue in effect in the form so confirmed. If such amendment or supplement 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 or supplement shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the Directors to amend or supplement this Agreement to substantially the same effect shall be effective until confirmed by the holders of Shares or holders of Rights as the case may be.

- (f) The Corporation shall be required give notice in writing to the Rights Agent of any such amendment, supplement, variation or deletion to this Agreement as

referred to in this Section 6.3 within five Business Days of effecting such amendment, supplement, variation or deletion, provided that failure to give such notice, or any defect therein, shall not affect the validity of any such amendment, supplement, variation or deletion.

- (g) Any supplement or amendment to this Agreement pursuant to Subsection 6.3(b) through (e) shall be subject to the receipt of any requisite approval or consent from any governmental or regulatory authority having jurisdiction over the Corporation, including, without limitation, any requisite approval of stock exchanges or quotation system on which the Shares may from time to time be listed or traded.

6.4 Fractional Right and Fractional Common Share

- (a) The Corporation shall not be required to issue fractions of a Right or to distribute Rights Certificates which evidence a fractional Right and no amount shall be paid with regard to which such fractional Rights would otherwise be issuable.
- (b) The Corporation shall not be required to issue fractions of a Common Share upon exercise of Rights or to distribute certificates which evidence a fractional Common Share. In lieu of issuing a fractional Common Share, the Corporation shall pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash equal to the fraction of the Market Price of one whole Common Share that the fraction of a Common Share that would otherwise be issuable upon the exercise of such Right is of one whole Common Share at the date of such exercise. 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 the necessary funds to pay in full all amounts payable in accordance with Subsection 2.2(d).

6.5 Rights of Action

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights. Any holder of 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 such holder's right to exercise such holder's Rights, or Rights to which such holder is entitled, in the manner provided in such holder's Rights 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.

6.6 Regulatory Approvals

Any obligation of the Corporation or action or event contemplated by this Agreement shall be subject to the receipt of any requisite approval or consent from any governmental or regulatory authority, and, without limiting the generality of the foregoing, any necessary approvals of the TSX Venture Exchange and other exchanges shall be obtained, in relation to the issuance of Common Shares upon the exercise of Rights under Subsection 2.2(d).

6.7 Declaration as to Non-Canadian Holders

If in the opinion of the Directors (who may rely upon the advice of counsel) any action or event contemplated by this Agreement would require compliance by the Corporation with the securities laws or comparable legislation of a jurisdiction outside Canada, the Directors acting in good faith shall take such actions as they may deem appropriate to ensure such compliance. In no event shall the Corporation or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to Persons who are citizens, residents or nationals of any jurisdiction other than Canada, in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes. The Rights Agent shall be entitled to rely upon the last address as it appears on the register of the Rights Agent or, prior to and including the Separation Time, on the register of the transfer agent for the Shares to determine whether a Person is a citizen, resident or national of any jurisdiction other than Canada for the purpose of this Section 6.7.

6.8 Notices

- (a) Notices or demands authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the Corporation shall be sufficiently given or made if delivered, sent by registered or certified mail, postage prepaid (until another address is filed in writing with the Rights Agent), or sent by facsimile or other form of recorded electronic communication, charges prepaid and confirmed in writing, as follows:

Barksdale Capital Corp.
610 – 815 West Hasting Street
Vancouver, British Columbia
V6C 1B4

Attention: Corporate Secretary
Fax No.: (604) 687-3567

- (b) Notices or demands authorized or required by this Agreement to be given or made by the Corporation or by the holder of any Rights to or on the Rights Agent shall be sufficiently given or made if delivered, sent by registered or certified mail, postage prepaid (until another address is filed in writing with the Corporation), or sent by facsimile or other form of recorded electronic communication, charges prepaid and confirmed in writing, as follows:

Computershare Investor Services Inc.
3rd Floor, 510 Burrard Street
Vancouver, British Columbia
V6C 3B9

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

- (c) Notices or demands authorized or required by this Agreement to be given or made by the Corporation or the Rights Agent to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by first class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the register of the Rights Agent or, prior to the Separation Time, on the register of the Corporation for its Shares. Any notice which is mailed or

sent in the manner herein provided shall be deemed given, whether or not the holder receives the notice.

- (d) Any notice given or made in accordance with this Section 6.8 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 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.
- (e) If mail service is or is threatened to be interrupted at a time when the Corporation or the Rights Agent wishes to give a notice or demand hereunder to or on the holder of any Rights, the Corporation or the Rights Agent may, notwithstanding the foregoing provisions of this Section 6.8, give such notice by means, of publication once in each of two successive weeks in the business section of the Globe and Mail and, if, and so long as, the Corporation has a transfer agent in the United States, in a daily publication in the United States designated by the Corporation, or in such other publication or publications as may be designated by the Corporation and notice so published shall be deemed to have been given on the date on which the first publication of such notice in any such publication has taken place.

6.9 Costs of Enforcement

The Corporation agrees that if the Corporation fails to fulfil any of its obligations pursuant to this Agreement, then the Corporation will reimburse the holder of any Rights for the costs and expenses (including legal fees) incurred by such holder to enforce its rights pursuant to any Rights or this Agreement in any action, suit or proceeding in which a court of competent jurisdiction in a final non-appealable judgment has rendered judgment in favour of the holder.

6.10 Successors

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

6.11 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; further, this Agreement shall be for the sole and exclusive benefit of the Corporation, the Rights Agent and the holders of the Rights.

6.12 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.

6.13 Severability

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

6.14 Coming Into Effect

This Agreement is effective and in full force and effect in accordance with its terms from and after the Effective Date, and shall constitute the entire agreement between the parties pertaining to the subject matter hereof as of the Effective Date.

6.15 Confirmation

- (a) This Agreement must be confirmed by a resolution passed by a majority of the votes cast by Independent Shareholders who vote in respect of such confirmation at a meeting of the Shareholders of the Corporation to be held within six months of the Effective Date, failing which this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect from and after the Effective Date.
- (b) This Agreement must be reconfirmed by a resolution passed by a majority of the votes cast by Independent Shareholders who vote in respect of such reconfirmation at every third annual meeting of the Corporation held after the meeting contemplated in Subsection 6.15(a). If the Agreement is not so reconfirmed or is not presented for reconfirmation at such annual meeting, the Agreement and all outstanding Rights shall terminate and be void and of no further force and effect on and from the date of termination of the applicable annual meeting; provided that termination shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived pursuant to Subsection 4.2(a) or 4.2(b) hereof), prior to the date upon which this Agreement would otherwise terminate pursuant to this Section 6.15.

6.16 Determinations and Actions by the Directors

All actions, calculations and determinations (including all omissions with respect to the foregoing) which are done or made by the Directors, in good faith, for the purposes hereof (a) may be relied on by the Rights Agent, and (b) shall not subject any Director or any officer of the Corporation to any liability to the holders of the Rights.

6.17 Time of the Essence

Time shall be of the essence in this Agreement.

6.18 Notice of Proposed Actions

In case the Corporation shall propose after the Separation Time and prior to the Expiration Time:

- (a) to waive the application of Section 3.1 to a particular Flip-in Event; or
- (b) 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 6.8, a notice of such proposed action, which shall specify the date on which such Flip-in Event, liquidation, dissolution, or winding up is to take place, and such notice shall be so given at least ten Business Days prior to the date of taking of such proposed action by the Corporation.

6.19 Force Majeure

Neither party shall be liable to the other, or held in breach of this Agreement, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental or regulatory action, earthquakes, or any other similar extreme causes in each case affecting the general population (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures which in each case affect the general population). Performance times under this Agreement shall be extended for a period of time equivalent to the time lost because of any delay that is properly excusable under this Section, but such extension is not cumulative and shall not apply in circumstances where performance was not due at the relevant time.

6.20 Execution in Counterparts

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

[Remainder of this page left intentionally blank.]

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

BARKSDALE CAPITAL CORP.

By: (signed) "Richards Silas"
Name: Richard Silas
Title: President, Chief Executive Officer and
Corporate Secretary

By: (signed) "Glenn Kumoi"
Name: Glenn Kumoi
Title: Director

**COMPUTERSHARE INVESTOR SERVICES
INC.**

By: (signed) "Mita Garcia"
Authorized Signatory

By: (signed) "Kim Wong"
Authorized Signatory

SCHEDULE 1

BARKSDALE CAPITAL CORP.

[Form of Rights Certificate]

Certificate No. _____ Rights

THE RIGHTS ARE SUBJECT TO TERMINATION ON THE TERMS SET FORTH IN THE SHAREHOLDER RIGHTS PLAN AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SUBSECTION 3.1(b) OF THE SHAREHOLDER RIGHTS PLAN AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR CERTAIN RELATED PARTIES, OR TRANSFEREES OF AN ACQUIRING PERSON OR CERTAIN RELATED PARTIES, MAY BECOME VOID.

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 the Shareholder Rights Plan Agreement dated November 14, 2017, as the same may be amended or supplemented from time to time (the "**Rights Agreement**"), between Barksdale Capital Corp., a company incorporated under the laws of British Columbia (the "**Corporation**") and Computershare Investor Services Inc., a company incorporated under the laws of Canada (the "**Rights Agent**") (which term shall include any successor Rights Agent under the Rights Agreement), to purchase from the Corporation at any time after the Separation Time (as such term is defined in the Rights Agreement) and prior to the Expiration Time (as such term is defined in the Rights Agreement), one fully paid common share of the Corporation (a "**Share**") at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate together with the Form of Election to Exercise (in the form provided hereinafter) duly executed and submitted to the Rights Agent at its principal office in Vancouver, British Columbia.

The Exercise Price shall initially be \$20.00 (Cdn.) per Right and shall be subject to adjustment in certain events as provided in the Rights Agreement. In certain circumstances described in the Rights Agreement, the number of Shares which each Right entitles the registered holder thereof to purchase shall be adjusted as provided in the Rights Agreement.

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

Upon surrender at any of the offices of the Rights Agent designated for such purpose, this Rights Certificate, with or without other Rights Certificates, 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 surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate may be, and under certain circumstances are required to be, redeemed by the Corporation at a redemption price of \$0.00001 (Cdn) per Right, subject to adjustment in certain events.

No fractional Share will be issued upon the exercise of any Rights evidenced hereby, but 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 Shares or of any other securities which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, 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 action, or to receive notice of meetings or other actions affecting shareholders (except as provided in the Rights Agreement), or to receive distributions or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

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

[Remainder of this page left intentionally blank.]

WITNESS the signature of the proper director and officer of the Corporation.

Date: _____

BARKSDALE CAPITAL CORP.

By: _____

Name: [•]

Title: [•]

Authorized signing officer in such capacity and not in a personal capacity

By: _____

Name: [•]

Title: [•]

Authorized signing officer in such capacity and not in a personal capacity

**COMPUTERSHARE INVESTOR SERVICES
INC.**

By: _____

Authorized Signatory

FORM OF ASSIGNMENT

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

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto

(Please print name and address of transferee.)

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

Dated: _____

Signature Guaranteed:

Signature: _____

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

A Canadian chartered bank, a Canadian trust company, a member of a recognized stock exchange or a member of the Securities Transfer Association Medallion (STAMP) Program must guarantee signature.

CERTIFICATE

(To be completed if true.)

The undersigned party transferring Rights hereunder, hereby represents, for the benefit of the Corporation, the Rights Agent and 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 an Affiliate or Associate thereof or a Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate thereof. Capitalized terms shall have the meaning ascribed thereto in the Rights Agreement.

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.)

A Canadian chartered bank, a Canadian trust company, a member of a recognized stock exchange or a member of the Securities Transfer Association Medallion (STAMP) Program must guarantee signature.

(To be attached to each Rights Certificate)

FORM OF ELECTION TO EXERCISE

(To be exercised by the registered holder if such holder desires to exercise the Rights Certificate.)

TO: COMPUTERSHARE INVESTOR SERVICES INC.
AND TO: BARKSDALE CAPITAL CORP.

The undersigned hereby irrevocably elects to exercise _____ whole Rights represented by the attached Rights Certificate to purchase the Common Shares or other securities, if applicable, issuable upon the exercise of such Rights and requests that certificates for such securities be issued in the name of:

(Name)

(Address)

(City and Province)

Social Insurance Number or other taxpayer identification number.

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

(Name)

(Address)

(City and Province)

Social Insurance Number 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 chartered bank, a Canadian trust company, a member of a recognized stock exchange or a member of the Securities Transfer Association Medallion (STAMP) Program.

CERTIFICATE

(To be completed if true.)

The undersigned party exercising Rights hereunder, hereby represents, for the benefit of the Corporation, the Rights Agent and 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 an Affiliate or Associate thereof or a Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate thereof. Capitalized terms shall have the meaning ascribed thereto in the Rights Agreement.

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.)

A Canadian chartered bank, a Canadian trust company, a member of a recognized stock exchange or a member of the Securities Transfer Association Medallion (STAMP) Program must guarantee signature.

(To be attached to each Rights Certificate)

NOTICE

In the event the certification set forth above in the Forms of Assignment and Election is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof. No Rights Certificates shall be issued in exchange for a Rights Certificate owned or deemed to have been owned by an Acquiring Person or an Affiliate or Associate thereof, or by a Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate thereof.