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INFORMATION CIRCULAR

as at October 19, 2022 *(except as otherwise indicated)*

This information circular (“Information Circular”) is furnished in connection with the solicitation of proxies by the management of Electric Royalties Ltd. (the “Company”) (Formerly Rebel Capital Inc.) for use at the annual general meeting (the “Meeting”) of its shareholders to be held on November 17, 2022 at the time and place and for the purposes set forth in the accompanying Notice of Annual General Meeting of Shareholders (the “Notice of Meeting”).

In this Information Circular, references to “the **Company**”, “**we**” and “**our**” refer to **Electric Royalties Ltd.** “**Common Shares**” means common shares without par value in the capital of the Company. “**Beneficial Shareholders**” means shareholders who do not hold Common Shares in their own name and “**intermediaries**” refers to brokers, investment firms, clearing houses and similar entities that hold securities on behalf of Beneficial Shareholders.

NOTE OF CAUTION Concerning COVID-19 Outbreak

At the date of publication of this Information Circular, it is the intention of the Company to hold the Meeting at the location stated above in the Notice of Meeting. We are continuously monitoring development of current coronavirus (COVID-19) outbreak (“**COVID-19**”). In light of the rapidly evolving public health guidelines related to COVID-19, we ask shareholders to consider voting their shares by proxy and not attend the Meeting in person. Those shareholders who do wish to attend the Meeting in person, should carefully consider and follow the instructions of the federal Public Health Agency of Canada: (<https://www.canada.ca/en/public-health/services/diseases/coronavirus-disease-covid-19.html>). We ask that shareholders also review and follow the instructions of any regional health authorities of the Province of British Columbia, including the Vancouver Coastal Health Authority, the Fraser Health Authority and any other health authority holding jurisdiction over the areas you must travel through to attend the Meeting. Please do not attend the Meeting in person if you are experiencing any cold or flu-like symptoms, or if you or someone with whom you have been in close contact has travelled to/from outside of Canada within the 14 days immediately prior to the Meeting. All shareholders are strongly encouraged to vote by submitting their completed form of proxy (or voting instruction form) prior to the Meeting by one of the means described in the following sections of this Information Circular.

The Company reserves the right to take any additional pre-cautionary measures deemed to be appropriate, necessary or advisable in relation to the Meeting in response to further developments in the COVID-19 outbreak, including: (i) holding the Meeting virtually or by providing a webcast of the Meeting; (ii) hosting the Meeting solely by means of remote communication; (iii) changing the Meeting date and/or changing the means of holding the Meeting; (iv) denying access to persons who exhibit cold or flu-like symptoms, or who have, or have been in close contact with someone who has, travelled to/from outside of Canada within the 14 days immediately prior to the Meeting; and (v) such other measures as may be recommended by public health authorities in connection with gatherings of persons such as the Meeting. Should any such changes to the Meeting format occur, the Company will announce any and all of these changes by way of news release, which will be filed under the Company’s profile on SEDAR as well as on our Company website at www.electricroyalties.com. We strongly recommend you check the Company’s website prior to the Meeting for the most current information. In the event of any changes to the Meeting format due to the COVID-19 outbreak, the Company will not prepare or mail amended Meeting proxy materials.

GENERAL PROXY INFORMATION

SOLICITATION OF PROXIES

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the proxy materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

APPOINTMENT OF PROXYHOLDERS

The individuals named in the accompanying form of proxy (the “**Proxy**”) are directors or officers of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act on your behalf at the Meeting. You may do so either by inserting the name of that other person, and that person may be you, in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy. If your Common Shares are actually registered in your name, then you are a “Registered Shareholder”. However, if like most shareholders you keep your Common Shares in a brokerage account, then you are a Beneficial Shareholder and the manner for voting is different than for Beneficial Shareholders. Please read the instructions below carefully.**

VOTING BY PROXYHOLDER

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that may properly come before the Meeting.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.

REGISTERED SHAREHOLDERS

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by:

- (a) completing, dating and signing the enclosed Proxy and returning it to the Company’s transfer agent, TSX Trust Company of Canada (“**TSX Trust**”), by fax at 1-866-600-5869, or by mail to the suite 301, 100 Adelaide Street West, Toronto, Ontario M5H 4H1 Canada; or
- (b) using a touch-tone phone to transmit voting choices to a toll free number. Registered Shareholders must follow the instructions of the voice response system and refer to the enclosed Proxy for the toll free number, the holder’s account number and the proxy access number; or
- (c) using the internet via the website voting page of TSX Trust at following website address: www.voteproxyonline.com/pxlogin?lang=en. Registered Shareholders must follow the instructions

provided at the voting page and refer to the enclosed Proxy for the holder's account number and the proxy access number.

In all cases a Registered Shareholder must ensure that the completed proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.

BENEFICIAL SHAREHOLDERS

The following information is of significant importance to shareholders who do not hold Common Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders (those whose names appear on the records of the Company as the registered holders of Common Shares) or as set out in the following disclosure.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Company. Such Common Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). In the United States of America (the "**United States**"), the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of beneficial owners - those who object to their name being made known to the issuers of securities which they own (called "**OBOs**" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called "**NOBOs**" for Non-Objecting Beneficial Owners).

The Company is taking advantage of provisions of National Instrument 54-101, which allow it to deliver proxy-related materials directly to its NOBOs. As a result NOBOs can expect to receive a scannable voting instruction form ("**VIF**") from TSX Trust, our transfer agent. VIFs are to be completed and returned to TSX Trust following the instructions using one of the methods detailed on the VIF. TSX Trust tabulates results of VIFs received from NOBOs and provides appropriate instructions at the Meeting concerning Common Shares represented by VIFs they received prior to the Meeting.

Securityholder materials are sent to both registered and non-registered owners of the Company's securities. If you are a non-registered owner, and the Company or its agent sent these materials directly to you, your name, address and information about your holdings of securities, were obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your VIF as specified in your request for voting instructions.

Management of the Company does not intend to pay for intermediaries to forward proxy-related materials to OBOs. If you are an OBO you will not receive the proxy-related materials unless your intermediary assumes the cost of delivery. If you are an OBO please follow the instructions of your intermediary carefully to ensure your Common Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge

Financial Solutions Inc. ("**Broadridge**") in Canada and the United States. Broadridge mails a VIF in lieu of a proxy provided by the Company. The VIF will name the same persons as the Company's Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), different from the persons designated in the VIF, to represent your Common Shares at the Meeting, and that person may be you. To exercise this right, insert the name of your desired representative in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge following Broadridge's instructions using one of the methods detailed on the VIF. Broadridge then tabulates results of all instructions received and provides appropriate instructions concerning voting of Common Shares to be represented at the Meeting. **If you receive a VIF from Broadridge, it must be completed and returned to Broadridge, in accordance with Broadridge's instructions, well in advance of the Meeting in order to: (a) have your Common Shares voted as per your instructions, or (b) to have an alternate representative you have chosen, if any, duly appointed to attend and vote your Common Shares on your behalf at the Meeting.**

NOTICE TO SHAREHOLDERS IN THE UNITED STATES

The solicitation of proxies and the transactions contemplated in this Information Circular involve securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and the securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act of 1934*, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act (British Columbia)* ("**BCBCA**"), as amended, certain of its directors and its executive officers are residents of Canada and a portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to the jurisdiction of, or a judgment by, a United States court.

REVOCAION OF PROXIES

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder's authorized attorney in writing or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to TSX Trust at the address shown on the preceding page or at the address of the registered office of the Company at Suite 2400, 745 Thurlow Street Vancouver BC V6E 0C5 Canada, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) personally attending the Meeting and voting the Registered Shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

Beneficial Shareholders who wish to change their vote must, in sufficient time in advance of the Meeting, arrange for their respective intermediaries to change their vote and if necessary, revoke their proxy in accordance with the revocation procedures set out above.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors and as may be set out herein.

RECORD DATE AND QUORUM

The board of directors of the Company (the “**Board**”) has fixed October 7, 2022, as the record date (the “**Record Date**”) for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

Under the Articles of the Company, the quorum for the transaction of business at a meeting of shareholders is one or more shareholders who are, or who represent by proxy, one or more shareholders who, in the aggregate, hold at least 10% of the issued Common Shares entitled to be voted at the meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company is authorized to issue an unlimited number of Common Shares. The Common Shares are listed for trading on the TSX Venture Exchange (the “**TSXV**”). As of the Record Date, there were 93,601,509 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

To the knowledge of the directors and executive officers of the Company, no person or corporation beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares as at the Record Date, except for the following:

Shareholder Name	Number of Common Shares Held ⁽¹⁾	Percentage of Issued Common Shares
Globex Mining Enterprises Inc. ⁽¹⁾⁽²⁾	11,960,000	12.78%
Stefan Gleason ⁽¹⁾⁽³⁾	13,989,233	14.95%

Notes:

- (1) The above information was obtained by the Company from insider reports filed at www.sedi.ca.
- (2) Globex Mining Enterprises Inc. (“**Globex**”) also held 5,500,000 common share purchase warrants (each, a “**Warrant**”). Each Warrant entitles the Globex to acquire one Common Share at an exercise price of \$0.60 per share at any time on or prior to August 11, 2025. If the Common Shares trade above \$1.00 per share for ten consecutive days after August 11, 2023, 50% (2,750,000) of the Warrants will expire within 30 days of such date, If the Common Shares trade above \$1.50 per share for ten consecutive days after August 11, 2024, all Warrants expire within 30 days of such date.
- (3) Mr. Gleason also holds 500,000 Warrants to acquire one Common Share at an exercise price of \$0.60 per share at any time on or before July 7, 2023.

FINANCIAL STATEMENTS

The audited financial statements of the Company for the fiscal year ended December 31, 2021, the report of the auditor and the related management’s discussion and analysis will be placed before the Meeting. Copies of the documents may be obtained by a shareholder upon request without charge from Investor Relations, Electric Royalties Ltd., 14th Floor, 1040 West Georgia Street, Vancouver, British Columbia, V6E 4H1, telephone: (604)

639-9200 or investorrelations@electricroyalties.com. These documents are also available under the Company's SEDAR profile at www.sedar.com.

VOTES NECESSARY TO PASS RESOLUTIONS

Except as otherwise described herein, a simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election as directors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

BUSINESS OF THE MEETING

1. ELECTION OF DIRECTORS

The Company currently has four directors. The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is vacated earlier in accordance with the provisions of the "BCBCA", each director elected will hold office until the conclusion of the next annual general meeting of the Company or, if no director is then elected, until a successor is elected.

Management's Director Nominees

The Board has determined that four directors be elected to the Board at the Meeting. The following disclosure and accompanying biographical information sets out the names of management's four nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment for the five preceding years, the period of time during which each has been a director of the Company, and the number of Common Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction. The information as to Common Shares and options beneficially owned or controlled is based on insider reports filed on www.sedi.ca as at the date of this Information Circular:

Name of Nominee; Current Position with the Company, and Province or State and Country of Residence	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled
Marchand Snyman ^{(1), (2), (3)} Chairman and Director British Columbia, Canada	Since June 24, 2020	425,100 Shares 1,000,000 Options
Brendan Yurik President, CEO and Director British Columbia, Canada	Since June 24, 2020	3,380,330 Shares 1,600,000 Options
Craig Lindsay ^{(1), (2), (3)} Director British Columbia, Canada	Since September 16, 2016	352,000 Shares ⁽⁴⁾ 60,000 Options
Robert Schafer ^{(1), (2), (3)} Director Utah, USA	Since June 24, 2020	850,000 Shares 450,000 Options

Notes:

- (1) Member of the Audit and Risk Committee. Mr. Lindsay serves as Chair.
- (2) Member of the Nominating and Governance Committee. Mr. Snyman serves as Chair.
- (3) Member of the Compensation Committee. Mr. Schafer serves as Chair.
- (4) Mr. Lindsay's Common Shares are indirectly held by Arbutus Grove Capital Corp., a private company controlled by Mr. Lindsay.

Biographical Information of Nominees for Director

The following information as to principal occupation, business or employment is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Where stated, “CEO” stands for “Chief Executive Officer” and “CFO” stands for Chief Financial Officer.

Marchand Snyman. – Director and Chairman of the Board

Mr. Snyman is a co-founder of the Company and RE Royalties Ltd. (a company providing royalty financing for renewable energy projects). Mr. Snyman has over 20 years of senior executive experience in global corporate finance, M&A, financing and divestiture activities. He also currently serves as a director on a number of publicly traded companies. Mr. Snyman is currently a Director and the Chief Operating Officer of Hunter Dickinson Inc. Mr. Snyman is a Chartered Accountant (Australia and New Zealand) and a Chartered Accountant (South Africa).

Mr. Snyman is, or was within the past five years, an officer and/or director of the following public companies:

Company	Market	Positions Held	From	To
Electric Royalties Ltd.	TSXV	Chairman, Director	June 2020	Present
Northcliff Resources Ltd.	TSX	Chairman, Director	January 2013	Present
Northern Dynasty Minerals Ltd.	TSX, NYSE American	CFO	August 2008	April 2019
RE Royalties Ltd	TSXV	Chairman, Director	November 2018	Present

Brendan Yurik – President, Chief Executive Officer and Director

Founder and CEO of Evenor Investments Ltd., a financial advisory group to junior mining companies for alternative financing, debt, equity and M&A with experience on over \$2 billion in mining financing transactions throughout his career. Prior global experience as a research analyst as well as in business development and mining financial advisory roles with Endeavour Financial, Cambrian Mining Finance Ltd., Northern Vertex Mining Corp. and King & Bay West Management Corp.

Mr. Yurik is, or was within the past five years, an officer and/or director of the following public companies:

Company	Market	Positions Held	From	To
Electric Royalties Ltd	TSXV	President, CEO and Director	June 2020	Present

Craig Lindsay, MBA, CFA – Director

Mr. Lindsay is Managing Director of Arbutus Grove Capital Inc. He was the Founder and CEO of Otis Gold Corp. (TSXV: OOO) until its merger with Excellon Resources Inc. in April 2020. Prior to Otis, he was Founder and CEO of Magnum Uranium Corp. and led its sale to Energy Fuels Inc. He is a current director of Excellon Resources Inc. (TSX: EXN), VR Resources Ltd. (TSXV: VRR), Alianza Minerals Ltd. (TSXV: ANZ) and Revolve Renewable Power Corp. (TSXV: REVV). Mr. Lindsay has in excess of 25 years of experience in corporate finance, venture capital and public company management.

Mr. Lindsay is, or was within the past five years, an officer and/or director of the following public companies:

Company	Market	Positions Held	From	To
Electric Royalties Ltd.	TSXV	Director	September 2016	Present
Otis Gold Corp.	TSXV	CEO and Director	April 2007	April 2020
Alianza Minerals Ltd.	TSXV	Director	November 2008	Present
Revolve Renewable Power Corp.	TSXV	Director	April 2022	Present
VR Resources Ltd.	TSXV	Director	March 2017	Present
Excellon Resources Inc.	TSX, NYSE American	Director	April 2020	Present

Robert Schafer – Director

Mr. Schafer is the Chief Executive Officer of Eagle Mines Management, a mineral resources exploration and business development advisory group and investment vehicle. Mr. Schafer was a director of International Royalty Corp. (sold for \$800 million to Royal Gold) and has more than 30 years of experience working internationally in business development roles with major and junior mining companies as well as Past-President of the Prospectors and Developers Association of Canada (PDAC) and the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) and Past Chairman of the Canadian Mining Hall of Fame. Serves as a director of a number of public resource companies.

Mr. Schafer is, or was within the past five years, an officer and/or director of the following public companies:

Company	Market	Positions Held	From	To
Electric Royalties Ltd.	TSXV	Director	June 2020	Present
Amur Minerals Company	AIM	Director	April 2004	Present
Volcanic Gold Inc.	TSXV	Director	March 2017	Present
Trigon Metals Inc.	TSXV	Director	April 2017	August 2019
Orosur Mining Inc.	TSX	Director	July 2018	April 2020
Renaissance Gold Inc.	TSXV	Director	March 2020	October 2020
U.S. Gold Corp	NASDAQ	Director	November 2020	Present
United Lithium Corp.	CSE	Director	February 2021	Present
Temas Resources Corp.	CSE	Director	November 2021	Present

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.

Bankruptcies, Penalties, Sanctions or Cease Trade Orders

Except as disclosed below, within the 10 years preceding the date of this Information Circular no proposed nominee for election as a director of the Company was a director or executive officer of any company (including

the Company in respect of which this Information Circular is prepared) or acted in that capacity for a company that was:

- (a) subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days;
- (b) subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days;
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Robert Schafer was appointed as a director of United Lithium Corp. ("**United Lithium**") in February 2021. On July 26, 2021 United Lithium disclosed that, following a review by the British Columbia Securities Commission (the "**BCSC**") in connection with a short form base shelf prospectus filed by United Lithium on July 2, 2021, the BCSC had determined that United Lithium's previously filed material change report dated October 16, 2020 in respect of the amalgamation between its wholly owned subsidiary, 1263391 B.C. Ltd. ("**126**"), and 1257590 B.C. Ltd. ("**125**"), pursuant to which United Lithium issued 11,500,000 shares to former shareholders of 125 and indirectly acquired 125's option to acquire up to 100% of the Barbara Lake Lithium property, was incomplete. As a result, the BCSC issued a cease trade order against United Lithium, and its securities were halted from trading on the Canadian Securities Exchange. Bob Schafer joined the board of directors of United Lithium Corp. in February, 2021, some four months after the October 2020 material change report was filed, and was unaware of the events that led to the issuance of the cease trade order when he was appointed as a director of United Lithium. The disclosure issues were resolved to the satisfaction of the BCSC and the cease trade order was rescinded on August 26, 2021.

Multiple Directorships

Other than Mr. Yurik, the directors of the Company also serve as directors of other companies in the mining and resource sector. It may occur from time to time that, as a consequence of a particular director's activity in the mineral industry and serving on such other boards, a director may become aware of potential resource property opportunities which are of interest to more than one of the companies on whose boards that person serves. Furthermore, it is possible that the directors of the Company and the directors of one or more such other companies (many of which are described herein) may also agree to allow joint participation on the properties on which the Company holds royalties, or the properties of that other company. Accordingly, situations may arise in the ordinary course, which involve a director in an actual or potential conflict of interest as well as issues in connection with the general obligation of a director to make corporate opportunities available to the company whose board the director serves. In all such events, any director is required to disclose a financial interest in a contract or transaction by virtue of office, employment or security holdings or other such interest in another company or in a property interest under consideration by the Board, and is obliged to

abstain from voting as a director of the Company in respect of any transaction involving that other company or in respect of any property in which an interest is held by him. The directors will use their best business judgment to help avoid situations where conflicts or corporate opportunity issues might arise and they must at all times fulfil their duties to act honestly and in the best interests of the Company as required by law.

2. APPOINTMENT OF AUDITOR

Deloitte LLP ("**Deloitte**"), Chartered Professional Accountants, and Independent Registered Public Accounting Firm, Suite 2000, 410 West Georgia Street, Vancouver, British Columbia, will be nominated at the Meeting for appointment as auditor of the Company. Deloitte was first appointed auditor of the Company in 2020.

3. SHARE OPTION PLAN

Introduction

The Company has an amended incentive share option plan (the "**Share Option Plan**") that was amended and approved by shareholders on November 18, 2021. Under the Share Option Plan, options totaling a maximum of 10% of the Common Shares outstanding from time to time are available for grant.

As at the Record Date, there were 93,601,509 Common Shares issued and outstanding. Accordingly, the Company has the authority to grant options to purchase up to a total of 9,360,150 Common Shares under the Share Option Plan. At the date of this Information Circular, 7,197,500 options to purchase Common Shares are outstanding under the Plan. Therefore, a further 2,162,651 Common Shares, representing 2.31% of the outstanding Common Shares, remain available for reserve for options to be granted under the Plan, at the Board's discretion, to eligible optionees (the "Optionees").

Policy 4.4 of the TSXV requires that "rolling" stock option plans must be approved by shareholders on an annual basis. Accordingly, shareholders will be asked at the Meeting to consider and, if thought fit, approve an ordinary resolution re-approving the Share Option Plan.

The resolution with respect to the re-approval of the Share Option Plan must be passed by a simple majority of the votes cast either in person or by proxy at the Meeting (excluding votes cast by or on behalf of insiders of the Company who are eligible to receive options). In the absence of instructions to the contrary, proxies given pursuant to the solicitation of proxies by management of the Company will be voted FOR the resolution re-approving the Share Option Plan.

Material Terms

The Share Option Plan is administered by the Board or, if appointed, by a special committee of directors appointed from time to time by the Board. The following is a summary of the material terms of the Share Option Plan.

Eligible Participants

The Share Option Plan provides that options may be granted to directors, officers, employees, management company employees or consultants of the Company or its affiliates. Subject to the limitations described herein, the Board shall grant options to eligible participants at such time and in such amount as it from time to time determines.

Shares Available for Issuance

The maximum aggregate number of Common Shares that may be reserved for issuance at any time under the Share Option Plan, together with Common Shares reserved for issuance under any other security-based compensation arrangements adopted by the Company, is 10% of the number of issued and outstanding

Common Shares at the time of grant. When a stock option expires or otherwise terminates for any reason without having been exercised in full, the number of underlying shares which have not been issued pursuant to that expired or terminated stock option again become available for the purposes of the Share Option Plan. This means that the Share Option Plan is considered a “rolling” stock option plan, as the number of shares available for issue increases with the number of the Company’s issued and outstanding shares.

Limitations on the Grant of Stock Options

In addition to the restriction on the aggregate number of Common Shares that may be reserved for issuance at any time under the Share Option Plan as described immediately above, the Share Option Plan includes the following limitations:

- the number of Common Shares reserved for issuance under stock options granted to any one person in any 12 month period, together with Common Shares issuable pursuant to any other security-based compensation arrangements adopted by the Company, cannot exceed 5% of the number of issued and outstanding Common Shares at the time of grant unless the Company has obtained disinterested shareholder approval in accordance with the requirements of the TSXV;
- the aggregate number of Common Shares reserved for issuance under stock options granted to persons retained to provide Investor Relations Activities (as such term is defined in the policies of the TSXV) in any 12 month period, together with Common Shares issuable pursuant to any other security-based compensation arrangements adopted by the Company, cannot exceed 2% of the number of issued and outstanding Common Shares at the time of grant; and
- the aggregate number of Common Shares reserved for issuance under stock options granted to any one consultant in any 12 month period, together with Common Shares issuable pursuant to any other security-based compensation arrangements adopted by the Company, cannot exceed 2% of the number of issued and outstanding Common Shares at the time of grant.

Exercise Price

The exercise price of the Common Shares covered by each option shall be determined by the Board, provided, however, that the exercise price shall not be less than the closing trading price of the Common Shares on the TSXV on the day immediately prior to the grant date and, in any event, shall not be less than \$0.05 without the prior approval of the TSXV. The exercise price of options granted within 90 days following completion of a prospectus offering cannot be less than the issue price of Common Shares sold to public investors in such offering.

Maximum Term

The maximum term of any option shall not exceed ten years from the date the option is granted, subject to extension in the case of unexercised options that would otherwise expire during a “blackout period” (a period when insiders of the Company are restricted from trading in securities of the Company because material information with respect to the Company has not yet been disclosed to the public).

Vesting

Subject to any vesting restrictions imposed by the TSXV, the Board may, in its sole discretion, determine the vesting conditions that will apply to any option granted under the Share Option Plan. Stock options granted to parties retained to provide Investor Relations Activities must vest in stages over a period of no less than 12 months, with no more than 25% of such options vesting in any three-month period.

Expiration or Termination

Under the Share Option Plan, any options that remain unvested on the date the applicable optionholder ceases to serve as a director, employee, management company employee or consultant to the Company will automatically terminate and be of no further force and effect.

Vested options may not be exercised after the date on which the optionholder ceases to serve or be employed as a director, officer, employee, management company employee or consultant, as applicable, except as follows:

- in the case of the death of an optionholder, any vested option will be exercisable by the optionholder's lawful personal representatives, heirs or executors until the earlier of (i) the expiry date of the option and (ii) one year after the date of death; and
- unless the optionholder is dismissed from service or employment for cause, any vested option will be exercisable until the earlier of (i) the expiry date of the option and (ii) 90 days after the date on which the optionholder ceases to serve or be employed as a director, officer, employee, management company employee or consultant (or such other time not to exceed one year as the Board determines).

If an optionholder is dismissed from service or employment for cause, all options held by the optionholder, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same.

Transfer or Assignment

Stock options granted under the Share Option Plan may not be assigned or transferred, provided that a personal representative may exercise a stock option on behalf of an optionholder.

The text of the ordinary resolution to be considered at the Meeting will be substantially as follows:

"BE IT RESOLVED as an ordinary resolution of the shareholders of the Company that:

- (i) The Company's incentive share option plan, as amended on November 18, 2021, (the "**Share Option Plan**") be ratified and approved for continuation until the next annual general meeting of the Company;
- (ii) The Company be authorized to grant stock options, pursuant and subject to the terms and conditions of the Share Option Plan, such that the aggregate number of common shares in the capital of the Company ("**Common Shares**") issuable upon the exercise of options outstanding under the Share Option Plan, in combination with the aggregate number of Common Shares which may be issuable under any and all of the Company's security-based compensation arrangements in existence from time to time, shall not exceed 10% of the number of issued and outstanding Common Shares as at the time of the grant.
- (iii) Any director or officer of the Company be and is hereby authorized and directed, on behalf of the Company, to take all necessary steps and proceedings that may be necessary or desirable to give effect to the foregoing resolutions."

The Board unanimously recommends that shareholders vote FOR the resolutions in respect of the Share Option Plan set out above.

4. SHAREHOLDER RIGHTS PLAN

The Company adopted a Shareholder Rights Plan effective August 29, 2022 (the "Rights Plan"). Notice for filing of the Rights Plan has been accepted by the TSX Venture Exchange ("TSXV") and the Rights Plan is subject to ratification by Shareholders. At the Meeting, you will be asked to consider and, if deemed advisable, pass a

resolution, ratifying and approving the Rights Plan. The Rights Plan must be approved by a resolution of: (i) a simple majority of 50% plus one vote of the votes cast by Shareholders, whether in person or by proxy, at the Meeting; and (ii) a simple majority of 50% plus one vote of the votes cast by the Independent Shareholders (as defined in the Rights Plan), whether in person or by proxy, at the Meeting. As of the record date for the Meeting, based on publicly available information, to the knowledge of the Company there are no holders of Common shares that are not Independent Shareholders. If the Rights Plan is not approved at the Meeting, the Rights Plan will terminate at the end of the Meeting. If the Rights Plan is approved at the Meeting, it will remain in effect and will next require reconfirmation by Shareholders at the 2025 annual meeting of the Shareholders. The Rights Plan must be re-approved by Independent Shareholders at every third annual meeting of the Shareholders. A summary of the Rights Plan is included below and a complete copy of the Rights Plan is attached to this Circular as Schedule "B".

Purpose of the Plan

The Company believes it is appropriate to adopt the Rights Plan to protect Shareholders. A rights plan is an effective device to deter accumulations of controlling blocks of shares and maximize leverage regarding the timing and outcome of an unsolicited take-over bid. The basic objectives of the Rights Plan are to deter abusive tactics by making them unacceptably expensive to the unsolicited bidder and to encourage prospective acquirors to negotiate with the Board rather than to attempt an unsolicited hostile take-over or a creeping bid or accumulation of control (including negative control).

The Rights Plan limits acquisitions by a Shareholder or a group acting jointly or in concert that would result in the ownership or control of 20% or more of the issued and outstanding Common shares through means that are exempt from the formal take-over bid rules and to provide Shareholders with an equal opportunity to participate in a take-over bid and receive full and fair value for their shares. To accomplish this, the Rights Plan provides for the issuance to all holders of Common shares of Rights to acquire additional Common shares at a significant discount to the then-prevailing market price, which could, in certain circumstances, become exercisable by all holders of Common shares other than the potential acquiror and its joint actors. The terms of the Rights Plan are substantially similar to the terms of rights plans adopted recently by other substantial Canadian issuers.

The Rights Plan encourages a potential acquiror who makes a take-over bid to proceed either by way of a Permitted Bid (described below), which generally requires a take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board. If a take-over bid fails to meet these minimum standards and the Rights Plan is not waived by the Board, the Rights Plan provides that holders of Common shares, other than the acquiror and its joint actors, will be able to purchase additional Common shares at a significant discount to market, thus exposing the person acquiring shares to substantial dilution of its holdings.

As at the date hereof, the Company is not aware of any pending or threatened take-over bid for the Company and approval of the Rights Plan is not being proposed in response to or in anticipation of any pending or threatened take-over bid, nor to deter take-over bids generally.

In approving the Rights Plan, the Company and the Board considered the existing legislative framework governing take-over bids in Canada. The Canadian Securities Administrators (the "CSA") adopted amendments to that framework in 2016 that, among other things, lengthen the minimum bid period to 105 days (from the previous 35 days), require that all non-exempt take-over bids meet a minimum tender requirement of more than 50% of the outstanding securities held by shareholders other than the offeror, its affiliates and persons acting jointly or in concert with the offeror, and require a 10-day extension after the minimum tender requirement is met. A target issuer has the ability to voluntarily reduce the minimum bid period to not less than 35 days and the minimum bid period may be reduced due to the existence of certain competing take-over bids or alternative change in control transactions.

As the legislative amendments do not apply to exempt take-over bids, there continues to be an important role for rights plans in protecting Canadian public companies and preventing the unequal treatment of shareholders.

Rights plans continue to be adopted to address the following concerns:

- (i) Protecting against “creeping bids” (the accumulation of 20% or more of shares through purchases exempt from Canadian take-over bid rules, such as (a) purchases from five or fewer shareholders under private agreements at a premium to the market price (not to exceed 115% of the market price, including brokerage fees and commissions), and not available to all shareholders, (b) acquiring control or effective control through the accumulation of shares over a stock exchange or other published market without paying a control premium (known as the 5% ordinary course purchase exemption), or (c) through other transactions outside of Canada that may not be jurisdictionally subject to Canadian take-over bid rules), and requiring the bid to be made to all shareholders; and
- (ii) Preventing a potential acquiror from entering into lock-up agreements with existing shareholders prior to launching a take-over bid, except for permitted lock-up agreements as specified in the Rights Plan. This prevents the use of “hard” lock-up agreements by offerors whereby existing shareholders commit to tender their shares to an offeror’s take-over bid in lock-up agreements that are either irrevocable or revocable but subject to restrictive termination conditions. Such agreements could have the effect of deterring other potential bidders from bringing forward competing bids, particularly where the number of locked-up shares would make it difficult or unlikely for a competing bidder’s bid to achieve the 50% minimum tender requirement imposed by the take-over bid rules.

In recent years, unsolicited take-over bids have been made for a number of Canadian public companies, many of which had shareholder rights plans. We believe this demonstrates that the existence of a shareholder rights plan does not prevent the making of an unsolicited bid. Further, in a number of these cases, a change of control ultimately occurred at a price in excess of the original offer price. There can be no assurance, however, that the Rights Plan would serve to bring about a similar result.

The Rights Plan does not preclude any Shareholder from using the proxy mechanism of the BCBCA, the Company’s governing corporate statute, to promote a change in the management or direction of the Company, and will have no effect on the rights of Shareholders to requisition a meeting of Shareholders in accordance with the provisions of applicable legislation.

The Rights Plan is not expected to interfere with the day-to-day operations of the Company. Neither the existence of the outstanding Rights nor the issuance of additional Rights in the future will in any way alter the financial condition of the Company, impede its business plans or alter its financial statements. In addition, the Rights Plan is initially not dilutive. However, if a Flip-in Event (described below) occurs and the Rights separate from the Common shares as described below, reported earnings per share and reported cash flow per share on a fully diluted or non-diluted basis may be affected. In addition, holders of Rights not exercising their Rights after a Flip-in Event may suffer substantial dilution.

The Rights Plan provides that holders of Common shares may tender to take-over bids that meet the Permitted Bid criteria. Furthermore, even in the context of a take-over bid that does not meet the Permitted Bid criteria, the Board is always bound to consider any take-over bid for the Company and consider whether or not it should waive the application of the Rights Plan in respect of such bid. In discharging such responsibility, the Board will be required to act with a view to the best interests of the Company and the adoption of the Rights Plan does not affect the duty of the Board to do so.

Review

As part of the review of the Rights Plan, the Company and the Board considered matters including (i) developments in shareholder rights plans and securities legislation since the amendments to the take-over bid regime were adopted in 2016, (ii) the terms and conditions of rights plans recently adopted by other substantial Canadian public companies, (iii) recent experience involving rights plans in the context of take-over bids, and (iv) the commentary of the investment community on these plans. The Company and the Board are satisfied that the Rights Plan is consistent with the latest generation of Canadian rights plans.

Adoption and Approval

The Rights Plan became effective on August 29, 2022 upon approval and adoption by the Board. Notice for filing of the Rights Plan has been accepted by the TSXV and, under the rules of the TSXV, the Rights Plan is subject to ratification by the Shareholders. Pending Shareholder ratification, the Rights Plan will remain in effect so that its intent is not circumvented prior to the Meeting. All Shareholders will be permitted to vote on ratification and approval of the Rights Plan, other than those holders of Common shares who are not Independent Shareholders.

Shareholders will be asked at the Meeting to consider and, if deemed advisable, to ratify and approve the adoption of the Rights Plan. The Rights Plan has an initial term of three years subject to approval of its continuance by the Shareholders at the annual meetings of the Company in 2025 and 2028. Failing confirmation at the 2022 meeting, and reconfirmation in 2025 as contemplated under the Rights Plan, the Rights Plan and all outstanding Rights (defined below) thereunder will terminate.

Issue of Rights

One Right was issued and attached to each Common share outstanding when the Rights Plan was adopted on August 29, 2022, and will attach to each Common share issued prior to the earlier of the Separation Time (as defined below) and the expiration time (the "Expiration Time") of the Rights Plan.

Rights Exercise Privilege

The Rights will separate from the Common shares and will be exercisable for 10 trading days (the "Separation Time") after a person has acquired, or commences an offer to acquire, 20% or more of the Common shares, other than by an acquisition pursuant to a take-over bid permitted by the Rights Plan (a Permitted Bid (defined below)). The acquisition by any person (an "Acquiring Person") of more than 20% of the Common shares, other than by way of a Permitted Bid, is referred to as a "Flip-in Event." Any Rights held by an Acquiring Person will become void upon the occurrence of a Flip-in Event. Ten trading days after the occurrence of the Flip-in Event, each Right (other than those held by the Acquiring Person) will permit the purchase of Common shares in an amount equal to five times the market price per Common share determined as of the Separation Time. For instance, if the market price at the Separation Time is \$3 it would translate to an exercise price of \$15 and entitle the holder to acquire Common shares worth \$30.

Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced by the applicable certificates for Common shares or by the applicable book entry form registration for the associated Common shares and will be transferable only together with, and will be transferred by a transfer of, such associated Common shares issued from and after adoption of the Rights Plan on August 29, 2022 and will not be transferable separately from Common shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates, which will be transferable and traded separately from the Common shares.

Permitted Lock-up Agreements

The Rights Plan requires that a person making a take-over bid must structure any lock-up agreement so as to provide reasonable flexibility to the Shareholder in order to avoid being deemed the beneficial owner of the Common shares subject to the lock-up agreement and potentially triggering the provisions of the Rights Plan.

Under the Rights Plan, a person will not be deemed to “beneficially own” any security where the holder of such security has agreed to deposit or tender such security pursuant to a “Permitted Lock-up Agreement”.

A Permitted Lock-up Agreement is essentially an agreement between a person and one or more holders of Common shares pursuant to which each locked-up person agrees to deposit or tender Common shares to the locked-up bid and which further (i) permits the locked-up person to withdraw their Common shares in order to deposit or tender the Common shares to another take-over bid or support another transaction at a price or value that exceeds the price under the lock-up bid; or (ii) permits the locked-up person to withdraw their Common shares in order to deposit or tender the Common shares to another take-over bid or support another transaction at an offering price that exceeds the offering price in the locked-up bid by as much as or more than a specified amount and that does not provide for a specified amount greater than 7% of the offering price in the lock-up bid.

Permitted Bid Requirements

The Rights Plan is “triggered” when a person acquires or announces its intention to acquire 20% or more of the Common shares, unless the take-over bid has been conducted in accordance with a stringent set of requirements outlined in the Rights plan (a “Permitted Bid”) or the Rights Plan is waived by the Board.

The requirements for a Permitted Bid include the following:

- The take-over bid must be made to all holders of record of Common shares;
- The take-over bid must contain an irrevocable and unqualified condition that no Common shares will be taken up or paid for:
 - prior to the close of business on a date that is not less than 105 days following the date of the bid, or such shorter minimum period as determined in accordance with section 2.28.2 or section 2.28.3 of National Instrument 62-104 - *Take-Over Bids and Issuer Bids* (“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 deposits of securities thereunder, in the applicable circumstances at such time, pursuant to NI 62-104, and

unless, at the close of business on the date Common shares are first taken up or paid for under such bid, more than 50% of the then outstanding Common shares held by Independent Shareholders shall have been tendered or deposited pursuant to the bid and not withdrawn;

- Unless the take-over bid is withdrawn, shares may be tendered or deposited at any time during the period in which the take-over bid must remain open in accordance with the requirements of NI 62-104, and any shares tendered or deposited pursuant to the take-over bid may be withdrawn until taken up and paid for (subject to certain exceptions in the case of a partial take-over bid in accordance with the requirements of NI 62-104); and
- If a majority of the outstanding Common shares held by Independent Shareholders have been tendered or deposited and not withdrawn as described above, the offeror must make a public announcement of that fact and the take-over bid must be extended for a period of not less than 10 days from the date of such public announcement.

The Rights Plan allows for a competing Permitted Bid (a “Competing Permitted Bid”) to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid, except that the minimum deposit period may be shorter as prescribed by NI 62-104.

Under the Rights Plan, “Independent Shareholders” means holders of any Common shares, other than (i) any Acquiring Person; (ii) any offeror (other than any person who is not deemed to beneficially own the Common shares held by such person); (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, stock purchase plan, deferred profit sharing plan and any similar plan or trust for the benefit of employees of the Company or a subsidiary of the Company, unless the beneficiaries of the plan or trust direct the manner in which the Common shares are to be voted or withheld from voting or direct whether the Common shares are to be tendered to a take-over bid.

Waiver and Redemption

The Board may, prior to a Flip-in Event, waive the dilutive effects of the Rights Plan in respect of a particular Flip-in Event resulting from a take-over bid made by way of a take-over bid circular to all holders of Common shares, in which event such waiver would be deemed also to be a waiver in respect of any other Flip-in Event occurring under a take-over bid made by way of a take-over bid circular to all holders of Common shares. The Board may also waive the Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered such Flip-in Event reduces its beneficial holdings to 20% or less of the outstanding Common shares within 14 days or such other period as may be specified by the Board. With the majority consent of holders of Common shares or Rights holders at any time prior to the occurrence of a Flip-in Event, the Board may redeem all, but not less than all, of the outstanding Rights at a price of \$0.00001 each.

Exemptions for investment advisors (for client accounts), managers of mutual funds, trust companies (acting in their capacity as trustees and administrators), statutory bodies managing investment funds (for employee benefit plans, pension plans, insurance plans or various public bodies), registered pension funds, plans or related trusts and their administrators or trustees, and Crown agents or agencies acquiring greater than 20% of the Common shares are exempted from triggering a Flip-in Event, provided that they are not making, or are not part of a group making, a take-over bid.

Amendment

The Board may amend the Rights Plan with the approval of a simple majority of the votes cast by the Independent Shareholders (or the holders of Rights if the Separation Time has occurred) voting in person or by proxy at a meeting duly called for that purpose. The Board may, without such approval, correct clerical or typographical errors and, subject to such approval at the next meeting of the Shareholders (or holders of Rights, as the case may be), may make amendments to the Rights Plan to maintain its validity due to changes in applicable legislation.

Term

If Shareholders do not approve the Rights Plan at the Meeting, it will terminate at the close of the Meeting. If Shareholders approve the Rights Plan, it must be subsequently reconfirmed by the Independent Shareholders at every third annual meeting following the Meeting. If the Rights Plan is not so reconfirmed or is not presented for reconfirmation at such annual meeting, the Rights Plan and all outstanding Rights thereunder shall terminate and be void and of no further force and effect on and from the date of termination of such annual meeting.

Certain Canadian Federal Income Tax Considerations

The Company will not be required to include any amount in computing the Company’s income for the purposes of the *Income Tax Act* (Canada) (the “ITA”) as a result of the issuance of the Rights.

Under the ITA, the issuance of Rights to a recipient could be considered as a taxable benefit, the value of which is required to be included in computing the income of a Canadian resident recipient or is subject to withholding tax in the case of a recipient who is not a resident of Canada. In any event, however, no amount in respect of the value of the Rights on issuance is required to be included in computing income, or subject to withholding tax, if the Rights do not have any value at the date of issue. The Company considers that the Rights have negligible value when issued, there being only a remote possibility that the Rights will ever be exercised.

The foregoing does not address the Canadian income tax consequences of other events such as the separation of the Rights from the Common shares, the occurrence of a Flip-in Event or the redemption of Rights. A holder of Rights could be required to include an amount in computing income or be subject to withholding tax under the ITA if the Rights become exercisable or are exercised. A holder of Rights may be subject to tax under the ITA in respect of the proceeds of disposition of such Rights.

This statement is of a general nature only and is not intended to constitute nor should it be construed to constitute legal or tax advice to any particular holder of Common shares. Such shareholders are advised to consult their own tax advisors regarding the consequences of acquiring, holding, exercising or otherwise disposing of their Rights, taking into account their own particular circumstances and any applicable federal, provincial, territorial or foreign legislation.

Recommendation of the Board of Directors

Rights plans have been adopted and reconfirmed by a large number of publicly held companies in Canada. The Rights Plan came into effective on August 29, 2022 upon approval and adoption by the Board. As part of the process to review and approve the Rights Plan, the Board considered, in consultation with the Nominating and Governance Committee the objectives to be served by the adoption of such a plan, developments in shareholder rights plans and securities legislation, recent experience involving rights plans in the context of take-over bids, the policies of institutional shareholder proxy advisors on these plans and the terms and method of operation of the Rights Plan and reviewed the Rights Plan for conformity with current practices of Canadian issuers with respect to shareholder rights plan design and determined that the Rights Plan is consistent with the latest generation of Canadian rights plans and is in the best interests of the Company and the Shareholders.

Management and the Board recommend that Shareholders vote FOR the ordinary resolution set forth below. The management proxyholders intend to vote FOR this resolution except in relation to shares held by a Shareholder who instructs otherwise.

Voting Requirements

At the Meeting you will be asked to approve the ordinary resolution set out below. In order to be effective, the resolution to be voted on will require the approval of a simple majority of the votes cast by the Shareholders and a simple majority of the votes cast by the Independent Shareholders. As of the record date for the Meeting, based on publicly available information, to the knowledge of the Company there are no holders of Common shares that are not Independent Shareholders. The Board reserves the right to alter any terms of the Rights Plan prior to its ratification and approval by Shareholders at the Meeting if the Board determines that it would be in the best interests of the Company and its Shareholders to do so in light of any developments subsequent to the date of this Circular. In such circumstance, a news release would be issued and the amended Rights Plan would be filed on SEDAR and presented to Shareholders for approval at the Meeting if the Board determines to amend the Rights Plan, or the Board could determine to not proceed with the Rights Plan at any time prior to the Meeting.

The text of the proposed resolution is as follows:

“BE IT RESOLVED THAT:

1. The shareholder rights plan as set forth in the Shareholder Rights Plan Agreement dated August 29, 2022 between the Company and TSX Trust Company., as set out in Schedule “B” of the Company’s management

information circular dated October 19, 2022, and the issuance of all rights issued pursuant to such shareholder rights plan, is hereby ratified, confirmed and approved, and

2. Any one of the officers or directors of the Company be and is hereby authorized for and on behalf of the Company (whether under its corporate seal or otherwise) to execute and deliver all documents and instruments and to take all such other actions as such officer or director may deem necessary or desirable to implement the foregoing resolutions and the matters authorized hereby, such determinations to be conclusively evidenced by the execution and delivery of such documents and other instruments or the taking of any such action.”

AUDIT AND RISK COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 of the Canadian Securities Administrators (“**NI 52-110**”) requires the Company, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, set forth as follows.

THE AUDIT AND RISK COMMITTEE'S CHARTER

The Audit and Risk Committee has adopted a charter setting out its mandate and responsibilities (the “**Audit and Risk Committee Charter**”). The Audit and Risk Committee Charter can be found at Appendix 6 to the Company’s Corporate Governance Policies and Procedures Manual (the “**Manual**”), which is available for viewing under Corporate Governance of the Company’s website www.electricroyalties.com.

COMPOSITION OF THE AUDIT AND RISK COMMITTEE

Members of the Audit and Risk Committee are Craig Lindsay (Chair), Marchand Snyman and Robert Schafer. Each member of the Audit and Risk Committee is financially literate and an independent director.

RELEVANT EDUCATION AND EXPERIENCE

See disclosure under heading “*Business of the Meeting – Election of Directors*”.

As a result of their education and experience, each member of the Audit and Risk Committee has familiarity with, an understanding of, or experience in:

- the accounting principles used by the Company to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- reviewing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company’s financial statements; and
- an understanding of internal controls and procedures for financial reporting.

AUDIT AND RISK COMMITTEE OVERSIGHT

The Audit and Risk Committee has not made any recommendations to the Board to nominate or compensate any external auditor that was not adopted by the Board.

RELIANCE ON CERTAIN EXEMPTIONS

The Company’s external auditor, Deloitte, has not provided any material non-audit related services.

PRE-APPROVAL POLICIES AND PROCEDURES

Section 1(a)(iv) of the Audit and Risk Committee Charter states that the Audit and Risk Committee must review and approve in advance all permitted non-audit services with Company's auditors and the Audit and Risk Committee may delegate the ability to pre-approve such services to a subcommittee, provided such subcommittee shall present its decision to the full Audit and Risk Committee at the following Audit and Risk Committee meeting. Other than the foregoing, the Audit and Risk Committee has not adopted specific policies and procedures for the engagement of non-audit services.

EXTERNAL AUDITOR SERVICE FEES

The audit committee has reviewed the nature and amount of the non-audit services provided by Deloitte to the Company to ensure auditor independence. Fees incurred with Deloitte for professional services in the last two fiscal years are outlined in the following table:

Nature of Services		Year Ended Dec 31, 2021	Year Ended Dec 31, 2020
Audit Fees	include fees necessary to perform the annual audit and quarterly reviews of the Company's financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.	\$ 138,500	\$ 95,000
Audit-Related Fees	include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.	\$ Nil	\$ Nil
Tax Fees	include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.	\$ Nil	\$ Nil
All Other Fees	include all other non-audit services.	Nil	Nil
Total		\$ 138,500	\$ 95,000

EXEMPTION

The Company is a venture issuer as defined by NI 52-110 and is relying upon the exemption in section 6.2 of NI 52-110 in respect of Part 5 – *Reporting Obligations*.

CORPORATE GOVERNANCE

GENERAL

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the shareholders of the company. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive

management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

BOARD OF DIRECTORS

Applicable governance policies require that a listed issuer's board of directors determine the status of each director as independent or not, based on each director's interest in or other relationship with, the Company. Applicable governance policies recommend that a board of directors be constituted with a majority of directors who qualify as independent directors (as defined below). A board of directors should also examine its size with a view of determining the impact of the number of directors upon the effectiveness of the board of directors, and the board of directors should implement a system which enables an individual director to engage an outside advisor at the expense of the Company in appropriate circumstances. The Company's policies allow for retention of independent advisors for members of the Board when they consider it advisable.

Under the policies, an "independent" director is one who "has no direct or indirect material relationship" with the Company. Generally, a director is independent if he or she is free from any employment, business or other relationship that could, or could reasonably be expected to, materially interfere with the exercise of the director's independent judgment. A material relationship includes having been (or having a family member who has been), within the last three years, an employee or executive of the Company or having been employed by the Company's external auditor. Any individual who has (or whose family members or partners have) received directly or indirectly, any consulting, advisory, accounting, legal fee or investment banking compensation from the Company (other than compensation for acting as a director) is deemed to have a material relationship with the Company.

The independent members of the Board are Craig Lindsay, Marchand Snyman, and Robert Schafer.

Brendan Yurik, a current director and Chief Executive Officer, is considered non-independent due to his executive management functions with the Company.

The Board monitors the activities of senior management through regular meetings and discussions amongst the Board members and between the Board and senior management. Communication between the independent directors also occurs on an ongoing basis and as needs arise from regularly scheduled meetings of the Board. The Board also facilitates its independent supervision in a number of other ways including: by holding meetings without the presence of management; by retaining independent consultants; by relying on experience and understanding the obligations and expectations of directors and officers; and by reviewing corporate developments with larger shareholders, analysts and potential industry partners, where it deems necessary. The Board encourages independent directors to bring up and discuss any issues or concerns and the Board is advised of and addresses any issues or concerns raised thereby. The Board is of the view that its communication policy between senior management, members of the Board and shareholders is good. The Board believes that adequate structures and processes are in place to facilitate the functioning of the Board with a sufficient level of independence from the Company's management. The Board is satisfied with the integrity of the Company's internal controls and financial management information systems.

OTHER DIRECTORSHIPS

The section entitled "*Business of the Meeting – Election of Directors*" above gives details of other reporting issuers of which each director is a director and/or officer where applicable.

ORIENTATION AND CONTINUING EDUCATION

When new directors are appointed, they receive an orientation commensurate with their previous experience on the Company's investments, business, and industry and on the responsibilities of the directors. The Company will focus on retaining experienced candidates as directors, and hence, the orientation needed should

be minimized. Board meetings generally include presentations by the Company's senior management in order to give the directors full insight into the Company's operations.

ETHICAL BUSINESS CONDUCT

The Board has adopted a Code of Ethics and Trading Restrictions policy, which deals with issues concerning ethical conduct and insists that all members of management of the Company, and all employees adhere to this code. The Code of Ethics and Trading Restrictions Policy can be found in Appendix 4 to the Manual and is available for viewing on the Company's website, under Corporate Governance (www.electricroyalties.com). The Board also understands that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

NOMINATION OF DIRECTORS

The Nominating and Governance Committee will consider the size of the Board each year when it considers the number of directors to recommend to the Board and shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. The specific duties of the Nominating and Governance Committee can be found in the Nominating and Governance Committee Charter, which is set out as Appendix 8 to the Manual and available on the Company's website, under Corporate Governance (www.electricroyalties.com).

The current members of the Nominating and Governance Committee are Marchand Snyman (Chair), Craig Lindsay and Robert Schafer.

COMPENSATION

The Compensation Committee reviews and recommends to the Board the compensation for the directors and executive officers, including the CEO, and its specific duties are prescribed in the Compensation Committee Charter, which is set out as Appendix 7 to the Manual and is available for viewing on the Company's website, under Corporate Governance (www.electricroyalties.com).

The current members of the Compensation Committee are Robert Schafer (Chair), Marchand Snyman and Craig Lindsay.

OTHER BOARD COMMITTEES

The Board has no committees other than the Audit and Risk Committee, the Compensation Committee and the Nominating and Governance Committee.

ASSESSMENTS

The Board and the Nominating and Governance Committee monitor the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its committees. Under its charter, the Nominating and Governance Committee oversees an annual formal assessment of the Board and all its committees. The Board is satisfied with the overall corporate achievements of the Company and believes this reflects well on the Board and its practices.

STATEMENT OF EXECUTIVE COMPENSATION

See the report set out as Schedule "A".

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out equity compensation plan information as at the December 31, 2021:

	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	7,172,500	\$0.35	537,651
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	7,172,500	\$0.35	537,651

See "*Business of the Meeting – Amendment and Re-Approval of Share Option Plan*" for a description of the material terms of the Company's Share Option Plan.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end of the most recently completed financial year or as at the date hereof.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or could materially affect the Company or any of its subsidiaries during the fiscal year ended December 31, 2021, or has any interest in any material transaction in the current year other than as set out herein.

MANAGEMENT CONTRACTS

There are no management contracts.

ADDITIONAL INFORMATION

Additional information relating to the Company is included in the Company's audited financial statements for the years ended December 31, 2021 and 2020, Report of Independent Accounting Firm, and related Management Discussion and Analysis filed under the Company's profile on SEDAR at www.sedar.com. Copies of the Company's most recent interim financial statements and related management discussion and analysis, and additional information, may also be obtained from SEDAR and upon request from the Company at telephone no. (604) 639-9200 or Fax no. (604) 684-8092.

OTHER MATTERS

The Board of Directors is not aware of any other matters which it anticipates will come before the Meeting as of the date of this Information Circular.

The contents of this Information Circular and its distribution to shareholders have been approved by the Board of Directors.

DATED at Vancouver, British Columbia, October 19, 2022.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Brendan Yurik

Brendan Yurik
Chief Executive Officer

SCHEDULE "A"

STATEMENT OF EXECUTIVE COMPENSATION

On June 29, 2022, the Company filed on SEDAR a statement of executive compensation, dated June 29, 2022 and prepared as at and for the year ended December 31, 2021, as required under Form 51-102F6V Statement of Executive Compensation (Venture Issuers).

There have been no material compensation actions, decisions or policies made to date since the filing of the aforementioned statement of executive compensation, a copy of which is appended below.

ELECTRIC ROYALTIES LTD.

(the "Company")

FORM 51-102F6V

FOR THE YEAR ENDED DECEMBER 31, 2021

STATEMENT OF EXECUTIVE COMPENSATION

The following information, dated as of June 29, 2022, is provided as required under Form 51-102F6V Statement of Executive Compensation (Venture Issuers) and is prepared as at and for the year ended December 31, 2021 (except as otherwise indicated).

This Statement of Executive Compensation should be read in conjunction with the Company's information circular (the "Information Circular") dated October 19, 2021 as publicly filed on SEDAR at www.sedar.com on October 27 2021. All monetary amounts herein are expressed in Canadian Dollars ("C\$"), unless stated otherwise.

BASIS OF PRESENTATION

The Company was incorporated under the Business Corporations Act (British Columbia) on September 16, 2016. The Company began trading its shares on the TSX Venture Exchange ("TSX-V") as a capital pool company ("CPC") (as defined in the TSX-V Policy 2.4 – Capital Pool Companies (the "CPC Policy")) on November 3, 2017.

On June 24, 2020, the Company announced that, pursuant to a business combination agreement dated January 28, 2020 between the Company, 1238383 B.C. Ltd. (the "Subco") and a private company then named as Electric Royalties Ltd. (the "Legal Acquiree" or the "Operating Entity"), it had completed its qualifying transaction (the "Qualifying Transaction"), whereby following the consolidation (the "Consolidation") of the Company's shares on a 2:1 basis, the Qualifying Transaction was effected by way of a "three-cornered" amalgamation, in which: (a) the Subco was amalgamated with the Legal Acquiree to form an amalgamated company ("Amalco"); (b) all issued and outstanding shares of the Legal Acquiree were exchanged for post-Consolidation shares of the Company on a 1:1 basis; and (c) Amalco became a wholly-owned subsidiary of the Company. The Qualifying Transaction was a reverse-takeover of the Company and upon completion thereof, the Company changed its name to "Electric Royalties Ltd." and carried on the business previously carried on by the Legal Acquiree.

Prior to the completion of the Qualifying Transaction, the Company did not pay any cash compensation to its officers and directors due to its CPC status. As the Qualifying Transaction was a reverse takeover of the Company, the resulting issuer was a continuation of the business of the Operating Entity. This Statement of Executive Compensation includes the executive compensation discussions relating to the Operating Entity.

NAMED EXECUTIVE OFFICERS

In this section "Named Executive Officer" (or "NEO") means each of the following individuals:

- a) the Chief Executive Officer ("CEO");
- b) the Chief Financial Officer ("CFO");
- c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the CEO and CFO at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V for that financial year; and
- d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at December 31, 2021.

The NEOs of the Operating Entity as at December 31, 2021 are as follows:

- Brendan Yurik – CEO of the Company; and
- Luqman Khan – CFO of the Company

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION, EXCLUDING COMPENSATION SECURITIES

The following table sets out a summary of compensation (excluding compensation securities) paid, awarded to or earned by the NEOs, or by Companies controlled by them, and any non-NEO directors of the Company for the periods noted therein:

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Brendan Yurik ⁽¹⁾ CEO and Director	2021	160,000	Nil	Nil	Nil	Nil	160,000
	2020	150,000	Nil	Nil	Nil	Nil	150,000
Luqman Khan ⁽²⁾ CFO	2021	35,000	Nil	Nil	Nil	Nil	35,000
	2020	21,000	Nil	Nil	Nil	Nil	21,000
Marchand Snyman Chairman ⁽³⁾	2021	104,000	Nil	Nil	Nil	Nil	104,000
	2020	50,000	Nil	Nil	Nil	Nil	50,000
Craig Lindsay Director ⁽³⁾	2021	16,250	Nil	9,000	Nil	Nil	25,250
	2020	7,500	Nil	4,500	Nil	Nil	12,000
Robert Schafer Director ⁽³⁾	2021	16,250	Nil	9,000	Nil	Nil	25,250
	2020	7,500	Nil	4,500	Nil	Nil	12,000

Notes:

- (1) Mr. Yurik was appointed as a CEO of the Company in July 2019. Effective January 1, 2020, Mr. Yurik entered into an employment agreement with the Company whereby he was entitled to receive a base salary of \$150,000 per year. Effective October 16, 2021, the base salary for Mr. Yurik was increased to \$200,000 per year.
- (2) Mr. Khan was appointed as CFO of the Company in July 2019. Mr. Khan provides services through a private consulting firm. Services of Mr. Khan are not received on a full-time basis; instead, his services are received on an as-needed basis.
- (3) The Company initiated directors' fees effective July 1, 2020; accordingly, for the year 2020, the amounts of fees earned, as presented in the table above, represent fees for only half year. Effective October 16, 2021, the Company increased fees for its non-management directors.

Mr. Snyman, in his capacity as Chairman of the Board, receives an annual fee and no committee fees. Other non-management directors of the Company receive an annual retainer fee in their capacity as directors, and additional fees for each committee served. The following table summaries various fees paid to non-management directors for the periods noted therein:

Fee	From July 1, 2020 to October 15, 2021	From October 16, 2021 to December 31, 2021
Annual retainer – Chairman of the Board	\$100,000 per year	\$120,000 per year
Annual retainer – other non-management directors	\$15,000 per year	\$21,000 per year
Committee chair's fee	\$5,000 per year	\$5,000 per year
Committee member's fee	\$2,000 per year	\$2,000 per year

The following table sets out various Board Committees and their members:

Members	Board Committees		
	Audit and Risk Committee	Compensation Committee	Nominating and Governance Committee.
Marchand Snyman	Member	Member	Chair
Craig Lindsay	Chair	Member	Member
Robert Schafer	Member	Chair	Member

STOCK OPTIONS AND OTHER COMPENSATION SECURITIES

The following table discloses all compensation securities granted or issued to NEOs or non-NEO directors during the financial year ended December 31, 2021, for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

Compensation Securities							
Name And position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Brendan Yurik(1) CEO and Director	Stock options	800,000 1.01%	October 14, 2021	0.42	0.40	0.38	October 14, 2026
Luqman Khan CFO	Stock options	300,000 0.38%	October 14, 2021	0.42	0.40	0.38	October 14, 2026
Marchand Snyman Chairman	Stock options	500,000 0.63%	October 14, 2021	0.42	0.40	0.38	October 14, 2026
Craig Lindsay Director	Stock options	300,000 0.38%	October 14, 2021	0.42	0.40	0.38	October 14, 2026
Robert Schafer Director	Stock options	150,000 0.19%	October 14, 2021	0.42	0.40	0.38	October 14, 2026

- (1) At December 31, 2021, there were 7,147,500 outstanding stock options and 77,101,509 issued and outstanding common shares of the Company. The Company's stock options typically vest in three equal tranches within one year of the grant date.
- (2) The following table lists the number of stock options held by NEOs or non-NEO directors at December 31, 2021:

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date
Brendan Yurik	800,000	0.29	July 15, 2025
	800,000	0.42	October 14, 2026
	<u>1,600,000</u>		
Luqman Khan	300,000	0.29	July 15, 2025
	300,000	0.42	October 14, 2026
	<u>600,000</u>		
Marchand Snyman	500,000	0.29	July 15, 2025
	500,000	0.42	October 14, 2026
	<u>1,000,000</u>		

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date
Craig Lindsay	300,000	0.29	July 15, 2025
	300,000	0.42	October 14, 2026
	Total	600,000	
Robert Schafer	150,000	0.29	July 15, 2025
	300,000	0.42	October 14, 2026
	Total	450,000	

During the financial year ended December 31, 2021, no compensation securities were exercised by NEOs or non-NEO directors.

PENSION PLAN BENEFITS

The Company has no pension or deferred compensation plans for its directors, officers or employees.

TERMINATION AND CHANGE OF CONTROL BENEFITS

The Company has a change of control agreement in place between the Company and each of its NEOs. Under the terms of the change of control agreements, if a termination without cause or a resignation within 12 months following a change of control (as defined under the change of control agreement) NEOs will receive the following compensation:

- The Company's CEO, will receive a lump sum amount equal to two times the annual salary payable under the terms of his employment agreement.
- Notwithstanding the terms of any stock option plan or agreement, all non-vested stock options held by the Company's CEO shall vest and become exercisable until their normal expiry date.
- The Company's CFO will receive a lump sum amount of \$50,000.
- Mr. Snyman will receive a lump sum amount equal to his annual retainer fee, currently set at \$120,000 per year.

Except as otherwise outlined herein and in accordance with the Employment Standards Act (British Columbia), there are no compensatory plan(s) or arrangement(s), with respect to any NEO resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of the NEO's responsibilities following a change in control.

COMPENSATION COMMITTEE AND GOVERNANCE

After the completion of the Qualifying transaction, in July 2020, the Compensation Committee of the Board was constituted to assist the Board in carrying out its responsibilities relating to executive and director compensation, including: reviewing and recommending director compensation, overseeing the Company's base compensation structure and equity-based compensation program, recommending compensation of the Company's officers and employees, evaluating performance of officers generally and in light of annual goals and objectives. The charter for the Compensation Committee is included in the Corporate Governance Policies and Procedures Governance Manual and is available for viewing from the Company's website under Corporate Governance.

The current members of the Compensation Committee of the Company as stated above are Robert Schäfer (Chair), Marchand Snyman and Craig Lindsay, all of whom are independent directors. The Compensation Committee assists the Board in carrying out its responsibilities relating to executive and director compensation.

The members of the Compensation Committee possess the skills and experience that enable the committee to make decisions on the suitability of the Company's compensation policies and practices.

As a result of their education and experience, each member of the Compensation Committee has familiarity with, an understanding of, or experience in:

- (a) reviewing compensation philosophy including base compensation structures & incentive programs;

- (b) reviewing specific executive and director compensation;
- (c) administering of share options and other equity based compensation plans and the determination of share option grants; and
- (d) reviewing performance goals and the assessments of corporate officers.

All members of the Compensation Committee serve on other boards of publicly traded companies and have experience in the area of compensation and related issues. For relevant education and experience of the members of the Compensation Committee, see disclosure under "Election of Directors" in the Company's Information Circular filed on SEDAR on October 27 2021.

The Compensation Committee has, among other things, the following duties, responsibilities and authority:

- (a) to recommend to the Board the form and amount of compensation to be paid by the Company to directors for service on the Board and on its committees. The Compensation Committee shall review director compensation at least annually.
- (b) to annually review the Company's base compensation structure and the Company's incentive compensation, share option and other equity-based compensation programs and recommend changes in or additions to such structure and plans to the Board as needed.
- (c) to recommend to the Board the annual base compensation of the Company's executive officers and senior managers (collectively the "Officers").
- (d) to recommend to the Board annual corporate goals and objectives under any incentive compensation plan adopted by the Company for Officers, and recommend incentive compensation participation levels for Officers under any such incentive compensation plan. In determining the incentive component of compensation, the Compensation Committee will consider the Company's performance and relative shareholder return, the values of similar incentives at comparable companies and the awards given in past years.
- (e) to evaluate the performance of Officers generally and in light of annual corporate goals and objectives under any incentive compensation plan.
- (f) to periodically review with the Chairman and CEO their assessments of corporate officers and senior managers and succession plans and make recommendations to the Board regarding appointment of officers and senior managers.
- (g) to administer the Company's share option and other equity based compensation plans and determine the annual grants of share options and other equity based compensation.
- (h) to recommend to the Nominating and Governance Committee the qualifications and criteria for membership on the Compensation Committee.

Due to the small size of the Company and the current level of the Company's activities, the Compensation Committee is able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular meetings of the Board during which financial and other information of the Company are reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Executive compensation is comprised of short-term compensation in the form of a base salary and long-term ownership through the Company's share option plan. This structure ensures that a significant portion of executive compensation (stock options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long-term shareholder value. As the benefits of such compensation, if any, are not realized by officers until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their compensation at the expense of the Company and the shareholders is extremely limited. Furthermore, the short-term component of the executive compensation (base salary) represents a relatively small part of the total compensation. As a result, it is unlikely that an officer would take inappropriate or excessive risks at the expense of the Company or the shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

Report on Executive Compensation

This report on executive compensation has been authorized by the Compensation Committee. The Board assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management, although the Compensation Committee guides it in this role. As part of its mandate, the Board determines the type and amount of compensation for the Company's executive officers. In addition, the Board reviews the methodology utilized by the Company for setting salaries of employees throughout the organization.

The Company's compensation policies and programs are designed to be competitive with similar companies and to recognize and reward executive performance consistent with the success of the Company's business.

Philosophy and Objectives

The Company's senior management compensation program is designed to ensure that the level and form of compensation achieves certain objectives, including:

- (a) attracting and retaining talented, qualified and effective executives;
- (b) motivating the short and long-term performance of these executives; and
- (c) better aligning their interests with those of the Company's Shareholders.

In compensating its senior management, the Company employs a combination of base salary, bonus compensation and equity participation through its share option plan and other equity participation plans.

The main objective of director compensation is to attract and retain directors with the relevant skills, knowledge and abilities to carry out the Board's mandate.

Base Salary

In the Board's view, paying base salaries that are competitive in the markets in which the Company operates is a first step to attracting and retaining talented, qualified and effective executives. The NEOs are paid a salary in order to ensure that the compensation package offered by the Company is in line with that offered by other companies in our industry, and as an immediate means of rewarding the NEO for efforts expended on behalf of the company.

The salary to be paid to a particular NEO is determined by gathering competitive salary information from a variety of sources, including surveys conducted by independent consultants and national and international publications, such as the Mercer Benchmark Database. Payment of a cash salary fits within the objective of the compensation program since it rewards each NEO for performance of his duties and responsibilities.

Bonus Compensation

The Board considers performance, shareholder benefits achieved, competitive factors and other matters in awarding bonuses, including if sufficient cash resources are available for the granting of bonuses.

All Other Fees

There were no other fees paid to any consultants or advisors relating to executive compensation.

Executive Compensation-Related Fees

No compensation was paid to any compensation consultants in respect of executive compensation studies for the Company's two most recently completed financial years.

Equity Participation – Option Based Awards

The Company has a share option plan (the "Option Plan"). The Option Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Company, encourage the alignment of interests with its shareholders, and foster their continued association with the Company.

Long term incentives are comprised of share options. The Compensation Committee is delegated the authority to grant share options. The Compensation Committee reviews the grants of share options to directors, management, employees and consultants. Share options are generally granted annually, and at other times of the year to individuals commencing employment with the Company. Share option exercise prices are set in accordance with policies of the TSX Venture Exchange and are based on the closing trading price prior to the date of grant.

The Company believes that encouraging its executives, employees and directors to become shareholders is the best way of aligning their interests with those of its Shareholders. Equity participation is accomplished through the Option Plan. Share options are granted taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses, and competitive factors. Share options vest on terms established by the Compensation Committee.

The Company's long term incentives are designed to foster and promote the long-term financial success of the Company by strengthening the ability of the Company to attract and retain highly competent employees, motivating performance through incentive compensation, promoting greater alignment of interests between employees and shareholders in creating long-term shareholder value, and enabling employees to participate in the long-term growth and financial success of the Company. Share options provide employees with the opportunity to participate in the growth of the Company's share price as well as benefit from the favourable tax treatment applicable to this form of compensation.

For material terms of the Option Plan, see disclosure under "*Particular of Matters to be Acted Upon*" in the Company's Information Circular filed at SEDAR on October 27 2021.

Equity Participation – Restricted Share Unit Plan and Deferred Share Unit Plan

The Company has a Restricted Share Unit Plan (the "RSU Plan") and a Deferred Share Unit Plan (the "DSU Plan").

The RSU Plan and DSU Plan were established to provide incentive to qualified parties to increase their proprietary interest in the Company, encourage the alignment of interests with its shareholders, and foster their continued association with the Company.

Long term incentives are comprised of share awards. The Compensation Committee is delegated the authority to grant share awards. The Compensation Committee reviews the grants of share awards to directors, officers, management, employees and consultants. Share awards are generally granted annually, and at other times of the year to individuals commencing employment with the Company.

The Company believes that encouraging its executives, employees and directors to become shareholders is the best way of aligning their interests with those of its Shareholders. Equity participation is accomplished through both the RSU Plan and DSU Plan. Share awards are granted taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses, and competitive factors. Share awards vest on terms established by the Compensation Committee.

The Company's long term incentives are designed to foster and promote the long-term financial success of the Company by strengthening the ability of the Company to attract and retain highly competent employees, motivating performance through incentive compensation, promoting greater alignment of interests between employees and shareholders in creating long-term shareholder value, and enabling employees to participate in the long-term growth and financial success of the Company. Share awards provide employees with the opportunity to participate in the growth of the Company's share price as well as benefit from the favourable tax treatment applicable to this form of compensation.

General

The Compensation Committee considered the implications of the risks associated with the Company's compensation policies and practices and concluded that, given the nature of the Company's business and the role of the Compensation Committee in overseeing the Company's executive compensation practices, the compensation policies and practices do not serve to encourage any non executive officer NEO or individual at a principal business unit or division to take inappropriate or excessive risks, and no risks were identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

The Company has adopted a policy restricting its NEOs and directors from purchasing financial instruments including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. For the years ended December 31, 2021 and 2020, no NEO or director, directly or indirectly, employed a strategy to hedge or offset a decrease in market value of equity securities granted as compensation or held.

COMPENSATION ACTIONS, DECISIONS OR POLICIES MADE AFTER DECEMBER 31, 2021.

Given the evolving nature of the Corporation's business, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

There were no compensation actions, decisions or policies made after December 31, 2021 and before the date hereof.

SCHEDULE "B"
SHAREHOLDER RIGHTS PLAN
AGREEMENT
DATED AS OF
August 29, 2022
BETWEEN
ELECTRIC ROYALTIES LTD.
AND
TSX TRUST COMPANY
AS RIGHTS AGENT

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SHAREHOLDER RIGHTS PLAN AGREEMENT

SHAREHOLDER RIGHTS PLAN AGREEMENT dated as of August 29, 2022 between Electric Royalties Ltd. (the “**Corporation**”) a company incorporated under the laws of British Columbia and TSX Trust Company, a company governed under the laws of Canada (the “**Rights Agent**”);

WHEREAS the board of directors of the Corporation has determined that it is advisable and in the best interest of the Corporation to adopt and maintain a shareholder rights plan to take effect on August 29, 2022 to ensure, to the extent possible, that all shareholders of the Corporation are treated fairly in connection with any take-over bid for the Corporation;

AND WHEREAS in order to implement the adoption of a shareholder rights plan as established by this Agreement, the board of directors of the Corporation:

- (a) authorized the issuance, effective at the Record Time (as hereinafter defined), of one Right (as hereinafter defined) in respect of each Voting Share (as hereinafter defined) outstanding at the Record Time; and
- (b) authorized the issuance of one Right in respect of each Voting Share issued after the Record Time and prior to the earlier of the Separation Time (as hereinafter defined) and the Expiration Time (as hereinafter defined);

AND WHEREAS each Right entitles the holder thereof, after the Separation Time, to purchase securities of the Corporation pursuant to the terms and subject to the conditions set forth in this Agreement;

AND WHEREAS the Corporation desires to appoint the Rights Agent to act on behalf of the Corporation and the holders of Rights, and the Rights Agent is willing to so act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates (as hereinafter defined), the exercise of Rights and other matters referred to in this Agreement;

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:

- (d) “**Acquiring Person**” means any Person who is the Beneficial owner of 20% or more of the outstanding Voting Shares; provided, however, that the term “**Acquiring Person**” shall not include:
 - (i) the Corporation or any Subsidiary of the Corporation;
 - (ii) any Person who becomes the Beneficial owner of 20% or more of the outstanding Voting Shares as a result of one or any combination of:
 - (A) an acquisition or redemption by the Corporation of Voting Shares which, by reducing the number of Voting Shares outstanding, increases the proportionate

number of Voting Shares Beneficially owned by such Person to 20% or more of the Voting Shares then outstanding,

- (B) a Permitted Bid Acquisition,
- (C) a Pro Rata Acquisition,
- (D) an Exempt Acquisition, or
- (E) a Convertible Security Acquisition;

1. provided, however, that if a Person becomes the Beneficial owner of 20% or more of the outstanding Voting Shares by reason of one or any combination of the operation of Paragraphs (A), (B), (C), (D) or (E) above and such Person thereafter becomes the Beneficial owner of more than an additional 1% of the number of outstanding Voting Shares (other than pursuant to one or more of any combination of Paragraphs (A), (B), (C), (D) or (E) above, as the case may be), then as of the date such Person becomes the Beneficial owner of such additional Voting Shares, as the case may be, such Person shall become an **“Acquiring Person”**;

(iii) for a period of 10 calendar days after the Disqualification Date (as defined below), any Person who becomes the Beneficial owner of 20% or more of the outstanding Voting Shares as a result of such Person becoming disqualified from relying on Section 1.1(k)(iv)(B) solely because such Person is making or has announced a current intention to make a Take-over Bid, either alone, through such Person’s Affiliates or Associates or by acting jointly or in concert with any other Person. For the purposes of this definition, **“Disqualification Date”** means the first date of a public announcement of facts indicating that any Person is making or has announced a current intention to make a Take-over Bid, either alone, through such Person’s Affiliates or Associates or by acting jointly or in concert with any other Person (which, for the purposes of this definition, shall include, without limitation a report asserting such facts filed pursuant to NI 62-103, NI 62-104, Section 13(d) of the U.S. Exchange Act or any other applicable securities laws, as amended from time to time and any provision substituted therefor);

(iv) an underwriter or member of a banking or selling group acting in such capacity that acquires 20% or more of the outstanding Common Shares from the Corporation in connection with a distribution of securities of the Corporation; or

(v) a Person (a **“Grandfathered Person”**) who is the Beneficial owner of 20% or more of the outstanding Voting Shares determined as at the Record Time, provided however, that this exception shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the Record Time: (1) cease to own 20% or more of the outstanding Voting Shares, or (2) become the Beneficial owner of any additional Voting Shares that increases its Beneficial ownership of Voting Shares by more than 1% of the number of Voting Shares outstanding as at the Record Time, other than through an acquisition pursuant to which a Person becomes a Beneficial owner of additional Voting Shares by reason of one or any combination of the operation of Paragraphs 1.1(a)(ii)(A), (B), (C), (D) or (E).

(e) **“Adjusted Exercise Price”** means the price at which a holder may purchase the securities issuable upon exercise of Rights pursuant to the terms of Section 3.1(d)(ii) which, further to adjustment thereof in accordance with the terms hereof, shall be equal to the Exercise Price multiplied by a fraction in which:

- (i) the numerator is the number of Common Shares per Right that may be purchased pursuant to Section 3.1(d)(ii); and
 - (ii) the denominator is the number of Common Shares per Right that could have been purchased pursuant to Section 3.1(d) in the event that there had been sufficient authorized but unissued Common Shares to permit each holder of a Right (other than an Acquiring Person or a transferee of the kind described in Section 3.1(e)(ii)) to purchase the number of Common Shares to which they would have been entitled under Section 3.1(d)(i);
- (f) “**Adjustment Factor**” shall mean a fraction in which:
- (i) the numerator is equal to the Corporation’s authorized but unissued Voting Shares; and
 - (ii) the denominator is equal to the Corporation’s issued and outstanding Voting Shares minus those Voting Shares that the Acquiring Person Beneficially owns;
- (g) “**Affiliate**”, when used to indicate a relationship with a specified Person, means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such a specified Person;
- (h) “**Agreement**” means this shareholder rights plan agreement dated August 29, 2022, as amended, modified or supplemented 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;
- (i) “**Annual Cash Dividend**” means cash dividends paid in any fiscal year of the Corporation, to the extent that such cash dividends do not exceed in the aggregate, the greatest of:
- (i) 200% of the aggregate amount of cash dividends declared payable by the Corporation on its Common Shares in its immediately preceding fiscal year;
 - (ii) 300% of the arithmetic mean of the aggregate amounts of the annual cash dividends declared payable by the Corporation on its Common Shares in its three immediately preceding fiscal years; and
 - (iii) 100% of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding fiscal year;
- (j) “**Associate**” when used to indicate a relationship with a specified Person, means any relative of such specified Person who has the same home as such specified Person, or any Person to whom such specified Person is married or with whom such specified Person is living in a conjugal relationship outside marriage, or any relative of such spouse or other Person who has the same home as such specified Person;
- (k) A Person shall be deemed the “**Beneficial owner**” of, and to have “**Beneficial ownership**” of, and to “**Beneficially own**”,
- (i) any securities of which such Person or any of such Person’s Affiliates or Associates is the owner at law or in equity;
 - (ii) any securities of which such Person or any of such Person’s Affiliates or Associates has, directly or indirectly, the right to become the owner at law or in equity (provided that 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 customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a distribution of securities and other than pledges of securities in the ordinary course of business), or upon the exercise, conversion or exchange of any Convertible Security (other than the Rights);

- (iii) any securities which are subject to a lock-up or similar agreement to tender or deposit them into any Take-over Bid made by such Person or made by any Affiliate or Associate of such Person or made by any other Person acting jointly or in concert with such Person; and
- (iv) any securities which are Beneficially owned within the meaning of Sections 1.1(k)(i), (ii) or (iii) by any other Person with whom such Person is acting jointly or in concert;

2. 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 as a result of the existence of any one or more of the following circumstances:

- (A) such security has been agreed to be deposited or tendered pursuant to a Lock-up Agreement or is otherwise deposited or tendered pursuant 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 referred to in Section 1.1(k)(iv), unless such deposited or tendered security has been taken up or paid for, whichever shall occur first;
- (B) such Person, any of such Person’s Affiliates or Associates or any other Person referred to in Section 1.1(k)(iv) holds such security provided that,
 - (1) 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 dealer or broker registered under applicable law;
 - (2) such Person is (i) the manager or trustee (the “**Manager**”) of a mutual fund (a “**Mutual Fund**”) that is registered or qualified to issue its securities to investors under the securities laws of any province of Canada or the laws of the United States and such security is held in the ordinary course of business in the performance of the Manager’s duties with respect to the Mutual Fund, or (ii) a Mutual Fund;
 - (3) 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 Accounts or for such Other Accounts;
 - (4) such Person is an independent Person 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 or various public bodies and the Statutory Body holds such securities for the purposes of its activities as such;

- (5) such Person (the “**Administrator**”) is the administrator or trustee of one or more pension funds, plans or related trusts (a “**Plan**”) or is a Plan registered or qualified under the laws of Canada or any Province thereof or the laws of the United States of America or any state thereof or is a Plan and holds such securities for the purposes of its activities as Administrator or as a Plan; or
- (6) such Person is a Crown agent or agency;

3. provided, in any of the above cases, that the Investment Manager, the Manager, the Mutual Fund, the Trust Company, the Statutory Body, the Administrator, the Plan, or the Crown agent or agency, as the case may be, is not then making a Take-over Bid or has not then announced an intention to make a Take-over Bid other than an Offer to Acquire Voting Shares or other securities pursuant to a distribution by the Corporation or by means of ordinary market transactions (including pre-arranged trades entered into in the ordinary course of business of such Person) executed through the facilities of a stock exchange or organized over-the-counter market, alone or by acting jointly or in concert with any other Person;

- (C) such Person or any other person acting jointly or in concert with such Person (1) is a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security, (2) has 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 (3) is a Plan with the same Administrator as another Plan on whose account the Administrator holds such security;
 - (D) such Person or any other person acting jointly or in concert with such Person (1) is a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager, or (2) has 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 (3) is a Plan and such security is owned at law or in equity by the Administrator of the Plan;
 - (E) 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;
- (l) “**BCBCA**” means the *Business Corporations Act* (British Columbia), R.S.B.C. 2002, c.57, as amended, and the regulations made thereunder and any comparable or successor laws or regulations thereto;
 - (m) “**Board of Directors**” means the board of directors of the Corporation or any duly constituted and empowered committee thereof;
 - (n) “**Book Entry Form**” means, in reference to securities, securities that have been issued and registered in uncertificated form that are evidenced by an advice or other statement and which are maintained electronically on the records of the Corporation’s transfer agent, but for which no certificate has been issued;
 - (o) “**Book Entry Rights Exercise Procedures**” has the meaning ascribed thereto in Section 2.2(f);

- (p) “**Business Day**” means any day other than a Saturday, Sunday or a day on which banking institutions in Toronto, Ontario or Vancouver, British Columbia are authorized or obligated by law to close;
 - (q) “**Canadian Dollar Equivalent**” of any amount which is expressed in United States dollars means, on any date, the Canadian dollar equivalent of any such amount determined by multiplying such amount by the U.S. - Canadian Exchange Rate in effect on such date;
 - (r) “**Canadian - U.S. Exchange Rate**” means, on any date, the inverse of the U.S. - Canadian Exchange Rate in effect on such date;
 - (s) “**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 office in Toronto, Ontario of the transfer agent for the Common Shares of the Corporation (or, after the Separation Time, the principal office in Toronto, Ontario of the Rights Agent) is closed to the public, provided, however, that for the purposes of the definition of “**Competing Permitted Bid**” and the definition of “**Permitted Bid**”, “close of business” on any date means 11:59 p.m. (local time, at the place of deposit) on such date (or, if such date is not a Business Day, 11:59 p.m. (local time, at the place of deposit) on the next succeeding Business Day);
 - (t) “**Common Shares**” means the common shares in the capital of the Corporation, but for greater certainty does not include Class B common shares;
 - (u) “**Competing Permitted Bid**” means a Take-over Bid that:
 - (i) is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry of that other Permitted Bid;
 - (ii) satisfies all components of the definition of a Permitted Bid other than the requirements set out in Section 1.1(uu)(ii)(A) of the definition of a Permitted Bid; 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 Voting Shares will be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the last day of the minimum initial deposit 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;
4. 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 Voting Shares made pursuant to such Take-over Bid that qualified as a Competing Permitted Bid, including any acquisition of Voting Shares made before such Take-over Bid ceased to be a Competing Permitted Bid, will not be a Permitted Bid Acquisition;
- (v) “**controlled**” a Person is considered to be “controlled” by another Person or two or more Persons acting jointly or in concert if:
 - (i) in the case of a Person other than a partnership or a limited partnership, including a corporation or body corporate:
 - (A) securities entitled to vote in the election of directors (including, for Persons other than corporations, the administrators, managers, trustees or other individuals performing similar functions in respect of any such Person) carrying more than 50% of the votes for the election of directors of such

Person are held, directly or indirectly, other than by way of security only, by or on behalf of the other Person or two or more Persons acting jointly or in concert; and

- (B) the votes carried by such securities are entitled, if exercised, to elect, appoint or designate a majority of the board of directors of such Person;
 - (ii) in the case of a partnership other than a limited partnership, more than 50% of the interests in such partnership are held, directly or indirectly by the other Person or Persons; and
 - (iii) in the case of a limited partnership, the other Person or each of the other Persons is a general partner of the limited partnership,
- and “controls”, “controlling” and “under common control with” shall be interpreted accordingly;
- (w) **“Convertible Securities”** means, at any time, any securities issued by the Corporation (including rights, warrants and options) carrying any purchase, exercise, conversion or exchange right, pursuant to which the holder thereof may acquire Voting Shares or other securities convertible into or exercisable or exchangeable for Voting Shares (in each case, whether such right is exercisable immediately or after a specified period and whether or not on condition or the happening of any contingency);
 - (x) **“Convertible Security Acquisition”** means the acquisition of Voting Shares upon the exercise of Convertible Securities acquired by a Person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition;
 - (y) **“Corporation”** means Electric Royalties Ltd. a company governed by the laws of British Columbia together where the context requires, with its subsidiaries;
 - (z) **“Co-Rights Agents”** has the meaning ascribed thereto in Section 4.1(d);
 - (aa) **“Disposition Date”** has the meaning ascribed thereto in Section 5.1(d);
 - (bb) **“Dividend Reinvestment Acquisition”** means an acquisition of Voting Shares of any class pursuant to a Dividend Reinvestment Plan;
 - (cc) **“Dividend Reinvestment Plan”** means a regular dividend reinvestment or other program or plan of the Corporation made available by the Corporation to holders of its securities and/or to holders of securities of a Subsidiary of the Corporation, where such program or plan permits the holder to direct that some or all of:
 - (i) any dividends paid in respect of shares of any class of the Corporation or a Subsidiary;
 - (ii) any proceeds of redemption of shares of the Corporation or a Subsidiary;
 - (iii) any interest paid on evidences of indebtedness of the Corporation or a Subsidiary; or
 - (iv) any optional cash payments; be applied to the purchase of Voting Shares;
 - (dd) **“Effective Date”** means August 29, 2022;
 - (ee) **“Election to Exercise”** has the meaning ascribed thereto in Section 0;

- (ff) **“Exempt Acquisition”** means an acquisition of Beneficial ownership of Voting Shares or Convertible Securities by a Person:
- (i) in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to the provisions of Sections 5.1(d), (e) or (i); or
 - (ii) pursuant to an amalgamation, plan of arrangement or other statutory procedure having similar effect which has been approved by the Board of Directors and the holders of Voting Shares by the requisite majority or majorities of the holders of Voting Shares at a meeting duly called and held for such purpose in accordance with the provisions of the BCBCA, the notice of articles and the articles of the Corporation and any other applicable legal requirements; or
 - (iii) pursuant to a distribution to the public by the Corporation of Voting Shares or Convertible Securities made pursuant to a prospectus or private placement provided that the Person in question does not thereby acquire a greater percentage of Voting Shares representing the right to acquire Voting Shares than the percentage of Voting Shares such Person Beneficially owned immediately prior to such acquisition;
- (gg) **“Exercise Price”** means, as of any date, the price at which a holder of a Right may purchase the securities issuable upon exercise of one whole Right which, until adjustment thereof in accordance with the terms hereof, shall be an amount equal to five times the Market Price per Common Share determined as of the Separation Time;
- (hh) **“Expansion Factor”** has the meaning ascribed thereto in Section 2.3(d);
- (ii) **“Expiration Time”** means the close of business on that date which is the earliest date of termination of this Agreement as provided for in Section 5.15 or, if this Agreement is confirmed and subsequently reconfirmed pursuant to Section 5.15;
- (jj) **“Flip-in Event”** means a transaction in or pursuant to which any Person becomes an Acquiring Person;
- (kk) **“holder”** has the meaning ascribed thereto in Section 2.8;
- (ll) **“Independent Shareholders”** means holders of any Voting Shares, other than
- (i) any Acquiring Person;
 - (ii) any Offeror (other than any Person who pursuant to Section 1.1(k) is not deemed to Beneficially own the Voting Shares held by such Person);
 - (iii) any Affiliate or Associate of any Acquiring Person or Offeror (referred to in Clause (ii) of this definition);
 - (iv) any Person acting jointly or in concert with any Acquiring Person or Offeror (referred to in Clause (ii) of this definition); and
 - (v) any employee benefit plan, stock purchase plan, deferred profit sharing plan and any similar plan or trust for the benefit of employees of the Corporation or a Subsidiary of the Corporation, unless the beneficiaries of the plan or trust direct the manner in which the Voting Shares are to be voted or withheld from voting or direct whether the Voting Shares are to be tendered to a Take-over Bid;

(mm) **“Lock-up Agreement”** means an agreement between a Person and one or more holders of Voting Shares or Convertible Securities (each a **“Locked-up Person”**) the terms of which are publicly disclosed and a copy of which agreement 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 then as soon as possible after it is entered into 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 Voting Shares or Convertible Securities to a Take-over Bid (the **“Lock-up Bid”**) to be made or made by the Person or any of such Person’s Affiliates or Associates or any other Person referred to in Section 1.1(k)(iv) and which provides:

(i) that any agreement to deposit or tender to, or to not withdraw Voting Shares or Convertible Securities from, the Lock-up Bid is terminable at the option of the Locked-up Person in order to tender or deposit such Voting Shares or Convertible Securities to another Take-over Bid or support another transaction:

(A) where the price or value per Voting Share or Convertible Security offered under such other Take-over Bid or transaction is higher than the price or value per Voting Share or Convertible Security offered under the Lock-up Agreement; or

(B) if:

(1) the price or value per Voting Share or Convertible Security offered under the other Take-over Bid or transaction exceeds the price or value per Voting Share or Convertible Security offered or proposed to be offered under the Lock-up Bid by as much or more than a specified amount (the **“Specified Amount”**) and the Specified Amount is not greater than 7% of the price or value per Voting Share or Convertible Security that is offered or proposed to be offered under the Lock-up Bid; or

(2) the number of Voting Shares or Convertible Securities to be purchased under the other Take-over Bid or transaction exceeds the number of Voting Shares offered to be purchased under the Lock-up Bid by as much or more than a specified number of Voting Shares (the **“Specified Number of Shares”**) and the Specified Number of Shares is not greater than 7% of the number of Voting Shares offered to be purchased under the Lock-up Bid, at a price or value per Voting Share or Convertible Security, as applicable, that is not less than the price or value per Voting Share or Convertible Security offered under the Lock-up Bid;

5. and the agreement may contain a right of first refusal or require a period of delay to give such Person an opportunity to match a higher price or value in another Take-over Bid or transaction or other similar limitation on a Locked-up Person’s right to withdraw Voting Shares or Convertible Securities from the agreement, so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Voting Shares or Convertible 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 Voting Shares or Convertible Securities to the Lock-up Bid or withdraws Voting Shares or Convertible Securities previously tendered thereto in order to tender to another Take-over Bid or support another transaction;
- (nn) “**Market Price**” per share of any securities on any date of determination means the average of the daily closing sale prices per security of such class of securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 hereof shall have caused the closing sale prices used to determine the Market Price on any Trading Days not to be fully comparable with the closing sale price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such closing sale 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 sale price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The closing sale price per security of any securities on any date shall be:
- (i) the closing board lot sale price per security or, if such price is not available, the average of the closing bid and asked prices, for each of such securities as reported by the principal Canadian securities exchange (as determined by volume of trading) on which such securities are listed or admitted to trading or, if for any reason neither of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian securities exchange, the closing board lot sale price per security or, if such price is not available, the average of the closing bid and asked prices, for each security as reported by the principal United States securities exchange (as determined by the volume of trading) on which such securities are listed or admitted for trading;
 - (ii) if for any reason none of such prices are available on such date or the securities are not listed or admitted to trading on a Canadian securities exchange or a 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 asked prices for each of such securities in the over-the-counter market, as quoted by any reporting system then in use (as determined by the Board of Directors); or
 - (iii) if for any reason none of such prices are available on such day or the securities are not listed or admitted to trading on a Canadian securities exchange or a United States securities exchange or quoted by any such reporting system, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities selected in good faith by the Board of Directors;
6. provided, however, that if on any such date none of such prices is available, the closing sale price per security of such securities on such date shall mean the fair value per security of the securities on such date as determined by a nationally or internationally recognized investment dealer or investment banker selected by the Board of Directors with respect to the fair value per security of such securities and provided further that if an event of a type analogous to any of the events described in Section 2.3 hereof shall have caused any price used to determine the Market Price on any Trading Day not to be fully comparable with the price as so determined on the Trading Day immediately preceding such date of determination, each such price so used shall be

appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to make it fully comparable with the price on the Trading Day immediately preceding such date of determination. 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;

- (oo) “**NI 62-103**” means *National Instrument 62-103 – The Early Warning System and Related Take-Over Bid and Insider Reporting Issues* adopted by the Canadian securities regulatory authorities and any comparable or successor laws, instruments or rules thereto;
- (pp) “**NI 62-104**” means *National Instrument 62-104 – Take-Over Bids and Issuer Bids* adopted by the Canadian securities regulatory authorities and any comparable or successor laws, instruments or rules thereto;
- (qq) “**Nominee**” has the meaning ascribed thereto in Section 2.2(f);
- (rr) “**Offer to Acquire**” includes:
 - (i) an offer to purchase or a solicitation of an offer to sell Voting Shares or Convertible Securities of any class or classes, and
 - (ii) an acceptance of an offer to sell Voting Shares or Convertible Securities of any class or classes, 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;
- (ss) “**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;
- (tt) “**Offeror’s Securities**” means Voting Shares Beneficially owned by an Offeror on the date of the Offer to Acquire;
- (uu) “**Permitted Bid**” means a Take-over Bid made by an Offeror 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 is made to all holders of record of Voting Shares, other than the Offeror;
 - (ii) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified condition that no Voting Shares will be taken up or paid for pursuant to the Take-over Bid:
 - (A) prior to the close of business on a date which is not less than 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 the close of business on the date Voting Shares are first taken up or paid for under such Take-over Bid, more than 50% of the Voting Shares held by Independent Shareholders shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;

- (iii) the Take-over Bid contains an irrevocable and unqualified provision that, unless the Take-over Bid is withdrawn, Voting Shares may be deposited pursuant to such Take-over Bid at any time during the period which applies pursuant to Section 1.1(uu)(ii)(A) and that any Voting Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for (other than where prohibited from being withdrawn under NI 62-104 in the case of a partial take-over bid); and
- (iv) the Take-over Bid contains an irrevocable and unqualified provision that, unless the Take-over Bid is withdrawn, in the event that the deposit condition set forth in Section 1.1(uu)(ii)(B) is satisfied the Offeror will make a public announcement of that fact and the Take-over Bid will be extended for a period of not less than 10 days from the date of such public announcement;
- (vv) **“Permitted Bid Acquisition”** means an acquisition of Voting Shares made pursuant to a Permitted Bid or a Competing Permitted Bid;
- (ww) **“Person”** includes an individual, firm, association, trustee, executor, administrator, legal or personal representative, body corporate, company, corporation, trust, partnership, limited partnership, joint venture, syndicate or other form of unincorporated association, a government and its agencies or instrumentalities, any entity or group (whether or not having legal personality), any successor (by merger, statutory amalgamation or otherwise) and any of the foregoing acting in any derivative, representative or fiduciary capacity;
- (xx) **“Personal Information”** means the type of information regulated by Privacy Laws and collected, used, disclosed or retained by the Corporation, as applicable, including, without limitation, personal information regarding any member of the Corporation’s customers, suppliers, employees or agents, such as an individual’s name, address, age, gender, social security or other identification number, income, family status, citizenship, employment, assets, liabilities, source of funds, payment records, credit information, personal references and health records to the extent regulated by Privacy Laws as applicable to the Corporation;
- (yy) **“Privacy Laws”** means all applicable federal, state, municipal or other laws governing the collection, use, disclosure and retention of Personal Information;
- (zz) **“Pro Rata Acquisition”** means an acquisition of Voting Shares or Convertible Securities by a Person pursuant to:
 - (i) a Dividend Reinvestment Acquisition;
 - (ii) a stock dividend, stock split or other event in respect of securities of one or more particular classes or series of the Corporation pursuant to which such Person becomes the Beneficial owner of Voting Shares or Convertible Securities on the same pro rata basis as all other holders of securities of the particular class or series;
 - (iii) any other event pursuant to which all holders of Voting Shares are entitled to receive Voting Shares or Convertible Securities on a pro rata basis; including pursuant to the receipt and/or exercise of rights issued by the Corporation to all the holders of a class of Voting Shares to subscribe for or purchase Voting Shares or Convertible Securities, provided that such rights are acquired directly from the Corporation as part of a rights offering and not from any other Person and provided that the Person does not thereby acquire a greater percentage of Voting Shares or Convertible Securities, than the Person’s percentage of Voting Shares Beneficially owned immediately prior to such receipt or exercise; or

- (iv) a distribution by the Corporation of Voting Shares, or Convertible Securities (and the conversion or exchange of such convertible or exchangeable securities) made pursuant to a prospectus or a distribution by way of private placement by the Corporation, provided that the Person does not thereby acquire a greater percentage of Voting Shares of that class or securities convertible or exchangeable for Voting Shares, than the Person's percentage of Voting Shares Beneficially owned immediately prior to such acquisition;
 - (aaa) “**Record Time**” means 12:01 a.m. (Pacific Time) on the Effective Date;
 - (bbb) “**Redemption Price**” has the meaning set forth in Section 5.1(f) of this Agreement;
 - (ccc) “**Right**” means a right to purchase a Common Share of the Corporation, upon the terms and subject to the conditions set forth in this Agreement;
 - (ddd) “**Rights Agent**” means TSX Trust Company, a company governed under the laws of Canada, or any successor Rights Agent appointed pursuant to Section 4.4;
 - (eee) “**Rights Certificate**” means the certificates representing the Rights after the Separation Time, which shall be substantially in the form attached hereto as Attachment 1;
 - (fff) “**Rights Holders’ Special Meeting**” means a meeting of the holders of Rights called by the Board of Directors for the purpose of approving a supplement or amendment to this Agreement pursuant to Section 5.4(f);
 - (ggg) “**Rights Register**” and “**Rights Registrar**” have the meanings set forth in Section 2.6(d) of this Agreement;
 - (hhh) “**Securities Act (British Columbia)**” means the *Securities Act*, R.S.B.C. 1996, c. 418, as amended, and the regulations and rules thereunder, and any comparable or successor laws or regulations or rules thereto;
 - (iii) “**Securities Act (Ontario)**” means the *Securities Act*, R.S.O., 1990, S.5, as amended, and the regulations and rules thereunder, and any comparable or successor laws or regulations or rules thereto;
 - (jjj) “**Separation Time**” means the close of business on the tenth Trading Day after the earlier of:
 - (i) the Stock Acquisition Date;
 - (ii) the date of the commencement of or first public announcement of the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid, as the case may be); and
 - (iii) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such,
7. or such later date as may be determined by the Board of Directors, provided that, if any such 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 provided that if the Board of Directors determine pursuant to Section 5.1 to waive the application of Section 3.1 to a Flip-in Event prior to the Separation Time, such Flip in Event shall be deemed never to have occurred;

- (kkk) “**Stock Acquisition Date**” means the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to Section 5.2 of NI 62-104, Section 4.5 of NI 62-103 or Section 13(d) of the U.S. Exchange Act) by the Corporation or an Acquiring Person of facts indicating that an Acquiring Person has become such;
- (lll) “**Subsidiary**” - a corporation is a Subsidiary of another corporation if:
- (i) it is controlled by:
 - (A) that other, or
 - (B) that other and one or more Persons each of which is controlled by that other, or
 - (C) two or more Persons each of which is controlled by that other, or
 - (ii) it is a Subsidiary of a Person that is that other’s Subsidiary;
- (mmm) “**Take-over Bid**” means an Offer to Acquire Voting Shares or Convertible Securities if, assuming that the Voting Shares or Convertible 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 Voting Shares (including Voting Shares that may be acquired upon conversion, exercise or exchange of Convertible Securities) together with the Offeror’s Securities constitute in the aggregate 20% or more of the outstanding Voting Shares on the date of the Offer to Acquire;
- (nnn) “**Trading Day**”, when used with respect to any securities, means a day on which the principal Canadian securities 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 securities exchange, a day on which the principal United States securities 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 or United States securities exchange, a Business Day;
- (ooo) “**U.S. - Canadian Exchange Rate**” means, on any date:
- (i) if on such date the Bank of Canada sets a daily exchange rate 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 Board of Directors from time to time acting in good faith;
- (ppp) “**U.S. Dollar Equivalent**” of any amount which is expressed in Canadian dollars means, on any date, the United States dollar equivalent of such amount determined by multiplying such amount by the Canadian - U.S. Exchange Rate in effect on such date;
- (qqq) “**U.S. Exchange Act**” means the United States Securities Exchange Act of 1934, 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;
- (rrr) “**U.S. Securities Act**” means the United States Securities Act of 1933, 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
- (sss) “**Voting Shares**” means the Common Shares in the capital of the Corporation.

1.2 Currency

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

1.3 Headings

The division of this Agreement into Articles, Sections, Paragraphs, 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.

1.4 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Voting Shares

For purposes of this Agreement, the percentage of Voting Shares of any class 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 on the Board of Directors generally attaching to the Voting Shares of that class Beneficially owned by such Person; and

B = the number of votes for the election of all directors on the Board of Directors generally attaching to all outstanding Voting Shares of such class.

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

1.5 Acting Jointly or in Concert

For purposes of this Agreement, 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, and whether or not in writing, with the first Person or any Associate or Affiliate of the first Person, acquires or makes an Offer to Acquire Voting Shares or Convertible Securities (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).

ARTICLE 2

RIGHTS

2.1 Legend on Share Certificates

Certificates for Common Shares issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time, shall evidence, in addition to Common Shares, one Right for each Common Share represented thereby and shall have impressed on, printed on, written on or otherwise affixed to them a legend in substantially the following form:

Until the earlier of the Separation Time and the Expiration Time (defined in the Shareholder Rights Plan Agreement referred to below), this certificate also evidences rights of the holder described in a Shareholder Rights Plan Agreement, dated August 29, 2022 (the “**Shareholder Rights Plan Agreement**”), between Electric Royalties Ltd. (the “**Corporation**”) and TSX Trust Company (the “**Rights Agent**”), as may be amended from time to time, the terms of which are incorporated herein by reference and a copy of which is on file at the principal executive offices of the Corporation.

Under certain circumstances set out in the Shareholder Rights Plan Agreement, the rights may be amended, 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 Shareholder Rights Plan Agreement to the holder of this certificate without charge as soon as practicable after the receipt of a written request therefor.

Any Common Shares issued and registered in Book Entry Form (that are evidenced by an advice or other statement on which are maintained electronically the records of the transfers) after the Record Time but prior to the earlier of the Separation Time and the Expiration Time, shall evidence, in addition to the Common Shares, one Right for each Common Share represented by such registration and the registration record of such Common Shares shall include the foregoing legend, adapted accordingly as the Rights Agent may reasonably require.

Common Shares (both registered in Book Entry Form or for which share certificates have been issued) that are issued and outstanding at the Record Time, which as at the Record Time represented Common Shares, shall also evidence one Right for each Common Share evidenced thereby, notwithstanding the absence of the foregoing legend, until the earlier of the Separation Time and the Expiration Time.

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

- (d) Subject to adjustment as herein set forth, 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 (with the Exercise Price and number of Common Shares being subject to adjustment as set forth below). Notwithstanding any other provision of this Agreement, any Rights held by the Corporation or any of its Subsidiaries shall be void.
- (e) Until the Separation Time,
 - (i) the Rights shall not be exercisable and no Right may be exercised; and
 - (ii) each Right will be evidenced by the certificate for the associated Common Share registered in the name of the holder thereof (which certificate shall also be deemed to represent a Rights Certificate) or by the Book Entry Form registration for the associated Common Shares and will be transferable only together with, and will be transferred by a transfer of, such associated Common Share.
- (f) From and after the Separation Time and prior to the Expiration Time:
 - (i) the Rights shall be exercisable; and
 - (ii) the registration and transfer of Rights shall be separate from and independent of Common Shares.

Promptly following the Separation Time, the Corporation will determine whether it wishes to issue Rights Certificates or whether it will maintain the Rights in Book Entry Form. In the event that the Corporation determines to maintain Rights in Book Entry Form, it will put in place such alternative procedures as are directed by the Rights Agent for the Rights to be maintained in Book Entry Form (the “**Book Entry Rights Exercise Procedures**”), it being hereby acknowledged that such procedures shall, to the greatest extent possible, replicate in all substantive respects the procedures set out in this Agreement with respect to the exercise of the Rights Certificates and that the procedures set out in this Agreement shall be modified only to the extent necessary, as determined by the Rights Agent, to permit the Corporation to maintain the Rights in Book Entry Form. In such event, the Book Entry Rights Exercise Procedures shall be deemed to replace the procedures set out in this Agreement with respect to the exercise of Rights and all provisions of this Agreement referring to Rights Certificates shall be applicable to Rights registered in Book Entry Form in like manner as to Rights in certificated form.

In the event that the Corporation determines to issue a Rights Certificate, it will prepare and the Rights Agent will mail to each holder of record of Common Shares as of the Separation Time (other than an Acquiring Person, any other Person whose Rights are or become void pursuant to the provisions of Section 3.1(e) 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 in substantially the form set out in Attachment 1 hereof, 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 judicial or administrative order or with any rule or regulation made pursuant thereto or by 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 description of the Rights,

provided that a Nominee shall be sent the materials provided for in (x) and (y) in respect of all Common Shares held of record by it which are not Beneficially owned by an Acquiring Person. In order for the Corporation to determine whether any Person is holding Common Shares which are Beneficially owned by another Person the Corporation may require such first mentioned Person to furnish such information and documentation as the Corporation deems necessary or appropriate in order to make such determination.

- (c) 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 in the manner specified in the Rights Certificate:
 - (iii) the Rights Certificate evidencing such Rights, if applicable;
 - (iv) an election to exercise such Rights (an “**Election to Exercise**”) substantially in the form attached to the Rights Certificate or in the form determined appropriate for Rights in Book Entry Form, in either case duly 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
 - (v) 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 charge which may be payable in respect of the transfer or delivery of Rights Certificates or the registration, in Book Entry Form, of the Common Shares in a name other than that of the holder of the Rights being exercised.
- (g) In the event that the Corporation determines to issue a Rights Certificate, then upon receipt of a Rights Certificate, together with a completed Election to Exercise executed in accordance with Section 2.2(f)(iv), which does not indicate that such Right is null and void as provided by Section 3.1(e), and payment as set forth in Section 2.2(f)(v), the Rights Agent (unless otherwise instructed by the Corporation in the event that the Corporation is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly:
 - (i) direct the transfer agent to register, in the name of the holder of the Rights being exercised or in such other name as may be designated by such holder, in Book Entry Form the number of such Common Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agents to comply with all such requisitions);

- (ii) when appropriate, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Common Shares;
 - (iii) after receipt of confirmation from the transfer agent that the registration, in Book Entry Form, referred to in Section 2.2(g)(i) has been completed, 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 Section 2.2(g)(ii) to or to the order of the registered holder of such Rights Certificate; and
 - (v) tender to the Corporation all payments received on the exercise of the Rights.
- (h) 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 Section 5.5(d)) will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.
- (i) 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 issued upon exercise of Rights shall, at the time of registration in Book Entry Form of such Common Shares (subject to payment of the Exercise Price), be duly authorized, validly issued and fully paid and non-assessable;
 - (ii) take all such action as may be necessary and within its power to comply with the provisions of Section 3.1 including all actions necessary to comply with the requirements of the BCBCA, the *Securities Act* (British Columbia), the *Securities Act* (Ontario), the U.S. Securities Act and the U.S. Exchange Act and the securities laws or comparable legislation of each of the provinces of Canada and any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights Certificates and the issuance of any Common Shares 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 Common Shares were traded immediately prior to the Stock Acquisition Date;
 - (iv) pay when due and payable, if applicable, any and all Canadian and United States federal, provincial, state and municipal transfer taxes and charges (not including any income or capital taxes of the holder or exercising holder or any liability of the Corporation to withhold tax) which may be payable in respect of the original issuance or delivery of the Rights Certificates, or the registration in Book Entry Form of 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 registration in Book Entry Form of Common Shares in a name other than that of the holder of the Rights being transferred or exercised; and
 - (v) after the Separation Time, except as permitted by Section 5.1, not take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

2.3 Adjustments to Exercise Price; Number of Rights

The Exercise Price, the number and kind of 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.

- (d) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time:
 - (i) declare or pay a dividend on Common Shares payable in Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares or other securities of the Corporation) other than pursuant to any Dividend Reinvestment Plan;
 - (ii) subdivide or change the then outstanding Common Shares into a greater number of Common Shares;
 - (iii) consolidate or change the then outstanding Common Shares into a smaller number of Common Shares; or
 - (iv) issue any Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares or other securities of the Corporation) in respect of, in lieu of or in exchange for existing Common Shares except as otherwise provided in this Section 2.3,

8. 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 an event occurs which would require an adjustment under both this Section 2.3 and Section 3.1(d), the adjustment provided for in this Section 2.3 shall be in addition to, and shall be made prior to, any adjustment required under Section 3.1(d).

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

10. (b) 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 Common Shares (or other capital stock) (the “**Expansion Factor**”) that a holder of one Common Share immediately prior to such dividend, subdivision, change, consolidation or issuance would hold thereafter as a result thereof; and

11. (c) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor,

12. and the adjusted number of Rights will be deemed to be distributed among the Common Shares with respect to which the original Rights were associated (if they remain outstanding) and the shares issued in respect of such dividend, subdivision, change, consolidation or issuance, so that each such Common Share (or other capital stock) will have exactly one Right associated with it.

13. 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 dividend, subdivision, change, consolidation or issuance would hold thereafter after giving full effect to such dividend, subdivision, change, consolidation or issuance.

14. If, after the Record Time and prior to the Expiration Time, the Corporation shall issue any shares of capital stock other than Common Shares in a transaction of a type described in Section 2.3(d)(i) or (iv), shares of such capital stock 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.

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

(e) In the event the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for the issuance of rights, options or warrants to all holders of Common Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for or carrying a right to purchase Common Shares) at a price per Common Share (or, if a security convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares, having a conversion, exchange or exercise price, including the price required to be paid to purchase such convertible or exchangeable security or right per share) less than the Market Price per Common Share on such record date, the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction:

- (i) the numerator of which shall be the number of Common Shares outstanding on such record date, plus the number of Common Shares that the aggregate offering price of the total number of Common Shares 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 Common Share; and
- (ii) the denominator of which shall be the number of Common Shares outstanding on such record date, plus the number of additional Common Shares to be offered for subscription or purchase (or into which the convertible or exchangeable securities or rights so to be offered are initially convertible, exchangeable or exercisable).

16. In case such subscription price may be paid by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a 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 Common Shares (or securities convertible into, or exchangeable or exercisable for Common Shares) actually issued upon the exercise of such rights, options or warrants, as the case may be.

17. For purposes of this Agreement, the granting of the right to purchase Common Shares (whether from treasury or otherwise) pursuant to a Dividend Reinvestment Plan or any employee or director benefit, stock option, employee purchase, director compensation 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 Common Shares is 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 Common Shares.

- (f) In the event the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for the making of a distribution to all holders of Common Shares (including any such distribution made in connection with a merger, amalgamation, arrangement, plan, compromise or reorganization in which the Corporation is the continuing or successor Corporation) of evidences of indebtedness, cash (other than an Annual Cash Dividend or a dividend referred to in Section 2.3(d)(i), but including any dividend payable in securities other than Common Shares), assets or rights, options or warrants (excluding those referred to in Section 2.3(e) hereof), 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 Common Share on such record date, less the fair market value (as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent 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 Common Share.
18. 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.
- (g) Notwithstanding anything herein to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Exercise Price; provided, however, that any adjustments which by reason of this Section 2.3(g) 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 share. Notwithstanding the first sentence of this Section 2.3(g), any adjustment required by Section 2.3 shall be made no later than the earlier of:
- (i) (i) three years from the date of the transaction which gives rise to such adjustment; or
 - (ii) the Expiration Time.
- (h) In the event the Corporation shall at any time after the Record Time and prior to the Separation Time issue any shares of capital stock (other than Common Shares), or rights, options or warrants to subscribe for or purchase any such capital stock, or securities convertible into or exchangeable for any such capital stock in a transaction referred to in Sections 2.3(d)(i) or (iv) above, if the Board of Directors acting in good faith determines that the adjustments contemplated by Sections 2.3(d), (e) and (f) above in connection with such transaction will not appropriately protect the interests of the holders of Rights, the Board of Directors may determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding Sections 2.3(d), (e) and (f) above, such adjustments, rather than the adjustments contemplated by Sections 2.3(d), (e) and (f) above, shall be made, subject to the prior consent of the holders of the Voting Shares or the Rights as set forth in Section 5.4(e) or (f), and the Corporation and the Rights Agent shall have authority upon receiving such prior consent of the holders of the Voting Shares to amend this Agreement as appropriate to provide for such adjustments.

- (i) 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 for herein.
- (j) Irrespective of any adjustment or change in the Exercise Price or the number of Common Shares issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the Exercise Price per Common Share and the number of Common Shares which were expressed in the initial Rights Certificates issued hereunder.
- (k) In any case in which this Section 2.3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional shares (fractional or otherwise) or other securities upon the occurrence of the event requiring such adjustment.
- (l) 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 Board of Directors shall determine to be advisable, with the intent that any:
 - (i) consolidation or subdivision of Common Shares;
 - (ii) issuance (wholly or in part for cash) of Common Shares or securities that by their terms are convertible into or exchangeable for Common Shares;
 - (iii) stock dividends; or
 - (iv) issuance of rights, options or warrants referred to in this Section 2.3,hereafter made by the Corporation to holders of its Common Shares, subject to applicable taxation laws, shall not be taxable to such shareholders or shall subject such shareholders to a lesser amount of tax.
- (m) If, as a result of an adjustment made pursuant to Section 3.1, the holder of any Right thereafter exercised shall become entitled to receive any securities other than Common Shares, thereafter the number of such other securities so receivable upon exercise of any Right and the applicable Exercise Price thereof shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as may be practicable to the provisions with respect to the Common Shares contained in the foregoing subsections of this Section 2.3 and the provisions of this Agreement with respect to the Common Shares shall apply on like terms to any such other securities.
- (n) Whenever an adjustment to the Exercise Price or a change in the securities purchasable upon the exercise of Rights is made pursuant to this Section 2.3, the Corporation shall promptly:
 - (i) prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment;
 - (ii) file with the Rights Agent and with each transfer agent for the Common Shares a copy of such certificate; and

- (iii) cause notice of the particulars of such adjustment or change to be given to the holders of the Rights.

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

2.4 Date on Which Exercise Is Effective

Each Person in whose name a registration in Book Entry Form for Common Shares or other securities, if applicable, is made 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 registration shall be dated the date upon which the Rights Certificate evidencing such Rights was duly surrendered in accordance with Section 0 (together with a duly completed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the Common Share transfer books of the Corporation are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the Common Share transfer books of the Corporation are open.

2.5 Execution, Authentication, Delivery and Dating of Rights Certificates

Rights will be evidenced, in the case of Rights in Book Entry Form, by a statement issued under the Rights Agent's direct registration system, or alternatively, if the Corporation determines to issue Rights Certificates, by the following procedures:

- (d) The Rights Certificates shall be executed on behalf of the Corporation by any two directors or officers of the Corporation. The signature of any of these directors or officers on the Rights Certificates may be manual or mechanically or electronically reproduced. Rights Certificates bearing the manual or mechanically or electronically reproduced signatures of individuals who were at any time the proper officers or directors 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.
- (e) Promptly after the Corporation learns of the Separation Time, the Corporation will notify the Rights Agent in writing of such Separation Time and will deliver the Rights Certificates executed by the Corporation to the Rights Agent for countersignature, as well as the disclosure statements describing the Rights, and the Rights Agent shall countersign (in a manner satisfactory to the Corporation) and send such Rights Certificates and disclosure statements to the holders of the Rights pursuant to Section 2.2(f) hereof. No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.
- (f) Each Rights Certificate shall be dated the date of countersignature thereof.

2.6 Registration, Transfer and Exchange

- (d) 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.

20. After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of Section 2.6(f), the Corporation will execute, and the Rights Agent will 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. Alternatively, in the case of the exercise of Rights in Book Entry Form, the Rights Agent shall provide the holder or the designated transferee or the transferees with one or more statements issued under the Rights Agent's direct registration system evidencing the same aggregate number of Rights as did the direct registration system's records for the Rights transferred or exchanged.

- (e) 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.
- (f) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Corporation or the Rights Agent, as the case may be, duly executed by the 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.
- (g) 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

- (d) 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.
- (e) 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 or indemnity as may be reasonably required by them to save each of them and any of their agents harmless,

21. then, in the absence of notice to the Corporation or the Rights Agent that such Rights Certificate has been acquired by a bona fide purchaser, the Corporation shall execute and upon the Corporation's request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.

- (f) 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.
- (g) 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.

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 Common Share certificate or if no certificate evidences the Common Share registration, satisfactory evidence of the associated Common Share registration) 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 Common Share).

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. The Rights Agent shall, subject to applicable laws, destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Corporation on request.

2.10 Agreement of Rights Holders

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

- (d) to 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;
- (e) that prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Common Share certificate representing such Right;
- (f) that after the Separation Time, the Rights Certificates will be transferable only on the Rights Register as provided herein;
- (g) that prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate, or if no certificate evidences the Common Share registration, satisfactory evidence of the associated Common Share registration) 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 Common Share certificate, or if no certificate evidences the Common Share registration, satisfactory evidence of the associated Common Share registration) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Common Share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;
- (h) that such holder of Rights has waived his right to receive any fractional Rights or any fractional shares or other securities upon exercise of a Right (except as provided herein);

- (i) that without the approval of any holder of Rights or Voting Shares and upon the sole authority of the Board of Directors acting in good faith, this Agreement may be supplemented or amended from time to time pursuant to Section 5.4(d) and the last sentence of the penultimate paragraph of Section 2.3(d); and
- (j) that notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any holder of a Right or to 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 government, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation.

2.11 Rights Certificate Holder Not Deemed a Shareholder

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

ARTICLE 3 ADJUSTMENTS TO THE RIGHTS IN THE EVENT OF CERTAIN TRANSACTIONS

3.1 Flip-in Event

- (d) Subject to Section 3.1(e) and Section 5.1, in the event that prior to the Expiration Time a Flip-in Event shall occur, then:
 - (i) each Right shall constitute, effective at the close of business on the tenth Trading Day (or such longer period as may be required to satisfy the requirements of the *Securities Act* and any comparable legislation of any other applicable jurisdiction) after the Stock Acquisition Date, the right to purchase from the Corporation, upon exercise of the Right in accordance with the terms of this Agreement, 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 the consummation or occurrence or event, an event of a type analogous to any of the events described in Section 2.3 shall have occurred);
 - (ii) in the event that there are insufficient authorized but unissued Common Shares to permit each holder of a Right (other than an Acquiring Person or a transferee of the kind described in Section 3.1(e)(ii)) to purchase from the Corporation that number of Common Shares per Right provided for in Section 3.1(d), then until such time as holders of Common Shares approve an increase in the Corporation's authorized capital such that there are sufficient authorized but unissued Common Shares to permit each holder of a Right (other than an Acquiring Person or a transferee of the kind described in Section 3.1(e)(ii)) to purchase from the Corporation that number of Common Shares per Right provided for in Section 3.1(d), each whole Right shall constitute, effective at

the close of business on the tenth Trading Day after the Stock Acquisition Date, the right to purchase from the Corporation, upon exercise thereof in accordance with the terms hereof, that number of Common Shares that is equal to one Common Share multiplied by the Adjustment Factor for an amount in cash equal to the Adjusted 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 the consummation or occurrence or event, an event of a type analogous to any of the events described in Section 2.3 shall have occurred).

- (e) 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 Stock 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 or other successor in title 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 or successor in title becomes a transferee or successor in title concurrently with or subsequent to the Acquiring Person becoming such in a transfer that the Board of Directors acting in good faith has 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 Associate or Affiliate of an Acquiring Person), that has the purpose or effect of avoiding Section 3.1(e)(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 further shall thereafter not have any 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 void under this subsection 3.1(e) shall be deemed to be an Acquiring Person for the purposes of this subsection 3.1(e) and such Rights shall be deemed and become null and void.
- (f) 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 Section 3.1, including without limitation, all such acts and things as may be required to satisfy the requirements of the BCBCA, the *Securities Act* (British Columbia), the *Securities Act* (Ontario), the U.S. Securities Act, the U.S. Exchange Act and the securities laws or comparable legislation in each of the provinces of Canada and each of the States of the United States in respect of the issue of Common Shares upon the exercise of Rights in accordance with this Agreement.
- (g) Any Rights Certificate that would represent Rights Beneficially owned by a Person described in either Section 3.1(e)(i) or (ii) or transferred to any nominee of any such Person, and any Rights Certificate that would be issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall either not be issued upon the instruction of the Corporation in writing to the Rights Agent or contain the following legend:

22. 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 (as such terms are defined in the Shareholder Rights Plan Agreement). This Rights Certificate and the Rights represented hereby are void or shall become void in the circumstances specified in Section 3.1(e) of the Shareholder Rights Plan Agreement.

23. 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 by the Corporation in writing 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 Section 3.1(g) shall be of no effect on the provisions of Section 3.1(e).

24. Any Rights issued and registered in Book Entry Form (that are evidenced by an advice or other statement on which are maintained electronically the records of the transfers) after the Separation Time but prior to the Expiration Time, shall evidence one Right for each Right represented by such registration and the registration record of such Rights shall include the legend set forth in this Section 3.1(g), adapted accordingly as the Rights Agent may reasonably require.

ARTICLE 4 THE RIGHTS AGENT

4.1 General

- (d) 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 one or more co-Rights Agents (“**Co-Rights Agents**”) as it may deem necessary or desirable, subject to the approval of the Rights Agent, acting reasonably. In the event the Corporation appoints one or more Co-Rights Agents, the respective duties of the Rights Agent and Co-Rights Agents shall be as the Corporation may determine with the approval of the Rights Agent and the Co-Rights Agents.
- (e) The Corporation agrees to pay the Rights Agent agreed compensation for all services rendered by it hereunder or otherwise agreed to with the Corporation in writing and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements reasonably incurred in the execution and administration of this Agreement and the exercise and performance of its duties thereunder (including the reasonable fees and other disbursements of any expert retained by the Rights Agent with the approval of the Corporation, such approval not to be unreasonably withheld). The Corporation also agrees to indemnify the Rights Agent and its affiliates, and each of their officers, directors, employees and agents for, and to hold them harmless against, any loss, liability, cost, claim, action, damage or expense, incurred without negligence, bad faith or wilful misconduct on the part of the Rights Agent, its affiliates, or either of its officers, directors, employees, or agents for anything done or omitted by the Rights Agent in connection with the acceptance, execution and administration of this Agreement and the exercise and performance of its duties hereunder, including legal costs and expenses of defending against any claims or liability. This provisions of this Section 4.1(b) shall survive the termination of this Agreement or the resignation or removal of the Rights Agent.
- (f) The Rights Agent shall be protected from and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any certificate for Common Shares, 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.

- (g) The Corporation shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and, at any time upon request, shall provide to the Rights Agent an incumbency certificate certifying the then current directors and officers of the Corporation; provided that failure to inform the Rights Agent of any such events, or any defect therein, shall not affect the validity of any action taken hereunder in relation to such events.

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

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

4.3 Duties of Rights Agent

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

- (d) The Rights Agent, at the expense of the Corporation, may retain and consult with legal counsel (who may be legal counsel for the Corporation and, in any event, shall be a reputable legal firm) and the opinion of such counsel will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion and the Rights Agent may also consult with such other experts as the Rights Agent shall consider necessary or appropriate to properly carry out the duties and obligations imposed under this Agreement (at the Corporation's expense) and the Rights Agent shall be entitled to act and rely in good faith on the advice of any such expert.
- (e) Whenever in the performance of its duties under this Agreement, the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect

thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by two Persons believed by the Rights Agent to be directors or officers of the Corporation and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

- (f) The Rights Agent will be liable hereunder only for events which are the result of its own gross negligence, bad faith or wilful misconduct and that of its officers, directors and employees.
- (g) The Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement (except as such are made or provided by the Rights Agent) or in the certificates for Common Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only.
- (h) The Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any 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 Section 3.1(e) 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 will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Common Shares will, when issued, be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable.
- (i) Each of the Corporation and the Rights Agent agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing of the provisions of this Agreement.
- (j) The Rights Agent is hereby authorized and directed to accept instructions in writing (including by e-mail) with respect to the performance of its duties hereunder from any individual believed by the Rights Agent to be any two officers or directors of the Corporation, 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. It is understood that instructions to the Rights Agent shall, except where circumstances make it impractical or the Rights Agent otherwise agrees, be given in writing (including by e-mail) and, where not in writing, such instructions shall be confirmed in writing (including by e-mail) as soon as practicable after the giving of such instructions.
- (k) The Rights Agent and any shareholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Common Shares, Rights or other securities of the Corporation or become financially 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 the Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity, provided such actions would not place the Rights Agent in a position of conflict of interest with respect to its duties under this Agreement.

- (l) 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, omission, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, omission, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

4.4 Change of Rights Agent

The Rights Agent may resign and be discharged from its duties under this Agreement upon giving 60 days' notice (or such lesser notice as is acceptable to the Corporation) in writing to the Corporation and to each transfer agent of Common Shares by email, registered or certified mail. The Corporation may remove the Rights Agent upon giving 60 days' notice in writing, to the Rights Agent and to each transfer agent of the Common Shares by email, 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 such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent, then by prior written notice to the Corporation the resigning or incapacitated Rights Agent (at the Corporation's expense) or the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate, if any, for inspection by the Corporation), may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Corporation or by such a court, shall be a company constituted under the laws of Canada or a province thereof authorized to carry on the business of a trust company 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 the receipt of all outstanding fees and expenses, 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 5.9. The cost of giving any notice required under this Section 4.4 shall be borne solely by the Corporation. Failure to give any notice provided for in this Section 4.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of any successor Rights Agent, as the case may be.

4.5 Compliance with Anti-Money Laundering Legislation

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

4.6 Privacy Legislation

The parties acknowledge that Privacy Laws may apply 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 pursuant to this Agreement, 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.

4.7 Liability

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 (a) breach by any other party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages. This Section 4.7 shall survive the termination of this Agreement or the resignation or removal of the Rights Agent.

ARTICLE 5 MISCELLANEOUS

5.1 Redemption and Waiver

- (d) The Board of Directors shall waive the application of Section 3.1 in respect of the occurrence of any Flip-in Event if the Board of Directors has determined, following a Stock Acquisition Date and prior to the Separation Time, 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 Board of Directors, such Stock Acquisition Date shall be deemed not to have occurred. Any such waiver pursuant to this Section 5.1(d) must be on the condition that such Person, within 14 days after the foregoing determination by the Board of Directors or such earlier or later date as the Board of Directors may determine (the “**Disposition Date**”), has reduced its Beneficial ownership of Voting Shares such 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 Stock Acquisition Date and Section 3.1 shall apply thereto.
- (e) The Board of Directors acting in good faith may, prior to a Flip-in Event having occurred, upon prior written notice delivered to the Rights Agent, determine to waive the application of Section 3.1 to a Flip-in Event that may occur by reason of a Take-over Bid made by means of a take-over bid circular to all holders of record of Voting Shares (which for greater certainty shall not include the circumstances described in Section 5.1(d)), provided that if the Board of Directors waives the application of Section 3.1 to a particular Flip-in Event pursuant to this Section 5.1(e), the Board of Directors shall be deemed to have waived the application of Section 3.1 to any other Flip-in Event occurring by reason of any Take-over Bid which is made by means of a Take-over Bid circular to all holders of Voting 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 Section 5.1(e).
- (f) In the event that prior to the occurrence of a Flip-in Event a Person acquires, pursuant to a Permitted Bid, a Competing Permitted Bid or an Exempt Acquisition under Section 5.1(e), outstanding Voting Shares, then the Board of Directors shall, immediately upon the consummation of such acquisition without further formality be deemed to have elected to redeem the 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**”).
- (g) The Board of Directors may, with the prior approval of the holders of Voting Shares or Rights given in accordance with the terms of Section 5.4, at any time prior to the occurrence of a Flip-in Event elect to redeem all but not less than all of the then outstanding Rights at the Redemption Price appropriately adjusted in a manner analogous to the applicable adjustments provided for in

Section 2.3, which adjustments shall only be made in the event that an event of the type analogous to any of the events described in Section 2.3 shall have occurred.

- (h) The Board of Directors may, with the prior approval of the holders of Common Shares given in accordance with Section 5.4 at any time prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 hereof has not been waived pursuant to Section 5.1(d), if such Flip-in Event would occur by reason of an acquisition of Common Shares or Convertible Securities otherwise than pursuant to a Take-over Bid made by means of a Take-over Bid circular to all registered holders of Common Shares and otherwise than in the circumstances set forth in Section 5.1(d), waive the application of Section 3.1 to such Flip-in Event. In such event, the Board of Directors shall extend the Separation Time to a date at least ten (10) Business Days subsequent to the meeting of shareholders called to approve such waiver.
- (i) The Board of Directors may, prior to the close of business on the tenth Trading Day following a Stock Acquisition Date or such later Business Day as they may from time to time determine, upon prior written notice delivered to the Rights Agent, waive the application of Section 3.1 to the related Flip-in Event, provided that the Acquiring Person has reduced its Beneficial ownership of Voting Shares (or has entered into a contractual arrangement with the Corporation, acceptable to the Board of Directors, to do so within 10 calendar days of the date on which such contractual arrangement is entered into or such other date as the Board of Directors may have determined) such that at the time the waiver becomes effective pursuant to this Section 5.1(i) such Person is no longer an Acquiring Person. In the event of such a waiver becoming effective prior to the Separation Time, for the purposes of this Agreement, such Flip-in Event shall be deemed not to have occurred.
- (j) Where a Take-over Bid that is not a Permitted Bid or a Competing Permitted Bid is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price. Notwithstanding the foregoing, upon the Rights being redeemed pursuant to this Section 5.1(j), all the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and Rights Certificates representing the number of Rights held by each holder of record of Common Shares as of the Separation Time had not been mailed to each such holder and for all purposes of this Agreement the Separation Time shall be deemed not to have occurred and the Rights shall remain attached to outstanding Common Shares subject to and in accordance with this agreement.
- (k) If the Board of Directors is deemed under Section 5.1(f) to have elected or elects under Sections 5.1(g) or (j) to redeem the Rights, 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.
- (l) Within 10 calendar days after the Board of Directors is deemed under Section 5.1(f) to have elected or elects under Section 5.1(g) or (j) to redeem the Rights, the Corporation shall give notice of redemption to the holders of the then outstanding Rights by mailing such notice to each such holder at his last address as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the transfer agent for the Voting Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made.
- (m) The Corporation shall give prompt written notice to the Rights Agent of any waiver of the application of Section 3.1 pursuant to this Section 5.1.

5.2 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 Section 4.1(d) of this Agreement.

5.3 Issuance of New Rights Certificates

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

5.4 Supplements and Amendments

- (d) The Corporation may, prior to the date of the shareholders' meeting referred to in the first paragraph of Section 5.15 supplement, amend, vary, rescind or delete any of the provisions of this Agreement and the Rights without the approval of any holders of Rights or Voting Shares in order to make any changes which the Board of Directors acting in good faith may deem necessary or desirable. The Corporation may make any amendments to this Agreement to correct any clerical or typographical error or which, subject to Section 5.4(i), are required to maintain the validity of the Agreement as a result of any change in any applicable legislation, regulations or rules thereunder. Notwithstanding anything in this Section 5.4 to the contrary, no amendment shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent to such supplement or amendment.
- (e) Subject to Section 5.4(d), the Corporation may, with the prior consent of the holders of Voting Shares obtained as set forth below, at any time before the Separation Time, amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally), provided that no such amendment, variation or deletion shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent thereto. Such consent shall be deemed to have been given if provided by the holders of Voting Shares at a meeting of the Corporation shareholders called and held in compliance with applicable laws and regulatory requirements and the requirements in the notice of articles and the articles of the Corporation. Subject to compliance with any requirements imposed by the foregoing, consent shall be given if the proposed amendment, variation or rescission is approved by the affirmative vote of a majority of the votes cast by all holders of Voting Shares (other than any holder who does not qualify as an Independent Shareholder, with respect to all Voting Shares Beneficially owned by such Person), represented in person or by proxy at the shareholder meeting.
- (f) The Corporation may, with the prior consent of the holders of Rights obtained as set forth below, at any time after the Separation Time and before the Expiration Time, amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally), provided that no such amendment, variation or rescission shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent thereto. Such consent shall be deemed to have been given if provided by the holders of Rights at a Rights Holders' Special Meeting, which Rights Holders' Special Meeting shall be called and held in compliance with applicable laws and regulatory requirements and, to the extent possible, with the requirements in the notice of articles and the articles of the Corporation applicable to meetings of holders of Common Shares, applied mutatis mutandis. Subject to compliance with any requirements imposed by the foregoing, consent shall be given if the proposed amendment, variation or rescission is approved by the affirmative vote of a majority of the votes cast by holders of Rights (other than holders of Rights whose Rights have become null and void pursuant to Section 3.1(e)), represented in person or by proxy at the Rights Holders' Special Meeting.

- (g) Any consent or approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are null and void pursuant to the provisions hereof) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Corporation's notice of articles and articles and the BCBCA with respect to the meetings of holders of Common Shares.
- (h) The Corporation shall be required to provide the Rights Agent with notice in writing of any such amendment, variation or deletion to this Agreement as referred to in this Section 5.4 within five days of effecting such amendment, variation or deletion.
- (i) Any amendments, variations or deletions made by the Corporation to this Agreement pursuant to Section 5.4(d) which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation, regulation or rule thereunder shall:
 - (i) if made before the Separation Time, be submitted to the holders of Voting Shares at the next meeting of shareholders and the holders of Voting Shares may, by the majority referred to in Section 5.4(e) confirm or reject such amendment;
 - (ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of shareholders of the Corporation and the holders of Rights may, by resolution passed by the majority referred to in Section 5.4(g) confirm or reject such amendment.

Any such amendment shall be effective from the date of the resolution of the Board of Directors adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the shareholders or the holders of Rights or is not submitted to the shareholders or holders of Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the Board of Directors to amend this Agreement to substantially the same effect shall be effective until confirmed by the shareholders or holders of Rights as the case may be.

5.5 Fractional Rights and Fractional Shares

- (d) The Corporation shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights and the Corporation shall not be required to pay any amount to a holder of record of Rights Certificates in lieu of such fractional Rights.
- (e) The Corporation shall not be required to issue fractions of Common Shares upon exercise of Rights or to distribute certificates which evidence fractional Common Shares. In lieu of issuing fractional Common Shares, the Corporation shall be entitled to 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 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.

5.6 Rights of Action

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective 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 Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holder of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this Agreement.

5.7 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, necessary approvals of any stock exchange having been obtained be obtained, such as approvals relating to the issuance of Common Shares upon the exercise of Rights under Section 0.

5.8 Declaration as to Foreign Holders

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

5.9 Notices

- (d) 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 (including e-mail), charges prepaid and confirmed in writing, as follows:

Electric Royalties Ltd.
14th Floor 1040 West Georgia Street
Vancouver, British Columbia
V6E 4H1

Attention: Brendan Yurik, Chief Executive Officer
Facsimile No.: 604 684-8092
Email: BrendanYurik@electricroyalties.com

- (e) 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 (including by e-mail), charges prepaid, and confirmed in writing, as follows:

TSX Trust Company
301 – 100 Adelaide Street
Toronto, ON M5H 4H1

Attention: Vice President, Corporate Trust
Facsimile No.: 416.361.0470
Email: tmxstaff-corporatetrust@tmx.com

- (f) 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 certified 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 Common 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.
- (g) Any notice given or made in accordance with this Section 5.9 shall be deemed to have been given and to have been received on the day of delivery, if 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 mailed, and on the day of telegraphing, telecopying or sending of the same by other means of recorded electronic communication (provided such sending is during the normal business hours of the addressee on a Business Day and if not, on the first Business Day thereafter). Each of the Corporation and the Rights Agent may from time to time change its address for notice by notice to the other given in the manner aforesaid.

5.10 Costs of Enforcement

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

5.11 Successors

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

5.12 Benefits of this Agreement

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

5.13 Governing Law

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

5.14 Severability

If any term or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such term or provision shall be ineffective 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 terms and provisions hereof in such jurisdiction or the application of such term or provision in any other jurisdiction or to circumstances other than those as to which it is specifically held invalid or unenforceable.

5.15 Effective Date

This Agreement is effective and in full force and effect in accordance with its terms from and after the Effective Date, provided that, if this Agreement has not been confirmed by a majority of the votes cast by Independent Shareholders at the Corporation's annual general meeting of shareholders in 2022, then this Agreement and any and all outstanding Rights shall terminate and shall be void and of no further force and effect from such time.

This Agreement and all outstanding Rights shall terminate and be void and of no further force and effect on and from the Expiration Time.

This Agreement must be reconfirmed by a resolution passed by a majority of the votes cast by all holders of Voting Shares who vote in respect of such reconfirmation (other than any holder who does not qualify as an Independent Shareholder, with respect to all Voting Shares Beneficially owned by such Person) at the third and sixth annual meetings following the Corporation's annual general meeting of shareholders in 2022. If this Agreement is not so reconfirmed or is not presented for reconfirmation at such annual meetings, this 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 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 5.1(d), 5.1(e), 5.1(h)) prior to the date upon which this Agreement would otherwise terminate pursuant to this Section 5.15.

5.16 Determinations and Actions by the Board of Directors

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

5.17 Fiduciary Duties of Directors

Nothing contained in this Agreement shall be considered to affect the obligations of the members of the Board of Directors to exercise their fiduciary duties. Without limiting the generality of the foregoing, nothing contained herein shall be construed to suggest or imply that the Board of Directors shall not be entitled to recommend that holders of the Common Shares reject or accept any Take-over Bid or take any other action including, without limitation, the commencement, prosecution, defence or settlement of any litigation and the solicitation of additional or alternative Take-over Bids or other proposals to holders of Common Shares that the Board of Directors believes is necessary or appropriate in the exercise of their fiduciary duties.

5.18 Time of the Essence

Time shall be of the essence in this Agreement.

5.19 Execution in Counterparts

This Agreement may be executed in any number of counterparts and may be executed and delivered by facsimile or similar electronic copy and each of such counterparts and facsimiles or similar electronic copies shall for all purposes be deemed to be an original, and all such counterparts and facsimiles or similar electronic copies shall together constitute one and the same agreement.

[Remainder of page left blank intentionally]

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

ELECTRIC ROYALTIES LTD.

By: _____
Name: ●
Title: ●

TSX TRUST COMPANY

By: _____
Name: ●
Title: ●

By: _____
Name: ●
Title: ●

ATTACHMENT 1

ELECTRIC ROYALTIES LTD.

SHAREHOLDER RIGHTS PLAN AGREEMENT

[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 SECTION 3.1(e) OF THE SHAREHOLDER RIGHTS PLAN AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR SUCH PERSON'S AFFILIATES OR ASSOCIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR ANY PERSON ACTING JOINTLY OR IN CONCERT WITH THEM OR TRANSFEREES OF ANY OF THE FOREGOING WILL BECOME VOID WITHOUT FURTHER ACTION.

Rights Certificate

This certifies that _____, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Shareholder Rights Plan Agreement, dated August 29, 2022, as the same may be amended or supplemented from time to time, (the "**Shareholder Rights Plan Agreement**"), between Electric Royalties Ltd. (the "**Corporation**"), a company duly incorporated under the laws of British Columbia and TSX Trust Company, a company governed under the laws of Canada (the "**Rights Agent**") (which term shall include any successor Rights Agent under the Shareholder Rights Plan Agreement), to purchase from the Corporation at any time after the Separation Time (as such term is defined in the Shareholder Rights Plan Agreement) and prior to the Expiration Time (as such term is defined in the Shareholder Rights Plan Agreement), one fully paid common share of the Corporation (a "**Common Share**") at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate 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 the city of Vancouver, British Columbia or any other cities as may be designated by the Corporation from time to time. The Exercise Price shall be an amount equal to five times the Market Price (as defined in the Shareholder Rights Agreement) per Common Share determined as of the Separation Time per Right (payable in cash, certified cheque or money order payable to the order of the Corporation) and shall be subject to adjustment as provided in the Shareholder Rights Plan Agreement.

This Rights Certificate is subject to all of the terms and provisions of the Shareholder Rights Plan Agreement, which terms and provisions are incorporated herein by reference and made a part hereof and to which Shareholder Rights Plan 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 Shareholder Rights Plan Agreement are on file at the registered office of the Corporation.

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

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Common Shares or of any other securities which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Shareholder Rights Plan Agreement or herein be construed to confer upon the

holder hereof, as such, any of the Rights of a shareholder of the Corporation or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders (except as provided in the Shareholder Rights Plan Agreement), or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Shareholder Rights Plan Agreement.

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

(Signature page follows)

WITNESS the signature of the proper officers of the Corporation.

Date: ●, 2022

ELECTRIC ROYALTIES LTD.

By: _____ By: _____

Countersigned:

TSX TRUST COMPANY

By: _____
Authorized Signature

FORM OF ASSIGNMENT

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

FOR VALUE RECEIVED _____ hereby sells, assigns and
transfers unto _____
(Please print name and address of transferee.)

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

Dated: _____
Signature

Signature Guaranteed: (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.)

The signature on this assignment must correspond with the name as written upon the face of the Right Certificate(s),
in every particular, without alteration or enlargement, or any change whatsoever and must be guaranteed by a major
Canadian Schedule I chartered bank or a member of an acceptable Medallion Signature Guarantee Program (STAMP,
SEMP, MSP). The guarantor must affix a stamp bearing the actual words "Signature Guaranteed". In the USA,
signature guarantees must be done by members of a "Medallion Signature Guarantee Program" only. Signature
guarantees are not accepted from Treasury Branches, Credit Unions or Caisses Populaires unless they are members of
the Stamp Medallion Program.

CERTIFICATE

(To be completed if true.)

The undersigned party transferring Rights hereunder, hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially owned by an Acquiring Person or an Affiliate or Associate thereof or 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 Shareholder Rights Plan Agreement.

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: **Electric Royalties Ltd. and TSX Trust Company**

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, Social Security 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, Social Security Number, or other taxpayer identification number.

Dated: _____
Signature

Signature Guaranteed: (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.)

The signature on this election to exercise must correspond with the name as written upon the face of the Right Certificate(s), in every particular, without alteration or enlargement, or any change whatsoever and must be guaranteed by a major Canadian Schedule I chartered bank or a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, MSP). The guarantor must affix a stamp bearing the actual words "Signature Guaranteed". In the USA, signature guarantees must be done by members of a "Medallion Signature Guarantee Program" only. Signature guarantees are not accepted from Treasury Branches, Credit Unions or Caisses Populaires unless they are members of the Stamp Medallion Program.

CERTIFICATE

(To be completed if true.)

The undersigned party exercising Rights hereunder, hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially owned by an Acquiring Person or an Affiliate or Associate thereof or 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 Shareholder Rights Plan Agreement.

Signature

(To be attached to each Rights Certificate.)

NOTICE

In the event the certification set forth above in the Forms of Assignment and Election to Exercise is not completed, the Corporation will deem the Beneficial owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof. 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.