

Management Information Circular



MONGOLIA
GROWTH GROUP

MONGOLIA GROWTH GROUP LTD.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD

June 14, 2017

To the holders of Common Shares:

Notice is hereby given that the annual and special meeting of the holders (the **"Shareholders"**) of common shares (**"Common Shares"**) of Mongolia Growth Group Ltd. (the **"Corporation"**) will be held at 1000 5th St., Suite 200, Miami Beach, Florida 33139, on June 14, 2017 at 4:00 p.m. (Eastern time) and at any or all adjournments thereof (the **"Meeting"**), for the following purposes:

1. to receive the audited statements of the Corporation for the year ended December 31, 2016 and the auditors' report thereon;
2. to consider, and if thought fit, to fix the number of directors of the Corporation for the ensuing year, or as otherwise authorized by the Shareholders, at six (6) members;
3. to elect the directors of the Corporation;
4. to approve the appointment of Davidson & Company LLP as auditors of the Corporation for the ensuing year at such remuneration as may be fixed by the board of directors (the **"Board"**);
5. to consider and, if thought fit, to re-approve the share option plan of the Corporation;
6. to consider and, if thought fit, to re-approve the restricted stock award plan of the Corporation;
7. to consider and if thought fit, to approve by ordinary resolution the shareholder rights plan pursuant to a rights agreement dated May 5, 2017;
8. to consider and if thought fit, to approve by ordinary resolution the amended and restated General By-Law for the Corporation which, among other things, will contain advance notice provisions; and
9. To transact such further and other business as may properly come before the Meeting or any adjournment thereof.

The nature of the business to be transacted at the Meeting and the specific details of the matters proposed to be put to the Meeting are described in further detail in the information circular of the Corporation dated May 15, 2017 accompanying this Notice.

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is May 8, 2017. Shareholders of the Corporation whose names have been entered in the register of Shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent a Shareholder transfers the ownership of any of his Common Shares after such date and the transferee of those Common Shares establishes that he owns the Common Shares and requests, not later than 10 days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Common Shares at the Meeting.

Management is soliciting proxies. Shareholders who are unable to attend the Meeting or any adjournment thereof in person and who wish to ensure that their Common Shares will be voted are requested to complete, date and sign the enclosed form of proxy in accordance with the instructions set out in the form of proxy and in the management information circular of the Corporation dated May 15, 2017 accompanying this Notice, and mail it to or deposit it with:

Computershare Investor Services Inc.

100 University Ave., 8th Floor

Toronto, ON M5J 2Y1

Tel: 1 800 564 6253

For the proxy to be valid, the duly completed and signed form of proxy must be received by not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the Meeting or any adjournment of the Meeting. A Shareholder may appoint as his, her or its proxy a person other than those named in the enclosed form of proxy. That person does not have to be a Shareholder.

Shareholders of the Corporation holding Common Shares registered in the name of a broker or other nominee should ensure that they make arrangements to instruct the broker or other nominee how their Common Shares are to be voted at the Meeting in order for their vote to be counted at the Meeting.

DATED at Calgary, Alberta this 15 day of May, 2017

BY ORDER OF THE BOARD OF DIRECTORS OF MONGOLIA GROWTH GROUP LTD.



Harris Kupperman
President and Chief Executive Officer

MONGOLIA GROWTH GROUP LTD.

Information Circular – Proxy Statement – May 15, 2017

For the Annual and Special Meeting
of Shareholders of Mongolia Growth Group Ltd.
to be held on June 14, 2017

All information contained herein is given as of May 15, 2017 unless otherwise indicated.

Solicitation Of Proxies

This Information Circular is furnished by the management of Mongolia Growth Group Ltd. (the “**Corporation**”) to the holders (the “**Shareholders**”) of common shares (“**Common Shares**”) of the Corporation in connection with the solicitation of proxies to be voted at the annual general and special meeting of the Shareholders (the “**Meeting**”) to be held at 1000 5th St., Suite 200, Miami Beach, Florida, USA 33139, 4:00 p.m. (Eastern time) and at any adjournment or postponement thereof for the purposes set forth in the notice of meeting enclosed with this Information Circular (the “**Notice of Meeting**”). Only Shareholders of the Corporation of record on May 8, 2017, are entitled to notice of, to attend, and to vote at the Meeting, unless a Shareholder has transferred any shares subsequent to that date and the transferee shareholder, not later than 10 days before the Meeting, establishes ownership of the shares and demands that the transferee’s name be included on the list of Shareholders. The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The enclosed form of proxy (the “**Proxy Form**”) is solicited by the management of the Corporation. The persons named in the enclosed Proxy Form are directors and/or officers of the Corporation (the “**management designees**”). **As a Shareholder submitting a proxy you have the right to appoint a person (who need not be a Shareholder) to represent you at the Meeting other than the person or persons designated in the Proxy Form furnished by the Corporation. To exercise this right you should insert the name of the desired representative in the blank space provided in the Proxy Form and strike out the other names or submit another appropriate proxy.** In order to be effective, the proxy must be deposited in accordance with the instructions provided in the Proxy Form at the office of the Corporation’s transfer agent, Computershare Investor Services Inc. (“**Computershare**”), Proxy Department, 100 University Ave., 8th Floor, Toronto, ON M5J 2Y1, not later than 4:00 p.m. (Toronto time) on the second last business day preceding the date of the Meeting or any adjournment or postponement thereof. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date of its execution.

Advice To Beneficial Holders

The information set forth in this section is of significant importance to many Shareholders of the Corporation as some Shareholders do not hold their Common Shares in their own names (“Beneficial Shareholders”). Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Beneficial Shareholder’s name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Beneficial Shareholder’s broker or an agent of that broker. In Canada, the majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depositary for Securities Limited, which acts as nominees for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. The Corporation does not know for whose benefit the Common Shares registered in the name of CDS & Co. are held. Therefore, Beneficial Shareholders cannot be recognized at the Meeting for the purposes of voting the Common Shares in person or by way of proxy except as set forth below. Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are communicated to the appropriate persons.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of proxy supplied to a Beneficial Shareholder by its broker often is identical to the Proxy Form provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically provides a scannable voting request form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting request forms or proxy forms to Broadridge. Alternatively, Beneficial Shareholders sometimes are provided with a toll-free telephone number to vote their shares. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at a meeting of shareholders. A Beneficial Shareholder receiving a voting instruction or proxy from Broadridge or another agent cannot use that proxy to vote Common Shares directly at the Meeting as the completed instruction or proxy must be returned as directed by Broadridge or another agent well in advance of the Meeting in order to have the Common Shares voted.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of the Beneficial Shareholder’s broker (or agent of the broker), a Beneficial Shareholder may attend at the Meeting as proxyholder for the registered Shareholder and vote Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered Shareholder should enter their own names in the blank spaces on the form of proxy provided to them and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker (or agent) well in advance of the Meeting.

These security holder materials are being sent to both registered and non-registered owners of the shares of the Corporation. If you are a non-registered owner and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. In this event, by choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

All non-registered owners of the shares of the Corporation will, at the time of deposit of their shares with an intermediary, have either (a) consented to disclosure of ownership information about such beneficial holders to

the Corporation (a “**NOBO**”), or (b) objected to disclosure of beneficial ownership information to the (an “**OBO**”). The Corporation will send proxy-related materials indirectly through intermediaries to NOBOs. The Corporation does not intend to pay for proximate intermediaries to forward the proxy related materials and voting information to OBO's in accordance with National Instrument 54-101.

If you are a Beneficial Shareholder and wish to vote in person at the Meeting, please contact your Broker or Agent well in advance of the Meeting to determine how you can do so.

Revocability Of Proxy

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

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered Shareholder or the registered Shareholder's authorized attorney in writing, or, if the registered Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare, at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- (b) personally attending the Meeting and voting the registered Shareholder's Common Shares. A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

Persons Making The Solicitation

This solicitation is made on behalf of management of the Corporation. The Corporation will bear the costs incurred in the preparation and mailing of the Proxy Form, Notice of Meeting and this Information Circular. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by directors, officers and employees of the Corporation who will not be remunerated therefor. The Corporation will not be providing the Notice of Meeting, Information Circular, or the Proxy Form to registered Shareholders or Beneficial Shareholders through the use of notice-and-access, as such term is defined in National Instrument 54-101 – Communications with Beneficial Owners of Securities of a Reporting Issuer.

Exercise Of Discretion By Proxy

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

- (a) Each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) Any amendment to or variation of any matter identified therein; and
- (c) Any other matter that properly comes before the Meeting.

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

At the time of printing of this Information Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed Proxy Form to vote the Common Shares represented thereby in accordance with their best judgment on such matters.

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders who choose to submit a proxy may do so by completing, dating and signing the enclosed Proxy Form and returning it to the Corporation's transfer agent, Computershare, by fax at 1-866-249-7775, online at www.investorvote.com, or by mail or by hand, in each case, in accordance with the instructions provided in the Instrument of Proxy, to Proxy Department, 100 University Ave., 8th Floor, Toronto, ON M5J 2Y1.

The proxy must be received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used. Failure to complete or deposit a proxy properly may result in its invalidation. The time limit for the deposit of proxies may be waived at the discretion of the Chairman without notice.

Voting Shares And Principal Holders Thereof

The Corporation is authorized to issue an unlimited number of Common Shares, without nominal or par value. As of May 8, 2017, there were 34,524,099 Common Shares of the Corporation issued and outstanding. The board of directors has fixed May 8, 2017 as the record date (the **"Record Date"**) for the determination of Shareholders entitled to notice of and to vote at the Meeting, and at any adjournment thereof, except to the extent that such holder transfers ownership of the Common Shares after the Record Date, in which case the transferee shall be entitled to vote such Common Shares upon establishing ownership and requesting not later than 10 days before the Meeting, to be included in the list of Shareholders entitled to vote at the Meeting. Each Shareholder is entitled to one (1) vote in person or by proxy for each Common Share held on all matters to come before the Meeting.

To the best of the knowledge of the Corporation's directors and officers no person, other than Harris Kupperman, the Corporation's Executive Chairman, beneficially owns directly or indirectly, or exercise control or direction over, 10% or more of the votes attached to the Common Shares. Harris Kupperman beneficially owns 5,634,000 Common Shares or 16.3% of the issued and outstanding Common Shares of the Corporation.

Quorum

Under the Corporation's by-laws, a quorum for the transaction of business at any meeting of shareholders shall be at least two persons present in person or represented by proxy holding or representing not less than 5% of the Common Shares entitled to be voted at the meeting. Under the Corporation's by-laws and the *Business Corporations Act* (Alberta) (**"ABCA"**), if a quorum is present at the opening of the Meeting, the Shareholders present may proceed with the business of the Meeting notwithstanding that a quorum is not present throughout the Meeting. If a quorum is not present at the opening of the Meeting, the Shareholders present may adjourn the Meeting to a fixed time and place but may not transact any other business.

PARTICULARS OF THE MATTERS TO BE ACTED UPON AT THE MEETING

1. FINANCIAL STATEMENTS

The Corporation's annual report and audited financial statements for the year ended December 31, 2016 (the **"2016 Financial Statements"**) have been forwarded to shareholders that requested. No formal action will be taken at the Meeting to approve the financials, with the requirements of the ABCA having been met with the advance circulation of the 2016 Financial Statements. If Shareholders have questions respecting the financial statements, the questions will be addressed during the **"Other Business"** portion of the Meeting.

2. NUMBER OF DIRECTORS

The Articles of the Corporation provide that the number of directors of the Corporation will be a minimum of one (1) and a maximum of eleven (11). At the Meeting, the management of the Corporation proposes to elect six (6) directors. Shareholders will be asked to consider and, if deemed advisable, to pass the following ordinary resolution:

"BE IT RESOLVED THAT the number of directors to be elected at the Meeting for the ensuing year or otherwise as authorized by the shareholders of the Corporation be and is hereby fixed at six (6)."

Unless otherwise directed, it is the intention of the persons designated in the accompanying form of proxy to vote **IN FAVOUR** of the ordinary resolution fixing the number of directors to be elected at the Meeting at six. In order to be effective, the ordinary resolution in respect of fixing the number of directors to be elected at the Meeting at six must be passed by not less than a majority of the votes cast by Shareholders who are present in person or by proxy at the Meeting.

3. ELECTION OF DIRECTORS

Directors will be elected at the Meeting. The Corporation's board of directors (the **"Board"**) presently consists of six (6) members. It is proposed that the Board will be fixed at six (6) members and the persons referred to in the table below will be nominated at the Meeting. Each director elected will hold office until the next annual meeting of Shareholders, or until his/her successor is duly elected or appointed, unless his office is vacated earlier.

It is the intention of the management designees, if named as proxy, to vote **"IN FAVOUR"** the election of the following persons to the Board unless otherwise directed. Management does not contemplate that any of the nominees will be unable to serve as a director.

1	Harris Kupperman	2	Nick Cousyn
3	Jim Dwyer	4	Brad Farquhar
5	Byambaa Losolsuren	6	Robert Scott

Information regarding each director nominee, including their respective place of residence, occupation, committee memberships and security holdings, can be found below under Item 9 of this Information Circular under the heading **"Other Business – Director Profiles"**.

Unless otherwise directed it is the intention of the persons designated in the accompanying form of proxy to vote such proxies **IN FAVOUR** of the election of the nominees. In order to be effective, the ordinary resolution in respect of the election of each nominee director must be passed by not less than a majority of the votes cast by Shareholders who vote in respect of this ordinary resolution.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or proposed director of the Corporation is, or has been within the past ten years, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemptions under securities legislation, and that was in effect for a period of more than 30 consecutive days, while such person was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the company access to any exemptions under securities legislation, and that was in effect for a period of more than 30 consecutive days, that was issued after that individual ceased to be a director or chief executive officer or chief financial officer and which resulted from an event that occurred while such person was acting in a capacity as a director, chief executive officer or chief financial officer.

No director or proposed director of the Corporation is, or has been within the ten years prior to the date of this Information Circular, a director or executive officer of any company (including the Corporation) that, while such person was acting in that capacity or within a year of that individual ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Individual Bankruptcies

No director or proposed director of the Corporation is or has, within the ten years prior to the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or

insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Penalties

No director or proposed director of the Corporation has been subject to:

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

Majority Voting for Directors

The Board has adopted a policy (the **"Majority Voting Policy"**) that will permit a Shareholder to vote for, or withhold from voting for, each director nominee separately. If a director nominee has more votes withheld than are voted in favour of him, such nominee will be expected to forthwith submit his resignation to the Board, effective on acceptance by the Board. The Board will review the resignation and will consider all factors deemed relevant, including, without limitation, the stated reason or reasons why Shareholders who cast **"withhold"** votes for the director did so, the qualifications of the director, including, without limitation, the impact the director's resignation would have on the Corporation, and whether the director's resignation from the Board would be in the best interest of the Corporation and the Shareholders. Within 90 days of receiving the final voting results, the Board will issue a press release announcing the resignation of the director or explaining the reasons justifying its decision not to accept the resignation. The Majority Voting Policy does not apply in circumstances involving contested director elections. The full text of the Majority Voting Policy is attached hereto as Schedule **"A"**.

4. APPOINTMENT OF AUDITORS

At the meeting, shareholders will be asked to pass an ordinary resolution appointing Davidson & Company LLP, Chartered Accountants, 1200 – 609 Granville Street, P.O. Box 10372, Vancouver, BC, Canada V7Y 1G6, as auditors of the Corporation, to hold office until the next annual general meeting of Shareholders or until its successors are elected or appointed and to authorize the directors to fix their remuneration as such. The foregoing resolution must be approved by a simple majority of the votes cast at the Meeting by the Shareholders voting in person or by proxy. Davidson & Company LLP was first appointed as auditors of the Corporation on June 9, 2016.

Unless otherwise directed, it is the intention of the persons designated in the accompanying form of proxy to vote IN FAVOUR of the ordinary resolution to approve Davidson & Company LLP, as auditors of the Corporation and to authorize the Board to fix the remuneration paid to the auditors. In order to be effective, the ordinary resolution in respect the appointment of the auditors of the Corporation and to fix their remuneration must be passed by not less than a majority of the votes cast by Shareholders who are present in person or by proxy at the Meeting.

5. RE-APPROVE THE STOCK OPTION PLAN

Re-Approval of Share Option Plan of the Corporation

The Shareholders will be asked to consider, and if deemed advisable, to re-approve the share option plan of the Corporation (the **"Option Plan"**) attached as Schedule **"C"** to this Information Circular. The Shareholders will be asked at the Meeting to approve an ordinary resolution reapproving the Option Plan.

The Option Plan was first approved by the Board on March 9, 2011 and was re-approved by the shareholders of the Corporation at the Company's last annual general meeting held on July 14, 2016. The Option Plan is intended to provide the Board with the ability to issue options to provide the employees, officers, directors and consultants of the Corporation with long-term equity-based performance incentives which are a key component of the Corporation's compensation strategy. The Corporation believes it is important to align the interests of management, employees and consultants with shareholder interests and to link performance compensation to enhancement of shareholder value. This is accomplished through the use of stock options whose value over time is dependent on market value.

The aggregate number of Common Shares issuable upon the exercise of all options granted under the Option Plan cannot exceed 10% of the issued and outstanding Common Shares. As of the Record Date, options to acquire **3,323,000** Common Shares are outstanding representing approximately **9.6%** of the then issued and outstanding Common Shares.

The Shareholders will be asked to consider and, if deemed advisable, to pass the following ordinary resolution approving the Option Plan:

“BE IT RESOLVED THAT:

1. **The share option plan of the Corporation, substantially in the form attached as Schedule “C”** to the management information circular of the Corporation dated May 15, 2017, be and is hereby approved and adopted as the share option plan of the Corporation;
2. The form of the share option plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the Shareholders of the Corporation; and
3. Any one director or officer of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to the foregoing resolutions.”

Unless otherwise directed, it is the intention of the persons designated in the accompanying form of proxy to vote in favour of the ordinary resolution to approve the Option Plan. In order to be effective, the ordinary resolution to approve the Option Plan must be passed by not less than a majority of the votes cast by Shareholders who are present in person or by proxy at the Meeting.

6. REAPPROVE THE RESTRICTED STOCK AWARD PLAN

The Shareholders will be asked to consider, and if deemed advisable, to re-approve the restricted stock award plan of the Corporation (the **“RSA Plan”**) attached as Schedule “B” to this Information Circular. The Shareholders will be asked at the Meeting to approve an ordinary resolution accepting proposed RSA Plan.

The RSA Plan is intended to provide the Board with the ability to issue restricted stock awards (**“RSAs”**) to provide the employees, officers, directors and consultants of the Corporation with long-term equity-based performance incentives which are a key component of the Corporation’s compensation strategy. The Corporation believes it is important to align the interests of management, employees and consultants with shareholder interests and to link performance compensation to enhancement of shareholder value. This is accomplished through the use of RSAs whose value over time is dependent on market value.

The aggregate number of Common Shares issuable pursuant to the RSA Plan shall not exceed 200,000 Common Shares and will be subject to the aggregate limits set forth under the Option Plan, such that unvested Common Shares under the RSA Plan will be considered **“Common Shares reserved for issuance”** under the Share Option Plan. As at the record date, there are an aggregate of 108,821 common shares reserved for issuance under the RSA plan.

The RSA Plan was first approved by the shareholders of the Corporation on June 7, 2013 and re-approved by shareholders at the last annual general meeting held on July 14, 2016. The full text of the RSA plan, is attached as Schedule “B” to this Information Circular.

The Shareholders will be asked to consider and, if deemed advisable, to pass the following ordinary resolution approving the RSA Plan:

“BE IT RESOLVED THAT:

1. The RSA plan of the Corporation, substantially in the from attached as Schedule “B” to the management information circular of the Corporation dated May 15, 2017, be and is hereby approved and adopted as the RSA plan of the Corporation;

2. The form of the RSA plan may be amended in order to satisfy the requirements or requests of any regulatory authorities without requiring further approval of the Shareholders of the Corporation; and
3. Any one director or officer of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to the foregoing resolutions.”

Unless otherwise directed, it is the intention of the persons designated in the accompanying form of proxy to vote in favour of the ordinary resolution to approve the RSA Plan. In order to be effective, the ordinary resolution to approve the RSA Plan must be passed by not less than a majority of the votes cast by Shareholders who are present in person or by proxy at the Meeting.

7. APPROVAL OF ADOPTION OF RIGHTS AGREEMENT

The Board has determined it is in the best interest of the Corporation to implement a shareholder rights plan to protect the Corporation and its shareholders from unfair, abusive, or coercive take-over bids or acquisition of control tactics. Accordingly, at a meeting of the Board held on May 5, 2017, the Board approved the shareholder rights plan pursuant to a rights agreement between the Corporation and Computershare Trust Company of Canada dated May 5, 2017 (the “**Rights Plan**”).

Background

On May 9, 2016, the Canadian Securities Administrators made effective certain amendments to the Canadian take-over bid regime (the “**CSA Amendments**”) that require, among other things, that all non-exempt take-over bids:

- i. meet a minimum tender requirement where bidders must receive tenders of more than 50% of the outstanding securities that are subject to the bid and held by disinterested shareholders;
- ii. remain open for a minimum deposit period of 105 days, unless the target board states in a news release an acceptable shorter deposit period of not less than 35 days, or the target board states in a news release that it has agreed to enter into a specific alternative transaction (such as a plan of arrangement) in which case the 35 day period would apply to all concurrent take-over bids; and
- iii. be extended for an additional 10 days after the minimum tender requirement is met and all other terms and conditions of the bid have been complied with or waived.

Under the previous regime, non-exempt take-over bids were only required to remain open for 35 days and were not subject to any minimum tender requirement once the bidder had taken deposited securities.

Consistent with the CSA Amendments, the Rights Plan encourages a potential acquiror to proceed with their bid in accordance with the Canadian take-over bid rules, which requires that the bid satisfy certain minimum standards intended to promote fairness, or have the approval of the Board, by:

- i. protecting against “creeping bids” (the accumulation of more than 20% of the Common Shares through purchases exempt from Canadian take-over bid rules, such as: (i) purchases from a small group of Shareholder under private agreements at a premium to the market price not available to all Shareholders; (ii) acquiring control through the slow accumulation of Common Shares over a stock exchange without paying a control premium; or (iii) through other transactions outside of Canada not subject to Canadian take-over bid rules), and requiring the bid to be made to all Shareholders; and
- ii. preventing a potential acquiror from entering into lock-up agreements with existing Shareholders prior to launching a take-over bid, except for permitted lock-up agreements as specified in the Rights Plan.

By encouraging bids in accordance with Canadian take-over bid rules, the Board wants to allow all Shareholder to benefit from the acquisition of a control position of 20% or more of the Common Shares, and allow the Board to have sufficient time to explore and develop all options for maximizing Shareholder value in the event a person tries to acquire a control position in the Corporation. Under the Rights Plan, potential acquirors are prevented from accumulating effective control of the Corporation or a blocking position against other bidders except by way of a Permitted Bid (as defined in the Rights Plan).

The Rights Plan will expire upon the termination of the Meeting, unless its continuation is confirmed by the Shareholders. The Corporation has reviewed the terms of the Rights Plan for conformity with current Canadian securities laws, as well as practices of public corporations in Canada. The Board has unanimously determined that the Rights Plan is in compliance with the CSA Amendments and that it is appropriate and in the best interest of the Corporation and its Shareholders that the Rights Plan be approved to continue for the next three years.

The Rights Plan, and its continuation for the next three years is not being proposed in response to, or in anticipation of any pending, threatened or proposed acquisition or take-over bid that is known to management of the Corporation.

A copy of the Rights Plan is available under the Corporation's profile at www.sedar.com and a copy of the Rights Plan is attached as Schedule "E" to this Circular.

The text of the resolution approving the Rights Plan is set forth below. If the resolution is not approved by Shareholders, the Rights Plan will cease to be effective.

"BE IT RESOLVED THAT:

1. The shareholder rights plan dated May 5, 2017 between the Corporation and Computershare Trust Company of Canada attached as Schedule "E" to the management information circular of the Corporation dated May 15, 2017 (the "**Rights Plan**") is hereby approved, ratified and confirmed as the Rights Plan of the Corporation until the annual meeting of shareholders of the Corporation to be held in 2020.
2. Even though this resolution has been duly passed by the shareholders of the Corporation, the Board may amend or decide not to proceed with the Rights Plan.
3. Any director or officer of the Corporation be and is hereby authorized for, on behalf of, and in the name of the Corporation, and as a corporate act of the Corporation, to sign and deliver all such other agreements, instruments, certificates, directions, notices, acknowledgements, receipts and other documents and to perform and to do all other acts and things as such director or officer in his discretion may consider necessary, advisable or useful for the purpose of giving effect to these resolutions, execution as aforesaid to be conclusive evidence of this and such director's or officer's approval."

The foregoing ordinary resolution must be approved by a majority of the votes cast at the Meeting by the Shareholders voting in person or by proxy. **The Board believes the passing of the above resolution is in the best interests of the Corporation and recommends that the Shareholders vote IN FAVOUR of the resolution. Unless otherwise directed, it is the intention of the persons designated in the accompanying form of proxy to vote in favour of the ordinary resolution adopting the Rights Plan.**

8. APPROVAL OF ADOPTION OF AMMENDED AND RESTATED BY-LAWS OF THE CORPORATION

General

The Board has reviewed the Corporation's by-laws, which were adopted by the Board and Shareholders in 2013, and determined that they should be updated to, among other things, reflect certain corporate governance best practices. Accordingly, at a meeting of the Board held on May 5, 2017, the Board adopted amended and restated by-laws of the Corporation (the "**Amended and Restated By-Laws**"), subject to approval by the Corporation's Shareholders. The Amended and Restated By-Laws are attached to this Circular as Schedule "F".

Description of Material Differences Between the Previous By-Laws and the Amended & Restated By-Laws

The following table summarizes the material differences between the previous by-laws and the Amended and Restated By-Laws and is qualified in its entirety by the text of the provisions of the Amended and Restated By-Laws, which are attached to this Circular as Schedule "F".

TOPIC AFFECTED BY PROPOSED CHANGE	CURRENT BYLAWS	AMENDED AND RESTATED BYLAWS
Calling Special Meetings	The current Bylaws allow the board to call a special meeting of shareholders.	The Amended and Restated By-Laws permit the Board, the chairman of the Board and the President to call a special meeting of shareholders.
Time for Deposit of Proxies	The current Bylaws allow the board to specify a time, preceding the time of meeting by not more than 48 hours exclusive of Saturdays and holidays, before which proxies to be used at the meeting must be deposited.	The Amended and Restated By-Laws permit the Board to specify a time, preceding the time of meeting by not more than 48 hours exclusive of non-business days, before which proxies to be used at the meeting must be deposited.
Adjournment	The current Bylaws allow the chairman at a meeting of shareholders to, with the consent of the meeting, to adjourn the meeting.	The Amended and Restated By-Laws permit the chairman to adjourn the meeting.
Nomination of Directors	The current Bylaws are silent in respect of the process by which Directors are nominated.	The Amended and Restated By-Laws contain Advance Notice Provisions (as defined below).

Advance Notice Provisions

The Amended and Restated By-Laws incorporate a provision that requires advance notice to the Corporation in circumstances where nominations of persons for election to the Board are made by Shareholders other than pursuant to: (i) a requisition to call a shareholders' meeting made pursuant to the provisions of the ABCA, or (ii) a shareholder proposal made pursuant to the provisions of the ABCA, (the "**Advance Notice Provision**").

Among other things, the Advance Notice Provision fixes a deadline by which holders of record of common shares of the Corporation must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form.

In the case of an annual meeting of shareholders, notice to the Corporation must be made not less than 30 and not more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement.

In the case of a special meeting of shareholders (which is not also an annual meeting) called for the purpose of electing directors (whether or not called for other purposes), notice to the Corporation must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

The Advance Notice Provision provides a clear process for Shareholders to follow to nominate directors and sets out a reasonable time frame for nominee submissions along with a requirement for accompanying information. The purpose of the Advance Notice Provision is to treat all Shareholders fairly by ensuring that all Shareholders, including those participating in a meeting by proxy rather than in person, receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. In addition, the Advance Notice Provision should assist in facilitating an orderly and efficient meeting process.

Shareholder Approval

The Shareholders of the Corporation will be asked to consider and if found acceptable, approve an ordinary resolution to approve the adoption of the Amended & Restated By-Laws. In order for the resolution to be passed, it must be approved by a majority of the votes cast by shareholders who vote in person or by proxy at the Meeting.

The text of the ordinary resolution which management intends to place before the Meeting for the approval of the adoption of the Amended and Restated By-Laws is as follows:

“BE IT RESOLVED THAT:

1. The Amended and Restated By-Laws attached as Schedule “F” to the management information circular of the Corporation dated May 15, 2017 (the “Amended and Restated By-Laws”) are hereby approved, adopted, ratified and confirmed as By-Law No. 1 of the Corporation effective as of the date hereof. All previous by-laws of the Corporation are hereby confirmed repealed as of the coming into force of the Amended and Restated By-Laws.
2. Any director or officer of the Corporation be and is hereby authorized for, on behalf of, and in the name of the Corporation, and as a corporate act of the Corporation, to sign and deliver all such other agreements, instruments, certificates, directions, notices, acknowledgements, receipts and other documents and to perform and to do all other acts and things as such director or officer in his discretion may consider necessary, advisable or useful for the purpose of giving effect to these resolutions, execution as aforesaid to be conclusive evidence of this and such director’s or officer’s approval.”

The foregoing ordinary resolution must be approved by a majority of the votes cast at the Meeting by the Shareholders voting in person or by proxy. **The Board believes the passing of the above resolution is in the best interests of the Corporation and recommends that the Shareholders vote IN FAVOUR of the resolution. Unless otherwise directed, it is the intention of the persons designated in the accompanying form of proxy to vote in favour of the ordinary resolution adopting the Amended & Restated By-Laws.**

9. OTHER BUSINESS

DIRECTOR PROFILES

The following is a brief description of the proposed nominees, including their principal occupation for the past five (5) years, all positions and offices with the Corporation held by them and the number of Common Shares that they have advised are beneficially owned, directly or indirectly, by them or over which control or direction is exercised by them, as at the Record Date.

As of the date of this Information Circular, the present directors and officers of the Corporation beneficially own, directly and indirectly, or exercise control or direction over 6,062,750 Common Shares, being 17.6% of the Corporation’s issued and outstanding Common Shares.

Harris Kupperman



Mr. Kupperman is a co-founder of Mongolia Growth Group and has been the Executive Chairman of the Corporation since March 2014. Mr. Kupperman was the President and CEO of the Corporation from February 2011 to March 2014 and returned as CEO in December 2014. Mr. Kupperman publishes AdventuresInCapitalism.com; a site dedicated to uncovering unique opportunities around the world. He spent 10 years as President of Praetorian Capital, a macro themed small cap focused hedge fund based in Miami. He graduated from Tulane University College with a history degree. Mr. Kupperman served as a Director at Aeroquest International Limited (TSX:AQL) from 2010-2011.

Chairman	Committee Memberships			Other public company directorships in the past 5 years:		
	None			Aeroquest (2010-2011)		
Miami, Florida, USA	Year	Shares owned at record date (#)	Options granted during the year (#)	Options vested during the year (#)	Options outstanding at record date (#)	
Non-Independent Director since February 2011	2016	5,634,000	Nil	Nil	313,000	

Nick Cousyn



Mr Cousyn is a Capital Markets' professional with 15 years of alternatives and traditional industry experience. Before moving to Mongolia, Mr. Cousyn was a licensed securities professional in the U.S. with extensive experience in relationship management and trading which spanned equities, fixed income, derivatives and distressed debt. While based in the US, some of the firms he worked for included Deutsche Bank, Banque Populaire, Wells Fargo and First Horizon National Bank. Since 2012, Mr. Cousyn has served as Chief Operating Officer and head of research for BDsec (MO:BDS), Mongolia's largest broker and investment bank. Mr. Cousyn also serves as Co-Chair of the Business Council of Mongolia Capital Market Working Group and is a Senior Council Member and guest lecturer at Mongolia's Institute for Finance and Economics. Mr. Cousyn holds a BA in Economics from the University of California at Riverside.

Director	Committee Memberships			Other public company directorships in the past 5 years:		
	Compensation Committee (Chair)			None		
Ulaanbaatar, Mongolia	Year	Shares owned at record date (#)	Options granted during the year (#)	Options vested during the year (#)	Options outstanding at record date (#)	
Independent Director since December 2014	2016	5,000	70,000	70,000	220,000	

Jim Dwyer



Mr. Dwyer is Chairman of Mongoljin Private Capital Ltd. in Ulaanbaatar. Jim was a New York-based investment banker specializing in mergers and acquisitions for 30 years and completed over 100 M&A transactions. In addition, he founded and managed M&A departments for two major investment banking firms: Shearson Loeb Rhoades and UBS-North America. Mr. Dwyer first visited Mongolia in 2001 to represent the Government of Mongolia as lead investment banker for the privatization of its largest bank, Trade & Development Bank. Thereafter, he served as lead investment banker for the privatization of the largest Government owned retail bank, Khan Bank. He co-founded the Business Council of Mongolia (BCM) and served as Executive Director from its formation in 2007 to April 2016. Mr. Dwyer received his MBA from Columbia Graduate School of Business (Columbia University).

Director	Committee Memberships			Other public company directorships in the past 5 years:		
	Audit Committee			None		
Ulaanbaatar, Mongolia	Year	Shares owned at record date (#)	Options granted during the year (#)	Options vested during the year (#)	Options outstanding at record date (#)	
Independent Director since December 2014	2016	Nil	70,000	70,000	220,000	

Brad Farquhar



Mr. Farquhar is Executive Vice-President and Chief Financial Officer of Input Capital Corp. (TSXV: INP), the world's first agricultural streaming company. He formerly served in a similar capacity at Assiniboia Capital Corp., which built Canada's largest farmland fund before selling it to the Canada Pension Plan Investment Board in 2014. In addition, Mr. Farquhar is President of Nomad Mongolia LP, an investment partnership that invests in Mongolia and other frontier economies in Asia. Mr. Farquhar is a trained financial planner. He received a MPA in Electoral Governance from Griffith University in Australia, studied political science at Carleton University, and completed a BA at Providence College. Mr. Farquhar is a Director of Input Capital Corp, the Legacy Group of Companies, Greenfield Carbon Offsetters Inc., on the advisory board of AgFunder.com and Chair of the board of directors of SIM Canada.

Director	Committee Memberships			Other public company directorships in the past 5 years:		
	Compensation Committee			Input Capital Corp: TSXV		
	Year	Shares owned at record date (#)	Options granted during the year (#)	Options vested during the year (#)	Options outstanding at record date (#)	
Regina, Saskatchewan, Canada Independent Director since December 2014	2016	119,700	70,000	70,000	220,000	

Byambaa Losolsuren



Mrs. Losolsuren is a founder of the Trend Capital LLC, investment advisory firm. In the past, she was one of the key partners at UMC, being in charge of asset management arm, where she launched and managed three local investment funds. She was instrumental in drafting of the first Investment Fund Law of Mongolia, which was successfully passed by the Parliament in 2013. Prior to that, she worked on a number of projects in the financial sector of Mongolia implemented by the Asian Development Bank. Mrs. Losolsuren also serves as an independent director of the local insurance company. Columnist at the Mongolian Economy journal and at the online platform www.trends.mn. She holds a BA from the National University of Mongolia, and MBA degree from Waseda University, Japan. Earned her PMP designation from PMI in 2015.

Director	Committee Memberships			Other public company directorships in the past 5 years:		
	Audit Committee			None		
	Year	Shares owned at record date (#)	Options granted during the year (#)	Options vested during the year (#)	Options outstanding at record date (#)	
Ulaanbaatar, Mongolia Independent Director since December 2011	2016	Nil	70,000	70,000	220,000	

Robert Scott



Mr. Scott, CPA, CA, CFA brings more than 20 years of professional experience in accounting, corporate finance, and merchant and commercial banking. Mr. Scott earned his CFA in 2001, his CA designation in 1998 and has a B.Sc. from the University of British Columbia. He is a Founder and President of Corex Management Inc., a private company providing accounting, administration, and corporate compliance services to privately held and publicly traded companies, and has served on the management teams and boards of numerous Canadian publicly traded companies with a strong track record of cost effectively running operations. Mr. Scott has also listed several companies on the TSX Venture Exchange gaining extensive IPO, RTO, regulatory and reporting experience, and currently holds senior management and board positions with a number of TSX Venture Exchanges Issuers.

		Committee Memberships			Other public company directorships in the past 5 years:		
Director		Audit Committee	Committee (Chair),	Compensation	Riverside Resources: TSXV, Genesis Metals, TSXV Nickel One Resources, TSXV		
Vancouver, British Columbia, Canada	Independent Director since December 2014	Year	Shares owned at record date (#)	Options granted during the year (#)	Options vested during the year (#)	Options outstanding at record date (#)	
		2016	115,000	70,000	70,000	220,000	

DIRECTOR COMPENSATION

During the 2016 year, the Company's five independent directors did not receive any monetary compensation. As part of their annual compensation, on March 18, 2016, the five independent directors were each granted 70,000 options at a price of \$0.38.

INDEPENDENT DIRECTORS' SUMMARY COMPENSATION TABLE

The following table sets forth for the year ended December 31, 2016 information concerning the compensation paid to our directors other than directors who are also Named Executive Officers.

	Year	Fees Earned	Share Based Awards (\$)	Option Based Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Nick Cousyn	2016	Nil	Nil	\$12,874	Nil	Nil	Nil	\$12,874
Jim Dwyer	2016	Nil	Nil	\$12,874	Nil	Nil	Nil	\$12,874
Brad Farquhar	2016	Nil	Nil	\$12,874	Nil	Nil	Nil	\$12,874
Byambaa Losolsuren	2016	Nil	Nil	\$12,874	Nil	Nil	Nil	\$12,874
Robert Scott	2016	Nil	Nil	\$12,874	Nil	Nil	Nil	\$12,874

Note:

- Options are valued using the Black-Scholes option pricing model with assumptions of no dividends during the exercise periods, stock volatility and a risk-free rate calculated on the date of grant.

Directors' Outstanding Option-Based Awards And Share-Based Awards

The following table sets forth for each of our directors other than directors who are also Named Executive Officers, all option-based awards outstanding at the end of the year ended December 31, 2016. The Corporation has not issued any share-based awards to directors.

Name	Option-based Awards				Share-Based Awards		
	# of securities underlying unexercised options	Option Exercise Price	Option Expiration Date	Value of Unexercised in-the-money Options (\$) ⁽¹⁾	Number of shares or units that have vested	Market or payout value of share-based awards that have not vested (\$) ⁽¹⁾	Market or payout value of vested share-based awards not paid out or distributed (\$) ⁽¹⁾
Nick Cousyn	70,000	\$0.38	17-Mar-19	Nil	Nil	Nil	Nil
	75,000	\$0.74	7-Apr-20	Nil	Nil	Nil	Nil
	75,000	\$1.09	9-Dec-19	Nil	Nil	Nil	Nil
Jim Dwyer	70,000	\$0.38	17-Mar-19	Nil	Nil	Nil	Nil
	75,000	\$0.74	7-Apr-20	Nil	Nil	Nil	Nil
	75,000	\$1.09	9-Dec-19	Nil	Nil	Nil	Nil
Brad Farquhar	70,000	\$0.38	17-Mar-19	Nil	Nil	Nil	Nil
	75,000	\$0.74	7-Apr-20	Nil	Nil	Nil	Nil
	75,000	\$1.09	9-Dec-19	Nil	Nil	Nil	Nil
Byambaa Losolsuren	70,000	\$0.38	17-Mar-19	Nil	Nil	Nil	Nil
	75,000	\$0.74	7-Apr-20	Nil	Nil	Nil	Nil
	75,000	\$1.09	9-Dec-19	Nil	Nil	Nil	Nil
Robert Scott	70,000	\$0.38	17-Mar-19	Nil	Nil	Nil	Nil
	75,000	\$0.74	7-Apr-20	Nil	Nil	Nil	Nil
	75,000	\$1.09	9-Dec-19	Nil	Nil	Nil	Nil

Note:

- Calculated based on the difference between the market price on the TSXV of the Common Shares underlying the stock options at December 31, 2016 (\$0.32) and the exercise price of the Options.

Directors' Incentive Plan Awards – Value Vested Or Earned During The Year

The following table sets forth for each of our directors other than directors who are also Named Executive Officers, the value of option-based awards which vested during the year ended December 31, 2016 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2016. The Corporation did not have any share-based awards outstanding to Directors at the end of the most recently completed financial year.

Name	Option based awards – Value vested during the year ¹	Share based awards – Value vested during the year	Non-equity incentive plan compensation – Value earned during the year
Nick Cousyn	Nil	Nil	Nil
Jim Dwyer	Nil	Nil	Nil
Brad Farquhar	Nil	Nil	Nil
Byambaa Losolsuren	Nil	Nil	Nil
Robert Scott	Nil	Nil	Nil

Note:

1. Calculated based on the difference between the market price of the Common Shares underlying the stock options at date of vesting and the exercise price of the Options.

EXECUTIVE COMPENSATION – Discussion and Analysis

Compensation Committee

The Board has formed the Corporation’s compensation committee (the “**Compensation Committee**”) responsible for reviewing the overall compensation strategy, objectives and policies; annually reviewing and assessing the performance of the executive officers; recommending to the Board the compensation of the executive officers; reviewing executive appointments; and recommending the adequacy and form of directors’ compensation.

All members of the Compensation Committee have the skills and experience to fulfill their responsibilities and to make decisions on the suitability of the Corporation’s compensation policies and practices. They have developed skills and experience in making executive compensation decisions through serving on the boards of directors of public companies, serving on compensation committees of those boards of directors, advising on and drafting long-term incentive plans and working with compensation consultants and advisors in designing and implementing compensation programs for executive officers of public companies.

This Committee meets at least once annually. The members of the Compensation Committee are Nick Cousyn, Brad Farquhar and Robert Scott, all of whom are independent. Nick Cousyn chairs this committee. These Directors have the responsibility for determining compensation for the directors and senior management.

Named Executive Officer Compensation (“Neo”)

Executive compensation is based upon the need to provide a compensation package that will allow the Corporation to attract and retain qualified and experienced executives, balanced with a pay-for performance philosophy. NEOs receive a mixture of fixed and variable pay and a blend of short and long term incentives as appropriate. The Board anticipates any additional executive compensation will likely be comprised of a base salary based on the executive officer’s core competencies, skills, experience and contribution to the Corporation, an incentive based cash bonus plan based on both individual and corporate performance and long-term ownership through granting of stock options.

Due to the growth profile of the Corporation, an NEO’s base salary does not always reflect the level of commitment and effort that he or she is required to provide to ensure the continued success and growth of the Corporation. The award of short-term incentives and options ensures that the total compensation package awarded to NEOs matches the stage of development of the Corporation at a given point in time. The grant of options is designed to recognize and reward the efforts of NEOs as well as to provide additional incentive. These grants may be subject to the successful completion of performance hurdles. NEOs are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

The Compensation Committee is responsible for reviewing remuneration arrangements and recommending them to the Board. The Compensation Committee assesses the appropriateness of the nature and amount of remuneration of NEOs on a periodic basis, by reference to relevant employment market conditions, with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality, high performing director and executive team. The charter adopted by the Compensation Committee aims to align rewards with achievement of strategic objectives.

Base Pay

NEOs are offered a competitive level of base pay at market rates (for companies of similar size and industry, based on a review, in particular, of comparable executive compensation of those other reporting issuers on whose boards the directors currently sit, as set forth under the heading “*Corporate Governance*”, below) which is

reviewed annually to ensure market competitiveness. This base pay comprises the fixed component of their pay and rewards. There is no guaranteed base pay increase included in any of the NEOs' contracts.

Short Term Incentives

The Board retains the discretion to pay short term incentives to NEOs based on the recommendation of the Compensation Committee. Any payment of short term incentives is dependent on the achievement of key performance milestones as determined by the Board. These milestones include key strategic, non-financial measures linked to drivers of performance in future reporting periods. Short term incentive payments may also be made at the discretion of the Board to reward an NEO's participation in ad-hoc projects or activities.

The Compensation Committee has the discretion to adjust short-term incentive payments based on an NEO's achievement of performance milestones. For the year ended December 31, 2016, the Board has not exercised its discretion to pay short term incentives.

Share-Based And Option Based Awards

Option Plan

The Corporation's Option Plan is intended to provide executive officers and directors with long-term equity-based performance incentives. The Option Plan is intended to provide share purchase options to align the interests of management with shareholder interests and to link performance compensation to enhancement of shareholder value. Options will be granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the long-term operating performance of the Corporation. In determining the number of options to be granted to executive officers, the Board will take into account the number of options, if any, previously granted to each executive officer and the exercise price of any outstanding options to ensure such grants are in accordance with the TSX Venture Exchange policies and closely align the interests of the executive officers with the interests of the shareholders. The Corporation's Option Plan authorizes the issuance of stock options entitling the holders to acquire, in the aggregate, up to 10% of its Common Shares from time to time.

RSA Plan

The RSA Plan is intended to provide RSAs to retain and attract employees, directors and consultants, to promote a proprietary interest by employees, directors and consultants in the Corporation and to focus management of the Corporation on the operating and financial performance of the Corporation and total long-term shareholder value. In determining the number of RSAs to be granted to employees, directors and consultants, the Board will take into account the number and exercise price of options and the number of RSAs, if any, previously granted to each employee, director or consultant to ensure such grants are in accordance with the TSX Venture Exchange policies and closely align the interests of the employees, directors and consultants with the interests of the shareholders. The aggregate number of Common Shares issuable pursuant to the RSA Plan shall not exceed 200,000 Common Shares and will be subject to the aggregate limits set forth under the Option Plan, such that unvested Common Shares under the RSA Plan will be considered **"Common Shares reserved for issuance"** under the Option Plan.

Risks

The Compensation Committee reviews compensation policies and practices of the Corporation taking into account any risks associated with these policies and practices. The Compensation Committee has not identified risks associated with the Corporation's compensation policies, which could have a material adverse effect on the Corporation.

Financial Instruments

The Corporation does not have a policy that would prohibit a NEO or a director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange Funds, that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. However, management is not aware of any NEO or director purchasing such an instrument.

2016 NEO Compensation

Harris Kupperman – Current CEO

Since he founded the Corporation, the current CEO of the Corporation, Harris Kupperman, has opted not to participate in any cash compensation plan for his role as an Officer of the Corporation. While Mr. Kupperman has received some options as consideration for his work as CEO and Chairman of the Board in prior years, he did not receive any options in 2016.

Genevieve Walkden – Chief Financial Officer and Corporate Secretary

Ms. Walkden was appointed as Interim Chief Financial Officer on May 25, 2015 and as Corporate Secretary on June 3, 2014. Ms. Walkden received cash compensation of \$178,481 during 2016 and a bonus of \$7,860 paid in January 2016 for the 2015 year. Ms. Walkden did not receive any options during 2016.

Summary Compensation Table

The following table sets forth for the years ended December 31, 2016, December 31, 2015 and December 31, 2014 concerning the compensation paid to the individuals who served as Corporation's Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") during the financial year ended December 31, 2016, and the three most highly compensated executive officers (or the three most highly compensated individuals acting in a similar capacity), other than the CEO and CFO, at the end of the year ended December 31, 2016, whose total compensation was more than \$150,000 if any (each a "Named Executive Officer" or "NEO" and collectively, the "Named Executive Officers" or "NEOs").

Name and Position	Year	Fees (\$)	Earned (\$)	Share Based Awards (\$)	Option Based Awards (\$) ⁽¹⁾	Annual Incentive Plan (\$)	Long Term Incentive Plans (\$)	Pension Value (\$)	All Compensation (\$)	Other Compensation (\$)	Total (\$)
Harris Kupperman ⁽¹⁾ CEO	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	121,946	Nil	Nil	Nil	Nil	Nil	121,946
	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Genevieve Walkden CFO and Corporate Secretary	2016	178,481	Nil	Nil	Nil	Nil	Nil	Nil	7,860	Nil	186,341
	2015	169,636	Nil	Nil	102,239	Nil	Nil	Nil	8,210	Nil	280,085
	2014	135,000	Nil	Nil	207,236	Nil	Nil	Nil	1,399	Nil	343,635

Note

- Based on the grant date fair value of the applicable stock options. These amounts were not paid to the above noted individuals but were based on value attributed to the options using the Black-Scholes option pricing model with assumptions of no dividends during the exercise periods, stock volatility and a risk-free rate measured at the time of grant.

The following table sets forth for each Named Executive Officer all option-based awards outstanding at the end of the year ended December 31, 2016:

Option-Based Awards					Share-Based Awards			
Name	# of securities underlying unexercised options	Option Exercise Price	Option Expiration Date	Value of Unexercised in-the-money Options (\$) ⁽¹⁾	Number of shares or units that have vested	Market payout of share-based awards that have vested (\$)	or value of share-based awards that not vested	Market payout of share-based awards not paid out or distributed (\$)
Harris Kupperman	48,000	\$1.90	March 2, 2019	\$0	Nil	Nil	Nil	Nil
	265,000	\$0.74	April 7, 2020	\$0	Nil	Nil	Nil	Nil
Genevieve Walkden	150,000	\$1.90	March 2, 2019	\$0	Nil	Nil	Nil	Nil
	265,000	\$0.72	April 2, 2020	\$0	Nil	Nil	Nil	Nil

Note:

- Calculated based on the difference between the market price of the Common Shares underlying the stock options at December 31, 2016 (\$0.32) and the exercise price of the options.

Incentive Plan Awards – Value Vested Or Earned During The Year

The following table sets forth for each Named Executive Officer, the value of option-based awards which vested during the year ended December 31, 2016 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2016. The Corporation had 3,358,000 exercisable options at year end however none were in the money at year end. The Corporation had nil share-based awards outstanding at the end of the most recently completed financial year.

	Option based awards – Value vested during the year ¹	Share based awards – Value vested during the year ²	Non equity incentive plan compensation – Value earned during the year
Name	(\$)	(\$)	(\$)
Harris Kupperman, CEO	Nil	Nil	Nil
Genevieve Walkden, CFO and Corporate Secretary	Nil	Nil	Nil

Notes:

1. Calculated based on the difference between the market price of the Common Shares underlying the stock options at date of vesting and the exercise price of the Options.
2. Calculated based on the market price of the Common Shares underlying the Restricted Stock Units at date of vesting.

Pension Plan Benefits

During the year ended December 31, 2016, the Corporation did not provide a defined benefit plan or actuarial plan for its employees, officers or directors.

Termination And Change Of Control Benefits

There are no other current contracts, agreements, plans or arrangements that provide for payments to a Named Executive Officer at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Corporation or a change in a Named Executive Officer's responsibilities.

Securities Authorized For Issuance Under Equity Compensation Plans

The following sets forth information in respect of securities authorized for issuance under our equity compensation plans as at December 31, 2016.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders(1)	3,358,000	\$1.11	141,540
Equity compensation plans not approved by security holders	0	0	0
Total	3,358,000⁽²⁾	\$1.11	141,540

Note:

1. The Corporation's Option Plan authorizes the issuance of stock options entitling the holders to acquire, in the aggregate, up to 10% of its Common Shares from time to time. In addition, the RSA plan reserves a maximum of 200,000 common shares for grant as RSA's. Shares granted under the RSA plan are deducted from the aggregate 10% reserved under the option plan.
2. Includes only options and RSAs issued and outstanding as of December 31, 2016.

MANAGEMENT CONTRACTS

No management functions of the Corporation or any subsidiary thereof are to any substantial degree performed other than by the directors or executive officers of the Corporation or any subsidiary thereof.

AUDIT COMMITTEE

The Audit Committee's Charter

The text of the Corporation's audit committee (the **"Audit Committee"**) charter is attached as Schedule **"D"** to this Information Circular.

Composition Of The Audit Committee

The current members of Audit Committee are Robert Scott, Jim Dwyer and Byambaa Losolsuren. The Board has determined that each member of the Audit Committee is "independent" and "financially literate" as such terms are defined in National Instrument 51-110 *"Audit Committees"* (**"NI 51-110"**).

Relevant Education and Experience

Name and Place of Residence	Independent	Financially Literate	Relevant Education and Experience
Robert Scott	Yes	Yes	Mr. Scott, CPA, CA, CFA brings more than 20 years of professional experience in corporate finance, accounting and merchant and commercial banking. Mr. Scott earned his CFA in 2001, his CA designation in 1998 and has a B.Sc. from the University of British Columbia. He is a Founder and President of Corex Management Inc., a private company providing accounting, administration, and corporate compliance services to privately held and publicly traded companies. Mr. Scott currently serves as the CFO for Riverside Resources (TSXV: RRI) and Nickel One Resources Inc. (TSXV: NNN) and is also on the board of Genesis Metals Corp. (TSXV: GIS).
Jim Dwyer	Yes	Yes	Mr Dwyer was a New York-based investment banker specializing in mergers and acquisitions for 30 years and completed over 100 M&A transactions. Mr. Dwyer received his MBA from Columbia Graduate School of Business (Columbia University). He received a BBA in Accounting & English from the University of Notre Dame and qualified as a certified public accountant (CPA) with Touche Ross, a firm that is now part of Deloitte. Mr. Dwyer also serves as Chairman & President of Mongolia Education Foundation; and Chairman of Mongoljin Private Capital Limited, the Sponsor of the Mongolia Development Finance Fund.
Byambaa Losolsuren	Yes	Yes	Mrs. Losolsuren is a founder of the Trend Capital LLC, investment advisory firm. In the past, she was one of the key partners at UMC, being in charge of asset management arm, where she launched and managed three local investment funds. She was instrumental in drafting of the first Investment Fund Law of Mongolia, which was successfully passed by the Parliament in 2013. Prior to that, she worked on a number of projects in the financial sector of Mongolia implemented by the Asian Development Bank. Mrs. Losolsuren also serves as an independent director of the local insurance company. Currently a member of the Economic Council at the Prime Minister's Office of Mongolia and a Director of the Investment and Finance Research Center. Columnist at the Mongolian Economy journal and at the online platform www.trends.mn . She holds a BA from the National University of Mongolia, and MBA degree from Waseda University, Japan. Earned her PMP designation from PMI in 2015.

Audit Committee Oversight

Since the commencement of the Corporation's most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

Reliance On Certain Exemptions

Since the commencement of the Corporation's most recently completed financial year, the Corporation has not relied on an exemption contained in Section 2.4 of NI 52-110, an exemption contained in Subsection 6.1.1 of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Pre-Approval Policies And Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services but all such services will be subject to prior approval of the Audit Committee.

External Auditor Services Fees

The aggregate fees billed by the Corporation's auditors for the years ended December 31, 2016 and December 31, 2015 are as follows:

Audit Fees				
Financial Period	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
Year ended December 31, 2016	\$ 122,766	\$ 8,535	\$ 36,480	-
Year ended December 31, 2015	\$277,269	\$32,321	\$18,280	-

Notes:

1. **"Audit Fees"** include fees necessary to perform the annual audit of the Corporation's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
2. **"Audit-Related Fees"** include services that are traditionally performed by the auditor. These audit-related services include quarterly reviews of the financial statements, employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
3. **"Tax Fees"** include fees for all tax services other than those included in **"Audit Fees"** and **"Audit-Related Fees"**. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
4. **"All Other Fees"** include all other non-audit services.

Exemption

The Corporation is relying upon the exemption in section 6.1 of NI 51-110.

CORPORATE GOVERNANCE

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Corporation. A "material relationship" is a relationship, which could, in the view of the Corporation's Board of Directors, be reasonably expected to interfere with the exercise of a director's independent judgment, as set forth in section 1.4 of NI 52-110.

Management has been delegated the responsibility of managing the business of the Corporation. Through the Audit Committee, the Board examines the effectiveness of the Corporation's internal control processes and information systems.

The majority of the Board of Directors is currently "independent" as such term is defined under NI 52-110 and National Instrument 58-101 *"Disclosure of Corporate Governance Practices"* (**"NI 58-101"**).

The following members of the Board of Directors are independent in accordance with Section 1.4 of NI 52-110: Robert Scott, Brad Farquhar, Nick Cousyn, Jim Dwyer and Byambaa Losolsuren.

The only non-independent director is Harris Kupperman, President and Chief Executive Officer. Mr. Kupperman has been determined to be non-independent because of his role as Chief Executive Officer of the Corporation.

Other Directorships

The following directors are directors of the following other reporting issuers:

Other Reporting Issuers		
Name of Director	Name of Other Issuer	Exchange
Brad Farquhar	Input Capital Corp.	TSX Venture Exchange
Robert Scott	Riverside Resources	TSX Venture Exchange
Robert Scott	Genesis Metals Corp.	TSX Venture Exchange
Robert Scott	Nickel One Resources Inc.	TSX Venture Exchange

Orientations And Continuing Education

The Board of Directors has not yet adopted any formal orientation or continuing education program for directors. If new directors are added, the current directors and officers will assist the new directors to become familiar with the Corporation.

Ethical Business Conduct

The Board of Directors has not adopted formal guidelines or attempted to quantify or stipulate steps to encourage and promote a culture of ethical business conduct but does promote ethical business conduct through the nomination of board members it considers ethical, through avoiding or minimizing conflicts of interest, and by having a sufficient number of its independent board members address all corporate matters which rightly fall before a board of directors of a public corporation.

Nomination Of Directors

The Corporation does not have a nominating committee, and these functions are currently performed by the Board of Directors as a whole. A formal nomination process has not been adopted. The nominees are generally chosen by the Board.

Compensation

For a detailed discussion of the compensation of the directors and NEOs of the Corporation, please see the discussion under “**Executive Compensation**” and “**Director Compensation**”.

Other Board Committees

The Board has no standing committees other than the Audit Committee and the Compensation Committee.

Assessments

The Board of Directors monitors but does not formally assess the performance of individual Board members or committee members or their contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of an individual director is informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the board.

Indebtedness Of Directors And Executive Officers

As of the date of this Information Circular, there was no indebtedness outstanding of any current or former director, executive officer or employee of the Corporation which is owing to the Corporation, or which is owing to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time in the most recently completed financial year was, a director or executive officer of the Corporation, no proposed nominee for election as a director of the Corporation and no associate of such persons:

- (a) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Corporation; or
- (b) is indebted to another entity, which indebtedness is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation, entered into in connection with a purchase of securities or otherwise.

Other Matters Coming Before The Meeting

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Annual and Special Meeting. Should any other matters properly come before the Meeting, the Common Shares represented by proxy solicited by this Information Circular – Proxy Statement will be voted on such matters in accordance with the best judgment of the person voting such proxy.

Interest Of Certain Persons Or Companies In Matters To Be Acted Upon

No director or officer of the Corporation, or any person who has held such a position since the beginning of the last completed financial year of the Corporation, nor any nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of

beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors.

Certain directors and officers of the Corporation hold options to acquire Common Shares pursuant to the Option Plan. At the Meeting, Shareholders will be asked to approve and adopt an ordinary resolution relating to the renewal and approval of the Option Plan. See *"Matters to be Acted Upon at the Meeting – Re-Approval of the Share Option Plan"*.

Interest Of Informed Persons And Others In Material Transactions

Except as disclosed elsewhere herein, none of the directors, executive officers, principal shareholders of the Corporation, or informed persons (as defined in National Instrument 51-102), and no associate or affiliate of any of them, has or has had any material interest in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transactions which has materially affected or would materially affect the Corporation.

There are potential conflicts of interest to which the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

Additional Information

Financial information is provided in the Corporation's audited financial statements and related management's discussion and analysis for the year ended December 31, 2016. To receive a copy of the Corporation's financial statements and related management's discussion and analysis please contact the Corporation info@mongoliagrowthgroup.com. If you wish, this information and additional information relating to the Corporation may also be accessed on SEDAR at sedar.com.

Dated, this 15th day of May, 2017



Harris Kupperman
CEO and Chairman
On Behalf of the Board of Directors

SCHEDULE “A”
MONGOLIA GROWTH GROUP LTD.
(the “Corporation”) MAJORITY VOTING POLICY

The board of directors of the Corporation (the **“Board”**) believes that each director should have the confidence and support of the shareholders of the Corporation (the **“Shareholders”**). To this end, the Board has unanimously adopted this policy and future nominees for election to the Board will be required to confirm that they will abide by the policy.

Forms of proxy for the election of directors will permit a shareholder to vote in favour of, or to withhold from voting, separately for each director nominee. The Chair of the Board will ensure that the number of shares voted in favour or withheld from voting for each director nominee is recorded and promptly made public after the meeting. If the vote was by a show of hands, the Corporation will disclose the number of shares voted by proxy in favour or withheld for each director.

If a director nominee has more votes withheld than are voted in favour of him or her, the nominee will be considered by the Board not to have received the support of the Shareholders, even though duly elected as a matter of corporate law. Such a nominee will be expected to forthwith submit his or her resignation to the Board, effective on acceptance by the Board. The Board will review the resignation and consider all factors deemed relevant including, without limitation, the stated reason or reasons why Shareholders who cast **“withhold”** votes for the director did so, the qualifications of the director including the impact the director’s resignation would have on the Corporation, and whether the director’s resignation from the Board would be in the best interest of the Corporation and the Shareholders. Within 90 days of receiving the final voting results, the Board will issue a press release announcing the resignation of the director or explaining the reasons justifying its decision not to accept the resignation.

Subject to any corporate law restrictions, the Board may (1) leave a vacancy in the Board unfilled until the next annual general meeting, (2) fill the vacancy by appointing a new director whom the Board considers to merit the confidence of the Shareholders, or (3) call a special meeting of Shareholders to consider a new Board nominee(s) to fill the vacant position(s). This policy does not apply where an election involves a proxy battle, i.e., where proxy material is circulated in support of one or more nominees who are not part of the director nominees supported by the Board.

SCHEDULE “B”
MONGOLIA GROWTH GROUP LTD. RESTRICTED SHARE AWARD PLAN

The Mongolia Growth Group Ltd. (the “**Corporation**” or “**MGG**”) Restricted Stock Award Plan (the “**Plan**”) pursuant to which restricted stock of the Corporation may be granted to employees, directors or consultants of the Corporation, or any MGG Entity (as defined herein), is hereby established on the terms and conditions set out below.

ARTICLE 1
DEFINITIONS AND INTERPRETATION

- 1.1 **Purpose:** The principal purposes of the Plan are as follows:
- (a) to retain and attract Participants for MGG and MGG Entities;
 - (b) to promote a proprietary interest in MGG by such Participants and to encourage such persons to remain in the employ or service of MGG and MGG Entities and put forth maximum efforts for the success of the affairs of MGG and the business of MGG and the MGG Entities; and
 - (c) to focus management of MGG and MGG Entities on operating and financial performance and total long term shareholder return.
- 1.2 **Definitions:** In the Plan, the following capitalized words and terms shall have the following meanings:
- (a) “**Board**” means the board of directors of the Corporation.
 - (b) “**Change of Control**” means:
 - (i) a successful “**take-over bid**” (as defined in the Securities Act (Alberta), as amended, or any successor legislation thereto) pursuant to which the “**offeror**” beneficially owns in excess of 50% of the issued and outstanding Common Shares;
 - (ii) the issuance to or acquisition by any person, or group of persons acting jointly or in concert, directly or indirectly, including through an arrangement or other form of reorganization, of Common Shares which in the aggregate total 50% or more of the then issued and outstanding Common Shares;
 - (iii) an arrangement, merger or other form of reorganization of MGG where the holders of the outstanding voting securities or interests of MGG immediately prior to the completion of the reorganization will hold 50% or less of the outstanding voting securities or interests of the continuing entity upon completion of the arrangement, merger or reorganization;
 - (iv) the sale of all or substantially all of the assets of MGG; or
 - (v) the liquidation, winding-up or dissolution of MGG; provided that notwithstanding the application of any of the foregoing, a “**Change of Control**” shall be deemed to not have occurred if a majority of the Board, acting reasonably, determines, prior to the effective date of any transaction which may be considered a Change of Control under this definition, that in substance an arrangement or reorganization will not occur or the circumstances are such that a Change of Control will be deemed to not occur and any such determination shall be binding and conclusive for all purposes of the Plans.
 - (c) “**Committee**” means the Board or any person or persons designated by the Board to administer the Plan.
 - (d) “**Common Shares**” means the common shares of MGG.
 - (e) “**Disability**” or “**Disabled**” means, in the sole determination of a Participant’s Employer, whose determination shall be final and binding, the reasonable likelihood that the Participant will be unable to perform his or her duties and responsibility to the Employer by reason of a physical or mental disability or infirmity for either: (i) a continuous period of six months; or (ii) 270 days during an consecutive twelve (12) month period.
 - (f) “**Eligible Participants**” means the employees, directors and consultants of the Corporation or any MGG Entity.
 - (g) “**Employer**” means the Corporation or any MGG Entity that employs an Eligible Participant.
 - (h) “**Employment**” in respect of a Participant means the employment of the Participant by an Employer.
 - (i) “**Exchange**” means the TSX Venture Exchange or such other stock exchange(s) on which the Common Shares are then listed and posted for trading.

- (j) **"Grant Date"** means the date the Corporation issues Restricted Shares granted to a Participant pursuant to a Restricted Stock Agreement.
- (k) **"Maximum Restricted Shares"** has the meaning set out in section 2.1.
- (l) **"MGG Entities"** means, collectively, any of MGG's subsidiaries, partnerships, trusts or other controlled entities (for the purpose of this Plan MGG is considered to control such other entity if MGG, directly or indirectly, holds more than fifty percent (50%) of the voting rights attached to all outstanding voting securities of such entity, provided that with respect to a US Participant, a subsidiary of MGG will not be considered a MGG Entity for purposes of this Plan if MGG does not own at least eighty percent (80%) of either the total voting power or the total value of all outstanding securities of such entity).
- (m) **"Participant"** means an Eligible Participant who has been designated by the Committee to be a Participant in the Plan and to whom Restricted Shares are granted in accordance with the terms of the Plan and a Restricted Stock Agreement.
- (n) **"Resignation Date"** means the date on which the Participant notifies the Participant's Employer verbally or in writing, of the intention of the Participant to resign from Employment.
- (o) **"Restricted Period"** means, in respect of Restricted Shares granted to a Participant, the period commencing on the applicable Grant Date of such Restricted Shares and ending on the earliest to occur after the applicable Grant Date of an event set out in Section 2.5 of the Plan.
- (p) **"Restricted Share"** means a Common Share of the Corporation granted to a Participant in accordance with the terms of the Plan and a Restricted Stock Agreement and affixed with the legend set forth in Section 2.3(d).
- (q) **"Restricted Stock Agreement"** has the meaning set out in Section 2.2.
- (r) **"Retirement"** or **"Retired"** means, in respect of a Participant, the Participant retiring from Employment in accordance with the then policies and practices of the Employer that employs the Participant, but does not include retirement of a Participant in connection with or as a consequence of a termination of the Participant's Employment for cause.
- (s) **"Shareholder"** means a holder of Common Shares.
- (t) **"Share Option Plan"** means the share option plan of the Corporation.
- (u) **"Tax Act"** means the *Income Tax Act* (Canada), as amended.
- (v) **"Termination Date"** means, the date, as determined by the Committee, that a Participant has Retired, or has become Disabled or the Participant's Employment is terminated, with or without cause, as the case may be, but for greater certainty does not include the date of a termination of Employment with one MGG Entity as a consequence of a transfer of Employment of a Participant to another MGG Entity.
- (w) **"US Participant"** means a Participant who is an individual citizen or resident of the United States of America.

ARTICLE 2 THE PLAN

- 2.1 **Stock Subject to The Plan:** The aggregate number of Common Shares authorized for grant as Restricted Shares under the Plan, subject to adjustment of such number pursuant to the provisions of section 2.8, shall not exceed 200,000 Common Shares (the **"Maximum Restricted Shares"**).
- 2.2 **Granting of Restricted Shares:**
 - (a) Restricted Shares may be granted to Eligible Participants of the Corporation who are designated by the Committee to be Participants in the Plan. Each grant of Restricted Shares shall be made to a Participant pursuant to an agreement (a **"Restricted Stock Agreement"**) containing terms and conditions consistent with the Plan and approved by the Committee, which terms and conditions need not be the same in each case.
 - (b) Issuance of Restricted Shares pursuant to this Plan shall be subject to the limitations set forth in Section 4 of the Share Option Plan and Restricted Shares shall be considered part of the aggregate Common Shares reserved for issuance under the Share Option Plan. In no event shall the Common Shares authorized for issuance under this Plan, when combined with the Common Shares reserved for issuance under the Share Option Plan, exceed 10% of the issued and outstanding Common Shares of the Corporation.
 - (c) In addition to the limitations set forth in paragraph (b), above, issuance of Restricted Shares pursuant to this Plan shall be subject to the following limitations:

- (i) the aggregate number of Restricted Shares issued to any one Participant in any 12 month period shall not exceed 1% of the then issued and outstanding Common Shares of the Corporation; and
- (ii) the aggregate number of Restricted Shares issued to all Insiders (as that term is defined under the Policies of the Exchange) in any 12 month period shall not exceed 2% of the then issued and outstanding Common Shares of the Corporation.

2.3 **Shareholder Rights and Restrictions:** Restricted Shares granted to a Participant pursuant to this Plan shall be issued on a book entry only basis on the applicable Grant Date as fully paid and non-assessable Common Shares, registered in the name of the Participant, and the Participant shall have all of the rights of a beneficial shareholder with respect to such Common Shares, including the right to receive all dividends and other distributions payable in cash or in kind with respect to such Common Shares, except that during the applicable Restricted Period in respect of the Restricted Shares,

- (a) a Participant shall not be entitled to sell, assign, exchange, transfer, pledge, hypothecate or otherwise dispose of or encumber the Restricted Shares;
- (b) the unvested Restricted Shares shall be subject to forfeiture pursuant to section 2.6;
- (c) any Common Shares distributed as a dividend or distribution in respect of unvested Restricted Shares prior to the end of the applicable Restricted Period shall be subject to the same restrictions as the unvested Restricted Shares in respect of which the dividend or distribution was made; and
- (d) each Restricted Share shall carry a legend stating: *"The holder of these Common Shares must not trade these Common Shares until permitted by the Restricted Stock Award Plan"*.

2.4 **No Rights Prior to Issuance:** No Participant shall have any rights or entitlement to acquire any Common Shares authorized for grant under this Plan nor shall any such shares be identified with any Participant prior to the issuance of such Restricted Shares to the Participant on the applicable Grant Date.

2.5 **Restricted Period:** Subject to section 2.6, the Restricted Period in respect of a Restricted Share shall end and such Restricted Share shall become vested and shall cease to be subject to forfeiture, upon the earliest to occur of the following:

- (a) one third of each grant of Restricted Shares will vest on each of the first, second and third anniversaries of the Grant Date;
- (b) the date the of a Change of Control of the Corporation;
- (c) the Termination Date in respect of the Disability of the Participant holding the Restricted Share;
- (d) the date of death of the Participant; or
- (e) a determination by the Committee to end the Restricted Period with respect to any Restricted Shares, but only to the extent of such determination.

2.6 **Forfeiture of Restricted Shares:**

- (a) The provisions of this section 2.6 shall apply to Restricted Shares throughout the Restricted Period applicable to such Restricted Shares.
- (b) All Restricted Shares granted to a Participant shall immediately and automatically be forfeited to the Corporation and cancelled for nil consideration, upon the earliest of the following dates to occur during the Restricted Period applicable to such Restricted Shares:
 - (i) the Termination Date of Employment of the Participant for cause; or
 - (ii) the Resignation Date in respect of the resignation of the Participant.
- (c) Upon the Retirement of a Participant during the Restricted Period in respect of Restricted Shares, a pro-rata portion of such Restricted Shares determined in accordance with the following formula shall become vested on the Termination Date of such Retirement:

$$\begin{array}{lcl} \text{Number of Restricted Shares Vesting on Termination Date of Retirement} & \text{of} & \text{Number of days of employment from Grant Date to Termination Date} \\ & & \text{Number of days from Grant Date to 3}^{\text{rd}} \text{ anniversary of the Grant Date} \\ & = & \text{Number of days of employment from Grant Date to Termination Date} \\ & & \text{Number of days from Grant Date to 3}^{\text{rd}} \text{ anniversary of the Grant Date} \\ & & \text{Number of Restricted Shares granted on the Grant Date} \end{array} \times$$

and the remaining portion of such Restricted Shares shall immediately and automatically be forfeited to the Corporation and cancelled for nil consideration upon the Termination Date of such Retirement.

- 2.7 **Share Certificates:** In the event that Restricted Shares become vested upon the occurrence of any of the events specified in section 2.5 or 2.6, the Corporation shall deliver to the Participant a Common Share certificate representing the applicable Restricted Shares and registered in the name of the Participant, free and clear of all restrictions, other than those imposed under applicable securities law restrictions, as soon as practicable after the date of such vesting.
- 2.8 **Adjustments:** In the event of any stock split, combination or exchange of shares of the Corporation, or any merger, consolidation, spin-off, the payment of any stock dividend or other distribution (other than normal cash dividends) of the Corporation's assets to shareholders, or any change in the capital of the Corporation affecting the Common Shares, the Committee may make such adjustment, if any, as it may deem appropriate in the number of Maximum Restricted Shares pursuant to Section 2.1.
- 2.9 **Withholding Taxes:** The Corporation may take such steps as it considers necessary or appropriate for the withholding of any taxes which the Corporation is required by any law or regulation of any governmental authority whatsoever to withhold in connection with the Restricted Shares including, without limiting the generality of the foregoing, requiring the Participant's Employer to withhold of all or any portion of any amount due and payable to the Participant by the Employer, until such time as the Participant has paid the Corporation for any amount which the Corporation is required to withhold with respect to such taxes. If the Corporation considers that the foregoing steps undertaken in connection with this section 2.9 result in inadequate withholding or a late remittance of taxes or other source deductions, then the issuance of Restricted Shares pursuant to this Plan may be made conditional upon the Participant (or other person) reimbursing or compensating the Corporation or making arrangements satisfactory to the Corporation for the payment in a timely manner of all taxes and other source deductions required to be remitted.

ARTICLE 3 GENERAL

- 3.1 **Employment:** Nothing contained in the Plan shall confer upon any Participant any right with respect to employment or continuance of Employment with any Employer or interfere in any way with the right of such Employer to terminate the Participant's employment at any time. Participation in the Plan by a Participant shall be voluntary.
- 3.2 **Administration:** Subject to the Plan and applicable law, and in addition to other express powers and authorizations conferred on or delegated to the Committee by the Board, the Committee shall, by majority action, have full power to administer the Plan, including, but not limited to the authority to:
- (a) interpret and construe any provisions of the Plan and decide all questions of fact arising in its interpretation;
 - (b) correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent deemed necessary or desirable;
 - (c) establish, amend, and rescind any rules and regulations relating to the Plan and make such determinations as it deems necessary in order to comply with the requirements of the Plan, or to confirm to any law or regulation (including the policies of the Exchange) or to any change in any laws or regulations applicable to the Plan or the administration of the Plan, and to make such modifications as may be required to recognize differences in applicable law, tax practices and policies applicable to Participants as a consequence of their residency, citizenship or place of employment;
 - (d) take any and all actions permitted by the Plan; and
 - (e) make any other determinations and take such other action in connection with the administration of the Plan that the Committee deems necessary or advisable.
- 3.3 **Determinations of the Committee Final:** Any calculation, determination or decision by, or opinion of the Committee shall be in its sole discretion (with the assistance of such reputable and qualified independent financial advisors and/or other experts as the Committee may determine) and any such calculation, determination, decision or opinion of the Committee or any other person to whom the administration of the Plan has been delegated, on any and all matters regarding the Plan, shall be final and conclusive on all parties concerned, including, but not limited to, the Corporation, the Employers, the Participants, their beneficiaries and their legal representatives, for all purposes.
- 3.4 **Delegation of Authority:** The Committee may delegate all or a part of the administration of the Plan to the senior officers of the Corporation to perform certain specific administrative functions in respect of the Plan, and shall determine the scope of such delegation in its sole discretion.

- 3.5 **Discretionary Relief:** Despite any other provision hereof, the Committee may waive in writing a restriction or forfeiture under the Plan of one or more Restricted Shares of a particular Participant, if the Committee considers that specific individual circumstances warrant such a waiver. No such waiver shall constitute a waiver of any other condition set out in the Plan in respect of the Participant and no waiver in respect of a Participant shall obligate the Committee to provide a similar waiver to any other Participant in similar or different circumstances.
- 3.6 **Amendment and Termination of Plan:** This Plan and any Restricted Stock Awards granted pursuant to the Plan may be amended, modified or terminated by the Committee including but not limited to amending the Restricted Periods under the Plan without approval of Shareholders subject to any required approval of the Exchange. Notwithstanding the foregoing, the Plan or any Restricted Stock Award may not be amended without Shareholder approval to:
- (a) increase the number of Common Shares subject to the Plan any time pursuant to Section 2.1 hereof;
 - (b) permit a Grantee to transfer or assign Restricted Shares to a new beneficial holder other than for estate settlement purposes;
 - (c) any amendment to Section 2.2(b); or
 - (d) amend this Section 3.6 to delete any of the above.
- In addition, no amendment to the Plan or Restricted Stock Awards granted pursuant to the Plan may be made without the consent of the Grantee, if it adversely alters or impairs the rights of any Participant in respect of any Restricted Stock Award previously granted to such Participant under the Plan.
- 3.7 **General:** The existence of rights under the Plan or any Restricted Stock Agreement shall not affect in any way, the right or power of the Corporation or its Shareholders to make or authorize any adjustment, recapitalization, reorganization or any other change in the Corporation's capital structure or its business, or any amalgamation, combination, merger or consolidation involving the Corporation or to create or issue any bonds, debentures, shares of any class or other securities of the Corporation or to change the rights and conditions attaching thereto or to effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of similar character or otherwise.
- 3.8 **No Representation or Warranty:** The Corporation makes no representation or warranty as to the current or future market value of any Restricted Share issued in accordance with the provisions of the Plan.
- 3.9 **Indemnification:** Each member of the Board and the Committee is indemnified and held harmless by the Corporation against any costs, charges and expenses whatsoever (including tax liability arising from such indemnification) which such member of the Board or Committee may incur arising out of any action, failure to act, determination or interpretation made in good faith in connection with the Plan, and, to the extent permitted by applicable law, any liability, damages, losses, and expenses incurred in connection with defending against, responding to, negotiation for the settlement of, or otherwise dealing with any claim cause of action or dispute of any kind arising in connection with any actions in administering this Plan.
- 3.10 **Effective Date:** The Plan is effective as of the date on which it has been approved by the Board.
- 3.11 **Interpretation:** The Plan shall be governed and construed in accordance with the laws of the Province of Alberta and the laws of Canada as applicable therein.
- 3.12 **Headings:** The headings contained herein are for the sole purpose of convenience of reference and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of the Plan.

SCHEDULE "C"
MONGOLIA GROWTH GROUP LTD.
SHARE OPTION PLAN

1. Purpose of Plan

The purpose of the option plan (the "**Stock Option Plan**") is to develop the interest of Directors, Employees and Consultants of the Corporation in the growth and development of the Corporation by providing them with the opportunity through share purchase Options to acquire an increased proprietary interest in the Corporation. Capitalized terms not otherwise defined, have the meanings set forth in Section 15 of this Item or in Policy 1.1 *Interpretation* of the TSX Venture Exchange Corporate Finance Manual.

2. Administration

The Stock Option Plan is administered by the Board, or if appointed, by a committee of directors appointed from time to time by the Board pursuant to rules of procedure fixed by the Board (such committee, or if no such committee is appointed, the Board, is hereafter in this item referred to as the "**Option Committee**").

3. Stock Exchange Rules

All options granted pursuant to this Stock Option Plan shall be subject to the rules and policies of any stock exchange or exchanges on which the common shares of the Corporation are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the "**Exchange**").

4. Granting of Options

The Option Committee may from time to time designate Directors, Employees and Consultants of the Corporation and its subsidiaries (collectively, the "**Optionees**") to whom Options may be granted and the number of Common Shares to be optioned to each, subject to the following (and subject to such additional restrictions and limitations as the policies of the Exchange may impose):

- (c) the aggregate number of Common Shares reserved for issuance on exercise of all Options issued under the Stock Option Plan at any given time shall not exceed ten percent of the number of Outstanding Common Shares at such time, subject to the adjustment as set forth in Section 9 of this item and the other provisions hereof;
- (d) the aggregate number of Common Shares reserved for issuance to any one Optionee in a 12 month period shall not exceed five percent of the number of Outstanding Common Shares, unless the Corporation complies with the policies of the Exchange;
- (e) the aggregate number of Common Shares reserved for issuance to any one Director, Employee or Consultant under the Stock Option Plan shall not exceed two percent of the number of Outstanding Common Shares in any 12 month period;
- (f) The aggregate number of Common Shares reserved for issuance to any one Optionee employed to provide Investor Relations Activities in a 12 month period shall not exceed an aggregate of two percent of the number of Outstanding Common Shares;
- (g) the aggregate number of Common Shares reserved for issuance to all Eligible Charitable Organizations (as defined in the TSX Venture Corporate Finance Manual) will not exceed one percent of the number of Outstanding Common Shares;
- (h) (unless the approval of the disinterested shareholders of the Corporation is obtained, the maximum number of Common Shares reserved for issuance pursuant to Options granted to Insiders at any time may not exceed ten percent of the number of Outstanding Common Shares;
- (i) unless the approval of the disinterested Shareholders of the Corporation is obtained, the maximum number of Common Shares which may be issued to Insiders within a one year period may not exceed ten percent of the number of Outstanding Common Shares; and
- (j) The Common Shares that are reserved for issuance on exercise of Options granted pursuant to this Stock Option Plan that are cancelled, terminated or expire in accordance with the terms of the Stock Option Plan prior to the exercise of all or a portion thereof shall be available for a subsequent grant of Options pursuant to this Stock Option Plan to the extent of any Common Shares issuable thereunder that are not issued under such cancelled, terminated or expired Options.

5. Vesting

- (a) The option committee of the Board (the “**Option Committee**”) may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, acceleration of vesting (including, without limitation, in the case of a takeover bid or other change of control), or that no vesting restriction shall exist.
- (b) Notwithstanding the foregoing, unless otherwise permitted by the Exchange, Options issued to Consultants performing Investor Relations Activities must vest in stages over a period of not less than 12 months, with no more than one quarter of the Options vesting in any three month period.

6. Exercise Price

- (c) Subject to the policies of the Exchange, the exercise price (the “**Exercise Price**”) of any Option must not be less than the Discounted Market Price.
In the event that the Common Shares are not listed and posted for trading on any stock exchange in Canada, the market price of the Common Shares shall be determined by the Board in its sole discretion. Notwithstanding the foregoing sentence, in the event that there has been a publicly announced take-over bid, amalgamation or other transaction involving the Common Shares, while such transaction is still outstanding, the market price shall be the consideration offered pursuant to such transaction (in the event that the consideration is other than cash, the Board shall determine the cash equivalent for the purpose of this provision).
- (d) The Corporation must obtain disinterested Shareholder approval for any reduction in the Exercise Price of an Option that is held by an Insider of the Corporation.

7. Option Terms

The period during which an Option is exercisable shall, subject to the provisions of the Stock Option Plan requiring acceleration of rights of exercise, be such period as may be determined by the Option Committee at the time of grant, provided that no Option may be exercised beyond ten years from the date of grant. Each Option shall, among other things, contain provisions to the effect that the Option shall be personal to the Optionee (except as provided herein). In addition, each Option shall provide that:

- (a) upon the death of the Optionee, provided the Optionee was a Service Provider for at least one year following the grant of the Options (unless otherwise determined by the Option Committee), the Option shall terminate on the date determined by the Option Committee, which shall not be more than one year from the date of death; and
- (b) unless the directors of the Corporation determine otherwise, if the Optionee shall no longer be a Service Provider to the Corporation, the Option shall terminate on the expiry of the period (the “**Option Termination Date**”) not in excess of 90 days, and in the case of Optionees performing Investor Relations Activities, not in excess of 30 days, prescribed by the Option Committee at the time of grant, following the date that the Optionee ceases to be a Service Provider to the Corporation; provided that the number of Common Shares that the Optionee (or his heirs or successors) shall be entitled to purchase until the Option Termination Date shall be the number of Common Shares which the Optionee was entitled to purchase on the date of death or the date the Optionee ceased to be a Service Provider to the Corporation (other than if the Service Provider is terminated by the Corporation for cause).

8. Exercise of Option

Subject to the Stock Option Plan, an Optionee (or his or her legal personal representative) may exercise from time to time by delivery to the Corporation, at its executive head office in Toronto, Ontario, of a written notice of exercise specifying the number of Common Shares with respect to which the Option is being exercised and accompanied by payment in full of the purchase price of the Common Shares then being purchased. Upon exercise of the Option, the Corporation will cause to be delivered to the optionee a certificate or certificates, representing such Common Shares in the name of the optionee or the optionee’s legal personal representative or otherwise as the optionee may or they may in writing direct.

9. Alterations in Common Shares

In the event, at any time or from time to time, that the share capital of the Corporation shall be consolidated or subdivided prior to the exercise by the Optionee, in full, of any Option in respect of all of the Common Shares granted, or the Corporation shall pay a dividend upon the Common Shares by way of issuance to the holders thereof of additional Common Shares, Options with respect to any Common Shares which have not been purchased at the time of any such consolidation, subdivision or stock

dividend shall be proportionately adjusted so that the Optionee shall from time to time, upon the exercise of an Option, be entitled to receive the number of Common Shares he would have held following such consolidation, subdivision or stock dividend if the Optionee had purchased the Common Shares and had held such Common Shares immediately prior to such consolidation, subdivision or stock dividend. Upon any such adjustments being made, the Optionee shall be bound by such adjustments and shall accept the terms of such Options in lieu of the Options previously outstanding.

10. Option Agreements

A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to Option, the Exercise Price, provisions as to vesting and expiry and any other terms approved by the Option Committee, all in accordance with the provisions of this Stock Option Plan. The agreement will be in such form as the Option Committee may from time to time approve or authorize the officers of the Corporation to enter into and may contain such terms as may be considered necessary in order that the Option will comply with this Stock Option Plan, any provisions respecting Options in the income tax or other laws in force in any country or jurisdiction of which the person to whom the Option is granted may from time to time be a resident or citizen, and the rules of any regulatory body having jurisdiction over the Corporation.

11. Regulatory Authorities Approvals

The Stock Option Plan shall be subject to the approval, if required, of any stock exchange on which the Common Shares are listed for trading. Any Options granted prior to such approval shall be conditional upon such approval being given and no such Options may be exercised unless such approval, if required, is given.

12. Amendment or Discontinuance of the Stock Option Plan

The Option Committee may amend or discontinue the Stock Option Plan at any time, provided that no such amendment may, without the consent of the Optionee, alter or impair any Option previously granted to an Optionee under the Stock Option Plan and provided further that any amendment to the Stock Option Plan should be subject to prior approval of any stock exchange on which the Common Shares are listed, as required by such exchange, and approval of the shareholders of the Corporation, if required by such exchange.

13. Common Shares Duly Issued

Common Shares issued upon the exercise of an Option granted hereunder will be validly issued and allotted as fully paid and non-assessable upon receipt by the Corporation of the Exercise Price therefor in accordance with the terms of the Option and the issuance of Common Shares thereunder will not require a resolution or approval of the Board.

14. Transferability

All benefits, rights and options accruing to any Optionee in accordance with the terms and conditions of the Stock Option Plan shall not be transferable or assignable unless to the extent, if any, permitted by the Exchange. During the lifetime of an Optionee any benefits, rights and options may only be exercised by the Optionee.

15. Definitions

In respect of the Stock Option Plan, capitalized terms not otherwise defined in this Item have the meanings set forth below. Notwithstanding the foregoing, where defined terms used herein are also defined in the policies of the Exchange and there are discrepancies between said defined terms, the defined term used in the policies of the Exchange prevail over the defined term used in this Item during such period of time as the Corporation's Common Shares are listed on the Exchange.

- (a) A company is an **"Affiliate"** of another company if:
 - (i) one of them is the subsidiary of the other; or
 - (ii) each of them is controlled by the same company or individual.
- (b) **"company"**, unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity, other than an individual.
- (c) **"Consultant"** means, in relation to the Corporation, an individual or Consultant Company, other than an Employee or a Director of the Corporation, that:

- (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to an Affiliate of the Corporation, other than services provided in relation to a Distribution;
- (ii) provides the services under a written contract between the Corporation or the Affiliate and the individual or the Consultant Company;
- (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate of the Corporation; and
- (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation.
- (d) **“Consultant Company”** means, for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner.
- (e) **“Directors”** means directors, senior officers and management company employees of the Corporation, or directors, senior officers and management company employees of the Corporation’s subsidiaries to whom Options can be granted in reliance on a prospectus exemption under applicable securities laws.
- (f) **“Discounted Market Price”** means the Market Price less the following maximum discounts based on closing price (and subject, not withstanding the application of any such maximum discount, to a minimum price per share of \$0.05 and a minimum exercise price per Warrant or incentive stock option, as the case may be, of \$0.10):

Closing Price	Discount
up to \$0.50	25%
\$0.51 to \$2.00	20%
Above \$2.00	15%

- (g) **“Distribution”** has the meaning ascribed thereto in the Securities Act (Alberta).
- (h) **“Employee”** means:
 - (i) an individual who is considered an employee of the Corporation or its subsidiary under the Income Tax Act (Canada) (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
 - (ii) an individual who works full-time for the Corporation or its subsidiaries providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source; or
 - (iii) an individual who works for the Corporation or its subsidiaries on a continuing and regular bona fide basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source.
- (i) **“Exchange”** means the CNSX or the TSX Venture Exchange, or, if the Common Shares are not then listed and posted for trading on such exchange, any stock exchange in Canada on which such Common Shares are listed and posted for trading or any other regulatory body having jurisdiction as may be selected for such purpose by the Board.
- (j) **“Insider”**, if used in relation to the Corporation, means:
 - (i) a director or senior officer of the Corporation;
 - (ii) a director or senior officer of a company that is an Insider or subsidiary of the Corporation;
 - (iii) a company or individual that beneficially owns or controls, directly or indirectly, voting Common Shares carrying more than ten percent of the voting rights attached to all outstanding voting Common Shares of the Corporation; or
 - (iv) the Corporation itself if it holds any of its own securities.
- (k) **“Investor Relations Activities”** means any activities, by or on behalf of the Corporation or a shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:

- (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation:
 - (A) to promote the sale of products or services of the Corporation; or
 - (B) to raise public awareness of the Corporation;
 - (C) that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
 - (ii) activities or communications necessary to comply with the requirements of:
 - (A) applicable securities laws; or
 - (B) the policies of the Exchange or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;
 - (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
 - (A) the communication is only through the newspaper, magazine or publication; and
 - (B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
 - (iv) activities or communications that may be otherwise specified by the Exchange.
- (l) **“Management Company Employee”** means an individual employed by a company or individual providing bona fide management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a company or individual engaged in Investor Relations Activities.
- (m) **“Outstanding Common Shares”** at the time of any share issuance or grant of Options means the aggregate number of Common Shares that are outstanding immediately prior to the share issuance or grant of Options in question on a non-diluted basis, or such other number as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including, if listed thereon, the Exchange.
- (n) **“Service Provider”** means a Director, Employee or Consultant of the Corporation.
- (o) **“subsidiary”** has the meaning ascribed thereto in the Securities Act (Alberta) as from time to time amended, supplemented or re-enacted.

SCHEDULE “D”
MONGOLIA GROWTH GROUP LTD. AUDIT COMMITTEE
MANDATE AND TERMS OF REFERENCE

Our Audit Committee Charter outlines the specific roles and duties of the Committee’s members.

GENERAL FUNCTIONS, AUTHORITY, AND ROLE

The Audit Committee is a Committee of the Board of Directors appointed to assist the Board in monitoring (1) the integrity of the financial statements of the Corporation, (2) compliance by the Corporation with legal and regulatory requirements related to financial reporting, (3) qualifications, independence and performance of the Corporation’s independent auditors, and (4) performance of the Corporation’s internal controls and financial reporting process.

The Audit Committee has the power to conduct or authorize investigations into any matters within its scope of responsibilities, with full access to all books, records, facilities and personnel of the Corporation, its auditors and its legal advisors. In connection with such investigations or otherwise in the course of fulfilling its responsibilities under this charter, the Audit Committee has the authority to independently retain special legal, accounting, or other consultants to advise it, and may request any officer or employee of the Corporation, its independent legal counsel or independent auditor to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee. The Audit Committee also has the power to create specific sub-committees with all of the investigative powers described above.

The Corporation’s independent auditor is ultimately accountable to the Board of Directors and to the Audit Committee; and the Board of Directors and Audit Committee, as representatives of the Corporation’s shareholders, have the ultimate authority and responsibility to evaluate the independent auditor, and to nominate annually the independent auditor to be proposed for shareholder approval, and to determine appropriate compensation for the independent auditor. In the course of fulfilling its specific responsibilities hereunder, the Audit Committee must maintain free and open communication between the Corporation’s independent auditors, Board of Directors and management. The responsibilities of a member of the Audit Committee are in addition to such member’s duties as a member of the Board of Directors.

While the Audit Committee has the responsibilities and powers set forth in this charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Corporation’s financial statements are complete, accurate, and in accordance with generally accepted accounting principles. This is the responsibility of management and the independent auditor. Nor is it the duty of the Audit Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor (other than disagreements regarding financial reporting), or to assure compliance with laws and regulations or the Corporation’s own policies.

MEMBERSHIP

The membership of the Audit Committee will be as follows:

- The Committee will consist of a minimum of three members of the Board of Directors, appointed annually, the majority of whom is affirmatively confirmed as independent by the Board of Directors, with such affirmation disclosed in the Corporation’s annual shareholder materials.
- The Board will elect, by a majority vote, one member as chairperson.
- A member of the Audit Committee may not, other than in his or her capacity as a member of the Audit Committee, the Board of Directors, or any other Board Committee, accept any consulting, advisory, or other compensatory fee from the Corporation, and may not be an affiliated person of the Corporation or any subsidiary thereof.

RESPONSIBILITIES

The responsibilities of the Audit Committee shall be as follows:

1. Frequency of Meetings

- Meet annually or as often as may be deemed necessary or appropriate in its judgment, either in person or by teleconference.
- Meet with the independent auditor at least annually, either in person or telephonically.

2. **Reporting Responsibilities**
 - Provide to the Board of Directors proper Committee minutes.
 - Report Committee actions to the Board of Directors with such recommendations as the Committee may deem appropriate.
 - Provide a report for the Corporation's Annual Information Circular.
3. **Charter Evaluation**
 - Annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.
4. **Whistleblower Mechanisms**
 - Adopt and review annually a mechanism through which employees and others can directly and anonymously contact the Audit Committee with concerns about accounting and auditing matters. The mechanism must include procedures for responding to, and keeping of records of, any such expressions of concern.
5. **Independent Auditor**
 - Nominate annually the independent auditor to be proposed for shareholder approval.
 - Approve the compensation of the independent auditor, and evaluate the performance of the independent auditor.
 - Establish policies and procedures for the engagement of the independent auditor to provide non-audit services.
 - Ensure that the independent auditor is not engaged for any activities not allowed by any of the Canadian provincial securities commissions, the SEC or any securities exchange on which the Corporation's shares are traded.
 - Ensure that the auditors are not engaged for any of the following nine types of non-audit services contemporaneous with the audit:
 - bookkeeping or other services related to accounting records or financial statements of the
 - Corporation;
 - financial information systems design and implementation;
 - appraisal or valuation services, fairness opinions, or contributions-in-kind reports;
 - actuarial services;
 - internal audit outsourcing services;
 - any management or human resources function;
 - broker, dealer, investment advisor, or investment banking services;
 - legal services; and
 - expert services related to the auditing service.
6. **Hiring Practices**
 - Ensure that no senior officer who is, or in the past full year has been, affiliated with or employed by a present or former auditor of the Corporation or an affiliate, is hired by the Corporation until at least one full year after the end of either the affiliation or the auditing relationship.
7. **Independence Test**
 - Take reasonable steps to confirm the independence of the independent auditor, which shall include:
 - insuring receipt from the independent auditor of a formal written statement delineating all relationships between the independent auditor and the Corporation, consistent with the Independence Standards Board Standard No. 1 and related Canadian regulatory body standards;
 - considering and discussing with the independent auditor any relationships or services, including non-audit services, that may impact the objectivity and independence of the independent auditor; and
 - as necessary, taking, or recommending that the Board of Directors take, appropriate action to oversee the independence of the independent auditor.

8. **Audit Committee Meetings**

- At the request of the independent auditor, convene a meeting of the Audit Committee to consider matters the auditor believes should be brought to the attention of the Board or shareholders.
- Keep minutes of its meetings and report to the Board for approval of any actions taken or recommendations made.

9. **Restrictions**

- Ensure no restrictions are placed by management on the scope of the auditors' review and examination of the Corporation's accounts.
- Ensure that no officer or director attempts to fraudulently influence, coerce, manipulate or mislead any accountant engaged in auditing of the Corporation's financial statements.

AUDIT AND REVIEW PROCESS AND RESULTS

10. **Scope**

- Consider, in consultation with the independent auditor, the audit scope and plan of the independent auditor.

11. **Review Process and Results**

- Consider and review with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, as the same may be modified or supplemented from time to time.
- Review and discuss with management and the independent auditor at the completion of the annual examination:
 - the Corporation's audited financial statements and related notes;
 - the Corporation's MD&A and news releases related to financial results;
 - the independent auditor's audit of the financial statements and its report thereon;
 - any significant changes required in the independent auditor's audit plan;
 - any non-GAAP related financial information;
 - any serious difficulties or disputes with management encountered during the course of the audit
 - other matters related to the conduct of the audit, which are to be communicated to the Audit Committee under generally accepted auditing standards.
- Review, discuss with management and approve annual and interim quarterly financial statements prior to public disclosure.
- Review and discuss with management and the independent auditor the adequacy of the Corporation's internal controls that management and the Board of Directors have established and the effectiveness of those systems, and inquire of management and the independent auditor about significant financial risks or exposures and the steps management has taken to minimize such risks to the Corporation.
- Meet separately with the independent auditor and management, as necessary or appropriate, to discuss any matters that the Audit Committee or any of these groups believe should be discussed privately with the Audit Committee.
- Review and discuss with management and the independent auditor the accounting policies which may be viewed as critical, including all alternative treatments for financial information within generally accepted accounting principles that have been discussed with management, and review and discuss any significant changes in the accounting policies of the Corporation and industry accounting and regulatory financial reporting proposals that may have a significant impact on the Corporation's financial reports.
- Review with management and the independent auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures, if any, on the Corporation's financial statements.

- Review with management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Corporation's financial statements or accounting policies.
- Review with the Corporation's General Counsel legal matters that may have a material impact on the financial statements, the Corporation's financial compliance policies and any material reports or inquiries received from regulators or governmental agencies related to financial matters.

SECURITIES REGULATORY FILINGS

- Review filings with the Canadian Provincial Securities Commissions and other published documents containing the Corporation's financial statements.
- Review, with management and the independent auditor, prior to filing with regulatory bodies, the interim quarterly financial reports (including related notes and MD&A) at the completion of any review engagement or other examination. The designated financial expert of the Audit Committee may represent the entire Audit Committee for purposes of this review.

RISK ASSESSMENT

- Meet periodically with management to review the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- Assess risk areas and policies to manage risk including, without limitation, environmental risk, insurance coverage and other areas as determined by the Board of Directors from time to time.

AMENDMENTS TO AUDIT COMMITTEE CHARTER

- Annually review this Charter and propose amendments to be ratified by a simple majority of the Board.

SCHEDULE “E”

RIGHTS AGREEMENT

DATED AS OF MAY 5, 2017

between

MONGOLIA GROWTH GROUP LTD.

and

COMPUTERSHARE TRUST COMPANY OF CANADA

as Rights Agent

RIGHTS AGREEMENT

RIGHTS AGREEMENT dated as of May 5, 2017 between **MONGOLIA GROWTH GROUP LTD.**, a corporation existing under the *Business Corporations Act* (Alberta) (the “**Corporation**”), 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 hereunder).

WHEREAS:

- A. the Board of Directors has determined it advisable and in the best interests of the Corporation to adopt a shareholder rights plan (the “**Rights Plan**”) to ensure, to the extent possible, that all shareholders of the Corporation are treated fairly in connection with any take-over offer for the Corporation, to protect the Corporation and its shareholders from unfair, abusive, or coercive acquisition of control tactics, and to ensure that the Board of Directors is provided with sufficient time to evaluate unsolicited take-over bids or coercive acquisition of control tactics and to explore and develop alternatives to maximize shareholder value;
- B. In order to implement the Rights Plan, the Board of Directors:
 - (a) authorized and declared a distribution of one right (“**Right**”) effective 5:00 p.m. (Calgary time) on May 5, 2017 in respect of each Common Share (as hereinafter defined) outstanding at the Record Time (as hereinafter defined);
 - (b) authorized the issuance of one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time (as hereinafter defined) and the Expiration Time (as hereinafter defined); and
 - (c) the Corporation appointed the Rights Agent to act on behalf of the Corporation and the holders of Rights, and the Rights Agent was willing to so act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates (as hereinafter defined), the exercise of Rights and other matters referred to herein;
- C. Each Right entitles the holder thereof, after the Separation Time, to purchase securities of the Corporation pursuant to the terms and subject to the conditions set forth herein; and
- D. The Rights Agent has agreed to act on behalf of the Corporation in connection with the issuance, transfer, exchange and replacement of Rights Certificates (as hereinafter defined), the exercise of Rights and other matters referred to herein.

NOW THEREFORE, in consideration of the premises and the respective agreements set forth herein, the Corporation and the Rights Agent hereby agree as follows:

ARTICLE 4 INTERPRETATION

4.1 Certain Definitions

In this Agreement, unless the context otherwise requires:

- (a) “**Acquiring Person**” means any Person who is the Beneficial Owner of 20% or more of the outstanding Voting Shares; provided however, that the term “**Acquiring Person**” does not include:
 - (i) the Corporation or any Subsidiary of the Corporation,

- (ii) an underwriter or member of a banking or selling group that acquires Voting Shares from the Corporation in connection with a distribution of securities, or
- (iii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of one or any combination of:
 - (A) a Voting Share Reduction 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,
 - (B) a Permitted Bid Acquisition,
 - (C) an Exempt Acquisition,
 - (D) a Pro-Rata Acquisition, or
 - (E) a Convertible Security Acquisition,

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

- (iv) for a period of 10 days after the Disqualification Date (as hereinafter defined), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of such Person becoming disqualified from relying on clauses (vi) or (viii) of the definition of Beneficial Owner. In this definition, “**Disqualification Date**” means the first date of public announcement of facts indicating that such Person has or is making or has announced an intention to make a Take-over Bid or an acquisition of control, whether alone or by acting jointly or in concert with any other Person; or
 - (v) a Grandfathered Person; provided however, that this exemption does not apply to any Grandfathered Person in the event that such Grandfathered Person becomes, after the Record Time, the Beneficial Owner of additional Voting Shares such that its Beneficial Ownership of Voting Shares is increased by more than 1% of the number of Voting Shares then outstanding (other than pursuant to any one or more of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro-Rata Acquisition, or a Convertible Security Acquisition).
- (b) “**Affiliate**”, when used to indicate a relationship with a specified corporation, means a Person that directly, or indirectly through one or more controlled intermediaries, controls, or is controlled by, or is under common control with, such specified corporation.
 - (c) “**Agreement**” means this Amended and Restated Rights Agreement as amended and supplemented from time to time.
 - (d) “**Associate**”, when used to indicate a relationship with a specified Person, means (i) a spouse of such specified Person, (ii) any Person of either sex with whom such specified Person is living in a conjugal relationship outside marriage or (iii) any relative of such specified Person or of a Person mentioned in clauses (i) or (ii) of this definition if that relative has the same residence as the specified Person.

(e) A Person is deemed the **“Beneficial Owner”** and to have **“Beneficial Ownership”** of and to **“Beneficially Own”**, any securities:

- (i) of which such Person or any of such Person’s Affiliates or Associates is the owner at law or in equity;
- (ii) as to which such Person or any of such Person’s Affiliates or Associates has the right to become owner at law or in equity (where such right is exercisable within a period of 60 days, whether or not on condition or the happening of any contingency or the making of any payment) pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing (other than (x) customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a public offering or private placement of securities, and (y) pledges of securities in the ordinary course of business), or upon the exercise of any Convertible Securities; and
- (iii) which are Beneficially Owned within the meaning of clauses (i) or (ii) of this definition by any other Person with which such Person or any of such Person’s Affiliates is acting jointly or in concert,

provided however, that a Person is not deemed the **“Beneficial Owner”**, or to have **“Beneficial Ownership”** of, or to **“Beneficially Own”**, any security;

- (iv) by reason of such security having been deposited or tendered pursuant to a tender or exchange offer or Take-over Bid made by such Person or any of such Person’s Affiliates or Associates or any other Person referred to in clause (iii) of this definition until the earlier of such deposited or tendered security (A) being accepted unconditionally for payment or exchange or (B) being taken up and paid for;
- (v) by reason of the holder of such security having agreed to deposit or tender such security to a Take-over Bid made by such Person or any of such Person’s Affiliates or Associates or any other Person referred to in clause (iii) of this definition pursuant to a Permitted Lock-up Agreement;
- (vi) by reason of such Person, any of such Person’s Affiliates or Associates or any other Person referred to in clause (iii) of this definition holding such security, provided that:
 - (A) the ordinary business of the Person (in this definition, the **“Manager”**) includes the management of mutual funds or investment funds for others (which others may include or be limited to one or more employee benefit plans or pension plans) and such security is held by the Manager in the ordinary course of such business in the performance of such Manager’s duties for the account of any other Person (in this definition, a **“Client”**), including non-discretionary accounts held on behalf of a Client by a dealer or broker registered under applicable laws;
 - (B) the Person (in this definition, a **“Trust Company”**) is licenced to carry on the business of a trust company under applicable law and, as such, acts as a trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (each, in this definition, an **“Estate Account”**) or in relation to other accounts (each, in this definition, an **“Other Account”**) and holds such security, and is acting, in the ordinary course of such duties for the Estate Account or for such Other Accounts;

- (C) the ordinary business of such Person includes acting as an agent of the Crown in the management of public assets (in this definition, the “**Crown Agent**”);
- (D) the Person is an independent Person established by statute for purposes that include, and the ordinary business or activity of such Person (in this definition, the “**Statutory Body**”) includes, the management of investment funds for employee benefit plans, pension plans, insurance plans of various public bodies and the Statutory Body holds such security for the purposes of its activities as such; or
- (E) the Person (in this definition, the “**Administrator**”) is the administrator or trustee of one or more pension funds or plans (each, in this definition, a “**Plan**”) or is a Plan registered under the laws of Canada or any province thereof or the corresponding laws of the jurisdiction by which such Plan is governed and the Administrator or Plan holds such security for the purposes of its activities as such,

but only if the Manager, the Trust Company, the Crown Agent, the Statutory Body, the Administrator or the Plan, as the case may be, is not then making and has not announced a current intention to make a Take-over Bid, other than an Offer to Acquire Common Shares or other securities pursuant to a distribution by the Corporation or by means of ordinary market transactions (including prearranged trades entered into in the ordinary course of business of such Person) executed through the facilities of a stock exchange or an organized over-the-counter market, or another acquisition of control tactic, alone or by acting jointly or in concert with any other Person;

- (vii) because such Person, or any other Person acting jointly or in concert with such Person is:
 - (A) a Client of the same Manager as another Person on whose account the Manager holds such security;
 - (B) an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security; or
 - (C) a Plan with the same Administrator as another Plan on whose account the Administrator holds such securities;
- (viii) because such Person, or any other Person acting jointly or in concert with such Person, is:
 - (A) a Client of a Manager and such security is owned at law or in equity by the Manager;
 - (B) an Estate Account or an Other Account of a Trust Company and such security is owned at law or in equity by the Trust Company; or
 - (C) a Plan and such security is owned at law or in equity by the Administrator of the Plan; or
- (ix) because such Person is the registered holder of securities as a result of carrying on the business of, or acting as nominee for, a securities depository.

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

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

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

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

- (f) **"Board of Directors"** means the board of directors of the Corporation.
- (g) **"Business Corporations Act (Alberta)"** means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, and the regulations thereunder, unless otherwise specified, as the same exist on the date hereof.
- (h) **"Business Day"** means any day other than: (i) Saturday, (ii) Sunday or, (iii) unless otherwise specified, a day on which Canadian chartered banks in the City of Calgary, Alberta are generally authorized or obligated by law to close.
- (i) **"Canadian-U.S. Exchange Rate"** means, on any date, the inverse of the U.S.-Canadian Exchange Rate.
- (j) **"Canadian Dollar Equivalent"** of any amount which is expressed in United States dollars means, on any date, the Canadian dollar equivalent of such amount determined by reference to the Canadian-U.S. Exchange Rate on such date.
- (k) **"Close of Business"** on any given date means the time on such date (or, if such date is not a Business Day, the time on the next succeeding business day), at which the office of the transfer agent for the Common Shares in the City of Calgary, Alberta (or, after the Separation Time, the offices of the Rights Agent in the City of Calgary, Alberta) becomes closed to the public; provided, however, that for the purposes of the definitions of "Competing Permitted Bid" and "Permitted Bid", "Close of Business" on any date means 11:59 p.m. (local time at the place of deposit) on such date (or, if such date is not a Business Day, 11:59 p.m. (local time at the place of deposit) on the next succeeding Business Day).
- (l) **"Common Shares"** means the common voting shares in the capital of the Corporation.
- (m) **"Competing Permitted Bid"** means a Take-over Bid that:
 - (i) is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry of that Permitted Bid or Competing Permitted Bid (in this definition, the **"Prior Bid"**);
 - (ii) satisfies all components of the definition of a Permitted Bid other than the requirements set out in clause (ii) of that definition; and

- (iii) contains, and the take up and payment for securities tendered or deposited thereunder are subject to, irrevocable and unqualified conditions that no Voting Shares shall be taken up or paid for pursuant to the Competing Permitted Bid:
 - (A) prior to the Close of Business on a date that is not earlier than the minimum number of days such Take-over Bid must be open for deposit of securities thereunder pursuant to applicable Canadian securities laws, including NI 62104, after the date of the Take-over Bid constituting the Competing Permitted Bid; and
 - (B) then only if, at the time that such Voting Shares are first taken up or paid for, more than 50% of the then outstanding Voting Shares held by Independent Shareholders have been deposited or tendered pursuant to the Competing Permitted Bid and not withdrawn.
- (n) a Person is “**controlled**” by another Person if:
 - (i) securities entitled to vote in the election of directors, trustees or others occupying a corresponding office carrying more than 50% of the votes for the election of directors, trustees or others occupying a corresponding office are held, directly or indirectly, by or on behalf of the other Person; and
 - (ii) the votes carried by such securities are entitled, if exercised, to elect a majority of the directors, trustees or others occupying a corresponding office of such Person,

and “**controls**”, “**controlling**” and “**under common control with**” shall be interpreted accordingly.
- (o) “**Convertible Securities**” means at any time:
 - (i) any right (contractual or otherwise and regardless of whether such right constitutes a security) to acquire Voting Shares from the Corporation; and
 - (ii) any securities issued by the Corporation from time to time (other than the Rights) carrying any exercise, conversion or exchange right,

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 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).
- (p) “**Convertible Security Acquisition**” means the acquisition of Voting Shares upon the exercise of Convertible Securities received by a Person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition or a Pro-Rata Acquisition.
- (q) “**Exchange Act of 1934**” means the *Securities Exchange Act of 1934*, as amended, of the United States of America and the rules and regulations thereunder, unless otherwise specified, as the same exist on the date hereof.
- (r) “**Exempt Acquisition**” means an acquisition:
 - (i) which has been approved by a resolution of the Board of Directors prior to the date of acquisition;

- (ii) in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to the provisions of Section 5.1 hereof;
 - (iii) pursuant to a regular dividend reinvestment or other plan of the Corporation made available by it to all holders of Voting Shares of a class or series of Voting Shares where such plan permits the holder to direct that dividends paid in respect of such Voting Shares be applied to the purchase from the Corporation of further securities of the Corporation;
 - (iv) pursuant to a distribution of Shares or Convertible Securities made by the Corporation pursuant to a prospectus or private placement, provided that such prospectus or private placement was approved by the Board of Directors and any applicable regulatory authorities, provided that: (A) in the case of a prospectus offering, a Person acquiring such Shares or Convertible Securities does not thereby acquire a greater percentage of Shares, or securities convertible into or exchangeable into Shares, than the Person's percentage of Shares Beneficially Owned immediately prior to such acquisition; and (B) in the case of a private placement, a Person acquiring such Shares or Convertible Securities does not thereby acquire Shares or securities convertible or exchangeable into Shares equal in number to more than 25% of the Voting Shares outstanding immediately prior to the private placement and, in making this determination, the securities to be issued to such Person on the private placement shall be deemed to be held by such Person but shall not be included in the aggregate number of Voting Shares outstanding immediately prior to the private placement; and
 - (v) pursuant to a distribution of Shares or Convertible Securities made by the Corporation pursuant to a statutory procedure requiring Shareholder approval, including an amalgamation, merger or plan of arrangement.
- (s) **"Exercise Price"** means, as of any date, the price at which a holder may purchase the securities issuable upon exercise of one whole Right. Until adjustment thereof in accordance with the terms hereof, the Exercise Price equals \$100.
- (t) **"Expiration Time"** means the earliest of: (i) the Termination Time, (ii) the termination of the annual meeting of the shareholders of the Corporation in the year 2020, unless at such meeting the Agreement is reconfirmed by a resolution passed by a majority of greater than 50% of the votes cast by holders of Voting Shares who vote in respect of such reconfirmation, and (iii) the termination of the annual meeting of the shareholders of the Corporation held every third year after 2020, unless at such meeting the Agreement is reconfirmed by a resolution passed by a majority of greater than 50% of the votes cast by holders of Voting Shares who vote in respect of such reconfirmation.
- (u) **"Flip-in Event"** means a transaction or event that results in a Person becoming an Acquiring Person.
- (v) **"Fiduciary"** means a trust company registered under the laws of Canada or any province thereof or a portfolio manager registered under the securities legislation of one or more provinces of Canada.
- (w) **"Grandfathered Person"** means a person who is the Beneficial Owner of more than 20% of the outstanding Voting Shares as of the Record Time.
- (x) **"Independent Shareholders"** means all holders of Common Shares other than:

- (i) any Acquiring Person;
 - (ii) any Offeror;
 - (iii) any Affiliate or Associate of any Acquiring Person or Offeror;
 - (iv) any Person acting jointly or in concert with any Person referred to in clauses (i) or (ii); and
 - (v) any employee benefit plan, deferred profit sharing plan, stock participation plan or trust for the benefit of employees of the Corporation or a wholly-owned Subsidiary of the Corporation, unless the beneficiaries of such plan or trust direct the manner in which such Common Shares are to be voted or direct whether the Common Shares are to be tendered to a Take-over Bid.
- (y) **“Market Price”** per security of any securities on any date means the average of the daily closing prices per security of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided however, that if an event of a type analogous to any of the events described in Section 2.3 hereof has caused the closing prices used to determine the Market Price on any Trading Days not to be fully comparable with the closing price on such date (or, if such date is not a Trading Day, on the immediately preceding Trading Day), each such closing price so used is to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to make it fully comparable with the closing price on such date (or, if such date is not a Trading Day, on the immediately preceding Trading Day). The closing price per security of any securities on any date shall be:
- (i) the closing board lot sale price or, in the case no such sale takes place on such date, the average of the closing bid and asked prices for each share of such securities as reported by the principal stock exchange in Canada on which such shares are listed or posted for trading;
 - (ii) if such shares are not listed or posted for trading on any stock exchange in Canada, the last sale price, regular way, or, in case no such sale takes place on such date, the average of the closing bid and asked prices, regular way, for each share of such securities as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the principal national securities exchange in the United States on which such shares are listed or admitted to trading;
 - (iii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a stock exchange in Canada or a national securities exchange in the United States, the last quoted price, or if not so quoted, the average of the high bid and low asked prices for each share of such securities in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System (NASDAQ) or such other system then in use; or
 - (iv) if on any such date such shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such shares selected in good faith by the Board of Directors of the Corporation; provided however, that if on any such date such shares are not traded in the over-the-counter market, the closing price per share of such securities on such date shall mean the fair value per share of such securities on such date as determined by a nationally or internationally recognized investment dealer or investment banker. The

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

- (z) **"NI 62-104"** means National Instrument 62-104, *Take-Over Bids and Issuer Bids* adopted by Canadian securities regulatory authorities, as it may be amended from time to time and any successor instrument thereto.
- (aa) **"Offer to Acquire"** includes:
 - (i) an offer to purchase, or a solicitation of an offer to sell, (including an offer commenced by public announcement or advertisement);
 - (ii) an acceptance of an offer to sell, whether or not such offer to sell has been solicited, or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell.
- (bb) **"Offeror"** means a Person who is making or has announced a current intention to make a Takeover Bid including a Permitted Bid or Competing Permitted Bid but excluding an ordinary market transaction (including a prearranged trade in the ordinary course of business) contemplated in paragraph (vi) of the definition of Beneficial Owner) but only so long as the Take-over Bid so announced or made has not been withdrawn or terminated or has not expired.
- (cc) **"Permitted Bid"** means a Take-over Bid which is made by means of a Take-over Bid circular and which also complies with the following additional provisions:
 - (i) the Take-over Bid is made to all holders of Voting Shares as registered on the books of the Corporation, other than the Offeror;
 - (ii) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited thereunder are subject to, an irrevocable and unqualified condition that no Voting Shares 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 less than 105 days after the date of the Takeover Bid or such shorter period that a Take-over Bid (that is not exempt from the general take-over bid requirements of applicable Canadian securities laws, including NI 62-104) must remain open for deposits of securities thereunder pursuant to applicable Canadian securities laws, including NI 62-104, and only if at such date more than 50% of the Voting Shares held by Independent Shareholders have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;
 - (iii) the Take-over Bid contains an irrevocable and unqualified provision that, unless the Take-over Bid is withdrawn, Voting Shares may be deposited pursuant to such Take-over Bid at any time during the period of time between the date of the Take-over Bid and the date on which Voting Shares may be taken up and paid for and that any Voting Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
 - (iv) the Take-over Bid contains an irrevocable and unqualified provision that if, on the date on which Voting Shares may be taken up and paid for, more than 50% of the Voting Shares held by Independent Shareholders have been deposited or tendered pursuant to the Take-over Bid and not withdrawn, the Offeror will make a public announcement of

that fact and the Take-over Bid will remain open for deposits and tenders of Voting Shares for not less than 10 days from the date of such public announcement,

provided that a Permitted Bid will cease to be a Permitted Bid at any time when such bid ceases to meet any of the provisions of this definition.

- (dd) **“Permitted Bid Acquisition”** means a Share acquisition made pursuant to a Permitted Bid or Competing Permitted Bid.
- (ee) **“Permitted Lock-Up Agreement”** means an agreement (the **“Lock-up Agreement”**) between a Person and one or more holders of Voting Shares (each holder referred to herein 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, pursuant to which such holders agree to deposit or tender Voting Shares to a Take-over Bid (the **“Lock-up Bid”**) made by the Person or any of such Person’s Affiliates or Associates or any other Person referred to in clause (iii) of the definition of Beneficial Owner, whether such Lock-up Bid is made before or after the Lock-up Agreement is signed, provided that:
 - (i) the Lock-up Agreement permits the Locked-up Person to terminate its agreement to deposit or tender to or to not withdraw Voting Shares from the Lock-up Bid in the event a **“Superior Offer”** is made to the Locked-up Person. For purposes of this Subsection, a **“Superior Offer”** is any Take-over Bid, amalgamation, arrangement or similar transaction pursuant to which the cash equivalent value of the consideration per share to be received by holders of the Voting Shares under such transaction (the **“Superior Offer Consideration”**) is greater than the cash equivalent value per share to be received by holders of Voting Shares under the Lock-up Bid (the **“Lock-up Bid Consideration”**). Notwithstanding the foregoing, the Lock-up Agreement may require that the Superior Offer Consideration must exceed the Lock-up Bid Consideration by a specified percentage before such termination rights take effect, provided such specified percentage is not greater than 7%.

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

- (ii) no **“break-up”** fees, **“top-up”** fees, penalties, expenses, or other amounts that exceed, in the aggregate, the greater of:
 - (A) 2.5% of the Lock-up Bid Consideration payable under the Lock-up Agreement to the Locked-up Person; and
 - (B) one-half of the difference between the Superior Offer Consideration payable to the Locked-up Person and the Lock-up Bid Consideration the Locked-up Person would have received under the Lock-up Bid,

shall be payable pursuant to the Lock-up Agreement in the event that the Locked-up Person fails to tender Voting Shares pursuant to the Lock-up Bid or withdraws Voting Shares from the Lock-up Bid in order to accept the other Take-over Bid or transaction.

- (ff) **"Person"** includes any individual, firm, partnership, association, trust, body corporate, joint venture, syndicate or other form of unincorporated organization, government and its agencies and instrumentalities or other entity or group (whether or not having legal personality) and any successor (by merger, statutory amalgamation or arrangement, or otherwise) thereof.
- (gg) **"Pro-Rata Acquisition"** means the acquisition of Voting Shares or securities convertible into or exchangeable for Voting Shares (i) as a result of a stock dividend, stock split or other event pursuant to which a Person receives or acquires Voting Shares or securities convertible into or exchangeable for Voting Shares on the same pro-rata basis as all other holders of Voting Shares of the same class or series, or (ii) pursuant to the receipt and/or exercise of rights issued by the Corporation on a pro-rata basis to all holders of a class or series of Voting Shares to subscribe for or purchase Voting Shares or securities convertible into or exchangeable for Voting Shares provided that such rights are acquired directly from the Corporation and not from any other Person, provided that the Person acquiring such Voting Shares does not thereby acquire a greater percentage of such Voting Shares, or securities convertible into or exchangeable for such Voting Shares, than the Person's percentage of Voting Shares Beneficially Owned immediately prior to such acquisition.
- (hh) **"Record Time"** means the Close of Business on May 5, 2017.
- (ii) **"Redemption Price"** has the meaning ascribed to that term in Subsection 5.1(a) hereof.
- (jj) **"Regular Periodic Cash Dividends"** means cash dividends paid at regular intervals in any fiscal year of the Corporation to the extent that such cash dividends do not exceed, in the aggregate, the greatest of:
 - (i) 200% of the aggregate amount of cash dividends declared payable by the Corporation on its Common Shares in its immediately preceding fiscal year;
 - (ii) 300% of the arithmetic mean of the aggregate amount of cash dividends declared payable by the Corporation on its Common Shares in its three immediately preceding fiscal years; and
 - (iii) 100% of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding fiscal year.
- (kk) **"Rights Certificate"** has the meaning ascribed to that term in Subsection 2.2(c) hereof.
- (ll) **"Rights Holders' Special Meeting"** means a meeting of the holders of Rights called by the Board of Directors and conducted in accordance with the terms hereof.
- (mm) **"Securities Act of 1933"** means the *Securities Act of 1933*, as amended, of the United States of America and the rules and regulations thereunder, unless otherwise specified, as the same exist on the date hereof.
- (nn) **"Securities Act (Alberta)"** means the *Securities Act*, R.S.A. 2000, c. S-4, as amended, and the regulations and rules thereunder, unless otherwise specified, as the same exist on the date hereof.
- (oo) **"Separation Time"** means the Close of Business (Calgary time) on the tenth Trading Day after the earliest of:
 - (i) the Stock Acquisition Date;

- (ii) the date of the commencement of, or first public announcement of the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence, a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid, as the case may be); and
- (iii) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be such, or such later date as may be determined by the Board of Directors provided however, that if any such Take-over Bid expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for purposes of this definition, never to have been made.
- (pp) **"Shares"** means the shares in the capital of the Corporation.
- (qq) **"Stock Acquisition Date"** means the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to Section 5.2 of Multilateral Instrument 62-104 *Take-Over Bids and Issuer Bids* or Section 13(d) under the *Exchange Act of 1934*, as amended from time to time and any provision substituted therefor) by the Corporation or an Acquiring Person of facts indicating that an Acquiring Person has become such.
- (rr) **"Subsidiary"**:

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

 - (i) it is controlled by (A) that other, or (B) that other and one or more bodies corporate, each of which is controlled by that other, or (C) two or more bodies corporate, each of which is controlled by that other; or
 - (ii) it is a Subsidiary of a body corporate that is that other's Subsidiary.
- (ss) **"Take-over Bid"** means an Offer to Acquire Voting Shares or securities convertible into Voting Shares, where the Voting Shares subject to the Offer to Acquire, together with the Voting Shares, if any, into which the securities subject to the Offer to Acquire are convertible and the Voting Shares Beneficially Owned by the Offeror at the date of the Offer to Acquire constitute, in the aggregate, 20% or more of the then outstanding Voting Shares.
- (tt) **"Termination Time"** means the time at which the right to exercise Rights shall terminate pursuant to Section 5.1 hereof.
- (uu) **"Trading Day"**, when used with respect to any securities, means a day on which the principal securities exchange in Canada on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any securities exchange in Canada, a day on which the principal securities exchange in the United States of America on which such securities are listed or admitted to trading is open for the transaction of business, or if the securities are not listed or admitted to trading on any securities exchange in Canada or the United States of America, a Business Day.
- (vv) **"U.S.-Canadian Exchange Rate"** means, on any date:
 - (i) if on such date the Bank of Canada sets an average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, such rate; and

- (ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars calculated in the manner which shall be determined by the Board of Directors from time to time.
- (ww) **“U.S. Dollar Equivalent”** of any amount which is expressed in Canadian dollars means, on any date, the United States dollar equivalent of such amount determined by reference to the U.S.-Canadian Exchange Rate on such date.
- (xx) **“Voting Share Reduction”** means an acquisition or a redemption by the Corporation of Voting Shares.
- (yy) **“Voting Shares”** means, collectively, the Common Shares and any other Shares entitled to vote generally for the election of directors.

4.2 Holder

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

4.3 Acting Jointly or in Concert

For purposes of this Agreement, a Person is acting jointly or in concert with every other Person who is a party to any agreement, commitment or understanding (whether formal or informal and whether or not in writing), to acquire or offer to acquire Voting Shares (other than customary agreements with and between underwriters and banking group or selling group members with respect to the distribution of securities pursuant to a prospectus or by way of private placement and other than pursuant to pledges of securities in the ordinary course of business) or to obtain or attempt to obtain control of the Corporation.

4.4 Application of Statutes, Regulations and Rules

Where a statute, regulation or rule is referred to in a definition or other provision of this Agreement, it shall be conclusively deemed to have application in the contemplated circumstances notwithstanding that such statute, regulation or rule might not, but for the provisions of this Section 1.4, have application for want of jurisdiction or otherwise.

4.5 Currency

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

4.6 Headings and References

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

4.7 Singular, Plural, etc.

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

ARTICLE 5 THE RIGHTS

5.1 Legend on Common Share Certificates

Certificates for Common Shares issued after the Record Time hereof but prior to the Separation Time shall evidence one Right for each Common Share represented thereby and shall have impressed, printed, or written thereon or otherwise affixed thereto, prior to the date hereof, the legend set forth below:

“Until the Separation Time (as such term is defined in the Rights Agreement referred to below), this certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Rights Agreement dated as of May 5, 2017, and as such may from time to time be amended, restated, varied or replaced (the “**Rights Agreement**”), between Mongolia Growth Group Ltd. (the “**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 and may be inspected during normal business hours at the principal executive offices of the Corporation. Under certain circumstances, as set forth in the Rights Agreement, such Rights may be amended or redeemed, may expire, may become void (if, in certain circumstances, they are “Beneficially Owned” by a “Person” who is or becomes an “Acquiring Person” or any Person acting jointly or in concert with an Acquiring Person or with an “Affiliate” or “Associate” of an “Acquiring Person”, 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. The Corporation will mail or arrange for the mailing of a copy of the Rights Agreement to the holder of this certificate without charge within five days after the receipt of a written request therefor.”

Certificates representing Common Shares that are issued and outstanding at the Record Time shall evidence one Right for each Common Share evidenced thereby notwithstanding the absence of a legend in substantially the foregoing form until the earlier of the Separation Time and the Expiration Time.

5.2 Initial Exercise Price: Exercise of Rights: Detachment of Rights

- (a) Subject to adjustment as herein set forth, each Right will entitle the holder thereof, from and after the Separation Time and prior to the Expiration Time, to purchase, for the Exercise Price, one Common Share. Notwithstanding any other provision of this Agreement, any Rights held by the Corporation or any of its Subsidiaries are void.
- (b) Until the Separation Time,
 - (i) the Rights are not exercisable and no Right may be exercised; and
 - (ii) for administrative purposes, each Right shall be evidenced by the certificate for the associated Common Share registered in the name of the holder thereof (which certificate is deemed to represent a Rights Certificate) and is transferable only together with, and shall be transferred by a transfer of, such associated Common Share.
- (c) After the Separation Time and prior to the Expiration Time, the Rights: (i) may be exercised; and (ii) shall be registered and transferable independent of Common Shares. Promptly following the Separation Time, the Corporation shall prepare and the Rights Agent shall mail to each holder of record of Common Shares as of the Separation Time (other than an Acquiring Person, any other Person whose Rights are or become void pursuant to the provisions of Subsection 3.1(b) hereof

and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights), at such holder's address as shown in the records of the Corporation (the Corporation hereby agreeing to furnish copies of such records to the Rights Agent for this purpose),

- (i) a certificate (a "**Rights Certificate**") in substantially the form of Exhibit A hereto appropriately completed and registered in such holder's name, representing the number of Rights held by such holder at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage; and
 - (ii) a disclosure statement describing the Rights.
- (d) Rights may be exercised in whole at any time or in part from time to time on any Business Day (or other day that is not a bank holiday at the place of exercise) after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent at its office in the City of Calgary, Canada or at any other office of the Rights Agent or any Co-Rights Agent in the cities specified in the Rights Certificate or designated from time to time for that purpose by the Corporation after consultation with the Rights Agent:
 - (i) the Rights Certificate evidencing such Rights with an Election to Exercise (an "**Election to Exercise**") substantially in the form attached to the Rights Certificate, appropriately completed and duly executed by the holder or his executors or administrators or other personal representatives or his legal attorney duly appointed by instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and
 - (ii) payment by certified cheque or money order payable to the order of the Rights Agent, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the issuance, transfer or delivery of Rights Certificates or the issuance, transfer or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being exercised.
- (e) Upon receipt of a Rights Certificate accompanied by a duly completed and executed Election to Exercise which does not indicate that Rights evidenced by such Rights Certificate have become void pursuant to Subsection 3.1(b) hereof and payment as set forth in Subsection 2.2(d) above, the Rights Agent (unless otherwise instructed by the Corporation) shall thereupon promptly:
 - (i) requisition from a transfer agent of the Common Shares certificates for the number of Common Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agents to comply with all such requisitions);
 - (ii) when appropriate, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Common Shares;
 - (iii) after receipt of such certificates, deliver the same to or upon the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder together with, where applicable, any cash payment in lieu of a fractional interest; and

- (iv) tender to the Corporation all payments received on exercise of the Rights.
- (f) In case the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing (subject to the provisions of Subsection 5.5(a) hereof) the Rights remaining unexercised will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.
- (g) The Corporation covenants and agrees to:
 - (i) take all such action as may be necessary on its part and within its powers to ensure that all Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates evidencing such Shares (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered and be fully paid and non-assessable;
 - (ii) take all reasonable action as may be necessary on its part and within its power to comply with any applicable requirements of the *Business Corporations Act* (Alberta), the securities acts or comparable legislation of each of the provinces and territories of Canada and the *Securities Act of 1933*, and the rules and regulations thereunder, and any other applicable law, rule or regulation, in connection with the issuance and delivery of Rights Certificates and of any securities of the Corporation upon exercise of Rights;
 - (iii) use its reasonable efforts to cause all Common Shares issued upon exercise of Rights to be listed on the stock exchanges on which the Common Shares were traded immediately before the Stock Acquisition Date;
 - (iv) pay when due and payable any and all Canadian and United States federal, provincial and state transfer taxes (not including any taxes referable to the income or profit of the holder or exercising Person or any liability of the Corporation to withhold tax) and charges which may be payable in respect of the original issuance or delivery of the Rights Certificates or of any Shares of the Corporation issued upon the exercise of Rights, provided that the Corporation shall not be required to pay any transfer tax or charge - which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for securities in a name other than that of the holder of the Rights being transferred or exercised; and
 - (v) cause to be reserved and kept available out of its authorized and unissued Common Shares, the number of Common Shares that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights.

5.3 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) If the Corporation shall at any time after the Record Time and prior to the Expiration Time:
 - (i) declare or pay a dividend on Common Shares payable in Common Shares (or other Shares of capital or securities exchangeable for or convertible into or giving a right to acquire Common Shares or other Shares of capital) otherwise than pursuant to any optional share dividend program;

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

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

- (v) the Exercise Price in effect after such adjustment shall be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Common Shares (or other Shares of capital) (the “**Expansion Factor**”) that a holder of one Common Share immediately prior to such dividend, subdivision, change, consolidation or issuance would hold immediately thereafter as a result thereof (assuming the exercise of all such exchange or conversion rights, if any); and
- (vi) each Right held prior to such adjustment shall become that number of Rights equal to the Expansion Factor,

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

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

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

- (b) If the Corporation, at any time after the Record Time and prior to the Separation Time, fixes a record date for the making of a distribution to all holders of Common Shares of rights or warrants entitling them (for a period expiring within 45 days after such record date) to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares) at a price per Common Share (or, in the case of a security convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares, having a conversion, exchange or exercise price (including the price required to be paid to purchase such convertible or exchangeable security or right) per share) that is less than 90% of the Market Price per Common Share on such record date, the Exercise Price shall be adjusted. The Exercise Price in effect after such record date shall equal the Exercise Price in effect immediately prior to such record date multiplied by a fraction, of which the numerator shall be the number of Common Shares outstanding on such record date plus the number of Common Shares which the aggregate offering price of the total number of Common Shares so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the convertible or exchangeable securities or rights so to be offered (including the price required to be paid to purchase such convertible or exchangeable securities or rights)) would purchase at such Market Price and of which the denominator shall be the number of shares of Common Shares outstanding on such record date plus the number of additional Common Shares to be offered for subscription or purchase (or into which the convertible or exchangeable securities or rights so to be offered are initially convertible, exchangeable or exercisable). In case such subscription price may be paid in a consideration part or all of which is in a form other than cash, the value of such consideration shall be as determined by the Board of Directors. To the extent that any such rights or warrants are not so issued or, if issued, are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or to the Exercise Price which would then be in effect based upon the number of Common Shares (or securities convertible into or exchangeable for Common Shares) actually issued upon the exercise of such rights or warrants, as the case may be. For purposes of this Agreement, the granting of the right to purchase Common Shares (whether previously unissued, treasury shares or otherwise) pursuant to any optional dividend reinvestment plan and/or any Common Share purchase plan providing for the reinvestment of dividends payable on securities of the Corporation and/or employee stock option, stock purchase or other employee benefit plan (so long as such right to purchase is in no case evidenced by the delivery of rights or warrants) shall not be deemed to constitute an issue of rights or warrants by the Corporation; provided however, that, in the case of any dividend reinvestment plan, the right to purchase Common Shares is at a price per share of not less than 90% of the then current market price per share (determined as provided in such plan) of the Common Shares.
- (c) If the Corporation, at any time after the Record Time and prior to the Separation Time, fixes a record date for the making of a distribution to all holders of Common Shares of evidences of indebtedness or assets (other than a Regular Periodic Cash Dividend or a dividend paid in Common Shares) or rights or warrants (excluding those referred to in Subsection 2.3(a) or 2.3(b)), the Exercise Price shall be adjusted. The Exercise Price in effect after such record date shall, subject to adjustment as provided in the penultimate sentence of Subsection 2.3(b), equal the Exercise Price in effect immediately prior to such record date less the fair market value of the portion of the assets, evidences of indebtedness, rights or warrants so to be distributed applicable to the securities purchasable upon exercise of one Right.
- (d) Each adjustment made pursuant to this Section 2.3 shall be made as of:
- (i) the payment or effective date for the applicable dividend, subdivision, change, consolidation or issuance in the case of an adjustment made pursuant to Subsection 2.3(a) above; and

- (ii) the record date for the applicable dividend or distribution, in the case of an adjustment made pursuant to subsections 2.3(b) or (c) above.
- (e) Notwithstanding anything herein to the contrary, no adjustment to the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1% in such Exercise Price; provided however, that any adjustments which by reason of this Subsection 2.3(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. Each adjustment made pursuant to this Section 2.3 shall be calculated to the nearest cent or to the nearest one ten-thousandth of a Common Share or Right, as the case may be.
- (f) All Rights originally issued by the Corporation subsequent to any adjustment made to an Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Common Shares purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.
- (g) Unless the Corporation has exercised its election as provided in Subsection 2.3(h), upon each adjustment of an Exercise Price as a result of the calculations made in subsections 2.3(b) or (c), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Exercise Price, that number of Common Shares (calculated to the nearest one ten-thousandth) obtained by:
 - (i) multiplying (A) the number of Common Shares covered by a Right immediately prior to this adjustment, by (B) the Exercise Price in effect immediately prior to such adjustment of the Exercise Price; and
 - (ii) dividing the product so obtained by the Exercise Price in effect immediately after such adjustment of the Exercise Price.
- (h) The Corporation may elect on or after the date of any adjustment of an Exercise Price to adjust the number of Rights, in lieu of any adjustment in the number of Common Shares purchasable upon the exercise of a Right. Each of the Rights outstanding after the adjustment in the number of Rights shall be exercisable for the number of Common Shares for which a Right was exercisable immediately prior to such adjustment. Each Right held of record immediately prior to such adjustment of the number of Rights shall become the number of Rights (calculated to the nearest one ten-thousandth) obtained by dividing the Exercise Price in effect immediately prior to the adjustment of the Exercise Price by the Exercise Price in effect immediately after adjustment of the Exercise Price. The Corporation shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the Exercise Price is adjusted or any date thereafter, but, if the Rights Certificates have been issued, shall be at least 10 calendar days after the date of the public announcement. If Rights Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Subsection 2.3(h), the Corporation shall, as promptly as practicable, cause to be distributed to holders of record of Rights Certificates on such record date, Rights Certificates evidencing the additional Rights to which such holder shall be entitled as a result of such adjustment, or, at the option of the Corporation, shall cause to be distributed to such holders of record in substitution or replacement for the Rights Certificates held by such holders prior to the date of adjustment, and upon surrender thereof, if required by the Corporation, new Rights Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Rights Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein and may bear, at the option of the Corporation, the adjusted Exercise Price and shall be registered in the names of the holders of record of Rights Certificates on the record date specified in the public announcement.

- (i) 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.
- (j) If, as a result of an adjustment made pursuant to Section 3.1, the holder of any Right thereafter Exercised shall become entitled to receive any securities other than Common Shares, thereafter the number of such other securities so receivable upon exercise of any Right and the applicable Exercise Price thereof shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as may be practicable to the provisions with respect to the Common Shares contained in the foregoing subsections of this Section 2.3 and the provisions of this Agreement with respect to the Common Shares shall apply on like terms to any such other securities.
- (k) In any case in which this Section 2.3 requires that any adjustment in the Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date of the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided however, that the Corporation shall deliver to such holder a due bill or other appropriate instrument evidencing such holder's right to receive such additional Common Shares or other securities upon the occurrence of the event requiring such adjustment.
- (l) Whenever an adjustment to the Exercise Price or a change in the securities purchasable upon the exercise of Rights is made pursuant to this Section 2.3, the Corporation shall promptly:
 - (i) prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment;
 - (ii) file with the Rights Agent and with each transfer agent for the Common Shares, a copy of such certificate; and
 - (iii) cause notice of the particulars of such adjustment or change to be given to the holders of the Rights.

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

5.4 Date on Which Exercise is Effective

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

5.5 Execution, Authentication, Delivery and Dating of Rights Certificates

- (a) The Rights Certificates shall be executed on behalf of the Corporation by its President and Chief Executive Officer or one of its Vice-Presidents, under its corporate seal reproduced thereon

attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Rights Certificates may be manual or facsimile.

- (b) Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Corporation shall bind the Corporation, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the countersignature and delivery of such Rights Certificates.
- (c) Promptly after the Corporation learns of the Separation Time, the Corporation shall notify the Rights Agent of such Separation Time and shall deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature and a disclosure statement describing the Rights; and the Rights Agent shall countersign (manually or by facsimile signature in a manner satisfactory to the Corporation) and deliver such Rights Certificates to the holders of the Rights pursuant to Subsection 2.2(c) hereof. No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent in the manner described above.
- (d) Each Rights Certificate shall be dated the date of countersignature thereof.

5.6 Registration, Registration of Transfer and Exchange

- (a) The Corporation shall cause to be kept a register (the “**Rights Register**”) in which, subject to such reasonable regulations as it may prescribe, the Corporation shall provide for the registration and transfer of Rights. The Rights Agent is hereby appointed “**Rights Registrar**” for the purpose of maintaining the Rights Register for the Corporation and registering Rights and transfers of Rights as herein provided. If the Rights Agent shall cease to be the Rights Registrar, the Rights Agent shall have the right to examine the Rights Register at all reasonable times.

After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of Subsection 2.6(c) below, the Corporation shall execute, and the Rights Agent shall countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder’s instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificate so surrendered.

- (b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be the valid obligations of the Corporation, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.
- (c) Every Rights Certificate surrendered for registration of transfer or exchange shall have the form of assignment thereon duly completed and endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Corporation or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder’s attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.6, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and other expenses (including the reasonable fees and expenses of its Rights Agent) connected therewith.
- (d) The Corporation is not required to register the transfer or exchange of any Rights after the Rights have been terminated pursuant to the provisions of this Agreement.

5.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates

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

5.8 Persons Deemed Owners

Prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name such Rights Certificate (or, prior to the Separation Time, such Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever and the Corporation and the Rights Agent shall not be affected by any notice or knowledge to the contrary except as required by statute or by order of a court of competent jurisdiction. As used in this Agreement, unless the context otherwise requires, the term **"holder"** of any Rights means the registered holder of such Rights (or, prior to the Separation Time, the associated Shares).

5.9 Delivery and Cancellation of Certificates

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

5.10 Agreement of Rights Holders

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

- (a) such holder shall be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of all Rights held;
- (b) prior to the Separation Time, each Right is transferable only together with, and shall be transferred by a transfer of, the associated Share;
- (c) after the Separation Time, the Rights Certificates are transferable only on the Rights Register as provided herein;
- (d) prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;
- (e) such holder has waived all rights to receive any fractional Right or fractional Share upon exercise of a Right;
- (f) this Agreement may be supplemented or amended from time to time pursuant to Subsection 5.4(a) or the last sentence of the penultimate paragraph of Subsection 2.3(a) hereof upon the sole authority of the Board of Directors without the approval of any holder of Rights; and
- (g) notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling 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 a governmental authority, prohibiting or otherwise restraining performance of such obligations.

5.11 Rights Certificate Holder Deemed Not a Shareholder

No holder of any Rights or Rights Certificate is entitled, as such holder, to vote, receive dividends or be considered for any purpose the holder of any Common Share or any other share or security of the Corporation which may at any time be issuable on the exercise of the Rights represented thereby, and nothing contained herein or in any Rights Certificate is to be construed as conferring upon the holder of any Right or Rights Certificate, as such, any right of a holder of Common Shares or any other shares or securities of the Corporation or any right to vote at any meeting of shareholders of the Corporation whether for the election of directors or otherwise or upon any matter submitted to holders of Common Shares or any other shares of the Corporation at any meeting thereof, or to give or withhold consent to any action of the Corporation or to receive notice of any meeting or other action affecting any holder of Common Shares or any other shares of the Corporation except as expressly provided herein, or to receive dividends, distributions or subscription rights, or otherwise, until the right or Rights evidenced by Rights Certificates have been duly exercised in accordance with the terms and provisions hereof.

ARTICLE 6
ADJUSTMENTS TO THE RIGHTS
IN THE EVENT OF CERTAIN TRANSACTIONS

6.1 Flip-in Event

- (a) Subject to the provisions of Subsection 3.1(b) and Section 5.1 hereof, if prior to the Expiration Time a Flip-in Event occurs, each Right shall thereafter constitute, effective at the Close of Business on the tenth Business Day after the relevant Stock Acquisition Date, the right to purchase from the Corporation, upon exercise thereof in accordance with the terms hereof, that number of Common Shares of the Corporation having an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in the event that, after such date of consummation or occurrence, an event of a type analogous to any of the events described in Section 2.3 hereof shall have occurred with respect to such Common Shares).
- (b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of a Flip-In Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time and the Stock Acquisition Date by:
 - (i) an Acquiring Person (or any Person acting jointly or in concert with an Acquiring Person or with an Affiliate or Associate of an Acquiring Person); or
 - (ii) a direct or indirect transferee of, or other successor in title to, such Rights (a “**Transferee**”), who becomes a Transferee concurrently with or subsequent to the Acquiring Person becoming an Acquiring Person, in a transfer, whether or not for consideration, that the Board of Directors has determined is part of a plan, understanding or scheme of an Acquiring Person (or an Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate of an Acquiring Person) that has the purpose or effect of avoiding the provisions of this Subsection 3.1(b) applicable in the circumstances contemplated in clause (i) hereof,shall thereupon become and be void and any holder of such Rights (including any Transferee) shall thereafter have no rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The holder of any Rights represented by a Rights Certificate which is submitted to the Rights Agent, or any Co-Rights Agent, upon exercise or for registration of transfer or exchange which does not contain the necessary certifications set forth in the Rights Certificate establishing that such Rights are not void under this Subsection 3.1(b) shall be deemed to be an Acquiring Person for the purposes of this Subsection 3.1(b) and such rights shall be null and void.
- (c) 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 *Business Corporations Act* (Alberta), the *Securities Act* (Alberta) and the securities laws or comparable legislation in each of the provinces of Canada in respect of the issue of Common Shares upon the exercise of Rights in accordance with this Agreement.
- (d) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either clauses (i) or (ii) of Subsection 3.1(b) hereof or transferred to any nominee of any such Person,

and any Rights Certificate issued upon the transfer, exchange or replacement of any other Rights Certificate referred to in this sentence shall contain the following legend:

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

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

ARTICLE 7 THE RIGHTS AGENT

7.1 General

- (a) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation and the holders of Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint one or more co-rights agents (each, a **“Co-Rights Agent”**) as it may deem necessary or desirable, subject to the approval of the Rights Agent. In such event, the respective duties of the Rights Agent and any Co-Rights Agent shall be as the Corporation may determine with the approval of the Rights Agent and 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 administration and execution of this Agreement and the exercise and performance of its duties hereunder. The Corporation will fully indemnify and hold the Rights Agent, its officers, directors and employees and agents harmless from and against any and all actions and suits whether groundless or otherwise and from and against any and all losses, damages, costs, charges, counsel fees, payments, expenses and liabilities arising directly or indirectly out of its agency relationship to the Corporation, which right to indemnification will survive the termination of this Agreement or the resignation or removal of the Rights Agent except for any liability arising out of the gross negligence or intentional misconduct by the Rights Agent. In the absence of gross negligence or intentional misconduct on its part, the Rights Agent shall not be liable for any action taken, suffered, or omitted by it or for any error of judgement made by it in the performance of its duties under this Agreement. In no event will the Rights Agent be liable for special, indirect, consequential or punitive loss or damages of any kind whatsoever (including but not limited to lost profits), even if the Rights Agent has been advised of the possibility of such damages. Any liability of the Rights Agent will be limited in the aggregate to an amount equal to the annual fee paid by the Corporation pursuant to this Agreement.
- (b) The Rights Agent shall be protected from, and shall incur no liability for or in respect of, any action taken, suffered or omitted by it in connection with its performance of this Agreement in reliance upon any certificate for Shares, Rights Certificate, certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, opinion, statement, or other paper or document

believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

- (c) In the event any question or dispute arises with respect to the Rights Agent's duties hereunder, the Rights Agent shall not be required to act or be held liable or responsible for its failure or refusal to act until the question or dispute has been: (i) judicially settled (and, if appropriate the Rights Agent may file a suit in interpleader or for a declaratory judgement for such purpose) by final judgement by a court of competent jurisdiction that is binding on all parties in the matter and is no longer subject to review or appeal, or (ii) settled by written document in form and substance satisfactory to the Rights Agent and executed by the Corporation. In addition, the Rights Agent may require for such purpose, but shall not be obligated to require, the execution of such written settlement by parties that may have an interest in the settlement.
- (d) The Corporation shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and, at any time upon written request, shall provide to the Rights Agent an incumbency certificate certifying the then current officers of the Corporation.
- (e) It is understood that instructions to the Rights Agent will, except where circumstances make it impracticable or the Rights Agent otherwise agrees, be given in writing and, where not in writing, such instructions will be confirmed in writing as soon as reasonably possible after the giving of such instructions.

7.2 Merger or Amalgamation or Change of Name of Rights Agent

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

7.3 Duties of Rights Agent

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

- (a) The Rights Agent may retain and consult with legal counsel (who may be legal counsel for the Corporation) and the opinion of such counsel will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion; the Rights Agent may also, with the approval of the Corporation (where such approval may reasonably be obtained and such approval not be unreasonably withheld), consult with such other experts as the Rights Agent shall consider necessary or appropriate to properly carry out the duties and obligations imposed under this Agreement (at the Corporation's expense) and the Rights Agent shall be entitled to act and rely in good faith on the advice of any such expert;
- (b) Whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or suffering any action or refraining from taking any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by an individual believed by the Rights Agent to be the Chairman, the President and Chief Executive Officer or any Vice-President and by the Treasurer or any Assistant Treasurer or the Secretary or any Assistant Secretary of the Corporation and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent for any action taken, omitted or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.
- (c) The Rights Agent shall be liable hereunder only for its own gross negligence, wilful misconduct, or fraud.
- (d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only.
- (e) The Rights Agent shall not be liable under any circumstances whatsoever for any breach by any other party of securities laws or other rules of any securities regulatory authority.
- (f) The Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Share certificate or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Subsection 3.1(b) hereof) or any adjustment required under the provisions of Section 2.3 hereof or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 hereof describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization or reservation of any Shares to be issued pursuant to this Agreement or any Rights or as to whether any Shares shall, when issued, be duly and validly authorized, executed, issued and delivered and be fully paid and non-assessable.
- (g) 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.

- (h) The Rights Agent is hereby authorized to rely upon and directed to accept written instructions with respect to the performance of its duties hereunder from any individual believed by the Rights Agent to be the Chairman, the President and Chief Executive Officer or any Vice-President or the Secretary or any Assistant Secretary or the Treasurer or any Assistant Treasurer of the Corporation, and to apply to such individuals for advice or instructions in connection with its duties, and it shall not be liable for any action taken, omitted or suffered by it in good faith in accordance with instructions of any such individual.
- (i) The Rights Agent and any shareholder, director, officer or employee of the Rights Agent may buy, sell or deal in Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity.
- (j) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, omission, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

7.4 Change of Rights Agent

The Rights Agent may resign and be discharged from its duties under this Agreement upon 60 days' notice (or such lesser notice as is acceptable to the Corporation) in writing delivered or mailed to the Corporation and to each transfer agent of Shares by first class mail, and mailed or delivered to the holders of the Rights in accordance with Section 5.8 hereof. The Corporation may remove the Rights Agent upon 30 days' notice in writing, mailed or delivered to the Rights Agent and to each transfer agent of the Shares by first class mail, and mailed to the holders of the Rights in accordance with Section 5.8 hereof. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Corporation shall appoint a successor to the Rights Agent. If the Corporation fails to make such appointment within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate for inspection by the Corporation), then the outgoing Rights Agent or holder of any Rights may apply, at the Corporation's expense, to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Corporation or by such a court, shall be a body corporate incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust company in the Province of Alberta. After appointment, the successor Rights Agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent, upon payment by the Corporation to the predecessor Rights Agent of all outstanding fees and expenses owed by the Corporation to the predecessor Rights Agent pursuant to this Agreement, shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Corporation shall file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Shares, and mail a notice thereof in writing to the holders of the Rights. Failure to give any notice provided for in this Section 4.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

ARTICLE 8
MISCELLANEOUS

8.1 Redemption and Waiver

- (a) With the prior consent of the holders of Voting Shares (obtained as described in Section 5.4(b)), the Board of Directors may, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.00001 per Right appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 if an event of the type analogous to any of the events described in Section 2.3 shall have occurred (such redemption price being herein referred to as the “**Redemption Price**”).
- (b) The Board of Directors may waive the application of Section 3.1 in respect of the occurrence of any Flip-in Event if the Board of Directors has determined within 10 Trading Days following a Stock Acquisition Date that a Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person under this Agreement and if such a waiver is granted by the Board of Directors, such Stock Acquisition Date is deemed not to have occurred. Any such waiver pursuant to this Subsection 5.1(b) must be on the condition that such Person has, within 14 days after the foregoing determination by the Board of Directors or such earlier or later date as the Board of Directors may determine (the “**Disposition Date**”), reduced its Beneficial Ownership of Voting Shares such that the Person is no longer an Acquiring Person. If the Person remains an Acquiring Person at the Close of Business on the Disposition Date, the Disposition Date is deemed to be the date of occurrence of a further Stock Acquisition Date and Section 3.1 applies thereto.
- (c) If before the occurrence of a Flip-in Event a Person acquires, pursuant to:
 - (i) a Permitted Bid;
 - (ii) a Competing Permitted Bid; or
 - (iii) a Take-over Bid in respect of which the Board of Directors of the Corporation has waived the application of Section 3.1 pursuant to Subsection 5.1(d),any outstanding Common Shares, the Corporation shall, immediately upon such acquisition and without further formality, redeem the Rights at the Redemption Price.
- (d) The Board of Directors acting in good faith may, 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 clause, determine, upon prior written notice to the Rights Agent, to waive the application of Section 3.1 to that particular 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 sent to all holders of record of Voting Shares, further provided that if the Board of Directors waives the application of Section 3.1 to such 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 a Take-over Bid made by means of a Take-over Bid circular sent to all holders of record of Voting Shares prior to the expiry of any Take-over Bid (as the same may be extended from time to time), in respect of which a waiver is, or is deemed to have been, granted under this Subsection 5.1(d).
- (e) If the Rights are redeemed pursuant to this Agreement, 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 is to receive the Redemption Price.

- (f) Within 10 days after the Rights are redeemed pursuant to this Agreement, the Corporation shall give notice of redemption to the holders of the then outstanding Rights by mailing such notice to all such holders at their last address as they appear upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the transfer agent for the Voting Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. Each such notice of redemption must state how the Redemption Price will be paid.
- (g) Where a Take-over Bid that is not a Permitted Bid or a Competing Permitted Bid expires, is withdrawn or otherwise terminates 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.
- (h) Upon the Rights being redeemed pursuant to Subsection 5.1(g), the Board of Directors shall be deemed to have distributed new Rights to the holders of Common Shares as of such date and in respect of each additional Common Share issued thereafter, on the same basis as Rights were first distributed hereunder and thereafter, all the provisions of this Agreement shall continue to apply to such redistributed Rights as if the Separation Time referred to in Section 5.1(g) had not occurred and which for all purposes of this Agreement shall be deemed to not have occurred and the new Rights shall be outstanding and attached to the outstanding Common Shares as of and after such date, subject to and in accordance with the provisions of this Agreement.
- (i) Until the occurrence of a Flip-in Event as to which the application of Section 3.1 has not been waived pursuant to this Section, upon written notice to the Rights Agent, the Board of Directors, with the prior consent of the holders of Voting Shares given in accordance with Subsection 5.4(b), may determine, if such Flip-in Event would occur by reason of an acquisition of Voting Shares other than pursuant to a Take-over Bid made by means of a Take-over Bid circular to all holders of Voting Shares and other than in the circumstances set forth in Subsection 5.1(b), to waive the application of Section 3.1 to such Flip-in Event. If 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 10 Business Days following the meeting of shareholders called to approve such waiver.

8.2 Expiration

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

8.3 Issuance of New Rights Certificates

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

8.4 Supplements and Amendments

- (a) At any time, the Corporation may, by resolution of the Board of Directors, amend this Agreement to correct any clerical or typographical errors or to maintain the validity of this Agreement as a result of any changes in applicable legislation or applicable rules or policies of securities regulatory authorities or stock exchanges, and such amendments shall be in force immediately after such a resolution is passed by the Board of Directors.
- (b) Prior to the Separation Time, the Corporation may, by resolution of the Board of Directors, and with the prior consent of the holders of Voting Shares obtained as set forth below, supplement or amend this Agreement and the Rights (whether or not such action would materially adversely

affect the interests of the holders of Rights generally). Such consent is deemed to have been given if the supplement or amendment is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders represented in person or by proxy and entitled to be voted at a meeting of the holders of Voting Shares duly called and held in compliance with applicable laws and the Articles and bylaws of the Corporation.

- (c) After the Separation Time, the Corporation may, by resolution of the Board of Directors, and with the prior consent of the holders of Rights obtained as set forth below, supplement or amend this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent is deemed to have been given if provided by the holders of Rights at a Rights Holders' Special Meeting, which Rights Holders' Special Meeting is called and held in compliance with applicable laws and regulatory requirements and, to the extent possible, with the requirements in the Articles and by-laws of the Corporation applicable to meetings of holders of Voting Shares varied as the Corporation thinks appropriate. Subject to compliance with any requirements imposed by the foregoing, consent is given if the proposed supplement or amendment, is approved by the affirmative vote of a majority of the votes cast by holders of Rights (other than holders of Rights whose Rights have become void pursuant to Subsection 3.1(b)), represented in person or by proxy at the Rights Holders' Special Meeting.
- (d) 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.
- (e) Any supplement to or amendment to this Agreement is subject to the approval of the Toronto Stock Exchange and such other applicable stock exchanges on which the Common Shares are listed and posted for trading.
- (f) Any amendments may by the Corporation to this Agreement pursuant to Subsection 5.4(a) which are required to maintain the validity of this Agreement as a result of any changes in applicable legislation or applicable rules or policies of securities regulatory authorities or stock exchanges shall:
 - (i) if made before the Separation Time, be submitted to the shareholders of the Corporation at the next meeting of shareholders and the shareholders may, by a vote of the majority referred to in Subsection 5.4(b), confirm or reject such amendment; and
 - (ii) if made after the Separation Time, be submitted to holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of shareholders of the Corporation and the holders of Rights may, by a vote of the majority referred to in Subsection 5.4(c), 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 in accordance with this Subsection 5.4(f) or until it ceases to be effective (as described below) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by shareholders or holders of Rights or is not submitted to 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 shareholders or holders of Rights, as the case may be.

- (g) The Corporation shall give notice in writing to the Rights Agent of any supplement, amendment, deletion, variation, or recession to this Agreement pursuant to this Section 5.4 within 5 Business Days of the date of such supplement, amendment, deletion, variation, or recession, provided that failure to give such notice, or any defect therein, shall not affect the validity of any such supplement, amendment, deletion, variation, or recession.

8.5 Fractional Rights and Fractional Common Shares

- (a) The Corporation shall not be required to issue fractions of Rights or to distribute Right Certificates which evidence fractional Rights or to pay any amount to a holder of record of Rights Certificates in lieu of such fractional Rights.
- (b) The Corporation shall not be required to issue fractions of Common Shares upon exercise of the Rights or to distribute certificates which evidence fractional Common Shares. In lieu of issuing fractional Common Shares, the Corporation shall pay to the registered holders of Right Certificates at the time such Rights are exercised as herein provided, an amount in cash equal to the same fraction of the Market Price of one Common Share that the fraction of a Common Share that would otherwise be issuable upon the exercise of such Right is of a whole Common Share.
- (c) The Rights Agent shall have no obligation to make any payments in lieu of issuing fractions of Rights or Common Shares pursuant to paragraph (a) or (b), respectively, unless and until the Corporation shall have provided to the Rights Agent the amount of cash to be paid in lieu of issuing such fractional Rights or Common Shares, as the case may be.

8.6 Rights of Action

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

8.7 Non-Canadian or United States 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 or the United States, the Board of Directors acting in good faith may take such actions as it may deem appropriate to ensure that such compliance is not required, including without limitation establishing procedures for the issuance to a Canadian resident Fiduciary of Rights or securities issuable on exercise of Rights, the holding thereof in trust for the Persons entitled thereto (but reserving to the Fiduciary or to the Fiduciary and the Corporation, as the Corporation may determine, absolute investment discretion with respect thereto) and the sale thereof and remittance of the proceeds of such sale, if any, to the Persons entitled thereto. In no event has the Corporation or the Rights Agent an obligation to issue or deliver Rights or securities issuable on exercise of Rights to Persons who are citizens, residents or nationals of any jurisdiction other than Canada and the United States, in

which jurisdiction such issue or delivery would be unlawful without registration of the relevant Persons, securities or issue or delivery for such purposes.

8.8 Notices

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

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

if to the Corporation, addressed to it at:

570 Poleline Rd
Murillo, Ontario P7K 0T7

Attention: President
Fax. No.: (866) 468-9119

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

Computershare Trust Company of Canada
600, 530 – 8th Avenue SW
Calgary, Alberta T2P 3S8

Attention: Stock Transfer Services
Fax No.: (403) 267-6529

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

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

8.9 Compliance with Anti-Money Laundering Legislation

The Rights Agent shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Rights Agent reasonably determines that such an act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Rights Agent reasonably determine at any time

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

8.10 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.

8.11 Privacy Legislation

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

8.12 Liability

Notwithstanding any other provision of this Agreement, and whether such losses or damages are foreseeable or unforeseeable, the Rights Agent shall not be liable under any circumstances whatsoever for any (a) breach by any other party of securities law or other rule of any securities regulatory authority, (b) lost profits or (c) special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages.

8.13 Costs of Enforcement

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

8.14 Successors

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

8.15 Benefits of this Agreement

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

8.16 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.

8.17 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.

8.18 Severability

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

8.19 Determinations and Actions by the Board of Directors

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

8.20 Regulatory Approvals

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

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

MONGOLIA GROWTH GROUP LTD.

By: _____

Name: Genevieve Walkden

Title: Corporate Secretary

COMPUTERSHARE TRUST COMPANY OF CANADA

By: _____

Name: _____

Title: _____

SONNY SCHMIDT
RELATIONSHIP MANAGER

EXHIBIT A

[Form of Rights Certificate]

Certificate No. _____ Rights

THE RIGHTS ARE SUBJECT TO REDEMPTION ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN THE RIGHTS AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR ANY PERSON ACTING JOINTLY OR IN CONCERT WITH AN ACQUIRING PERSON OR WITH AN ASSOCIATE OR AFFILIATE OF AN ACQUIRING PERSON (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR TRANSFEREES OF ANY OF THE FOREGOING WILL BECOME VOID WITHOUT FURTHER ACTION.

RIGHTS CERTIFICATE

This certifies that _____, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of a Rights Agreement, dated as of May 5, 2017, as same may be amended, restated, varied or replaced from time to time (the “**Rights Agreement**”) between **Mongolia Growth Group Ltd.** a corporation existing under the *Business Corporations Act* (Alberta) (the “**Corporation**”), and **Computershare Trust Company of Canada**, as Rights Agent, to purchase from the Corporation at any time after the Separation Time and prior to the Expiration Time (as such terms are defined in the Rights Agreement), one fully paid common share in the capital of the Corporation (a “**Common Share**”) (subject to adjustment as provided in the Rights Agreement) at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate with a duly completed and executed Form of Election to Exercise at the principal office of the Rights Agent in any of the Cities of Toronto, Calgary or Vancouver, Canada. The Exercise Price shall initially be \$100 per Right and shall be subject to adjustment in certain events as provided in the Rights Agreement.

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

This Rights Certificate, with or without other Rights Certificates, upon surrender at any office of the Rights Agent or any Co-Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates so surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provision of the Rights Agreement, the Rights evidenced by this Certificate may be redeemed by the Corporation at a redemption price of \$0.00001 per Right.

No fractional Common Shares will be issued upon the exercise of any Right or Rights evidenced hereby nor will Rights Certificates be issued for less than one whole Right. In lieu thereof, a cash payment will be made as provided in the Rights Agreement.

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

in the Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

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

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

Date: _____

ATTEST:

MONGOLIA GROWTH GROUP LTD.

By: _____

Name:

Title:

Countersigned:

COMPUTERSHARE TRUST COMPANY OF CANADA

By: _____

Name:

Title:

By: _____

Name:

Title:

[Form of Reverse Side of Rights Certificate]

FORM OF ASSIGNMENT

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

FOR VALUE RECEIVED _____

hereby sells, assigns and transfers

unto _____

(Please print name and address of transferee)

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

Dated: _____

Signature Guaranteed:

Signature

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

The signature(s) on this form must also be guaranteed by one of the following methods:

- In Canada and the US: a Medallion Guarantee obtained from a member of an acceptable Medallion Guarantee Program (STAMP, SEMP or MSP). Many banks, credit unions and broker dealers are members of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Medallion Guaranteed".
- In Canada: a Signature Guarantee obtained from a major Canadian Schedule I bank that is not a member of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Signature Guaranteed".
- Outside Canada and the US: holders must obtain a guarantee from a local financial institution that has a corresponding affiliate in Canada or the US that is a member of an acceptable Medallion Guarantee Program. The corresponding affiliate must overguarantee the guarantee provided by the local financial institution.

(To be completed if true)

CERTIFICATION

The undersigned hereby represents and certifies, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have not been, Beneficially Owned by an Acquiring Person or any Person acting jointly or in concert with any Acquiring Person or with any Affiliate or Associate thereof (all as defined in the Rights Agreement).

Signature

NOTICE

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

[To be attached to each Rights Certificate]

FORM OF ELECTION TO EXERCISE

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

TO:

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

Address:

Social Insurance, Social Security or

Other Taxpayer Identification Number: _____

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

Address:

Social Insurance, Social Security or

Other Taxpayer Identification Number: _____

Dated: _____

Signature Guaranteed:

Signature

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

The signature(s) on this form must also be guaranteed by one of the following methods:

- In Canada and the US: a Medallion Guarantee obtained from a member of an acceptable Medallion Guarantee Program (STAMP, SEMP or MSP). Many banks, credit unions and broker dealers are members of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Medallion Guaranteed".
- In Canada: a Signature Guarantee obtained from a major Canadian Schedule I bank that is not a member of a Medallion Guarantee Program. The guarantor must affix a stamp in the space above bearing the actual words "Signature Guaranteed".
- Outside Canada and the US: holders must obtain a guarantee from a local financial institution that has a corresponding affiliate in Canada or the US that is a member of an acceptable Medallion Guarantee Program. The corresponding affiliate must overguarantee the guarantee provided by the local financial institution.

(To be completed if true)

CERTIFICATION

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

Signature

NOTICE

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

SCHEDULE "F"

AMENDED AND RESTATED

GENERAL BY-LAW

BY-LAW NO. 1

A BY-LAW RELATING GENERALLY TO THE CONDUCT OF THE AFFAIRS OF
MONGOLIA GROWTH GROUP LTD.

(hereinafter called the "Corporation")

IT IS HEREBY ENACTED as a by-law of the Corporation as follows:

**DIVISION ONE
INTERPRETATION**

1.01 In the by-laws of the Corporation, unless the context otherwise specifies or requires:

- a. "Act" means the *Business Corporations Act* of Alberta, as from time to time amended and every statute that may be substituted therefore and, in the case of such substitution, any references in the by-laws of the Corporation to provisions of the Act shall be read as references to the substituted provisions therefore in the new statute or statutes;
- b. "appoint" includes "elect" and vice versa;
- c. "articles" means the articles of incorporation or continuance of the Corporation, as from time to time amended or restated;
- d. "board" means the board of directors of the Corporation;
- e. "business day" means a day which is not a non-business day;
- f. "by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;
- g. "meeting of shareholders" includes an annual and a special meeting of shareholders;
- h. "non-business day" means Saturday, Sunday and any other day that is a holiday as from time to time defined in *The Interpretation Act* of Alberta;
- i. "Regulations" means the regulations under the Act as published or from time to time amended and every regulation that may be substituted therefore and, in the case of such substitution, any references in the by-laws of the Corporation to provisions of the Regulations shall be read as references to the substituted provisions therefore in the new regulations;
- j. "signing officer" means, , in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by virtue of section 3.01 of this by-law or by a resolution passed pursuant thereto; and

- k. "special meeting of shareholders" means a meeting of any particular class or classes of shareholders and a meeting of all shareholders entitled to vote at any annual meeting of shareholders at which special business is to be transacted.

Save as aforesaid, all terms which are contained in the by-laws of the Corporation and which are defined in the Act or the Regulations shall, unless the context otherwise specifies or requires, have the meanings given to such terms in the Act or the Regulations. Words importing the singular number include the plural and vice versa; the masculine shall include the feminine; and the word "person" shall include an individual, partnership, association, body corporate, body politic, trustee, executor, administrator and legal representative.

Headings used in the by-laws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

DIVISION TWO BANKING AND SECURITIES

2.01 Banking Arrangements

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefore, shall be transacted with such banks, trust companies or other bodies corporate or organizations or any other persons as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of power as the board may from time to time prescribe or authorize.

2.02 Voting Rights in Other Bodies Corporate

The signing officers of the Corporation may execute and deliver instruments of proxy and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of such voting certificates or evidence of the right to exercise such voting rights. In addition, the board, or failing the board, the signing officers of the Corporation, may direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

DIVISION THREE EXECUTION OF INSTRUMENTS

3.01 Authorized Signing Officers

Unless otherwise authorized by the board, deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by any two of the president, chairman of the board, managing director, any vice-president, any director, secretary, treasurer, any assistant secretary or any assistant treasurer or any other officer created by by-law or by the board. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal to any instrument requiring the same, but no instrument is invalid merely because the corporate seal is not affixed thereto.

3.02 Cheques, Drafts and Notes

All cheques, drafts or orders for the payment of money and all notes and acceptances and bills of exchange shall be signed by such officer or person or persons, whether or not officers of the Corporation, and in such manner as the board may from time to time designate by resolution.

DIVISION FOUR DIRECTORS

4.01 Number

The board shall consist of such number of directors as is fixed by the articles, or where the articles specify a variable number, shall consist of such number of directors as is not less than the minimum nor more than the maximum number of directors provided in the articles and as shall be fixed from time to time by resolution of the shareholders.

4.02 Election and Term

Subject to the articles or a unanimous shareholder agreement, the election of directors shall take place at each annual meeting of shareholders and all of the directors then in office, unless elected for a longer period of time (not to exceed the close of the third (3rd) annual meeting of shareholders following election), shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall, subject to the articles or a unanimous shareholder agreement, be the number of directors then in office, or the number of directors whose terms of office expire at the meeting, as the case may be, except that, if cumulative voting is not required by the articles and the articles otherwise permit, the shareholders may resolve to elect some other number of directors. Where the shareholders adopt an amendment to the articles to increase the number or minimum number of directors, the shareholders may, at the meeting at which they adopt the amendment, elect the additional number of directors authorized by the amendment. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected. If the articles provide for cumulative voting, each director elected by shareholders (but not directors elected or appointed by creditors or employees) ceases to hold office at the annual meeting and each shareholder entitled to vote at an election of directors has the right to cast a number of votes equal to the number of votes attached to the shares held by him multiplied by the number of directors he is entitled to vote for, and he may cast all such votes in favour of one candidate or distribute them among the candidates in any manner. If he has voted for more than one candidate without specifying the distribution among such candidate, he shall be deemed to have divided his votes equally among the candidates for whom he voted.

4.03 Removal of Directors

Subject to the Act and the articles, the shareholders may by ordinary resolution passed at a special meeting remove any director from office, except a director elected by employees or creditors pursuant to the articles or a unanimous shareholder agreement, and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the board. However, if the articles provide for cumulative voting, no director shall be removed pursuant to this section where the votes cast against the resolution for his removal would, if cumulatively voted at an election of the full board, be sufficient to elect one or more directors.

4.04 Consent

A person who is elected or appointed a director is not a director unless:

- a. he was present at the meeting when he was elected or appointed and did not refuse to act as a director,
 or
- b. if he was not present at the meeting when he was elected or appointed:
 - i. he consented in writing to act as a director before his election or appointment or within ten (10) days after it, or
 - ii. he has acted as a director pursuant to the election or appointment.

4.05 Vacation of Office

A director of the Corporation ceases to hold office when:

- a. he dies or resigns;
- b. he is removed in accordance with section 109 of the Act; or
- c. he becomes disqualified under subsection 105(1) of the Act.

4.06 Committee of Directors

The directors may appoint from among their number a managing director, who must be a resident Canadian, or a committee of directors, however designated, of which at least one-quarter of the members must be resident Canadians, and subject to section 115 of the Act may delegate to the managing director or such committee any of the powers of the directors. A committee may be comprised of one director.

4.07 Transaction of Business of Committee

Subject to the provisions of this by-law with respect to participation in a meeting, the powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all of the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place in or outside Alberta and may be called by any one member of the committee giving notice in accordance with the by-laws governing the calling of meetings of the board.

4.08 Procedure

Unless otherwise determined herein or by the board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

4.09 Remuneration and Expenses

Subject to any unanimous shareholder agreement, the directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

4.10 Vacancies

Subject to the Act, a quorum of the board may fill a vacancy among the directors, except a vacancy resulting from an increase in the number or minimum number of directors or from a failure to elect the number or minimum number of directors required by the articles. If there is not a quorum of directors, or if there has been a failure to elect the number or minimum number of directors required by the articles, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.

4.11 Action by the Board

Subject to any unanimous shareholder agreement, the board shall manage or supervise the management of the business and affairs of the Corporation. Notwithstanding a vacancy among the directors, a quorum of directors may exercise all the powers of the directors. If the Corporation has only one director, that director may constitute a meeting.

**DIVISION FIVE
MEETING OF DIRECTORS**

5.01 Place of Meeting

Meetings of the board may be held at any place within or outside Alberta.

5.02 Notice of Meeting

Unless the board has made regulations otherwise, meetings of the board may be summoned on twenty-four (24) hours' notice, given verbally or in writing, and whether by means of telephone or telegraph, electronic means in accordance with the provisions of the *Electronic Transactions Act*, or any other means of communication. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including any proposal to:

- a. submit to the shareholders any question or matter requiring approval of the shareholders;
- b. fill a vacancy among the directors or in the office of auditor;
- c. appoint additional directors;
- d. issue securities, except in the manner and on the terms authorized by the board;
- e. declare dividends;
- f. purchase, redeem or otherwise acquire shares issued by the Corporation, except in the manner and on the terms authorized by the board;
- g. pay a commission for the sale of shares;
- h. approve a management proxy circular;
- i. approve any financial statements to be placed before the shareholders at an annual meeting; or
- j. adopt, amend or repeal by-laws.

Provided, however, that a director may in any manner, and either before or after the meeting, waive notice of a meeting and attendance of a director at a meeting of the board shall constitute a waiver of notice of the meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

For the first meeting of the board to be held immediately following an election of directors no notice of such meeting shall be necessary, and for a meeting of the board at which a director is to be appointed to fill a vacancy in the board, no notice of such meeting shall be necessary to the newly elected or appointed director or directors in order to legally constitute the meeting, provided, in each case, that a quorum of the directors is present.

5.03 Adjourned Meeting

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

5.04 Calling of the Meetings

Meetings of the board shall be held from time to time at such time and at such place as the board, the chairman of the board, the managing director, the president or any two directors may determine. Should more than one of the above-named call a meeting at or for substantially the same time, there shall be only one meeting held and such meeting shall occur at the time and place determined by, in order of priority, the board, any two directors, the chairman, or the president.

5.05 Regular Meetings

The board may, from time to time, appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, and forthwith to each director subsequently elected or appointed, but no other notice shall be required for any such regular meeting except where the Act or this by-law requires the purpose thereof or the business to be transacted thereat to be specified.

5.06 Chairman

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: chairman of the board, managing director or president. If no such officer is present, the directors present shall choose one of their number to be chairman.

5.07 Quorum

Subject to the following section 5.08, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the directors holding office or such greater number of directors as the board may from time to time determine.

5.08 One-Quarter Canadian Representation at Meetings

Directors shall not transact business at a meeting of directors unless at least one-quarter of the directors present are resident Canadians. Notwithstanding the foregoing, directors may transact business at a meeting of directors when less than one-quarter of the directors present are resident Canadians if:

- a. a resident Canadian director who is unable to be present approves in writing or by electronic means, telephone or other communications facilities the business transacted at the meeting; and
- b. the number of resident Canadian directors present at the meeting, together with any resident Canadian director who gives his approval under clause (a), totals at least one-quarter of the directors present at the meeting.

5.09 Voting

Questions arising at any meeting of the board shall be decided by a majority of votes, and in the event of any equality of votes, the chairman of the meeting shall be entitled to a second or casting vote.

5.10 Participation in Meeting

A director may participate in a meeting of the board or a committee of the board by electronic means, telephone, or other communication facilities as permit all persons participating in the meeting to hear or otherwise communicate with each other, and a director participating in such meeting by such means is deemed to be present at the meeting.

5.11 Resolution in Lieu of Meeting

Notwithstanding any of the foregoing provisions of this by-law, a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board or a committee of directors is as valid as if it had been passed at a meeting of the board or committee of directors, as the case may be. A copy of every such resolution shall be kept with the minutes of the proceedings of the directors or committee of directors. Any such resolution in writing is effective for all purposes at such time as the resolution states regardless of when the resolution is signed and may be signed in counterpart.

5.12 Amendments to the Act

It is hereby affirmed that the intention of sections 4.06, 5.08, and 7.03, as they relate to Canadian representation, is to comply with the minimum requirements of the Act and in the event that such minimum requirements shall be amended, deleted or replaced such that no, or lesser, requirements with respect to Canadian representation are then in force, such sections shall be deemed to be correspondingly amended, deleted or replaced without any further act of the directors or shareholders of the Corporation.

DIVISION SIX PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

6.01 Conflict of Interest

A director or officer shall not be disqualified from his office, or be required to vacate his office, by reason only that he is a party to, or is a director or officer or has a material interest in any person who is a party to, a material contract or material transaction or proposed material contract or proposed material transaction with the Corporation or a subsidiary thereof. Such a director or officer shall, however, disclose the nature and extent of his interest in the contract or transaction or proposed contract or transaction at the time and in the manner provided by the Act. Subject to the provisions of the Act, a director or officer shall not by reason only of his office be accountable to the Corporation or to its shareholders for any profit or gain realized from such a contract or transaction, and such contract or transaction shall not be void or voidable by reason only of the director's interest therein, provided that the required declaration and disclosure of interest is properly made, the contract or transaction is approved by the directors or shareholders, if necessary, and it was fair and reasonable to the Corporation at the time it was approved and, if required by the Act, the director refrains from voting as a director on the contract or transaction.

Even if the above conditions are not met, a director or officer acting honestly and in good faith shall not be accountable to the Corporation or to its shareholders for any profit realized from a material contract or material transaction for which disclosure is required by the Act, and such contract or transaction shall not be void or voidable by reason only of the director or officer's interest therein, provided that the material contract or material transaction was approved or confirmed by special resolution at a meeting of the shareholders, disclosure of the interest was made to the shareholders in a manner sufficient to indicate its nature before such contract or transaction was approved or confirmed, and such contract or transaction was reasonable and fair to the Corporation at the time it was approved or confirmed.

6.02 Limitation of Liability

Every director and officer of the Corporation, in exercising his powers and discharging his duties, shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director or officer, for the time being of the Corporation, shall be liable for the acts, neglects or defaults of any other director or officer or employee or for joining in any act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any

security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss, conversion, misapplication or misappropriation of or any damage resulting for any dealings with any moneys, securities or other assets belonging to the Corporation or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the Regulations thereunder or from liability for any breach thereof. The directors, for the time being of the Corporation, shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the board.

No act or proceeding of any director or officer or the board shall be deemed invalid or ineffective by reason of the subsequent ascertainment of any irregularity in regard to such act or proceeding or the election, appointment or qualification of such director or officer or board.

6.03 Indemnity

Subject to section 124 of the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or body corporate, if:

- a. the acted honestly and in good faith with a view to the best interests of the Corporation; and
- b. in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The Corporation shall also indemnify such persons in such other circumstances as the Act permits or requires. Nothing herein contained shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this section 6.03.

6.04 Insurance

The Corporation may purchase and maintain insurance for the benefit of any person referred to in section 6.03 against any liability incurred by him:

- a. in his capacity as a director or officer of the Corporation, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the Corporation; or
- b. in his capacity as a director or officer of the another body corporate where he acts or acted in that capacity at the Corporation's request, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the body corporate.

DIVISION SEVEN OFFICERS

7.01 Election or Appointment

Subject to any unanimous shareholder agreement, the board may, from time to time, appoint a chairman of the board, a president, one or more vice-presidents, a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Except for a managing director and a chairman of the board who must be directors, an officer may, but need not be, a director and one person may hold more than one office.

7.02 Chairman of the Board

The chairman of the board shall, when present, preside at all meetings of the board, committees of directors and at all meetings of shareholders.

If no managing director is appointed, the board may assign to the chairman of the board any of the powers and duties that, by any provision of this by-law, are assigned to the managing director; and he shall, subject to the provisions of the Act, have such other powers and duties as the board may specify. During the absence or disability of the chairman of the board, his duties shall be performed and his powers exercised by the managing director, if any, or by the president.

7.03 Managing Director

The managing director, if any, shall be a resident Canadian and shall have, subject to the authority of the board, general supervision of the business and affairs of the Corporation; and he shall, subject to the provisions of the Act, have such other powers and duties as the board may specify.

7.04 President

The president shall, subject to the authority of the board and the managing director, if any, have such powers and duties as the board may specify. During the absence or disability of the managing director, or if no managing director has been appointed, the president shall also have the powers and duties of that office; provided, however, that unless he is a director he shall not preside as chairman at any meeting of the board or of a committee of directors.

7.05 Vice-President

During the absence or disability of the president, his duties shall be performed and his powers exercised by the vice-president or, if there is more than one, by the vice-president designated from time to time by the board or the president; provided, however, that a vice-president who is not a director shall not preside as chairman at any meeting of the board or of a committee of directors. A vice-president shall have such other powers and duties as the board or the president may prescribe.

7.06 Secretary

The secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of directors and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers,

records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board or the chief executive officer, if any, may specify.

7.07 Treasurer

The treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the board whenever required an account of all his transactions and he shall have such other powers and duties as the board or chief executive officer, if any, or the president may specify.

7.08 General Manager or Manager

If elected or appointed, the general manager shall have, subject to the authority of the board, the managing director, if any, the chief executive officer, if any, and the president, full power to manage and direct the business and affairs of the Corporation (except such matters and duties as by law must be transacted or performed by the board and/or by the shareholders) and to employ and discharge agents and employees of the Corporation and may delegate to him or them any lesser authority. A general manager or manager shall conform to all lawful orders given to him by the board and shall at all reasonable times give to the directors or any of them all information they may require regarding the affairs of the Corporation. Any agent or employee appointed by a general manager or manager shall be subject to discharge by the board.

7.09 Powers and Duties of Other Officers

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board, the managing director, if any, or the chief executive officer, if any, or the president may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer, if any, or the president otherwise directs.

7.10 Variation of Powers and Duties

The board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

7.11 Vacancies

If the office of any officer of the Corporation shall be or become vacant by reason of death, resignation, disqualification or otherwise, the board, by resolution, may appoint a person to fill such vacancy.

7.12 Remuneration and Removal

The remuneration of all officers appointed by the board shall be determined from time to time by resolution of the board. The fact that any officer or employee is a director or shareholder of the Corporation shall not disqualify him from receiving such remuneration as may be determined. All officers shall be subject to removal by resolution of the board at any time, with or without cause, notwithstanding any agreement to the contrary, provided however that this right of removal shall not limit in any way such officer's right to damages by virtue of such agreement or any other rights resulting from such removal in law or equity.

7.13 Agents and Attorneys

The Corporation, by or under the authority of the board, shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers (including the power to sub-delegate) of management, administration or otherwise as may be thought fit.

7.14 Conflict of Interest

An officer shall disclose his interest in any material contract or material transaction or proposed material contract or proposed material transaction with the Corporation in accordance with section 6.01.

7.15 Fidelity Bonds

The board may require such officers, employees and agent of the Corporation, as the board deems advisable, to furnish bonds for the faithful discharge of their powers and duties, in such forms and with such surety as the board may from time to time determine.

**DIVISION EIGHT
SHAREHOLDERS' MEETINGS**

8.01 Annual Meetings

Subject to the Act, the annual meeting of shareholders shall be held at such time and on such day in each year and at such place or places as the board, the chairman of the board, the managing director or the president may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors if required by the Act or the articles, and for the transaction of such other business as may properly be brought before the meeting.

8.02 Special Meetings

The board, the chairman of the board, the managing director or the president shall have the power to call a special meeting of shareholders at any time.

8.03 Place of Meetings

Meetings of shareholders shall be held as provided for in the articles, or failing any reference in the articles, at such place in Alberta as the board may determine. Subject to the Act, if the directors or the shareholders of the Corporation call a meeting of shareholders, the directors or the shareholders, as the case may be, may determine that the meeting shall be held entirely by electronic means, telephone or other communication facility that permits all participants to communicate adequately with each other during the meeting.

8.04 Record Date for Notice

The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than fifty (50) days and not less than twenty-one (21) days, as a record date for the determination of shareholders entitled to notice of or to vote at the meeting. If no record date is fixed, the record date for the determination of the shareholders entitled to receive notice of or to vote at the meeting shall be the close of business on the date immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

8.05 Notice of Meeting

Notice of the time and place of each meeting of shareholders shall be sent not less than twenty-one (21) days and not more than fifty (50) days before the meeting to each shareholder entitled to vote at the meeting, each director and the auditor of the Corporation. Such notice may be sent by electronic means in accordance with the Electronic Transactions Act, or by mail addressed to, or may be delivered personally to, the shareholder, at his latest address as shown in the records of the Corporation or its transfer agent, to the director, at his latest address as shown in the records of the Corporation or in the last notice filed pursuant to section 106 or

113 of the Act, or to the auditor, at his most recent address as shown in the records of the Corporation. A notice of meeting of shareholders sent by mail to a shareholder, director or auditor in accordance with the above is deemed to be served on the day on which it was deposited in the mail. A notice of a meeting is not required to be sent to shareholders who are not registered on the records of the Corporation or its transfer agent on the record date as determined according to section 8.04 hereof. Notice of a meeting of shareholders at which special business is to be transacted shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting. A special meeting and an annual meeting may be convened by one and the same notice and it shall not be an objection to the notice that it only convenes the second meeting contingently on any resolution being passed by the requisite majority at the first meeting.

8.06 Right to Vote

Subject to the provisions of the Act as to authorized representatives of any other body corporate, at any meeting of shareholders in respect of which the Corporation has prepared the list referred to in section 8.07 hereof, every person who is named in such list shall be entitled to vote the shares shown thereon opposite his name except to the extent that such person has transferred any of his shares after the record date set pursuant to section 8.04 hereof, or, if no record date is fixed, after the date on which the list referred to in section 8.07 is prepared, and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he owns such shares, demands not later than ten (10) days before the meeting that his name be included to vote the transferred shares at the meeting. In the absence of a list prepared as aforesaid in respect of a meeting of shareholders, every person shall be entitled to vote at the meeting who at the close of business on the record date, or if no record date is set, at the close of business on the date preceding the date notice is sent, is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

8.07 List of Shareholders Entitled to Notice

The Corporation shall prepare a list of shareholders entitled to receive notice of a meeting, arranged in alphabetical order, and showing the number of shares held by each shareholder in accordance with section 137 of the Act. If a record date for the meeting is fixed pursuant to section 8.04 hereof by the board, the shareholders listed shall be those registered at the close of business on the record date. If no record date is fixed by the board, the shareholders listed shall be those listed at the close of business on the last business day immediately preceding the day on which notice of a meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where its central securities register is maintained and at the place where the meeting is held.

8.08 Meetings Without Notice

A meeting of shareholders may be held without notice at any time and place permitted by the Act:

- a. if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held; and
- b. if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held.

At such meetings any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to a meeting being held at such place.

8.09 Waiver of Notice

A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of a meeting of shareholders and attendance of any such person at a meeting of shareholders shall constitute a waiver of notice of the meeting except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

8.10 Chairman, Secretary and Scrutineers

The chairman of the board or, in his absence, the president, if such an officer has been elected or appointed and is present, or otherwise a vice-president who is a shareholder of the Corporation, shall be chairman of any meeting of shareholders. If no such officer is present within fifteen (15) minutes from the time fixed for holding the meeting, or declines to be chairman of the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

8.11 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

8.12 Quorum

A quorum at any meeting of shareholders (unless a greater number of persons are required to be present or a greater number of shares are required to be represented by the Act or by the articles or by any other by-law) shall be persons present not being less than two (2) in number and holding or representing not less than five (5%) per cent of the shares entitled to be voted at the meeting. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of the meeting of shareholders, the shareholders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

8.13 Participation in Meeting

A shareholder or any other person entitled to attend a meeting may participate in a meeting of shareholders by electronic means, telephone or other communication facilities as permit all persons participating in the meeting to hear or otherwise communicate with each other, and a person participating in such a meeting by such means is deemed to be present at the meeting. Subject to the Act, any person participating in a meeting pursuant to this section and entitled to vote at the meeting may vote by electronic means, telephone or other communication facility that the Corporation has made available for that purpose.

8.14 Proxyholders and Representatives

Votes at meetings of the shareholders may be given either personally or by proxy; or, in the case of a shareholder, who is a body corporate or association, by an individual authorized by a resolution of the board or governing body of the body corporate or association to represent it at a meeting of shareholders of the Corporation, upon producing a certified copy of such resolution or otherwise establishing his authority to vote to the satisfaction of the secretary or the chairman.

A proxy shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and is valid only at the meeting in respect of which it is given or any adjournment of that meeting. A person appointed by proxy need not be a shareholder.

8.15 Time for Deposit of Proxies

The board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than forty-eight (48) hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time having been specified in such notice, it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

8.16 Joint Shareholders

If two or more persons hold shares jointly, any one of them present in person or duly represented at a meeting of shareholder may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented and vote, they shall vote as one the shares jointly held by them.

8.17 Votes to Govern

Except as otherwise required by the Act, all questions proposed for the consideration of shareholders at a meeting of shareholders shall be determined by a majority of the votes cast and in the event of an equality of votes at any meeting of shareholders, the chairman shall have a second or casting vote.

8.18 Conduct of Vote

Subject to the Act, voting at a meeting of shareholders shall be by a show of hands, unless a ballot is required or demanded as hereinafter provided, and may be held, subject to the Act, entirely by electronic means, telephone or other communication facility, if the corporation makes such a communication facility available. Every person who is present or otherwise participating in the meeting pursuant to section 8.13 hereof and entitled to vote shall have one vote. Whenever a vote shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or defeated and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of shareholders upon the said question.

8.19 Ballots

On any question proposed for consideration at a meeting of shareholders, a shareholder, proxyholder or other person entitled to vote may demand and the chairman may require that a ballot be taken either before or upon the declaration of the result of any vote. If a ballot is demanded on the election of a chairman or on the question of an adjournment it shall be taken forthwith without an adjournment. A ballot demanded or required on any other question shall be taken in such manner as the chairman shall direct. A demand or requirement for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares that he is entitled to vote at the meeting upon the question, to the number of votes as provided for by the articles or, in the absence of such provision in the articles, to one vote for each share he is entitled to vote. The result of the ballot so taken shall be the decision of the shareholders upon the question. The demand or requirement for a ballot shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the ballot has been demanded or required.

8.20 Adjournment

The chairman at a meeting of shareholders may adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than thirty (30) days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the time of the adjournment. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting shall be given in the same manner as notice for an original meeting but, unless the meeting is adjourned by one or more adjournments for an aggregate of more than ninety (90) day, subsection 149(1) of the Act does not apply.

8.21 Resolution in Lieu of a Meeting

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders; and a resolution in writing dealing with all matters required to be dealt with at a meeting of shareholders and signed by all the shareholders entitled to vote at such meeting, satisfies all the requirements of the Act relating to meetings of shareholders. A copy of every such resolution in writing shall be kept with minutes of the meetings of shareholders. Any such resolution in writing is effective for all purposes at such time as the resolution states regardless of when the resolution is signed and may be signed in counterpart.

8.22 Only One Shareholder

Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or duly represented constitutes a meeting.

8.23 Nomination of Directors

(1) Subject only to the Act and the articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:

- (a) by or at the direction of the board or an authorized officer of the Corporation, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act; or
- (c) by any person (a **"Nominating Shareholder"**): (i) who, at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this Section 8.23 and at the close of business on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (ii) who complies with the notice procedures set forth below in this Section 8.23.

(2) In addition to any other applicable requirements, for a nomination to be made only by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the secretary of the Corporation at the principal executive offices of the Corporation in accordance with this Section 8.23.

(3) To be timely, a Nominating Shareholder's notice to the secretary of the Corporation must be made:

- (a) in the case of an annual meeting of shareholders, not less than thirty (30) nor more than sixty-five (65) days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than fifty (50) days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this paragraph. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.

(4) To be in proper written form, a Nominating Shareholder's notice to the secretary of the Corporation must set forth:

- (a) to each person whom the Nominating Shareholder proposes to nominate for election as a director: (i) the name, age, business address and residence address of the person; (ii) the principal occupation or employment of the person; (iii) the citizenship of such person; (iv) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (v) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
- (b) as to the Nominating Shareholder giving the notice, full particulars of any proxy, contract, arrangement, agreement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Corporation may require any proposed nominee to furnish such other information, including a written consent to act, as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

(5) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Section 8.23; provided, however, that nothing in this Section 8.23 shall be deemed to preclude discussion by a shareholder (as distinct from nominating directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed

nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

(6) For the purposes of this Section 8.23

- (a) **“public announcement”** shall mean disclosure in a release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at www.sedar.com; and
- (b) **“Applicable Securities Laws”** means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notice of the securities commission and similar regulatory authority of each province and territory of Canada.

(7) Notwithstanding any other provision of the by-laws, notice given to the secretary of the Corporation pursuant to this Section 8.23 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5 p.m. (Calgary time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day

DIVISION NINE SHARES

9.01 Non-Recognition of Trusts

Subject to the Act, the Corporation may treat the registered holder of any share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payment in respect of the share, and otherwise to exercise all the rights and powers of an owner of the share.

9.02 Certificates

The shareholder is entitled at his option to a share certificate that complies with the Act or a non-transferable written acknowledgement of his right to obtain a share certificate from the Corporation in respect of the securities of the Corporation held by him. Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, shall be in such form as described by the Act and as the board shall from time to time approve. A share certificate shall be signed manually by at least one director or officer of the Corporation or by or on behalf of a registrar, transfer agent or branch transfer agent of the Corporation, or by a trustee who certifies it in accordance with a trust indenture, and any additional signatures required on the share certificate may be printed or otherwise mechanically reproduced on it.

9.03 Replacement of Share Certificates

The board or any officer or agent designated by the board may in its or his discretion direct the issuance of a new share certificate or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken on

payment of such reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

9.04 Joint Holders

The Corporation is not required to issue more than one share certificate in respect of a share held jointly by several persons, and delivery of a certificate to one of several joint holders is sufficient delivery to all. Any one of such holders may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such certificate.

DIVISION TEN TRANSFER OF SECURITIES

10.01 Registration of Transfer

If a share in registered form is presented for registration of transfer, the Corporation shall register the transfer if:

- a. the share is endorsed by an appropriate person, as defined in section 64 of the Act;
- b. reasonable assurance is given that the endorsement is genuine and effective;
- c. the Corporation has no duty to enquire into adverse claims or has discharged any such duty;
- d. any applicable law relating to the collection of taxes has been complied with;
- e. the transfer is rightful or is to a bona fide purchaser; and
- f. the transfer fee, if any, has been paid.

10.02 Transfer Agents and Registrar

The board may from time to time by resolution appoint or remove one or more trust companies registered under the Trust Companies Act as its agent or agents to maintain a central securities register or registers, and an agent or agents to maintain a branch securities register or registers. Agents so appointed may be designated as transfer agent or registrar according to their functions, and a person may be appointed and designated with functions as both registrar and transfer or branch transfer agent. Registration of the issuance or transfer of a security in the central securities register or in a branch securities register is complete and valid registration for all purposes.

10.03 Securities Registers

A central securities register of the Corporation shall be kept at its registered office or at any other place in Alberta designated by the board to record the shares and other securities issued by the Corporation in registered form, showing with respect to each class or series of shares and other securities:

- a. the names, alphabetically arranged, and the latest known address of each person who is or has been a holder;
- b. the number of shares or other securities held by each holder; and
- c. the date and particulars of the issuance and transfer of each share or other security.

A branch securities register or registers may be kept either in or outside Alberta at such place or places as the board may determine. A branch securities register shall only contain particulars of securities issued or transferred at that branch. Particulars of each issue or transfer of a security registered in a branch securities register shall also be kept in the corresponding central securities register.

10.04 Deceased Shareholders

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make any dividend or other payments in respect thereof except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

**DIVISION ELEVEN
DIVIDENDS AND RIGHTS**

11.01 Dividends

Subject to the Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interest in the Corporation. Dividends may be paid in money or property or by issuing fully-paid shares of the Corporation.

11.02 Dividend Cheques

A dividend payable in money shall be paid by cheque to the order of each registered holder of shares of the class or series in respect of which it has been declared and shall be mailed by prepaid ordinary mail to such registered holder at his address recorded in the Corporation's securities register or registers or such address as such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

11.03 Non-Receipt of Cheques

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

11.04 Unclaimed Dividends

No dividend shall bear interest against the Corporation. Any dividend unclaimed after a period of six (6) years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

11.05 Record Date for Dividends and Rights

The board may fix in advance a date, preceding by not more than fifty (50) days the date for the payment of any dividend, as a record date for the determination of the persons entitled to receive payment of such dividend, provided that, unless waived as provided for in the Act, notice of any such record date is given, not less than seven (7) days before such record date, by newspaper advertisement in the manner provided in the Act and by written notice to each stock exchange in Canada, if any, on which the Corporation's shares are listed for trading. Where no record date is fixed in advance as aforesaid, the record date for the determination of the

persons entitled to receive payment of any dividend shall be at the close of business on the day on which the resolution relating to such dividend is passed by the board.

DIVISION TWELVE INFORMATION AVAILABLE TO SHAREHOLDERS

12.01 Confidential Information

Except as provided by the Act, no shareholders shall be entitled to obtain information respecting any details or conduct of the Corporation's business which, in the opinion of the directors, it would be inexpedient in the interests of the Corporation to communicate to the public.

12.02 Conditions of Access to Information

The directors may from time to time, subject to rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books and registers and accounting records of the Corporation or any of them shall be open to the inspection of shareholders and no shareholders shall have any right to inspect any document or book or register or account record of the Corporation except as conferred by statute or authorized by the board or by a resolution of the shareholders.

12.03 Registered Office and Separate Records Office

The registered office of the Corporation shall be at a place within Alberta and at such location therein as the board may from time to time determine. The records office will be at the registered office or at such location, if any, within Alberta, as the board may from time to time determine.

DIVISION THIRTEEN NOTICES

13.01 Method of Giving Notices

A notice or document required by the Act, the Regulations, the articles or the by-laws to be sent to a shareholders or director of the Corporation may be sent by electronic means in accordance with the provisions of the *Electronic Transactions Act*, or by prepaid mail addressed to, or may be delivered personally to:

- a. the shareholder at his latest address as shown in the records of the Corporation or its transfer agent; and
- b. the director at his latest address as shown in the records of the Corporation or in the last notice filed under section 106 or 113.

A notice or document sent by mail in accordance with the foregoing to a shareholders or director of the Corporation is deemed to be received by him at the time it would be delivered in the ordinary course of mail unless there are reasonable grounds for believing that the shareholders or director did not receive the notice or document at the time or at all.

13.02 Notice to Joint Shareholders

If two or more persons are registered as joint holders of any share, any notice may be addressed to all of such joint holders but notice addressed to one of such persons shall be sufficient notice to all of them.

13.03 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholders from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.

13.04 Non-Receipt of Notices

If a notice or document is sent to a shareholder in accordance with section 13.01 and the notice or document is returned on two (2) consecutive occasions because the shareholder cannot be found, the Corporation is not required to send any further notice or documents to the shareholder until the shareholder informs the Corporation in writing of his new address; provided always, that in the event of the return of a notice of a shareholders meeting mailed to a shareholder in accordance with section 13.01 the notice shall be deemed to be received by the shareholder on the date deposited in the mail notwithstanding its return.

13.05 Omissions and Errors

Subject to the Act, the accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

13.06 Signature on Notices

Unless otherwise specifically provided, the signature of any director or officer of the Corporation to any notice or document to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

13.07 Waiver of Notice

If a notice or document is required by the Act or the Regulations, the articles, the by-laws or otherwise to be sent, the sending of the notice or document may be waived or the time for the notice or document may be waived or abridged at any time with the consent in writing of the person entitled to receive it. The consent of a person entitled to waive the requirement for the sending of a notice or document or to waive or abridge the time for the notice or the document may be sent by electronic means in accordance with the provisions of the *Electronic Transactions Act*.

DIVISION FOURTEEN MISCELLANEOUS

14.01 Directors to Require Surrender of Share Certificates

The directors in office when a Certificate of Continuance is issued under the Act are hereby authorized to require the shareholders of the Corporation to surrender their share certificate(s), or such of their share certificates as the directors may determine, for the purpose of cancelling the share certificates and replacing them with new share certificates that comply with section 48 of the Act, in particular, replacing existing share certificate with share certificates that are not negotiable securities under the Act. The directors in office shall act by resolution under this section 14.01 and shall in their discretion decide the manner in which they shall require the surrender of existing share certificates and the time within which the shareholders must comply with the requirement and the form or forms of the share certificates to be issued in place of the existing share certificates.

The directors may take such proceedings as they deem necessary to compel any shareholder to comply with a requirement to surrender his share certificate or certificates pursuant to this section. Notwithstanding any other provision of this by-law, but subject to the Act, the director may refuse to register the transfer of shares represented by a share certificate that has not been surrendered pursuant to a requirement under this section.

14.02 Financial Assistance to Shareholders, Employees and Others

The Corporation may give financial assistance by means of a loan, guarantee or otherwise to any person for any purpose in accordance with the provisions of the Act and the Regulations including, without limitation, the disclosure requirements specified therein.

14.03 Severability

The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.

MADE by the Board the 5 day of May, 2017.



President



Corporate Secretary

CONFIRMED by the Shareholders in accordance with the *Business Corporations Act* (Alberta), the ____ day of _____, 2017.

Corporate Secretary