

**SHAREHOLDER RIGHTS PLAN AGREEMENT**

Dated as of December 6, 2017

between

**GEN III OIL CORPORATION**

and

**COMPUTERSHARE TRUST COMPANY OF CANADA**  
as Rights Agent

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## SHAREHOLDER RIGHTS PLAN

**THIS AGREEMENT** dated as of the 6<sup>th</sup> day of December, 2017,

**BETWEEN:**

**GEN III OIL CORPORATION**, a corporation incorporated under the laws of Alberta (hereinafter referred to as the "**Corporation**")

- and -

**COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company incorporated under the laws of Canada (hereinafter referred to as the "**Rights Agent**")

**WHEREAS:**

- A. the Board of Directors has determined that it is advisable for the Corporation to adopt a shareholder rights plan (the "**Rights Plan**") to ensure, to the extent possible, the fair treatment of all Shareholders in connection with any take-over bid for the securities of the Corporation and to provide the Board of Directors with sufficient time to evaluate unsolicited take-over bids and to explore and develop alternatives to maximize shareholder value;
- B. at the annual meeting of Shareholders held on December 6, 2017, the Shareholders approved:
  - (i) the adoption of the Rights Plan until the termination of the annual meeting of Shareholders in the year 2020; and
  - (ii) this Agreement;
- C. in connection with the adoption of the Rights Plan, this Agreement provides for:
  - (i) the issuance, effective at the Record Time, of one right (a "**Right**") in respect of each Voting Share outstanding at the Record Time; and
  - (ii) 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 and the Expiration Time;
- D. each Right entitles the holder thereof, after the Separation Time, to purchase securities of the Corporation pursuant to the terms and subject to the conditions set forth herein;
- E. 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, the exercise of Rights and other matters referred to herein;

- F. the foregoing recitals are made as representations and statements of fact by the Corporation and not by the Rights Agent;
- G. all capitalized terms used in the foregoing recitals which are not otherwise defined shall have the meanings attributed thereto in this Agreement;

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

**ARTICLE 1**  
**CERTAIN DEFINITIONS**

**1.1 Certain Definitions**

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

- (a) "**ABCA**" shall mean the *Business Corporations Act (Alberta)*, RSA 2000, c. B-9 and the regulations thereunder, each as may be amended from time to time, and any comparable or successor laws or regulations thereto.
- (b) "**Acquiring Person**" shall mean 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 any one or a combination of:
    - (A) an acquisition or redemption or conversion by the Corporation of Voting Shares which, by reducing the number of Voting Shares outstanding, increases the percentage of Voting Shares Beneficially Owned by such Person to 20% or more of the Voting Shares then outstanding ("**Share Acquisitions or Redemptions**");
    - (B) Voting Share acquisitions made pursuant to a Permitted Bid or a Competing Permitted Bid ("**Permitted Bid Acquisitions**");
    - (C) Voting Share acquisitions (1) in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to Sections 5.1(b), (c) or (d), or (2) which were made on or prior to the Record Time, or (3) which were made pursuant to a dividend reinvestment plan of the Corporation, or (4) pursuant to the receipt and/or exercise of rights issued by the Corporation to all the holders of the Voting Shares to subscribe for or purchase Voting Shares or Convertible Securities, provided that such rights are acquired directly from the Corporation and not from any other Person and provided that such 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 the receipt and/or exercise of such rights, or

(5) pursuant to a distribution by the Corporation of Voting Shares or Convertible Securities (and the conversion of such Convertible Securities) made pursuant to a prospectus or by way of private placement, provided that such Person does not thereby acquire a greater percentage of such Voting Shares or Convertible Securities than the Person's percentage of Voting Shares Beneficially Owned immediately prior to such distribution, or (6) pursuant to a plan of arrangement, amalgamation or other statutory procedure requiring the approval of Shareholders, or (7) which are made as an intermediate step in a series of related transactions in connection with an acquisition by the Corporation or its Subsidiaries of a Person or assets, provided that the acquiror of such Voting Shares distributes or is deemed to distribute such Voting Shares to its securityholders within 10 Business Days of the completion of such acquisition, and following such distribution no Person has become the Beneficial Owner of 20% or more of the Corporation's then outstanding Voting Shares, or (8) pursuant to a distribution by the Corporation of Voting Shares or Convertible Securities upon the exercise by an individual employee of options granted under a share option plan of the Corporation or rights to purchase securities granted under a share purchase plan of the Corporation, provided that (i) all necessary stock exchange approvals for such share option plan or share purchase plan have been obtained and such share option plan or share purchase plan complies with the terms and conditions of such approvals, and (ii) such Person does not become the Beneficial Owner of more than 25% of the Voting Shares outstanding immediately prior to the distribution, and in making this determination the Voting Shares to be issued to such Person in the distribution shall be deemed to be held by such Person but shall not be included in the aggregate number of outstanding Voting Shares immediately prior to the distribution ("**Exempt Acquisitions**");

- (D) the acquisition of Voting Shares upon the exercise of Convertible Securities received by such Person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition (as defined below) ("**Convertible Security Acquisitions**"); or
- (E) acquisitions as a result of a distribution of Voting Shares (other than a regular periodic cash dividend), a Voting Share split or other event pursuant to which such Person receives or acquires Voting Shares or Convertible Securities on the same *pro rata* basis as all other Shareholders, provided that such Person does not thereby acquire a greater percentage of such Voting Shares or Convertible Securities than the Person's percentage of Voting Shares Beneficially Owned immediately prior to such acquisition ("**Pro Rata Acquisitions**");

provided, however, that if such Person shall become the Beneficial Owner of 20% or more of the Voting Shares then outstanding by reason of any one or a combination of (i) Share Acquisitions or Redemptions, (ii) Permitted Bid Acquisitions, (iii) Exempt Acquisitions, (iv) Convertible Security Acquisitions, or (v) Pro Rata Acquisitions and, after such Share Acquisitions or Redemptions or Permitted Bid Acquisitions or Exempt

Acquisitions or Convertible Security Acquisitions or Pro Rata Acquisitions, such Person becomes the Beneficial Owner of more than an additional 1.00% of the number of Voting Shares outstanding other than pursuant to any one or a combination of Share Acquisitions or Redemptions, Permitted Bid Acquisitions, Exempt Acquisitions or Convertible Security Acquisitions or Pro Rata Acquisitions, then as of the date of any such acquisition such Person shall become an "Acquiring Person";

- (iii) a Person who is the Beneficial Owner of 20% or more of the outstanding Voting Shares at the Record Time provided, however, that this exception shall not be, and shall cease to be, applicable to such a Person in the event that such Person shall, after the Record Time (A) cease to Beneficially Own 20% or more of the outstanding Voting Shares, or (B) become the Beneficial Owner of more than an additional 1.00% of the number of Voting Shares outstanding as at the Record Time other than pursuant to Share Acquisitions or Redemptions, Permitted Bid Acquisitions, Exempt Acquisitions, Convertible Security Acquisitions or Pro Rata Acquisitions;
  - (iv) for a period of 10 days after the Disqualification Date, any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of such Person becoming disqualified from relying on clause 1.1(e)(B) solely because such Person makes or announces an intention to make a Take-over Bid, either alone or by acting jointly or in concert with any other Person. For the purposes of this definition, "**Disqualification Date**" means the first date of public announcement that any Person is making or intends to make a Take-over Bid; or
  - (v) an underwriter or member of a banking or selling group acting in such capacity that becomes the Beneficial Owner of 20% or more of the Voting Shares in connection with a distribution of securities.
- (c) "**Affiliate**", when used to indicate a relationship with a specified Person, shall mean a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person.
- (d) "**Associate**" of a specified individual shall mean any individual to whom such specified individual is married or with whom such specified individual is living in a conjugal relationship outside marriage, or any relative of such specified individual who has the same residence as such specified individual.
- (e) A Person shall be deemed the "**Beneficial Owner**", and to have "**Beneficial Ownership**", of, and to "**Beneficially Own**":
- (i) any securities which such Person or any of such Person's Affiliates or Associates owns at law or in equity and any related instalment receipts;
  - (ii) any securities which such Person or any of such Person's Affiliates or Associates has the right to acquire (A) upon the exercise of any Convertible Securities, or (B) pursuant to any agreement, arrangement or understanding, provided 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 (other than customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities or pursuant to a pledge of securities); and

- (iii) any securities which are Beneficially Owned within the meaning of clauses 1.1(e)(i) or (ii) above by any other Person with whom such Person is acting jointly or in concert;

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

- (A) where (1) the holder of such security has agreed to deposit or tender such security pursuant to a Permitted Lock-up Agreement to a Take-over Bid made by such Person or any of such Person's Affiliates or Associates or any other Person referred to in clause 1.1(e)(iii), or (2) such security has been deposited or tendered pursuant to a Take-over Bid made by such Person or any of such Person's Affiliates or Associates or any other Person referred to in clause 1.1(e)(iii) until the earliest time at which any such tendered security is accepted unconditionally for payment or exchange or is taken up and paid for; or
- (B) where such Person, any of such Person's Affiliates or Associates or any other Person referred to in clause 1.1(e)(iii), holds such security provided that (1) the ordinary business of such Person (the "**Investment Manager**") includes the management of investment funds for others 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, including non-discretionary accounts held on behalf of a client by a broker or dealer registered under applicable laws, or (2) 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 or in relation to other accounts and holds such security in the ordinary course of such duties for the estates of deceased or incompetent Persons or for such other accounts, or (3) such Person (the "**Plan Trustee**") is the administrator or trustee of one or more pension funds or plans (each a "**Plan**") registered under applicable laws and holds such security for the purposes of its activity as such, or (4) such Person is a Plan or is a Person established by statute (the "**Statutory Body**") for purposes that include, and the ordinary business or activity of such Person includes the management of investment funds for employee benefit plans, pension plans, insurance plans (other than plans administered by insurance companies) or various public bodies, or (5) such Person is a Crown agent or agency; or (6) such Person (the "**Fund Manager**") is the manager or trustee 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 or territory of Canada or the laws of the United States of America or such



Person is a Mutual Fund; provided in any of the above cases, that the Investment Manager, the Trust Company, the Plan Trustee, the Plan, the Statutory Body, the Crown agent or agency, the Fund Manager or the Mutual Fund, as the case may be, is not then making a Take-over Bid or has not announced a current 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, by means of a Permitted Bid or by means of ordinary market transactions (including pre-arranged trades entered into in the ordinary course of business of such Person) executed through the facilities of a stock exchange or organized over-the-counter market, alone or by acting jointly or in concert with any other Person; or

- (C) because such Person is a client of or has an account with the same Investment Manager as another Person on whose account the Investment Manager holds such security, or where such Person is a client of or has an account with the same Trust Company as another Person on whose account the Trust Company holds such security, or where such Person is a Plan and has a Plan Trustee who is also a Plan Trustee for another Plan on whose account the Plan Trustee holds such security; or
- (D) where such Person (i) is a client of an Investment Manager and such security is owned at law or in equity by the Investment Manager, or (ii) has an account with a Trust Company and such security is owned at law or in equity by the Trust Company, or (iii) is a Plan and such security is owned at law or in equity by the Plan Trustee; or
- (E) where such Person is the registered holder of securities as a result of carrying on the business of, or acting as a nominee of, a securities depository.

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

$$100 \times A/B$$

Where:

A = the number of votes for persons to be elected as directors of the Corporation attaching to the Voting Shares Beneficially Owned by such Person; and

B = the number of votes for persons to be elected as directors of the Corporation attaching to all outstanding Voting Shares.

For the purposes of the foregoing formula, where any Person is deemed to Beneficially Own unissued Voting Shares which may be acquired pursuant to Convertible Securities, such Voting Shares shall be deemed to be outstanding for the purpose of calculating the percentage of Voting Shares Beneficially Owned by such Person in both the numerator and the denominator, but no other unissued Voting Shares which may be acquired

pursuant to any other outstanding Convertible Securities held by other Persons shall, for the purposes of that calculation, be deemed to be outstanding.

- (f) **"Board of Directors"** shall mean the board of directors of the Corporation.
- (g) **"Business Day"** shall mean any day other than a Saturday, Sunday or a day that is treated as a holiday at the Corporation's executive offices in Calgary, Alberta or in Vancouver, British Columbia.
- (h) **"Close of Business"** on any given date shall mean the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the office of the transfer agent for the Shares in Calgary, Alberta (or, after the Separation Time, the offices of the Rights Agent in Calgary, Alberta) becomes closed to the public.
- (i) **"Competing Permitted Bid"** shall mean a Take-over Bid that:
  - (i) is made after a Permitted Bid has been made and prior to the expiry of the Permitted Bid;
  - (ii) satisfies all components of the definition of a Permitted Bid other than the requirements set out in clause (ii) of that definition; and
  - (iii) contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified condition that no Shares will be taken up or paid for pursuant to the Take-over Bid prior to the Close of Business on the date that is no earlier than the later of:
    - (A) the earliest date on which Shares may be taken up or paid for under any Permitted Bid or other Competing Permitted Bid that is then in existence, and
    - (B) 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.
- (j) **"Convertible Securities"** shall mean at any time:
  - (i) any right (contractual or otherwise and regardless of whether such right constitutes a security) to acquire Voting Shares; and
  - (ii) any securities issued by the Corporation from time to time (other than the Rights) carrying any exercise, conversion or exchange right;

which is then exercisable or exercisable within a period of 60 days from that time pursuant to which the holder thereof may acquire Voting Shares or other securities which are convertible into or exercisable or exchangeable for Voting Shares (in each case, whether such right is then exercisable or exercisable within a period of 60 days from that time and whether or not on condition or the happening of any contingency or the making of any payment).

- (k) **"Exercise Price"** shall mean, as of any date, the price at which a holder may purchase the securities issuable upon exercise of one whole Right and, until adjustment thereof in accordance with the terms hereof, shall be:
- (i) until the Separation Time, an amount equal to three times the Market Price, from time to time, per Common Share; and
  - (ii) from and after the Separation Time, an amount equal to three times the Market Price, as at the Separation Time, per Common Share.
- (l) **"Expiration Time"** shall mean the earlier of:
- (i) the Termination Time; and
  - (ii) the termination of the annual meeting of the Shareholders in the year 2020;
- or, if the continued existence of the Rights Plan provided for by this Agreement is ratified at such annual meeting by resolution passed by a majority of votes cast by: (i) Shareholders; and (ii) if applicable, Independent Shareholders who vote in respect thereof in accordance with Section 5.17, "Expiration Time" shall mean the earlier of the Termination Time and the termination of the annual meeting of Shareholders in the year 2023.
- (m) **"Flip-in Event"** shall mean a transaction occurring as a result of which any Person shall become an Acquiring Person.
- (n) **"Independent Shareholders"** shall mean Shareholders excluding (i) any Acquiring Person, or (ii) any Person that is making or has announced a current intention to make a Take-over Bid (including a Permitted Bid and a Competing Permitted Bid) other than a Person referred to in Section 1.1(e)(iii)(B), but excluding any such Person if the Take-over Bid so announced or made by such Person has been withdrawn, terminated or expired, or (iii) any Affiliate or Associate of such Acquiring Person or Persons referred to in clause (ii), or (iv) any Person acting jointly or in concert with such Acquiring Person or a Person referred to in clause (ii), or (v) a Person who is a trustee of any employee benefit plan, share purchase plan, deferred profit sharing plan or any similar plan or trust for the benefit of employees of the Corporation or a Subsidiary of the Corporation, unless the beneficiaries of the plan or trust direct the manner in which the Voting Shares are to be voted or direct whether the Voting Shares are to be tendered to a Take-over Bid.
- (o) **"Market Price"** per security of any securities on any date of determination shall mean the average of the daily Closing Prices Per Security of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 hereof shall have caused the price used to determine the Closing Price Per Security on any Trading Day not to be fully comparable with the price used to determine the Closing Price Per Security on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3

hereof in order to make it fully comparable with the price per security used to determine the Closing Price Per Security on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The "**Closing Price Per Security**" of any securities on any date shall be:

- (i) the closing board lot sale price or, if such price is not available, the average of the closing bid and asked prices, for such securities as reported by the principal Canadian stock exchange (as determined by the Board of Directors) on which such securities are listed or admitted to trading, or if for any reason neither such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange, the closing board lot sale price or, if such price is not available, the average of the closing bid and asked prices, for such securities as reported by such other securities exchange on which such securities are listed or admitted for trading;
- (ii) if, for any reason, none of such prices is available on such date or the securities are not listed or admitted to trading on a Canadian stock exchange or other securities exchange, the last sale price, or in case no sale takes place on such date, the average of the high bid and low asked prices for such securities in the over-the-counter market, as quoted by any reporting system then in use (as selected by the Board of Directors); or
- (iii) if the securities are not listed or admitted to trading as contemplated in clause 1.1(o)(i) or (ii), the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities selected by the Board of Directors;

provided, however, that if on any such date the Closing Price Per Security cannot be determined in accordance with the foregoing, the Closing Price Per Security of such securities on such date shall mean the fair value per Share of such securities on such date as determined by a nationally recognized investment dealer or investment banker with respect to the fair value per security of such securities; provided further that if an event of a type analogous to any of the events described in Section 2.3 hereof has 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 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.

- (p) "**NI 62-104**" shall mean National Instrument 62-104 – *Take-Over Bids and Issuer Bids* adopted by Canadian securities regulatory authorities, as may be amended from time to time, and any comparable or successor instrument thereto.
- (q) "**Offer to Acquire**" shall include:
  - (i) an offer to purchase, or a solicitation of an offer to sell, securities; and

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

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

- (r) "**Offeror's Securities**" shall mean Voting Shares Beneficially Owned on the date of an Offer to Acquire by any Person who is making a Take-over Bid and by such Person's Affiliates and Associates and by any Person acting jointly or in concert with such Person or such Person's Affiliates and Associates and "**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 or a Competing Permitted Bid.
- (s) "**Permitted Bid**" shall mean a Take-over Bid made by a Person 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 Shares of the Corporation, other than the Offeror;
  - (ii) the Take-over Bid contains, and the take-up and payment for Shares tendered or deposited thereunder is subject to, an irrevocable and unqualified condition that no Shares shall be taken up or paid for pursuant to the Take-over Bid prior to the Close of Business on a date which is not earlier than 105 days following the date of the Take-over Bid or such shorter minimum initial deposit period that a Take-over Bid (that is not exempt from the general Take-over Bid requirements contained in Part 2 of NI 62-104) must remain open for deposits of securities thereunder, in the applicable circumstances at such time, pursuant to NI 62-104;
  - (iii) the Take-over Bid contains an irrevocable and unqualified condition that, unless the Take-over Bid is withdrawn, Shares may be deposited pursuant to the Take-over Bid at any time prior to the Close of Business on the date of first take-up or payment for Shares and that all Shares deposited pursuant to the Take-over Bid may be withdrawn at any time prior to the Close of Business on such date;
  - (iv) the Take-over Bid contains an irrevocable and unqualified condition that more than 50% of the outstanding Shares held by Independent Shareholders, determined as at the date of first take-up or payment for Shares under the Take-over Bid, must be deposited to the Take-over Bid and not withdrawn at the Close of Business on the date of first take-up or payment for Shares; and
  - (v) the Take-over Bid contains an irrevocable and unqualified condition that in the event that more than 50% of the then outstanding Shares held by Independent Shareholders shall have been deposited to the Take-over Bid and not withdrawn as at the date of first take-up or payment for Shares under the Take-over Bid, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Shares for not less than 10 days from the date of such public announcement;

provided that if a Take-over Bid constitutes a Competing Permitted Bid, the term "Permitted Bid" shall also mean the Competing Permitted Bid.

(t) **"Permitted Lock-up Agreement"** shall mean an agreement (the **"Lock-up Agreement"**) between a Person, any of such Person's Affiliates or Associates or any other Person referred to in clause 1.1(e)(iii) and one or more Shareholders or holders of Convertible Securities (each such holder herein referred to as a **"Locked-up Person"**) (the terms of which are publicly disclosed and a copy of which is made available to the public, including the Corporation, not later than the date the Lock-up Bid (as defined below) is publicly announced or, if the Lock-up Bid has been publicly announced prior to the date of the Lock-up Agreement, forthwith and in any event not later than the first Business Day immediately following the date of the Lock-up Agreement) pursuant to which each such Locked-up Person agrees to deposit or tender Shares and/or Convertible Securities to a Take-over Bid (the **"Lock-up Bid"**) made or to be made by the Person, any of such Person's Affiliates or Associates or any other Person referred to in clause 1.1(e)(iii), provided that:

(i) the Lock-up Agreement permits the Locked-up Person to withdraw its Shares and/or Convertible Securities from the Lock-up Agreement in order to deposit or tender the Shares and/or Convertible Securities to another Take-over Bid or to support another transaction prior to the Shares and/or Convertible Securities being taken up and paid for under the Lock-up Bid, so long as the other Take-over Bid or transaction:

(A) offers a price or value per Share or Convertible Security that exceeds the price or value per Share or Convertible Security offered under the Lock-up Bid; or

(B) is for a number of Shares and/or Convertible Securities which is greater than the number of Shares and/or Convertible Securities, as applicable, that the Offeror has offered to purchase under the Lock-up Bid by such number as may have been agreed to in the Lock-up Agreement, provided that such agreed upon number is not greater than 7% of the number of Shares and/or Convertible Securities offered to be purchased under such Lock-up Bid at a price or value per Share or Convertible Security that is not less than the price or value per Share or Convertible Security, as applicable, offered under such Lock-up Bid; or

(C) offers a price or value for each Share or Convertible Security which is greater than the price or value for each Share or Convertible Security offered under the Lock-up Bid by as much as or more than a specified amount provided that such specified amount is not greater than 7% of the price or value offered under such Lock-up Bid; and,

for greater clarity, the Lock-up Agreement may (1) contain a right of first refusal, (2) require a period of delay to give the Person who made the Lock-up Bid an opportunity to match or better the consideration or value offered in the other Take-over Bid or transaction or to offer to purchase or otherwise acquire the same number of Shares and/or Convertible Securities subject to the other Take-

over Bid or transaction, or (3) contain other similar limitations on a Locked-up Person's right to withdraw Shares and/or Convertible Securities from the Lock-up Agreement, so long as any such limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Shares and/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 of the consideration payable under the Lock-up Bid to the Locked-up Person; and
  - (B) 50% of the amount by which the price or value of the consideration payable under another Take-over Bid or transaction to a Locked-up Person exceeds the price or value of the consideration that such Locked-up Person would have received under the Lock-up Bid;

shall be payable by such Locked-up Person pursuant to the Lock-up Agreement in the event such Locked-up Person fails to deposit or tender Shares and/or Convertible Securities to the Lock-up Bid or withdraws Shares and/or Convertible Securities previously tendered thereto in order to deposit or tender such Shares and/or Convertible Securities to another Take-over Bid or support another transaction.

- (u) "**Person**" shall mean any individual, firm, partnership, association, trust, trustee, personal representative, body corporate, corporation, unincorporated organization, syndicate, government or governmental agency, or other entity.
- (v) "**Record Time**" shall mean the Close of Business on December 6, 2017.
- (w) "**Rights Certificate**" shall mean the certificate representing the Rights substantially in the form of Exhibit "A" hereto, or such other written document (including without limitation a Direct Registration System statement or other book-entry confirmation) evidencing registered ownership of the Rights that may be issued by the Corporation and is satisfactory to the Corporation and the Rights Agent.
- (x) "**Securities Act**" shall mean the *Securities Act*, RSA 2000, c. S-4, and the rules and regulations thereunder, each as may be amended from time to time, and any comparable or successor laws, rules or regulations thereto.
- (y) "**Separation Time**" shall mean, subject to Section 5.1(d), the Close of Business on the tenth Trading Day after the earlier of:
  - (i) the Share 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 Take-over Bid which is a Permitted Bid or a Competing Permitted Bid or a Take-over Bid in respect of which the Board of Directors has waived the application of Section 3.1), provided that, if any Take-



over Bid referred to in this clause (ii) expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for purposes of this Section 1.1(y), never to have been made; and

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

or such later date as may be determined by the Board of Directors acting in good faith; provided, however that if any Take-over Bid referred to in Section 1.1(y)(ii) above expires, is not made or 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 commenced, made or announced and further provided that if the Board of Directors determines, pursuant to 5.1, to waive the application of Section 3.1 to a Flip-In Event, then the Separation Time in respect of such Flip-In Event shall be deemed never to have occurred.

- (z) "**Share Acquisition Date**" shall mean the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to Section 5.2(1) of NI 62-104 or Section 182.1 of the Securities Act or any successor or equivalent provision of any of the foregoing) by the Corporation or an Acquiring Person of facts indicating that a Person has become an Acquiring Person.
- (aa) "**Shareholders**" shall mean the holders of Voting Shares from time to time.
- (bb) "**Shares**" shall mean the common shares of the Corporation as constituted on the date hereof and any other shares of the Corporation into which such shares may be subdivided, consolidated, reclassified or changed.
- (cc) "**Subsidiary**" of any specified Person shall mean any corporation or other entity controlled by such specified Person.
- (dd) "**Take-over Bid**" shall mean an Offer to Acquire Voting Shares or Convertible Securities, where the Voting Shares subject to the Offer to Acquire, together with the Voting Shares into which the securities subject to the Offer to Acquire are convertible, and the Offeror's Securities, constitute in the aggregate 20% or more of the outstanding Voting Shares at the date of the Offer to Acquire.
- (ee) "**Termination Time**" shall mean the time at which the right to exercise Rights shall terminate pursuant to Section 5.1 or 5.17 hereof.
- (ff) "**Trading Day**", when used with respect to any securities, shall mean a day on which the principal 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 securities exchange, a Business Day.
- (gg) "**Voting Shares**" shall mean the Shares and any other securities of the Corporation entitling the holder to vote generally in the election of directors.



## 1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

## 1.3 Acting Jointly or in Concert

For purposes of this Agreement and in addition to the meaning set forth in NI 62-104, a Person is acting jointly or in concert with another Person if such Person has any agreement, arrangement or understanding (whether formal or informal and whether or not in writing) with such other Person to acquire or Offer to Acquire any Voting Shares (other than (i) customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities, and (ii) pursuant to a pledge of securities in the ordinary course of business).

## 1.4 Control

A Person is "**controlled**" by another Person or two or more other Persons acting jointly or in concert if:

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

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

## 1.5 Definition of Agreement

For purposes of this Agreement, "**Agreement**" means this Shareholder Rights Plan Agreement, as amended or supplemented from time to time. References in this Agreement to "**hereto**", "**hereof**", "**herein**", "**hereby**" and "**hereunder**" and similar expressions mean and refer to this Agreement as a whole and not to any particular part of this Agreement.

## 1.6 Fiduciary Duties of the Directors

Nothing contained herein shall be construed to suggest or imply that the Board of Directors shall not be entitled to recommend that holders of the Voting Shares and/or Convertible Securities reject or accept any Take-over Bid or take any other action including the commencement, prosecution, defence or settlement of any litigation and the solicitation of additional or alternative Take-over Bids or other proposals to shareholders that the directors believe are necessary or appropriate in the exercise of their fiduciary duties.

## 1.7 Holder of Rights and Shares and References to Certificates

As used in this Agreement, unless the context otherwise requires: (a) the term "**holder**" of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated Shares), and (b) the term "**certificate**", when used in the context of a share certificate or Rights Certificate, shall include any other advice, statement or acknowledgement that is evidence of book-entry registered ownership of the applicable securities as may be adopted from time to time by the Corporation, including a Direct Registration System statement.

## **ARTICLE 2** **THE RIGHTS**

### 2.1 Issue of Rights; Legend on Share Certificates

- (a) One Right has been issued in respect of each Voting Share outstanding as at the Record Time and in respect of each Voting Share issued after the Record Time. One Right shall continue to be issued in respect of each Voting Share issued after the date of this Agreement and prior to the earlier of the Separation Time and the Expiration Time.
- (b) Certificates or other evidence of registration (including a Direct Registration System statement or other book-entry confirmation) for Voting Shares issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time shall evidence one Right for each Voting Share represented thereby and, commencing as soon as reasonably practicable after the Record Time, shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

“Until the Separation Time (as defined in the Rights Agreement referred to below), this [certificate/Direct Registration System statement] also evidences and entitles the holder hereof to certain Rights as set forth in a Shareholder Rights Plan Agreement dated December 6, 2017, as such from time to time may be amended, restated, varied or replaced, (the "**Rights Agreement**") between GEN III Oil Corporation and Computershare Trust Company of Canada, as Rights Agent, the terms of which are hereby incorporated herein by reference and a copy of which is on file at the executive office of GEN III Oil Corporation. In certain circumstances, as set forth in the Rights Agreement, such Rights may be amended or redeemed, may expire, may become void (if, in certain cases, they are "Beneficially Owned" by an "Acquiring Person", as such terms are defined in the Rights Agreement, or a transferee thereof) or may be evidenced by separate certificates and may no longer be evidenced by this [certificate/Direct Registration System statement]. GEN III Oil Corporation will mail or arrange for the mailing of a copy of the Rights Agreement to the holder of this [certificate/Direct Registration System statement], without charge, as soon as practicable after the receipt of a written request therefor.”

Certificates or other evidence of registration (including a Direct Registration System statement or other book-entry confirmation) representing Voting Shares that are issued and outstanding at the Record Time shall evidence one Right for each Voting 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

- (a) Subject to adjustment as herein set forth, each Right will entitle the holder thereof, after the Separation Time and prior to the Expiration Time, to purchase, for the Exercise Price as at the Business Day immediately preceding the day of exercise of the Right, one Share.

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

- (b) Until the Separation Time:
- (i) no Right may be exercised; and
  - (ii) each Right will be evidenced by the certificate for the associated Voting Share registered in the name of the holder thereof (which certificate shall also be deemed to be a Rights Certificate) and will be transferable only together with, and will be transferred by a transfer of, such associated Voting Share.
- (c) After the Separation Time and prior to the Expiration Time, the Rights (i) may be exercised; and (ii) the registration and transfer of the Rights shall be independent of Voting Shares. Promptly following the Separation Time the Rights Agent will mail to each holder of record of Voting Shares as of the Separation Time and, in respect of each Convertible Security converted into Voting Shares after the Separation Time and prior to the Expiration Time, promptly after such conversion, the Corporation will prepare or cause to be prepared and the Rights Agent will mail to the holder so converting (other than in either case an Acquiring Person and any Transferee whose rights are or become void pursuant to Section 3.1(b) and, in respect of any Rights Beneficially Owned by such Acquiring Person or Transferee which are not held of record by such Acquiring Person or Transferee, 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), (x) a Rights Certificate with registration particulars 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 or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage, and (y) a disclosure statement prepared by the Corporation describing the Rights; provided that a Nominee shall be sent the materials provided for in (x) and (y) above in respect of all Voting Shares or Convertible Securities held of record by it which are not Beneficially Owned by an Acquiring Person.
- (d) Rights may be exercised in whole or in part on any Business Day (or on any other day which, in the city at which an Election to Exercise (as hereinafter defined) is duly

submitted to the Rights Agent in accordance with this Agreement, is not a Saturday, Sunday or a day that is treated as a holiday in such city) after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent (at its office in Calgary, Alberta or at any other office of the Rights Agent in the cities designated from time to time for that purpose by the Corporation with the approval of the Rights Agent), the Rights Certificate evidencing such Rights together with an election to exercise such Rights (an "**Election to Exercise**") substantially in the form attached to the Rights Certificate duly completed and executed 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, accompanied by payment by certified cheque, banker's draft or money order payable to the order of the Corporation, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Shares in a name other than that of the holder of the Rights being exercised.

- (e) Upon receipt of a Rights Certificate, with an Election to Exercise accompanied by payment as set forth in Section 2.2(d) above, which does not indicate that the Rights represented thereby are null and void as provided by Section 3.1(b), 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) requisition from the transfer agent of the Shares certificates or other evidence of ownership of Shares for the number of Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agent to comply with all such requisitions);
  - (ii) when appropriate, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Shares;
  - (iii) after receipt of the Share certificates, deliver the same to or to the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder;
  - (iv) when appropriate, after receipt, deliver such cash to or to the order of the registered holder of the Rights Certificate; and
  - (v) tender to the Corporation all payments received on the exercise of the Rights.
- (f) In case the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.
- (g) The Corporation covenants and agrees that it will:

- (i) take all such action as may be necessary and within its power to ensure that all Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates for such Shares (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable;
- (ii) take all such action as may be necessary and within its power to comply with any applicable requirements of the ABCA, the Securities Act, the securities acts or comparable legislation of each of the other provinces and territories of Canada and the rules and regulations thereunder and any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights Certificates and the issuance of any Shares upon exercise of Rights;
- (iii) use reasonable efforts to cause all Shares issued upon exercise of Rights to be listed on the principal exchanges or traded in the over-the-counter markets on which the Shares were traded immediately prior to the Share Acquisition Date;
- (iv) cause to be reserved and kept available out of its authorized and unissued Shares a number of Shares that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights;
- (v) pay when due and payable any and all Canadian federal and provincial transfer taxes (for greater certainty not including any income taxes of the holder or exercising holder or any liability of the Corporation to withhold tax) and charges which may be payable in respect of the original issuance or delivery of the Rights Certificates or certificates for Shares, provided that the Corporation shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Shares in a name other than that of the holder of the Rights being transferred or exercised; and
- (vi) 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.

- (a) 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 the Shares payable in Shares (or other shares of the Corporation or securities exchangeable for or convertible into or giving a right to acquire Shares or other shares of the Corporation) other than pursuant to any

optional program of the Corporation by which dividends may be applied to the purchase from the Corporation of additional Shares;

- (ii) subdivide or change the then outstanding Shares into a greater number of Shares;
- (iii) combine or change the then outstanding Shares into a smaller number of Shares; or
- (iv) issue any Shares (or other shares of the Corporation or securities exchangeable for or convertible into or giving a right to acquire Shares or other shares of the Corporation) in respect of, in lieu of or in exchange for existing Shares in a reclassification, amalgamation, merger, statutory arrangement or consolidation;

the Exercise Price and the number of Rights outstanding, or, if the payment or effective date therefor shall occur after the Separation Time, the securities purchasable upon exercise of Rights shall be adjusted in the manner set forth below. If the Exercise Price and number of Rights outstanding are to be adjusted (x) the Exercise Price in effect after such adjustment shall be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Shares (or other shares of the Corporation) (the "**Expansion Factor**") that a holder of one Share immediately prior to such distribution, subdivision, change, combination or issuance would hold thereafter as a result thereof and (y) each Right held prior to such adjustment shall become that number of Rights equal to the Expansion Factor, and the adjusted number of Rights will be deemed to be allocated among the Voting Shares with respect to which the original Rights were associated (if they remain outstanding) and the Voting Shares issued in respect of or in connection with such distribution, subdivision, change, combination or issuance (for certainty, including in respect of any concurrent distribution, subdivision, change, combination or issuance in respect of the Special Voting Shares), so that each such Voting Share (or other share of the Corporation) will have exactly one Right associated with it. If the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment will be the number of securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such distribution, subdivision, change, combination or issuance would hold thereafter as a result thereof. If after the Record Time and prior to the Expiration Time the Corporation shall issue any securities other than Shares in a transaction of a type described in Section 2.3(a)(i) or (iv), such securities shall be treated herein as nearly equivalent to 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, and will not consolidate with, amalgamate with or into or enter into a statutory arrangement with, any other Person unless such Person agrees to be bound by the terms of an amendment effecting, such treatment. If an event occurs which would require an adjustment under both this Section 2.3 and Section 3.1 hereof, the adjustment provided for in this Section 2.3 shall be in addition to, and shall be made prior to, any adjustment required pursuant to Section 3.1 hereof. Adjustments pursuant to this Section 2.3(a) shall be made successively whenever an event referred to in this Section 2.3(a) occurs.

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

- (b) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time fix a record date for the making of a distribution to all holders of Shares of rights or warrants entitling them (for a period expiring within 60 calendar days after such record date) to subscribe for or purchase Shares (or securities convertible into or exchangeable for or carrying a right to purchase or subscribe for Shares) at a price per Share (or, if a security convertible into or exchangeable for or carrying a right to purchase or subscribe for Shares, having a conversion, exchange or exercise price (including the price required to be paid to purchase such convertible or exchangeable security or right per Share)) less than the Market Price per Share on such record date, the Exercise Price shall be adjusted in the manner set forth below. The Exercise Price in effect after such record date shall equal the Exercise Price in effect immediately prior to such record date multiplied by a fraction, of which the numerator shall be the number of Shares outstanding on such record date plus the number of Shares which the aggregate offering price of the total number of Shares so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the convertible or exchangeable securities or rights so to be offered to holders of Shares (including the price required to be paid to purchase such convertible or exchangeable securities or rights)) would purchase at such Market Price and of which the denominator shall be the number of Shares outstanding on such record date plus the number of additional Shares to be offered for subscription or purchase to holders of Shares (or into which the convertible or exchangeable securities or rights so to be offered are initially convertible, exchangeable or exercisable). In case such subscription price may be paid in a consideration part or all of which shall 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. For purposes of this paragraph (b), the granting of the right to purchase Shares (whether from treasury Shares or otherwise) pursuant to any dividend, distribution or interest reinvestment plan and/or any share purchase plan providing for the reinvestment of dividends, distributions or interest payable on securities of the Corporation and/or the investment of periodic optional payments and/or employee benefit or similar plans (so long as such right to purchase is in no case evidenced by the delivery of rights or warrants) shall not be deemed to constitute an issue of rights or warrants by the Corporation; provided, however, that in the case of any dividend, distribution or interest reinvestment plan, the right to purchase 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 Shares.
- (c) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time fix a record date for the making of a distribution to all holders of Shares of evidences of indebtedness or assets (other than a regular periodic cash distribution or a distribution paid in Shares) or rights or warrants (excluding those referred to in Section 2.3(b)), the Exercise Price shall be adjusted in the manner set forth below. The



Exercise Price in effect after such record date shall equal the Exercise Price in effect immediately prior to such record date less the fair market value (as determined in good faith by the Board of Directors) of the portion of the assets, evidences of indebtedness, rights or warrants so to be distributed applicable to each of the securities purchasable upon exercise of one Right (such determination to be described in a statement filed with the Rights Agent and the holders of the Rights). Such adjustment shall be made successively whenever such a record date is fixed.

- (d) Each adjustment made pursuant to this Section 2.3 shall be made as of:
  - (i) the payment or effective date for the applicable distribution, subdivision, change, combination or issuance, in the case of an adjustment made pursuant to paragraph (a) above; and
  - (ii) the record date for the applicable distribution, in the case of an adjustment made pursuant to paragraph (b) or (c) above subject to readjustment to reverse the same if such distribution shall not be made.
- (e) In the event the Corporation shall at any time after the Record Time and prior to the Expiration Time issue any securities of the Corporation (other than Shares), or rights or warrants to subscribe for or purchase any such securities of the Corporation, or securities convertible into or exchangeable for any such securities of the Corporation, in a transaction referred to in clause (a)(i) or (a)(iv) above, or if the Corporation shall take any other action (other than the issue of Shares) which might have a negative effect on the holders of Rights, if the Board of Directors acting in good faith determines that the adjustments contemplated by paragraphs (a), (b) and (c) above are not applicable or will not appropriately protect the interests of the holders of Rights, the Corporation may determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, if the adjustments contemplated by paragraphs (a), (b) and (c) above are applicable, notwithstanding such paragraphs, the adjustments so determined by the Corporation rather than the adjustments contemplated by paragraphs (a), (b) and (c) above, shall be made. The Corporation and the Rights Agent shall amend this Agreement in accordance with Section 5.4(b) and (c), as the case may be, to provide for such adjustments.
- (f) Whenever an adjustment to the Exercise Price is made pursuant to this Section 2.3, the Corporation shall:
  - (i) promptly prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment;
  - (ii) promptly file with the Rights Agent and with each transfer agent for the 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 by way of press release or by such other means as the Corporation may determine.



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 such adjustment.

- (g) Irrespective of any adjustment or change in the securities purchasable upon exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the securities so purchasable which were expressed in the initial Rights Certificates issued hereunder.
- (h) Notwithstanding anything herein to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least one per cent in the Exercise Price; provided, however, that any adjustments which by reason of this Section 2.3(h) 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(h), any adjustment required by Section 2.3 shall be made no later than the earlier of:
  - (i) three years from the date of the transaction which gives rise to such adjustment; or
  - (ii) the Expiration Date.
- (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 Shares purchasable from time to time hereunder upon exercise of a Right immediately prior to such issue, all subject to further adjustment as provided herein.
- (j) 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 Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of 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.
- (k) 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 determines to be advisable, in order that any:
  - (i) consolidation or subdivision of Shares;
  - (ii) issuance (wholly or in part for cash) of Shares or securities that by their terms are convertible into or exchangeable for Shares;
  - (iii) distributions; or

(iv) issuance of rights, options or warrants referred to in this Section 2.3,

hereafter made by the Corporation to holders of its Shares, shall not be taxable to such Shareholders or shall subject such Shareholders to a lesser amount of tax.

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

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

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

- (a) The Rights Certificates shall be executed on behalf of the Corporation by any two officers or directors of the Corporation. The signature of any of these officers or directors on the Rights Certificates may be manual, electronic or facsimile. Rights Certificates bearing the manual, electronic or facsimile 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 prior to the countersignature and delivery of such Rights Certificates. Promptly after the Corporation learns of the Separation Time, the Corporation will notify the Rights Agent of such Separation Time and will deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature, and the Rights Agent shall countersign (manually, electronically or by facsimile signature in a manner satisfactory to the Corporation) and mail such Rights Certificates to the holders of the Rights pursuant to Section 2.2(c) hereof. No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.
- (b) Each Rights Certificate shall be dated the date of countersignature thereof.

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

- (a) The Corporation will cause to be kept a register (the "**Rights Register**") in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed "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.

- (b) 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(d) below, 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.
- (c) 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.
- (d) 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) in connection therewith.

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

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

Agreement equally and proportionately with any and all other Rights duly issued hereunder.

## **2.8 Persons Deemed Owners of Rights**

The Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name a Rights Certificate (or, prior to the Separation Time, the associated Share certificate or other evidence of 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, the associated Shares).

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

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

## **2.10 Agreement of Rights Holders**

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

- (a) he will be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of all Rights held;
- (b) prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Voting Share;
- (c) after the Separation Time, the Rights Certificates will be transferable only on the Rights Register as provided herein;
- (d) prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the certificate or other evidence of ownership of the associated Shares) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Share certificate or other evidence of 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 share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;

- (e) such holder of Rights has waived his right to receive any fractional Rights or any fractional Shares or other securities upon exercise of a Right (except as provided herein);
- (f) subject to the provisions of Section 5.4, without the approval of any holder of Rights and upon the sole authority of the Board of Directors acting in good faith this Agreement may be supplemented or amended from time to time to cure any ambiguity or to correct or supplement any provision contained herein which may be inconsistent with the intent of this Agreement or is otherwise defective; and
- (g) notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation.

### ARTICLE 3

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

##### 3.1 Flip-in Event

- (a) Subject to Sections 3.1(b), 5.1(b), 5.1(c) and 5.1(d) hereof, in the event that prior to the Expiration Time a Flip-in Event shall occur, each Right shall thereafter constitute, effective as at the Closing of Business on the tenth Trading Day after the Share Acquisition Date, or such longer period as may be required to satisfy the requirements of the Securities Act and the applicable securities acts or comparable legislation of each of the provinces and territories of Canada, the right to purchase from the Corporation, upon exercise thereof in accordance with the terms hereof, that number of Shares having an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in the event that after such date of consummation or occurrence an event of a type analogous to any of the events described in Section 2.3 shall have occurred with respect to such Shares).
- (b) Notwithstanding the foregoing or any other provisions of this Agreement, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time or the Share Acquisition Date by:
  - (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person); or
  - (ii) a transferee, direct or indirect (a "**Transferee**"), from an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person) where such Transferee becomes a transferee concurrently with or

subsequent to the Acquiring Person becoming such, whether or not for consideration, 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 Affiliate or Associate of an Acquiring Person) that has the purpose or effect of avoiding clause (i) of this Section 3.1(b),

shall become void without any further action and any holder of such Rights (including Transferees) shall thereafter have no right to exercise such Rights under any provision of this Agreement and shall not have any other rights whatsoever in respect of such Rights, whether under any provision of this Agreement or otherwise.

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

“The Rights represented by this Rights Certificate were Beneficially Owned by a Person who was an Acquiring Person or who was an Affiliate or an Associate of an Acquiring Person (as such terms are defined in the Rights Agreement) or a Person who was acting jointly or in concert with any of them. This Rights Certificate and the Rights represented hereby are void or shall become void in the circumstances specified in Section 3.1(b) of the Rights Agreement.”

provided, however, that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall be required to impose such legend only if instructed to do so by the Corporation or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not an Acquiring Person or an Affiliate or Associate thereof or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person.

- (d) From and after the Separation Time, the Corporation shall do all such acts and things as shall be necessary and within its power to ensure compliance with the provisions of this Section 3.1, including without limitation, all such acts and things as may be required to satisfy the requirements of the ABCA, the Securities Act and the securities laws or comparable legislation of each of the provinces and territories of Canada in respect of the issue of Shares upon the exercise of Rights in accordance with this Agreement.

#### **ARTICLE 4**

#### **THE RIGHTS AGENT**

#### **4.1 General**

- (a) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation and the holders of Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint such co-rights agents ("**Co-Rights Agents**") as it may deem necessary or

desirable, subject to the approval of the Rights Agent. 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 Agent. The Corporation agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the execution and administration of this Agreement and the exercise and performance of its duties hereunder (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 for, and to hold it harmless against, any loss, liability, or expense, incurred without gross negligence, bad faith or wilful misconduct on the part of the Rights Agent, for anything done, suffered 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 claim or liability, which right to indemnification will survive the termination of this Agreement and the resignation or removal of the Rights Agent.

- (b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any certificate for or other evidence of ownership of Voting Shares, Rights Certificate, certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, opinion, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.
- (c) The Corporation shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent.
- (d) Notwithstanding any other provision of this Agreement, and whether such losses or damages are foreseeable or unforeseeable, the Rights Agent shall not be liable under any circumstances whatsoever for any (i) breach by any other party of securities law or other rule of any securities regulatory authority, (ii) lost profits or (iii) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.
- (e) Notwithstanding any other provision of this Agreement, any liability of the Rights Agent shall be limited, in the aggregate, to the amount of fees paid by the Corporation to the Rights Agent under this Agreement in the twelve (12) months immediately prior to the Rights Agent receiving the first notice of the claim.

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

- (a) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation, statutory arrangement or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any corporation succeeding to the unitholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement



without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 4.4 hereof. In case, at the time such successor Rights Agent succeeds to the agency created by this Agreement, any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.

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

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

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

- (a) The Rights Agent may retain and consult with legal counsel (who may be legal counsel for the Corporation) and the opinion of such counsel will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion; the Rights Agent may also, with the approval of the Corporation (such approval not to be unreasonably withheld) and at the expense of the Corporation, consult with such other experts as the Rights Agent shall consider necessary or appropriate to properly carry out the duties and obligations imposed under this Agreement and the Rights Agent shall be entitled to act and rely in good faith on the advice of any such expert.
- (b) Whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by persons believed by the Rights Agent to be any two officers or directors of the Corporation and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.



- (c) The Rights Agent will be liable hereunder only for its own gross negligence, bad faith or wilful misconduct.
- (d) The Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Voting Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only.
- (e) The Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Share certificate or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Section 3.1(b) hereof) or any adjustment required under the provisions of Section 2.3 hereof or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Shares to be issued pursuant to this Agreement or any Rights or as to whether any Shares will, when issued, be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable.
- (f) The Corporation agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.
- (g) The Rights Agent is hereby authorized and directed to accept instructions with respect to the performance of its duties hereunder from any persons believed by the Rights Agent to be any two officers or directors of the Corporation, and to apply to such persons for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in reliance upon instructions of any such persons; it is understood that instructions to the Rights Agent shall, except where circumstances make it impracticable or the Rights Agent otherwise agrees, be given in writing and, where not in writing, such instructions shall be confirmed in writing as soon as reasonably possible after the giving of such instructions.
- (h) The Rights Agent and any unitholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Voting Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though the Rights Agent were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity.

- (i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent 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 30 days notice (or such lesser notice as is acceptable to the Corporation) in writing mailed to the Corporation, and to each transfer agent of Shares by registered or certified mail, and to the holders of the Rights in accordance with Section 5.8. The Corporation may remove the Rights Agent upon 30 days' notice in writing given to the Rights Agent and to each transfer agent of the Shares (by personal delivery, or 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 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent, then the resigning Rights Agent (at the Corporation's expense) or any holder of any Rights (which holder of Rights shall also submit his Rights Certificate 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 corporation incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust company in the Province of Alberta. 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 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 Shares, and mail a notice thereof in writing to the holders of the Rights. Failure to give any notice provided for in this Section 4.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

#### **4.5 Privacy Provision**

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

#### **4.6 Compliance with Money Laundering Legislation**

The Rights Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Rights Agent reasonably determines that

such an act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Rights Agent reasonably determine at any time that its acting under this Agreement has resulted in it being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right, notwithstanding Section 4.4, to resign on 10 days' written notice to the Corporation, provided: (i) that the Rights Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Rights Agent's satisfaction within such 10-day period, then such resignation shall not be effective.

#### **4.7 Administration of Agreement**

The Corporation shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and, at any time upon request, shall provide to the Rights Agent an incumbency certificate certifying the then current officers of the Corporation; 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.

### **ARTICLE 5 MISCELLANEOUS**

#### **5.1 Redemption and Termination**

- (a) The Board of Directors may, with the prior consent of Shareholders or of the holders of Rights given in accordance with Section 5.1(f) or (g), as the case may be, and in each case prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 has not been waived pursuant to the provisions of this Section 5.1, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.00001 per Right appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in the event that an event of the type analogous to any of the events described in Section 2.3 shall have occurred (such redemption price being herein referred to as the "**Redemption Price**").
- (b) The Board of Directors may, with the prior consent of the Shareholders given in accordance with Section 5.1(f), determine, at any time prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 has not been waived pursuant to this Section 5.1, if such Flip-in Event would occur by reason of an acquisition of Voting Shares otherwise than pursuant to a Take-over Bid made by means of a take-over bid circular sent to all holders of Shares and otherwise than in the circumstances set forth in Section 5.1(d), to waive the application of Section 3.1 to such Flip-in Event. In the event that the Board of Directors proposes such a waiver, the Board of Directors shall extend the Separation Time to a date subsequent to and not more than ten Business Days following the meeting of Shareholders called to approve such waiver.
- (c) The Board of Directors may, at its option, prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 has not been waived under this clause, determine, upon prior written notice to the Rights Agent, to waive the application of Section 3.1 to that Flip-in Event provided that the Flip-in Event would occur by reason of a Take-over Bid made by means of a take-over bid circular to all holders of Shares; further provided that if the Board of Directors waives the application of Section 3.1 to such a Flip-in Event,

the Board of Directors shall be deemed to have waived the application of Section 3.1 to any other Flip-in Event occurring by reason of any Take-over Bid made by means of a take-over bid circular to all holders of Shares which is made prior to the expiry of any Take-over Bid in respect of which a waiver is, or is deemed to have been, granted under this Section 5.1(c).

- (d) The Board of Directors may, in respect of any Flip-in Event, waive the application of Section 3.1 to that Flip-in Event, provided that both of the following conditions are satisfied:
- (i) the Board of Directors has determined that the Acquiring Person became an Acquiring Person by inadvertence and without any intent or knowledge that it would become an Acquiring Person; and
  - (ii) such Acquiring Person has reduced its Beneficial Ownership of Voting Shares such that at the time of waiver pursuant to this Section 5.1(d) it is no longer an Acquiring Person and has provided the Board of Directors with satisfactory evidence thereof;

and in the event of any such waiver, for the purposes of this Agreement, such Flip-in Event shall be deemed not to have occurred and the Separation Time shall be deemed not to have occurred as a result of such Person having inadvertently become an Acquiring Person.

- (e) The Board of Directors shall, without further formality, be deemed to have elected to redeem the Rights at the Redemption Price on the date that a Person who has made a Permitted Bid or a Take-over Bid in respect of which the Board of Directors has waived, or is deemed to have waived, pursuant to Section 5.1(c), the application of Section 3.1, takes up and pays for the Voting Shares pursuant to the terms and conditions of the Permitted Bid or Take-over Bid, as the case may be.
- (f) If a redemption of Rights pursuant to Section 5.1(a) or a waiver of a Flip-in Event pursuant to Section 5.1(b) is proposed at any time prior to the Separation Time, such redemption or waiver shall be submitted for approval to the Shareholders. Such approval shall be deemed to have been given if the redemption or waiver is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders represented in person or by proxy at a meeting of such holders duly held in accordance with applicable laws and the Corporation's constating documents.
- (g) If a redemption of Rights pursuant to Section 5.1(a) is proposed at any time after the Separation Time, such redemption shall be submitted for approval to the holders of Rights. Such approval shall be deemed to have been given if the redemption is approved by holders of Rights by a majority of the votes cast by the holders of Rights represented in person or by proxy at and entitled to vote at a meeting of such holders. For the purposes hereof, each outstanding Right (other than Rights which are Beneficially Owned by any Person referred to in clauses (i) to (v) inclusive of the definition of Independent Shareholders) 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

applicable laws and the Corporation's constating documents with respect to meetings of Shareholders.

- (h) Where a Take-over Bid that is not a Permitted Bid is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price and reissue Rights under this Agreement to holders of record of Voting Shares immediately following such time of redemption. Notwithstanding such redemption, all of the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and it shall be deemed not to have occurred and Rights shall remain attached to the outstanding Voting Shares, subject to and in accordance with the provisions of this Agreement.
- (i) If the Board of Directors elects or is deemed to have elected to redeem the Rights, and, in circumstances where Section 5.1(a) is applicable, such redemption is approved by the Shareholders or the holders of Rights in accordance with Section 5.1(f) or (g), as the case may be, 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 will be to receive the Redemption Price.
- (j) Within 10 Business Days after the Board of Directors electing or having been deemed to have elected to redeem the Rights or, if Section 5.1(a) is applicable within 10 Business Days after the Shareholders or the holders of Rights have approved a redemption of Rights in accordance with Section 5.1(f) or (g), as the case may be, the Corporation shall give notice of redemption to the holders of the then outstanding Rights by mailing such notice to each such holder at its last address as it appears upon the register of the Rights Agent or, prior to the Separation Time, on the register of the Transfer Agent or the Corporation, as applicable, for the Voting Shares. Any notice which is mailed in the manner herein provided will be deemed given, whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. The Corporation may not redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 5.1 or in connection with the purchase of Voting Shares prior to the Separation Time.
- (k) The Corporation shall give prompt notice to the Rights Agent of any waiver of the application of Section 3.1 made by the Board of Directors under this Section 5.1.

## **5.2 Expiration**

No Person shall have any rights pursuant to this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in Section 4.1(a) 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 of or kind or class

of Shares purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

#### **5.4 Supplements and Amendments**

- (a) The Corporation may make amendments to this Agreement without the approval of any holders of Rights or Voting Shares to correct any clerical or typographical error. The Corporation may make amendments to this Agreement without the approval of any holders of Rights or Voting Shares, but subject to confirmation at the next meeting of Shareholders: (i) which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation, rules or regulations thereunder, or (ii) to take into account the issuance by the Corporation of classes or series of shares other than the Shares. Notwithstanding anything in this Section 5.4 to the contrary, no such supplement or amendment shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent to such supplement or amendment.
- (b) Subject to Section 5.4(a), the Corporation may, with the prior consent of the Shareholders obtained as set forth below, at any time prior to the Separation Time, supplement, amend, vary, rescind or delete any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally) provided that no such amendment, 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 the action requiring such approval is authorized by the affirmative vote of a majority of the votes cast by: (i) Shareholders; and (ii) Independent Shareholders present or represented at and entitled to be voted at a meeting of the Shareholders duly called and held in compliance with applicable laws and the Corporation's constating documents.
- (c) Subject to Section 5.4(a), the Corporation may, with the prior consent of the holders of Rights, at any time on or after the Separation Time, supplement, amend, vary, rescind or delete any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally), provided that no such amendment, 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 such amendment, variation or deletion 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 and representing 50% plus one of the votes cast in respect thereof.
- (d) Any approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are void pursuant to the provisions hereof) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in applicable laws and the Corporation's constating documents with respect to meetings of Shareholders.



- (e) Any amendments made by the Corporation to this Agreement pursuant to Section 5.4(a) which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation, rules or regulations thereunder, or to take into account the issuance by the Corporation of classes or series of shares other than the Shares shall:
- (i) if made before the Separation Time, be submitted to the Shareholders at the next meeting of Shareholders and the Shareholders may, by the majority referred to in Section 5.4(b), confirm or reject such amendment;
  - (ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of Shareholders and the holders of Rights may, by resolution passed by the majority referred to in Section 5.4(d), 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**

- (a) The Corporation shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. After the Separation Time there shall be paid to the registered holders of the Rights Certificates (provided the Rights represented by such Rights Certificates are not void pursuant to the provisions of Section 3.1(b)) with regard to which fractional Rights would otherwise be issuable, an amount in cash (rounded to the nearest cent) equal to the same fraction of the Market Price of a whole Right in lieu of such fractional Rights as of the date such fractional Rights would otherwise be issuable.
- (b) The Corporation shall not be required to issue fractional Shares upon exercise of the Rights or to distribute certificates which evidence fractional Shares. In lieu of issuing fractional Shares, the Corporation shall pay to the registered holder of Rights Certificates at the time such Rights are exercised as herein provided, an amount in cash (rounded to the nearest cent) equal to the same fraction of the Market Price of one Share at the date of such exercise.

## **5.6 Rights of Action**

Subject to the terms of this Agreement, rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights; and any holder of any Rights, without the consent of the Rights Agent or of the holder of any other Rights,

may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce, or otherwise act in respect of, such holder's right to exercise such holder's Rights, or Rights to which he is entitled, in the manner provided in this Agreement and in such holder's Rights Certificate. Without limiting the foregoing or any remedies available to the holders of Rights it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of, the obligations of any Person subject to this Agreement.

### **5.7 Holder of Rights Not Deemed a Holder of Shares**

No holder, as such, of any Rights shall be entitled to vote, receive dividends or be deemed for any purpose the holder of Shares or any other securities which may at any time be issuable on the exercise of Rights, nor shall anything contained herein or in any Rights Certificate be construed to confer upon the holder of any Rights, as such, any of the rights of a holder of Shares or any right to vote in respect of recommending persons to be elected as directors of the Corporation or upon any matter submitted to Shareholders at any meeting thereof, or to give or withhold consent to any action by the Corporation, or to receive notice of meetings or other actions affecting Shareholders (except as provided in Section 5.8 hereof), or to receive dividends or subscription rights or otherwise, until such Rights, or Rights to which such holder is entitled, shall have been exercised in accordance with the provisions hereof.

### **5.8 Notices**

- (a) Notices or demands to be given or made in connection with this Agreement by the Rights Agent or by the holder of any Rights to or on the Corporation shall be sufficiently given or made if delivered or sent by mail, postage prepaid or by fax or other form of recorded electronic communication (with, in the case of fax or other form of recorded electronic communication, an original copy of the notice or demand sent by first class mail, postage prepaid, to the Corporation following the giving of the notice or demand by fax or other form of recorded electronic communication), addressed (until another address is filed in writing with the Rights Agent) as follows:

GEN III Oil Corporation  
910 – 1050 West Pender Street  
Vancouver, British Columbia V6E 3S7

Attention: Chief Financial Officer  
Fax: (604) 806-4875

- (b) Notices or demands to be given or made in connection with this Agreement by the Corporation or by the holder of any Rights to or on the Rights Agent shall be sufficiently given or made if delivered or sent by mail, postage prepaid, or by fax or other form of recorded electronic communication (with, in the case of fax or other form of recorded electronic communication, an original copy of the notice or demand sent by first class mail, postage prepaid, to the Rights Agent following the giving of the notice or demand by fax or other form of recorded electronic communication), addressed (until another address is filed in writing with the Corporation) as follows:



Computershare Trust Company of Canada  
 510 Burrard Street, 3rd floor  
 Vancouver, BC, V6C 3B9

Attention: Client Services  
 Fax: (604) 661 9401

- (c) Notices or demands to be given or made in connection with this Agreement by the Corporation or the Rights Agent to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by first class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the register of the Rights Agent or, prior to the Separation Time, on the register of the Corporation for the Voting Shares.
- (d) Any notice given or made in accordance with this Section 5.8 shall be deemed to have been given and to have been received on the day of delivery, if so delivered, on the third Business Day (excluding each day during which there exists any general interruption of postal service due to strike, lockout or other cause) following the mailing thereof, if so mailed, and on the day of faxing or sending by other means of recorded electronic communication (provided such faxing or sending is during the normal business hours of the addressee on a Business Day and if not, on the first Business Day thereafter). Each of the Corporation and the Rights Agent may from time to time change its address for notice by notice to the other given in the manner aforesaid.
- (e) If mail service is or is threatened to be interrupted at a time when the Corporation or the Rights Agent wishes to give a notice or demand hereunder to or on the holders of the Rights, the Corporation or the Rights Agent may, notwithstanding the foregoing provisions of this Section 5.8, give such notice by means of publication once in each of two successive weeks in the business section of the National Post or the national edition of the Globe and Mail or in such other publication or publications as may be designated by the Corporation and notice so published shall be deemed to have been given on the date on which the first publication of such notice in any such publication has taken place.

## **5.9 Costs of Enforcement**

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

## **5.10 Successors**

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

## **5.11 Benefits of this Agreement**

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

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

#### **5.12 Descriptive Headings**

Descriptive headings appear herein for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

#### **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 Alberta 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 Language**

Les parties aux présentes ont exigé que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou qui en découleront soient rédigés en langue anglaise. The parties hereto have required that this Agreement and all documents and notices related thereto and/or resulting therefrom be drawn up in the English language.

#### **5.15 Counterparts**

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

#### **5.16 Severability**

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

#### **5.17 Reconfirmation**

At or prior to the annual meeting of Shareholders in the year 2020, provided that a Flip-in Event has not occurred prior to such time (other than a Flip-in-Event which has been waived by the Board of Directors in accordance with the terms of this Agreement), the Board of Directors shall submit a resolution ratifying the continued existence of the Rights Plan provided for by this Agreement until the termination of the annual meeting of Shareholders in the year 2023 to the Shareholders for their consideration and, if thought advisable, approval. Unless a majority of the votes cast by: (1) the Shareholders; and (ii) the Independent Shareholders who vote in respect of such resolution are voted in favour of the continued existence of this Agreement until the termination of the annual meeting of Shareholders of the Corporation in the year 2023, this Agreement and all outstanding Rights shall terminate and be of no further force and effect as at and after the termination of such annual meeting.

### **5.18 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 having jurisdiction in respect of such matter including, without limiting the generality of the foregoing, any necessary approvals of the TSX Venture Exchange or any other applicable stock exchange or market. Without limiting the generality of the foregoing, any issuance or delivery of debt or equity securities (other than non-convertible debt securities) of the Corporation upon the exercise of Rights and any amendment or supplement to this Agreement shall be subject to the prior consent of the TSX Venture Exchange or any other stock exchange on which the Shares may then be listed. For greater certainty, unless advised in writing by the Corporation to the contrary, the Rights Agent shall be entitled to assume that all such required approvals and consents have been obtained.

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

If in the opinion of the Board of Directors (who may rely upon the advice of counsel) any action or event contemplated by this Agreement would require compliance 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.

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

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

### **5.21 Notice of Proposed Actions**

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

- (a) to effect or permit (in cases where the Corporation's permission is required) any Flip-in Event; or
- (b) to effect the liquidation, dissolution or winding up of the Corporation or the sale of all or substantially all of the Corporation's assets,

then, in each such case, the Corporation shall give to each holder of a Right, in accordance with Section 5.8 hereof, a notice of such proposed action, which shall specify the date on which such Flip-in Event, liquidation, dissolution, or winding up is to take place, and such notice shall be so given at least 10 Business Days prior to the date of taking of such proposed action by the Corporation.

### **5.22 Time of the Essence**

Time shall be of the essence in this Agreement.

**5.23 Force Majeure**

No party shall be liable to the other, or held in breach of this Agreement, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Agreement shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section.

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

**GEN III OIL CORPORATION**

Per: "Larry Van Hatten"  
Name: Larry Van Hatten  
Title: Director

Per: "Rick Low"  
Name: Rick Low  
Title: Chief Financial Officer

**COMPUTERSHARE TRUST COMPANY OF CANADA**

Per: "Jessica Kadatz"  
Name: Jessica Kadatz  
Title: Relationship Manager

Per: "Derek Lim"  
Name: Derek Lim  
Title: Relationship Manager

## EXHIBIT A

### FORM OF RIGHTS CERTIFICATE

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

THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE CORPORATION, ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. IN CERTAIN CIRCUMSTANCES (SPECIFIED IN SECTION 3.1(b) OF THE RIGHTS AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR TRANSFEREES OF AN ACQUIRING PERSON OR ITS AFFILIATES OR ASSOCIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR ANY PERSON ACTING JOINTLY OR IN CONCERT WITH ANY OF THEM, MAY BECOME VOID.

#### Rights Certificate

This certifies that \_\_\_\_\_, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Shareholder Rights Plan Agreement dated December 6, 2017, as such may, from time to time, be amended, restated, varied or replaced (the "**Rights Agreement**") between GEN III Oil Corporation (the "**Corporation**"), a corporation incorporated under the laws of Alberta, and Computershare Trust Company of Canada, a trust company incorporated under the laws of Canada, as rights agent (the "**Rights Agent**", which term shall include any successor Rights Agent under the Rights Agreement), to purchase from the Corporation at any time after the Separation Time (as such term is defined in the Rights Agreement) and prior to the earlier of: (i) Termination Time (as such term is defined in the Rights Agreement) and (ii) the termination of the annual meeting of the Corporation in the year 2020 (or, if the continued existence of the Rights Plan provided for by this Rights Agreement is ratified at such annual meeting by a resolution passed by a majority of votes cast by the Shareholders and the Independent Shareholders (as such term is defined in the Rights Agreement) who vote in respect thereof, the termination of the annual meeting of holders of shares of the Corporation ("**Shares**") in the year 2023), one fully paid Share at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate together with the Form of Election to Exercise duly executed and submitted to the Rights Agent at its principal office in Calgary, Alberta or in such other cities as may be designated by the Corporation from time to time. The Exercise Price shall be three times the Market Price (as such term is defined in the Rights Agreement) per Right and shall be subject to adjustment in certain events as provided in the Rights Agreement.

In certain circumstances described in the Rights Agreement, the number of Shares which each Right entitles the registered holder thereof to purchase shall be adjusted as provided in the Rights Agreement.

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

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate

or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

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

No fractional Shares will be issued upon the exercise of any Rights evidenced hereby, but in lieu thereof a cash payment will be made, as provided in the Rights Agreement.

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

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

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

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

**GEN III OIL CORPORATION**

By: \_\_\_\_\_  
Authorized Officer

By: \_\_\_\_\_  
Authorized Officer

Countersigned:

**COMPUTERSHARE TRUST COMPANY OF CANADA**

By: \_\_\_\_\_  
Authorized Officer



**FORM OF ASSIGNMENT**

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

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

\_\_\_\_\_

*(Please print name and address of transferee)*

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

Dated: \_\_\_\_\_

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*(Please print name of signatory)*

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.)

Signature must be guaranteed by a Canadian chartered bank, a Canadian trust company, a member of a recognized stock exchange or a member of the Securities Transfer Association Medallion (STAMP) Program.

**CERTIFICATE**

*(To be completed if true)*

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

Dated: \_\_\_\_\_

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*(Please print name of signatory)*

(Form of Assignment to be attached to each Rights Certificate)

**FORM OF ELECTION TO EXERCISE**

TO: GEN III OIL CORPORATION

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

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Street)

\_\_\_\_\_  
(City and State or Province)

\_\_\_\_\_  
(Country, Postal Code or Zip Code)

\_\_\_\_\_  
SOCIAL INSURANCE, SOCIAL SECURITY 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)

\_\_\_\_\_  
(Street)

\_\_\_\_\_  
(City and State or Province)

\_\_\_\_\_  
(Country, Postal Code or Zip Code)

\_\_\_\_\_  
SOCIAL INSURANCE, SOCIAL SECURITY OR OTHER  
TAXPAYER IDENTIFICATION NUMBER

Dated: \_\_\_\_\_

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*(Please print name of signatory)*

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.)

If the Form of Election to Exercise indicates that either Shares (or other securities or title to such property) or the balance of Rights not being exercised are to be issued to a person or persons other than the registered holder of the Rights Certificate, the signature of such holder on the Form of Election to Exercise must be guaranteed by a Canadian chartered bank, a Canadian trust company, a member of a recognized stock exchange or a member of the Securities Transfer Association Medallion (STAMP) Program.

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**CERTIFICATE**

*(To be completed if true)*

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

Dated: \_\_\_\_\_

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*(Please print name of signatory)*

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(Form of Election to Exercise to be attached to each Rights Certificate)

**NOTICE**

In the event the certification set forth above in the Form of Election to Exercise is not completed upon exercise of the Right(s) evidenced hereby or in the event that the certification set forth above in the Form of Assignment is not completed upon the assignment of the Right(s) evidenced hereby, the Corporation will deem the Beneficial Owner of the Right(s) evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof (as defined in the Rights Agreement) and, in the case of an assignment, will affix a legend to that effect on any Rights Certificates issued in exchange for this Rights Certificate.

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(Notice to be attached to each Rights Certificate)