



ENDURO METALS CORPORATION

NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR

FOR

ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

OF

ENDURO METALS CORPORATION

TO BE HELD ON DECEMBER 17, 2020

ENDURO METALS CORPORATION
NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special (the “**Meeting**”) of the holders (the “**Shareholders**”) of common shares (the “**Common Shares**”) Enduro Metals Corporation (“**Enduro Metals**” or the “**Company**”) will be held at the Company’s offices located at #202-1632 Dickson Ave. Kelowna, BC V1Y 7T2 at 10:00 a.m. (Pacific Time) on Thursday, December 17, 2020 for the following purposes:

1. To receive the audited financial statements of the Company for the financial year ended September 30, 2019 and the auditor’s report thereon;
2. To fix the number of directors for the ensuing year at five (5);
3. To elect directors of the Company for the ensuing year;
4. To re-appoint Davidson & Company LLP, Chartered Accountants, as auditors of the Company for the ensuing year and to authorize the board of directors to fix the auditor’s remuneration;
5. To approve and ratify the Company’s 10% rolling stock option plan, as more particularly described in the accompanying management information circular (the “**Circular**”);
6. To approve the Company’s shareholder rights plan, as more particularly described in the accompanying Circular; and
7. To consider other matters, including without limitation such amendments or variations to the foregoing matters, as may properly come before the Meeting or any adjournment thereof.

The Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice. Also accompanying this Notice and the Circular is a form of proxy for use at the Meeting. Any adjourned meeting resulting from an adjournment of the Meeting will be held at a time and place to be specified at the Meeting.

Only Shareholders of record at the close of business on November 9, 2020 will be entitled to receive notice of and vote at the Meeting.

In light of the ongoing novel coronavirus disease (COVID-19) pandemic and in adherence to current government direction and advice (to which the Company will adhere between the date of this Circular and the date of the Meeting or any adjournment or postponement thereof), the Company is providing Shareholders with an opportunity to attend the Meeting and to vote either in person (subject to applicable restrictions regarding public gatherings) or by proxy at the Meeting. The Company encourages shareholders not to attend the Meeting in person, particularly if they are experiencing any of the described COVID-19 symptoms of fever, cough or difficulty breathing. Access to the Meeting will be limited to essential personnel and registered shareholders and proxyholders entitled to attend and vote at the Meeting. Those attending in person will be required to comply with the then current direction and advice from federal, provincial and municipal levels of government concerning public gatherings. Shareholders should be advised that constantly evolving restrictions on the size of public gatherings are beyond the control of the Company, and attendance at the Meeting in person may be difficult or not permitted. Accordingly, the Company recommends that shareholders vote by proxy.

The Company reserves the right to take any additional precautionary measures deemed appropriate in relation to the Meeting in response to further developments in respect of the COVID-19 pandemic including, if considered necessary or advisable, hosting the Meeting solely by means of remote communication. Should any such changes to the Meeting format occur, the Company will announce any and all of these changes by way of news release, which will be filed under the Company’s profile on the SEDAR website. We strongly recommend you check the Company’s profile on the SEDAR website prior to the Meeting for the most current information. In the event of any changes to the Meeting format due to the COVID-19 outbreak, the Company will not prepare or mail amended Meeting materials.

ALL SHAREHOLDERS ARE STRONGLY ENCOURAGED TO VOTE BY SUBMITTING THEIR COMPLETED FORM OF PROXY (OR VOTING INSTRUCTION FORM) PRIOR TO THE MEETING BY ONE OF THE MEANS DESCRIBED IN THE CIRCULAR ACCOMPANYING THIS NOTICE OF MEETING.

Dated at Vancouver, British Columbia, this 9th day of November, 2020.

BY ORDER OF THE BOARD OF DIRECTORS

“*Cole Evans*”
Chief Executive Officer and Director

ENDURO METALS CORPORATION**MANAGEMENT INFORMATION CIRCULAR**

(Containing information as at November 9, 2020 unless indicated otherwise)

SOLICITATION OF PROXIES

This Management Information Circular (the "**Circular**") is furnished to holders of common shares (the "**Common Shares**", and such shareholders, the "**Shareholders**") in connection with the solicitation of proxies by or on behalf of the management of Enduro Metals Corporation (the "**Company**" or "**Enduro Metals**") for use at the annual and special meeting (the "**Meeting**") of Shareholders to be held at the offices of the Company at #202-1632 Dickson Ave. Kelowna, BC V1Y 7T2 on Thursday, December 17, 2020 for the purposes set forth in the accompanying notice of the Meeting.

The board of directors of the Company (the "**Board**") has fixed the close of business on November 9, 2020 as the record date, being the date for the determination of the registered Shareholders entitled to receive notice of, and to vote at, the Meeting (the "**Record Date**").

Those attending the Meeting in person who are experiencing any of the described COVID-19 symptoms of fever, cough or difficulty breathing will not be permitted to attend the Meeting. Those attending in person will be required to comply with the then current direction and advice from federal, provincial and municipal levels of government concerning public gatherings. Note however that, in light of ongoing concerns related to the spread of COVID-19 and the constantly evolving restrictions on the size of public gatherings which are beyond the control of the Company, attendance at the Meeting in person may be difficult or not permitted. Accordingly, we encourage you not to plan to attend the Meeting in person and instead ensure you vote by proxy.

The Company reserves the right to take any additional precautionary measures deemed appropriate in relation to the Meeting in response to further developments in respect of the COVID-19 pandemic including, if considered necessary or advisable, hosting the Meeting solely by means of remote communication. Changes to the Meeting date and/or means of holding the Meeting may be announced by way of news release. Please monitor the news releases filed under the Company's profile on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") website at www.sedar.com prior to the Meeting for the most current information. We do not intend to prepare or mail an amended Circular in the event of changes to the Meeting format.

ALL SHAREHOLDERS ARE STRONGLY ENCOURAGED TO VOTE BY SUBMITTING THEIR COMPLETED FORM OF PROXY (OR VOTING INSTRUCTION FORM) PRIOR TO THE MEETING BY ONE OF THE MEANS DESCRIBED IN THIS CIRCULAR.

The solicitation of proxies is made on behalf of the management of the Company. The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors or officers of the Company. The Company will bear all costs of this solicitation. The Company has arranged for Intermediaries to forward the Meeting Materials, as defined below, to Beneficial Shareholders held of record by those Intermediaries and the Company will not reimburse the Intermediaries for their fees and disbursements in that regard.

At the Meeting, Shareholders will be asked to consider, and if deemed advisable, approve certain annual general matters, the ratification of the Company's stock option plan, to approve the Shareholders Rights Plan and to consider such other matters as may properly come before the Meeting.

APPOINTMENT OF PROXYHOLDER

The purpose of a proxy is to designate persons who will vote the proxy on a Shareholder's behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or directors of the Company (the "**Management Proxyholders**").

A Shareholder has the right to appoint a person other than a Management Proxyholder, to represent the Shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a Shareholder.

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VOTING BY PROXY

Only registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly.

If a Shareholder does not specify a choice and the Shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favor of the matters specified in the Notice of Meeting and in favor of all other matters proposed by management at the Meeting.

The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

Record Date

The Board has fixed November 9, 2020 as the Record Date for determination of persons entitled to receive notice of and to vote at the Meeting. Only Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described herein will be entitled to vote or to have their Shares voted at the Meeting.

NON-REGISTERED HOLDERS

Only registered holders of Common Shares or the persons they appoint as their proxies are permitted to vote at the Meeting. Many Shareholders are "non-registered" Shareholders ("**Non-Registered Shareholders**") because the Common Shares they own are not registered in their names but are instead either (i) registered in the name of an intermediary (the "**Intermediary**") that the Non-Registered Shareholder deals with in respect of the Common Shares, such as, among others, brokerage firms, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators ("**NI 54-101**"), the Company has distributed copies of the Notice of Meeting, this Circular and the enclosed form of proxy (collectively the "**Meeting Materials**") to Intermediaries and clearing agencies for onward distribution to Non-Registered Shareholders of Common Shares.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the meeting materials to Non-Registered Shareholders. A Non-Registered Shareholder who has not waived the right to receive the Meeting Materials will either:

- a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder but which is not otherwise completed. Since the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to vote by proxy should otherwise properly complete the form of proxy and deliver it as specified above under "Deposit of Proxy"; or
- b) more typically, be given a voting instruction form which must be completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company (frequently Broadridge Investor Communications) in accordance with the directions accompanying the voting instruction form. **A Non-Registered Shareholder receiving a voting instruction form cannot use that form to vote the common shares held by such Non-Registered Shareholder directly at the Meeting.**

In either case, the purpose of these procedures is to permit the Non-Registered Shareholder to direct the voting of the Common Shares that the Non-Registered Shareholder beneficially owns. Should a Non-Registered Shareholder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered

Shareholder should strike out the persons named in the form of proxy and insert his or her name in the space provided for that purpose on the voting instructions form and return it in accordance with the directions of the Intermediary.

The Non-Registered Shareholder should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instructions form is to be delivered.

A Non-Registered Shareholder may revoke a form of proxy or voting instructions form given to an Intermediary by contacting the Intermediary through which the Non-Registered Shareholder's Common Shares are held and following the instructions of the Intermediary respecting the revocation of proxies. In order to ensure that an Intermediary acts upon a revocation of a proxy form or voting instruction form, the written notice should be received by the Intermediary well in advance of the Meeting.

Management of the Company does not intend to pay for intermediaries to forward to objecting beneficial owners ("OBOs") under NI 54-101 the proxy-related materials and Form 54-101F7 - *Request for Voting Instructions Made by Intermediary*. An OBO is a Non-Registered Shareholder that objects to their intermediary disclosing their ownership information.

REVOCABILITY OF PROXY

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his attorney authorized in writing or, if the registered shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. **Only registered shareholders have the right to revoke a proxy. Non-registered holders who wish to change their vote must, at least 7 days before the Meeting, arrange for their Nominees to revoke the proxy on their behalf.**

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of Common Shares, of which 200,462,876 Common Shares are issued and outstanding as of November 9, 2020. Persons who are registered Shareholders at the close of business on November 9, 2020 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held.

To the knowledge of the Directors and executive officers of the Company, no person beneficially owns, controls or directs, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all shares of the Company.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No director or executive officer of the Company, or any person who has held such a position since the incorporation of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

BUSINESS OF THE MEETING

1. Financial Statements

The Company's audited financial statements for the period ended September 30, 2019 will be placed before Shareholders at the Meeting. These financial statements have been electronically filed with regulators and are available for viewing through the internet on the SEDAR website at www.sedar.com. Copies of the financial statements will also be available upon request by any shareholder who wishes to receive copies. To request copies, please contact the Company at: #202-1632 Dickson Ave. Kelowna, BC V1Y 7T2.

2. Setting Number of Directors

The persons named in the enclosed Proxy intend to vote in favour of fixing the number of directors at five (5). The Board proposes that the number of directors be fixed at five (5). Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be fixed at five (5).

3. Election of Directors

The term of office of each of the current directors will end at this Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia), each director elected will hold office until the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following table sets out the names of management's nominees for election as directors (the "Nominees"), all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment (for the five preceding years for new director nominees), the period of time during which each has been a director of the Company and the number of Common Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the Record Date.

Management of the Company recommends that Shareholders vote in favour of the Nominees for election as directors. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the election of the Nominees as directors of the Company.

<u>Name and Residence</u>	<u>Position Held</u>	<u>Principal Occupation</u>	<u>Director Since</u>	<u>Number of Common Shares</u> ⁽¹⁾
Cole Evans Kelowna, BC	CEO and Director	President and CEO of the Company since January 16, 2020. Co-founder of HEG & Associates Exploration Services Inc. since November 2017. Geologist with Colorado Resources Ltd. between April 2017 and November 2017.	January 16, 2020	11,868,111 ⁽³⁾
Susanne Hermans Colorado, USA ⁽²⁾	Director	Since June 2017, Ms. Hermans has been a director of EURO Ressources S.A., a French company focused on precious metal royalties. She has been a financial accounting consultant since 2016 and in 2015 she was controller and control and compliance lead, Orica North America.	June 24, 2020	-
David Watkins Vancouver, BC ⁽²⁾	Director	Mr. Watkins has over 50 years of experience in the mining industry, working as an exploration geologist and a senior executive with major international mining companies and junior exploration and development companies. He has been a director of Golden Minerals Company since July 2009, Euro Ressources SA since October 2006 and Commander Resources Ltd. Since May 2007.	March 21, 2020	-
Lawrence Roulston Vancouver, BC ⁽²⁾	Director	Mr. Roulston has been the Managing Director of WestBay Capital Advisors since October 2016 and has been the CEO Mountain Boy Minerals Ltd. Since June 2018. He was President of Quintana Resources Capital from July 2014 to October 2016.	June 14, 2019	258,000
Maurizio Napoli Sudbury, ON	Director	Maurizio Napoli has been the QP for the Company since April 2019. He was the interim CEO and Vice President of the Company from September 2019 to January 2020. Until October 1, 2016 he worked with Inco, IncoGold and Vale exploring for magmatic nickel-copper sulphides globally, gold in the Abitibi Greenstone Belt and uranium in New Brunswick. He retired as an Exploration Manager from Vale in 2016 and since then he has provided consulting services under Napoli Technical Services. Prior to his career with Vale, he worked for 2 years with	January 16, 2020	826,667

		the Ministry of Northern Development and Mines mapping the numerous gold occurrences in the Fox Lake Belt near Whitefish, ON.		
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Notes:

- (1) The Common Shares beneficially owned, or over which control or direction is exercised, directly or indirectly, as at the date of this Circular has been furnished to the Company by the individual directors.
- (2) Member of the Audit Committee.
- (3) 100,000 Common Shares are held by Catalina Discoveries Ltd. and 11,515,611 Common Shares are held by HEG & Associates Exploration Services, both are companies controlled by Mr. Evans.

Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, none of the proposed directors of the Company (or any of their personal holding companies):

- (a) is, as at the date of this Circular or, has been within ten years before the date of this Circular, a director, CEO or CFO of any company, including the Company, that:
- (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
 - (ii) was subject to an order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO;
- (b) is, as at the date of this Circular or has been within ten years before the date of this Circular, a director or executive officer, of any company, including the Company, that while the proposed director was acting in that capacity or within a year of the proposed director ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager, or trustee appointed to hold its assets; or
- (c) has, within the ten years preceding the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been 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 proposed individual.

Within the last ten years, none of the proposed directors of the Company (or any of their personal holding companies) 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 which would likely be considered important to a reasonable securityholder of the Company in deciding whether to vote for a proposed director.

Mr. Watkins was a director of Landdrill International Inc. (“**Landdrill**”) from June 2011 until August 26, 2012. On August 31, 2012, Landdrill obtained an Initial Order from the Court of Queen’s Bench of New Brunswick under the Companies’ Creditors Arrangement Act (Canada) (“**CCAA**”) granting protection from creditors. On May 30, 2013, the court terminated CCAA proceedings and Landdrill was adjudged bankrupt. Grant Thornton Poirier Ltd. of Saint John, New Brunswick was appointed trustee in respect of the bankruptcy.

Mr. Watkins was a director of Atna Resources Ltd (“**Atna**”) from April, 2000 to May 31, 2016. On November 18, 2015, Atna and its affiliated debtors each filed a voluntary petition for relief under Chapter 11 of title 11 of the United States Bankruptcy Code in the Bankruptcy Court for the District of Colorado. A plan for liquidation was confirmed by the court on November 29, 2016.

4. Appointment of Auditor

Davidson & Company LLP, Chartered Accountants, of 1200 - 609 Granville Street, Vancouver, British Columbia, V7Y 1G6, will be nominated at the Meeting for re-appointment as auditor of the Company at a remuneration to be fixed by the Board. Davidson & Company LLP, Chartered Accountants, were appointed the auditor of the Company on August 27, 2009.

Management of the Company recommends that Shareholders vote in favour of the re-appointment of Davidson & Company LLP as auditors of the Company and to authorize the directors to fix their remuneration. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the re-appointment of Davidson & Company LLP as auditors of the Company.

5. Approval of Stock Option Plan

At the Meeting, the Company's shareholders will be asked to approve and ratify the Company's 10% "rolling" stock option plan (the "**Option Plan**") attached hereto as Appendix "B". Under the policies of the TSX Venture Exchange (the "**TSXV**"), all such rolling stock option plans which set the number of common shares issuable under the plan at a maximum of 10% of the issued and outstanding common shares must be approved and ratified by shareholders on an annual basis. The Option Plan was previously approved by the Shareholders at an annual and special meeting of Shareholders held on September 30, 2019.

As a 10% rolling plan, the aggregate number of Common Shares underlying options under the Option Plan may be up to 10% of the Company's issued and outstanding Common Shares on the date on which an option is granted, less Common Shares reserved for issuance on exercise of options then outstanding under the Option Plan. The purpose of the Option Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares. The Option Plan is administered by the Board and options are granted at the discretion of the Board to eligible optionees (an "**Optionee**"). As at the date of this Circular, there are 10,280,000 outstanding granted options under the Option Plan and 9,756,288 available for issuance.

Eligible Optionees

To be eligible to receive a grant of options under the Option Plan, regulatory authorities require an Optionee to be either a director, officer, employee, consultant or an employee of a company providing management or other services to the Company or a subsidiary at the time the option is granted.

Options may be granted only to an individual eligible, or to a non-individual that is wholly-owned by individuals eligible, for an option grant. If the option is granted to a non-individual, it will not permit any transfer of its securities, nor issue further securities, to any individual or other entity as long as the option remains in effect.

Restrictions

The Option Plan is subject to the following restrictions:

- (a) The Company must not grant an option to a director, employee, consultant, or consultant company (the "**Service Provider**") in any 12-month period that exceeds 5% of the outstanding common shares of the Company, unless the Company has obtained approval by a majority of the Disinterested Shareholders (as defined below) of the Company;
- (b) The aggregate number of options granted to a Service Provider conducting investor relations activities in any 12 month period must not exceed 2% of the outstanding shares calculated at the date of the grant, without prior Regulatory Approval;
- (c) The Company must not grant an option to a Consultant in any 12 month period that exceeds 2% of the outstanding shares calculated at the date of the grant of the option;
- (d) The aggregate number of common shares reserved for issuance under options granted to Insiders (defined below) must not exceed 10% of the outstanding shares (in the event that the Plan is amended to reserve for issuance more than 10% of the outstanding shares) unless the Company has obtained Disinterested Shareholder Approval to do so;
- (e) The number of optioned shares issued to Insiders in any 12 month period must not exceed 10% of the outstanding shares (in the event that the Plan is amended to reserve for issuance more than 10% of the outstanding shares) unless the Company has obtained Disinterested Shareholder Approval to do so;
- (f) The issuance to any one Optionee within a 12 month period of a number of common shares must not exceed 5% of outstanding shares unless the Company has obtained Disinterested Shareholder Approval to do so;
- (g) The exercise price of an option previously granted to an Insider must not be reduced, unless the Company has obtained Disinterested Shareholder Approval to do so; and

- (h) The Company may implement such procedures and conditions as the Board deems appropriate with respect to withholding and remitting taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law.

Definitions

“**Disinterested Shareholder Approval**” means the approval by a majority of the votes cast by all shareholders of the Company at the Meeting excluding votes attached to listed common shares beneficially owned by Insiders (defined below) of the Company and Associates (as defined in the *Securities Act* (British Columbia)) of Insiders.

An “**Insider**” is a director, or senior officer of the Company, a director or senior officer of a company that is an Insider or subsidiary of the Company, or a person that beneficially owns or controls, directly or indirectly, voting common shares carrying more than 10% of the voting rights attached to all outstanding voting common shares of the Company.

Material Terms of the Plan

The following is a summary of the material terms of the Option Plan:

- (a) persons who are Service Providers to the Company or its affiliates, or who are providing services to the Company or its affiliates, are eligible to receive grants of options under the Plan;
- (b) all options granted under the Option Plan expire on a date not later than 10 years after the issuance of such options. However, should the expiry date for an option fall within a trading Blackout Period (as defined in the Option Plan, generally meaning circumstances where sensitive negotiations or other like information is not yet public), within 9 business days following the expiration of a Blackout Period;
- (c) for options granted to Service Providers, the Company must ensure that the proposed Optionee is a bona fide Service Provider of the Company or its affiliates;
- (d) an Option granted to (i) directors or officers will expire 90 days and (ii) to all others including, but not limited to, employees and consultants, will expire 30 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option) after the date the Optionee ceases to be employed by or provide services to the Company, and only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company;
- (e) if an Optionee dies, any vested option held by him or her at the date of death will become exercisable by the Optionee’s lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such option;
- (f) in the case of an Optionee being dismissed from employment or service for cause, such Optionee’s options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;
- (g) the exercise price of each option will be set by the Board on the effective date of the option and will not be less than the Discounted Market Price (as defined in the Plan);
- (h) vesting of options shall be at the discretion of the Board, and will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Company or its affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or its affiliates during the vesting period; or (ii) the Service Provider remaining as a Director of the Company or its affiliates during the vesting period;
- (i) in the event of a takeover bid being made to the shareholders generally, immediately upon receipt of the notice of the takeover bid, the Company shall notify each Optionee currently holding any Options, of the full particulars of the takeover bid, and all outstanding options may, notwithstanding the vesting terms contained in the Plan or any vesting requirements subject to Regulatory Approval; and
- (j) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Option Plan with respect to all shares in respect of options which have not yet been granted under the Option Plan.

The Board has determined that, in order to reasonably protect the rights of participants, as a matter of administration, it is necessary to clarify when amendments to the Option Plan may be made by the Board without further shareholder approval. Accordingly, the Board proposes that the Plan also provide the following:

The Board may, without shareholder approval:

- (i) amend the Option Plan to correct typographical, grammatical or clerical errors;
- (ii) change the vesting provisions of an option granted under the Option Plan, if applicable;
- (iii) change the termination provision of an option granted under the Option Plan if it does not entail an extension beyond the original expiry date of such option;
- (iv) make such amendments to the Option Plan as are necessary or desirable to reflect changes to securities laws applicable to the Company;
- (v) make such amendments as may otherwise be permitted by regulatory authorities;
- (vi) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSX-V, make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- (vii) amend the Option Plan to reduce the benefits that may be granted to Service Providers.

Management of the Company recommends that Shareholders vote in favour of the ordinary resolution to approve and adopt the Option Plan. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the approval and adoption of the Option Plan.

6. Approval of Shareholder Rights Plan

On May 8, 2014, the Board entered into a shareholder rights plan agreement (the “**2014 Rights Plan Agreement**”) with Computershare Investor Services Inc., as rights agent, to implement a shareholder rights plan (the “**2014 Rights Plan**”). The 2014 Rights Plan was subsequently ratified by Shareholders at the 2019 annual and special meeting of Shareholders.

The 2014 Rights Plan is intended to provide the Shareholders and the Board with adequate time to consider and evaluate any unsolicited bid made for the Company, to provide the Board with adequate time to identify, develop and negotiate value-enhancing alternatives, if considered appropriate, to any such unsolicited bid, to encourage the fair treatment of shareholders in connection with any takeover bid for the Company and to ensure that any proposed transaction is in the best interests of the Shareholders.

The 2014 Rights Plan will expire on the date of the Meeting unless renewed. The Board of Directors believes that it is in the best interests of Shareholders that the 2014 Rights Plan be replaced with a new shareholder rights plan (the “**2020 Rights Plan**”), which is substantially similar to the 2014 Rights Plan with certain amendments to reflect current laws. The 2020 Rights Plan is not being proposed in anticipation or in response to any known offer or similar transaction, nor is the Board of Directors aware of any pending or threatened take-over bid for the Company. It is currently anticipated that a shareholder rights plan agreement (the “**2020 Rights Plan Agreement**”) having substantially the same terms and conditions as the 2014 Rights Plan Agreement will be entered into between the Corporation and Computershare Investor Services Inc. prior to termination of the Meeting.

Below is a summary of the 2020 Rights Plan Agreement, the full text of which is attached to this Circular as Appendix “C”. In the event of any conflict or inconsistency between this summary and the full text of the 2020 Shareholder Rights Plan Agreement, the 2020 Rights Plan Agreement shall govern. A copy of the 2020 Rights Plan Agreement will also be made available on the Company’s profile on the SEDAR website at www.sedar.com.

Background

In considering whether to adopt the 2020 Rights Plan, the Board considered the current legislative framework in Canada governing takeover bids. Under provincial securities legislation, a takeover bid generally means an offer to acquire voting or equity shares of a person or persons, where the shares subject to the offer to acquire, together with shares already owned by the bidder and certain related parties thereto, aggregate 20% or more of the outstanding shares.

Summary of the Rights Plan

The following is a summary of the principal terms of the 2020 Rights Plan. Capitalized terms that are not defined herein have the meaning ascribed to them in the Rights Plan.

Effective Date

The effective date of the Rights Plan (the “**Effective Date**”) is November 5, 2020, and has been approved by the Exchange, subject to the ratification by Shareholders at the Meeting.

Term

If the 2020 Rights Plan is ratified and approved at the Meeting, it will remain in force until the earlier of the Expiration Time and the termination of the annual meeting of the Shareholders in the year 2023 unless at or prior to such meeting the Shareholders ratify the continued existence of the 2020 Rights Plan (subject to earlier expiry in the event of (i) the redemption of the Rights (as defined below); or (ii) the exchange of Rights for debt or equity securities or assets (or a combination thereof), all as more particularly set out in the Rights Plan (the “**Expiration Time**”).

Issue of Rights

On the Effective Date, one right (a “**Right**”) was issued and attached to each of the Company’s outstanding shares and one Right was issued and will continue to be issued in respect of each share of the Company issued thereafter, prior to the earlier of the Separation Time (as defined below) and the Expiration Time.

Rights Exercise Privilege

The Rights will separate from the shares and become exercisable at the Separation Time (as defined below). After the Separation Time, but prior to the occurrence of a Flip-in Event (as defined below), each Right may be exercised to purchase one share per Right at the price (the “**Exercise Price**”), established and adjusted in accordance with the terms of the Rights Plan.

Flip-in Event and Exchange Option

Subject to certain customary exceptions, upon the acquisition by a person of 20% or more of the shares of the Company and that person becoming an Acquiring Person (a “**Flip-in Event**”) and following the Separation Time, each Right, other than a Right beneficially owned by an Acquiring Person, its affiliates and associates, their respective joint actors and certain transferees, may be exercised to purchase that number of shares which have a market value equal to two times the Exercise Price. Rights Beneficially Owned by an Acquiring Person, its affiliates and associates, their respective joint actors and certain transferees will be void. The Rights Plan provides that a person (a “**Grandfathered Person**”) who is the Beneficial Owner of 20% or more of the outstanding shares determined as at the Record Time shall not be an Acquiring Person unless, after the Record Time, that person becomes the Beneficial Owner of any additional shares (to the knowledge of the Board, there are no Grandfathered Persons). The Board is authorized, after a Flip-in Event has occurred, to issue or deliver, in return for the Rights and on payment of the relevant exercise price or without charge, debt, equity or other securities or assets of the Company or a combination thereof.

Certificates and Transferability

Prior to the earlier of the Separation Time (as defined below) and the Expiration Time, the Rights will be evidenced by a legend imprinted on certificates for shares of the Company issued from and after the Effective Date and will not be transferable separately from the shares. From and after the Separation Time (as defined below) and prior to the Expiration Time, the Rights will be evidenced by Rights Certificates which will be transferable and traded separately from the shares of the Company.

Separation Time

“**Separation Time**” means, subject to Section 5.2 of the Rights Plan, the close of business on the tenth trading day after the earliest of: (a) the Stock Acquisition Date, being the first date of public announcement by the Company or a person of facts indicating that a person has become an Acquiring Person; (b) the date of commencement of, or first public announcement of the intent of any Person (other than the Company or any Subsidiary of the Company) to commence a takeover bid (other than a Permitted Bid or a Competing Permitted Bid); and (c) 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 acting in good faith, provided that if the foregoing results in a Separation Time being prior to Record Time, the Separation Time shall be the Record Time, and provided further that if any takeover bid referred to in clause (b) of this definition expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such takeover bid shall be deemed, for the purposes of this definition, never to have been made.

Permitted Bid and Competing Permitted Bid Requirements

The requirements for a Permitted Bid include the following:

- a) the takeover bid must be made for all shares of the Company and by way of a takeover bid circular;

- b) the takeover bid must be made to all Enduro Metals Corporation Shareholders;
- c) the takeover bid must be outstanding for a minimum period of 105 days and shares of the Company tendered pursuant to the takeover bid may not be taken up prior to the expiry of the 105 days period and only if at such time more than 50% of the shares of the Company held by Independent Shareholders have been tendered to the takeover bid and not withdrawn; and
- d) if more than 50% of the shares of the Company held by Independent Shareholders are tendered to the takeover bid within the 105 day period, the bidder must make a public announcement of that fact and the takeover bid must remain open for deposits of the Company's shares for an additional 10 business days from the date of such public announcement.

The Rights Plan allows for a Competing Permitted Bid to be made while a Permitted Bid is in existence. A Competing Permitted Bid must satisfy all the requirements of a Permitted Bid except that it may expire on the same date as the Permitted Bid.

Waiver and Redemption

The Board may, prior to a Flip-in Event and subject to the terms of the Rights Plan, waive the dilutive effects of the Rights Plan in respect of a particular Flip-in Event resulting from a takeover bid made by way of a take-over bid circular to all holders of the Company's shares, in which event such waiver would be deemed also to be a waiver in respect of any other Flip-in Event occurring under a takeover bid made by way of takeover bid circular to all holders of the Company's shares prior to the expiry of the takeover bid in respect of which the waiver is granted. The Board may also waive the Rights Plan in respect of a particular Flip-in Event that has occurred through inadvertence, provided that the Acquiring Person that inadvertently triggered such Flip-in Event reduces its beneficial holdings to less than 20% of the outstanding voting shares of the Company. At any time prior to the occurrence of a Flip-in Event, the Board may also at its option redeem all, but not less than all, of the outstanding Rights at a price of CAD \$0.00001 each.

Exemptions for Investment Advisors

Investment managers (for client accounts), trust companies (acting in their capacities as trustees and administrators) registered pension plan administrators, Crown agents and certain statutory bodies that manage investments funds for employee benefit plans, pension plans, insurance plans or various public bodies may acquire greater than 20% of the Company's shares without triggering a Flip-in Event, provided that they are not making, or are not part of a group making, a takeover bid.

Anti-dilution Adjustments

The Exercise Price of a Right, the number and kind of shares subject to purchase upon exercise of a Right, and the number of Rights outstanding, will be adjusted in certain events, including: (a) if there is a dividend payable in shares or convertible securities (other than pursuant to any regular dividend reinvestment plan of the Company providing for the acquisition of common shares), or a subdivision or consolidation of the shares, or an issuance of shares or Convertible Securities in respect of, in lieu of or in exchange for shares; or (b) if the Company fixes a record date for the distribution to all holders of shares of certain rights or warrants to acquire shares or Convertible Securities, or for the making of a distribution to all holders of shares of evidences of indebtedness or assets (other than regular periodic cash dividends or stock dividends payable in shares) or rights or warrants.

Supplements and Amendments

The Company is authorized to make amendments to the Rights Plan to correct any clerical or typographical error, or to maintain the validity of the Rights Plan as a result of changes in law or regulation. Prior to the Meeting, the Company is authorized to amend or supplement the Rights Plan as the Board may in good faith deem necessary or desirable. The Company will issue a press release relating to any significant amendment made to the Rights Plan prior to the Meeting and will advise the shareholders of any such amendment at the Meeting. Other amendments or supplements to the Rights Plan may be made with the prior approval of shareholders or Rights holders.

Recommendation of the Board

The Board has determined that the 2020 Rights Plan is in the best interests of the Company and the Shareholders. The Board recommends that Shareholders vote in favour of the *Rights Plan Resolution*. Unless specified in a form of proxy that the Common Shares represented by the proxy shall be voted against the resolution respecting approval of the Rights Plan, it is the intention of the persons designated in the enclosed form of proxy to vote in favour of approval of the Rights Plan.

The Exchange requires that the Rights Plan be approved by ordinary resolution (being a resolution passed by more than 50% of the votes cast at the meeting by Shareholders present by person or by proxy). Should, prior to the Meeting, any non-Independent Shareholder(s) be identified, then an additional approval by a resolution passed by more than 50% of the votes cast at the meeting by Shareholders present in person or by proxy, without giving effect to any votes cast by non-Independent Shareholders. The Company does not presently anticipate that such an additional resolution will be required.

Shareholder Approval

At the Meeting, the Shareholders, excluding insiders, will be asked to pass the following ordinary resolution in regard to the re-approval of the 2020 Rights Plan:

“BE IT RESOLVED THAT:

1. Enduro Metals Corporation (the “**Company**”) be and is hereby authorized and directed to enter into and perform its obligations under a shareholder rights plan agreement (the “**Shareholder Rights Plan Agreement**”) in substantially the form attached as Appendix “C” to the Company’s management information circular dated November 9, 2020, subject to such changes as may be approved by any one director or officer of the Company, such approval to be evidenced conclusively by such person’s signing the Shareholder Rights Plan Agreement or any amendments thereto, and the Shareholder Rights Plan Agreement, as so signed, is the Shareholder Rights Plan Agreement hereby approved;
2. Any one director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such other acts and things, as may in the opinion of such director or officer of the Company be necessary or desirable to carry out the intent of the foregoing resolution and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the taking of any such act or thing.”

Management of the Company recommends that Shareholders vote in favour of the ordinary resolution to approve and adopt the 2020 Rights Plan. Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the approval and adoption of the 2020 Rights Plan.

If the 2020 Rights Plan is not approved by the Shareholders, it will cease to have effect at the conclusion of the Meeting. The 2014 Rights Plan will cease to have effect at the conclusion of the Meeting.

7. Other Business

Management of the Company is not aware of any matter to come before the Meeting other than the matters referred to in the Notice of Meeting.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

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

The Audit Committee’s Charter

The Audit Committee has a charter. A copy of the Audit Committee charter is attached hereto as Appendix A.

Composition of the Audit Committee

The current members of the Audit Committee are Susanne Hermans (Chair), Lawrence Roulston and David Watkins. All members of the Audit Committee are considered to be financially literate. All members are independent members of the Audit Committee.

A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company’s Board, reasonably interfere with the exercise of a member’s independent judgement.

A member of the Audit Committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company.

Relevant Education and Experience

The following describes the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member:

Susanne Hermans is an international business consultant with over 25 years of experience advising global public companies, including Newmont Goldcorp. She has business experience in France, Australia, Canada, the United States, and Switzerland. Mrs. Hermans began her career at Swiss Bank Corp. (now known as UBS). In the mid-90's Susanne joined TSX/NYSE-listed mid-tier Golden Star Resources as its Financial Analyst. She later took on the position of VP Finance & CFO with publicly traded, French gold royalty company EURO Ressources S.A. There she took on increasing roles and participated in investor relations, equity financing, corporate development, joint ventures, royalty options, and repurchase programs. Subsequent to her roles, she now serves as an Independent Board Member of EURO Ressources S.A. Mrs. Hermans is a Chartered Global Management Accountant, Certified Public Accountant in the State of Colorado. Susanne was born in Switzerland where she completed an MBA in Organizational and Managerial Leadership as well as her Bachelor of Science in Business Administration. She received a Master of Science in Accounting at the University of Colorado. She is currently a Member of the CU Denver Accounting Advisory Council.

Lawrence Roulston is a mining professional with a B.Sc. in geology and over 35 years of diverse experience in the mining industry. He is Managing Director of WestBay Capital Advisors, providing business advisory and capital markets expertise to the junior and mid-tier sectors of the mining industry. Previously, he was president of a company which provided resource advisory services for US private investors. Before that, he was a mining analyst and consultant, as well as the editor of "Resource Opportunities", an independent investment publication focused on the mining industry. For the first 20 years of his career, Mr. Roulston was involved in management of both large and junior resource companies. In addition to his position as the Managing Director of WestBay Capital Advisors he is the President, CEO and a Director of Mountain Boy Minerals Ltd.

David Watkins is an international mining executive and trained geologist with over 45 years of experience building and managing mining companies. His work throughout the world has resulted in the discovery, development and operation of 15 successful precious and base metal mines throughout North and South America, Australia, and Africa. Mr. Watkins currently serves as Director of EURO Ressources S.A. | Gold Royalties (95% owned IAMGOLD France S.A.S.), Golden Minerals Co., and Commander Resources. Mr. Watkins graduated with a M.Sc. in Geology from Carleton University in 1970, a B.A. in Geology from Queen's University in 1967, and is a graduate of the Executive Business Program at the University of Western Ontario. Mr. Watkins is a member of the Canadian Institute of Mining and Metallurgy, Geological Association of Canada, Geological Society of Nevada, and Prospectors and Developers Association of Canada.

Each member of the Company's present and proposed Audit Committee has adequate education and experience that is relevant to their performance as an audit committee member and, in particular, the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements or experience actively supervising individuals engaged in such activities; and
- (c) an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

The Audit Committee has not made any recommendations to the Board to nominate or compensate any external auditor.

Reliance on Certain Exemptions

The Company's auditors, Davidson & Company LLP, Chartered Accountants, have not provided any material non-audit services.

Pre-Approval Policies and Procedures

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

External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Davidson & Company LLP, Chartered Accountants, to the Company to ensure auditor independence. The following table outlines the fees incurred by Davidson & Company LLP, Chartered Accountants, who were appointed auditors of the Company on August 27, 2009 for audit and non-audit services in the last two financial years:

<u>Nature of Services</u>	<u>Fees Paid to Auditor in Financial Year Ended September 30, 2019</u>	<u>Fees Paid to Auditor in Financial Year Ended September 30, 2018</u>
Audit Fees ⁽¹⁾	\$50,610	\$25,704
Audit-Related Fees ⁽²⁾	Nil	Nil
Tax Fees ⁽³⁾	23,950	8,800
All Other Fees ⁽⁴⁾	<u>Nil</u>	<u>Nil</u>
Total:	<u>\$74,560</u>	<u>\$35,504</u>

- (1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s consolidated 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 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

At no time since the commencement of the Company’s most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 *De Minimis Non-audit Services* or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

CORPORATE GOVERNANCE

General

Effective June 30, 2005, National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) and National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”) were adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NP 58-201 provides guidance on corporate governance practices.

The Board believes that good corporate governance improves corporate performance and benefits all Shareholders. The Canadian Securities Administrators have adopted NI 58-201, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the Canadian Securities Administrators have implemented NI 58-101, which prescribes certain disclosure by the Company of its corporate governance practices. This section sets out the Company’s approach to corporate governance and addresses the Company’s compliance with NI 58-101.

Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

Management has been delegated the responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company’s business in the ordinary course, managing cash flow, evaluating new business

opportunities, recruiting staff and complying with applicable regulatory requirements. The Board facilitates its independent supervision over management by reviewing and approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions. Through its audit committee, the Board examines the effectiveness of the Company's internal control processes and management information systems. The plenary Board reviews executive compensation and recommends stock option grants.

Directorships

Name of Director	Name of Reporting Issuer
Susanne Hermans	EURO Ressources S.A
David Watkins	Golden Minerals Company EURO Ressources S.A Commander Resources Ltd.
Lawrence Roulston	Mountain Boy Minerals Ltd. Metalla Royalty & Streaming Limited Palladium One Mining Inc. AUX Resources Corporation Thunderstruck Resources Ltd.

Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors.

Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

Nomination of Directors

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

Compensation

The Board determines compensation for the directors and CEO.

Other Board Committees

Other than the Audit Committee, the Company does not currently have any other established committees of the Board.

Assessments

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

COMPENSATION OF EXECUTIVE OFFICERS

Executive Compensation

The Board has not appointed a compensation committee so the responsibilities relating to executive and director compensation, including reviewing and recommending director compensation, overseeing the Company's base compensation structure and equity-

based compensation programs, recommending compensation of the Company's officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives, is performed by the Board as a whole.

The Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Company. The Board receives independent competitive market information on compensation levels for executives.

The compensation for executives includes four components: base consulting fees, bonus (if applicable), stock options and perquisites. As a package, the compensation components are intended to satisfy the objectives of the compensation program (that is, to attract, retain and motivate qualified executives). There are no predefined or standard termination payments, change of control arrangements or employment contracts.

Philosophy and Objectives

The Company's compensation policies and programs are designed to be competitive with similar mining exploration companies and to recognize and reward executive performance consistent with the success of the Company's business. The compensation program for the senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including (a) attracting and retaining talented, qualified and effective executives, (b) motivating the short and long-term performance of these executives; and (c) better aligning their interests with those of the Company's shareholders.

In compensating its senior management, the Company has encouraged equity participation and in furtherance thereof employs its stock option plan.

Equity Participation

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation has been accomplished through the issuance of founder's shares and the Company's stock option plan. Stock options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base consulting fees and bonuses and competitive factors. The amounts and terms of options granted are determined by the Board.

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

Option-Based Awards

The Company currently has a 10% rolling stock option plan dated August 27, 2009 (the "**Plan**") to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. Management proposes stock option grants to the Board based on such criteria as performance, previous grants, and hiring incentives. All grants require approval of the Board.

The Plan is administered by the Board and provides that options will be issued to directors, officers, employees or consultants of the Company or a subsidiary of the Company.

Summary Compensation Table

In this section "Named Executive Officer" ("**NEO**") means the CEO, the CFO and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total compensation was more than \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company at the end of the most recently completed financial year.

During the year ended September 30, 2020, the NEOs of the Company were as follows:

- Cole Evans, CEO
- Malcolm Davidson, CFO
- Richard Savage, former President and CEO
- Alphonse J. Ruggiero, former CFO
- Wally Boguski, former COO

The following table is a summary of compensation paid, payable, awarded or granted to each director and NEO for the financial years ended September 30, 2020 and 2019.

Table of Compensation Excluding Compensation Securities							
Name & position	Year⁽¹⁾	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of Perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Cole Evans CEO and Director ⁽¹⁾	2020	165,000	Nil	Nil	Nil	Nil	165,000
	2019	N/A	N/A	N/A	N/A	N/A	N/A
Malcolm Davidson, CFO ⁽³⁾	2020	30,000	Nil	Nil	Nil	Nil	30,000
	2019	N/A	N/A	N/A	N/A	N/A	N/A
Susanne Hermans, Director ⁽³⁾	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	N/A	N/A	N/A	N/A	N/A	N/A
David Watkins, Director ⁽⁴⁾	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	N/A	N/A	N/A	N/A	N/A	N/A
Lawrence Roulston, Director	2020	Nil	Nil	Nil	Nil	Nil	Nil
	2019	20,495	Nil	Nil	Nil	Nil	20,495
Maurzio Napoli, Director, VP Exploration ⁽⁵⁾	2020	24,746	Nil	Nil	Nil	Nil	24,746
	2019	167,161	Nil	Nil	Nil	Nil	167,161
Richard Savage, Former President & CEO ⁽⁶⁾	2020	N/A	N/A	N/A	N/A	N/A	N/A
	2019	97,000	Nil	Nil	Nil	6,500	103,500
Wally E. Boguski, Former COO and Director ⁽⁷⁾	2020	105,000	Nil	Nil	Nil	Nil	105,000
	2019	120,000	Nil	Nil	Nil	6,000	126,000
Alphonse J. Ruggiero, Former CFO ⁽⁸⁾	2020	N/A	N/A	N/A	N/A	N/A	N/A
	2019	28,339	Nil	Nil	Nil	7,996	36,335

Note

- (1) Mr. Evans was appointed CEO and a Director on January 16, 2020. Fees were paid to Catalina Discoveries Ltd., a company controlled by Mr. Evans.
- (2) Mr. Davidson was appointed CFO on June 29, 2020. Fees were paid to Malcolm Davidson, CPA Inc, a company controlled by Mr. Davidson.
- (3) Ms. Hermans was appointed a Director on June 24, 2020.
- (4) Mr. Watkins was appointed a Director on March 21, 2020.
- (5) Mr. Napoli was the Company's interim CEO between September 2019 and January 16, 2020.
- (6) Mr. Savage resigned as President and CEO in October 2019.
- (7) Mr. Boguski resigned as COO and a Director on June 11, 2020.

(8) Mr. Ruggiero resigned as CFO on October 1, 2019.

Stock Options and Other Compensation Securities Table

The following table provides information disclosing the compensation securities granted or issued to each NEO and director during the most recently completed financial year ended September 30, 2020:

Compensation Securities							
Name and position	Type of compensation security	# of compensation securities, # of underlying securities & % of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Cole Evans, CEO, and Director ⁽¹⁾	Option	2,000,000	June 17, 2020	0.12	0.105	0.26	June 25, 2025
Malcolm Davidson, CFO ⁽²⁾	Option	300,000	June 30, 2020	0.22	0.165	0.26	June 30 2025
Susanne Hermans, Director ⁽³⁾	Option	1,000,000	June 17, 2020	0.12	0.105	0.26	June 25, 2025
David Watkins, Director ⁽⁴⁾	Option	1,000,000	June 17, 2020	0.12	0.105	0.26	June 25, 2025
Lawrence Roulston, Director	Option	1,250,000	June 17, 2020	0.12	0.105	0.26	June 25, 2025
Maurzio Napoli, VP Exploration and Director ⁽⁵⁾	Option	1,000,000	June 17, 2020	0.12	0.105	0.26	June 25, 2025

Notes:

- (1) Mr. Evans was appointed CEO and a Director on January 16, 2020.
- (2) Mr. Davidson was appointed CFO on June 29, 2020.
- (3) Ms. Hermans was appointed a Director on June 24, 2020.
- (4) Mr. Watkins was appointed a Director on March 21, 2020.
- (5) Mr. Napoli was the Company's interim CEO between September 2019 and January 16, 2020.

Exercise of Compensation Securities by Directors and NEOs

No NEO or director of the Company has exercised a compensation security during the most recently completed fiscal year ended September 30, 2020.

Stock Option Plans and Other Incentive Plans

The stock options issued to the NEO and directors of the Company were issued pursuant to the Company's shareholder approved, rolling 10% stock option plan which is being presented for re-approval at this year's shareholder meeting. Please see "Business of the Meeting - Approval of Stock Option Plan" for specific details concerning the Plan.

Employment, Consulting and Management Agreements

During the financial year ended September 30, 2020, the Company was party to consulting agreements with each of Cole Evans (CEO), Malcolm Davidson (CFO), Richard Savage (Former President and CEO) and Wally Boguski (former COO). Mr. Savage ceased to be employed in October 2019 and Mr. Boguski ceased to be employed in June 2020. No compensation was paid to Messrs. Savage or Boguski as a result of the termination of their agreements.

The consulting agreements (collectively, the “**Consulting Agreements**”) between the Company and Messrs. Cole and Davidson (collectively, the “**Executives**”) are substantially similar and provide the following key terms:

In consideration of the services to be rendered, the Executive shall be entitled to: (i) be paid a fee at the time and pursuant to the procedures regularly established by the Company, (ii) subject to Board and regulatory approval, to participate in the Plan, (iii) to be reimbursed for reasonable expenses incurred in the performance of his duties and in accordance with the Company’s general policies; and (iv) to be reimbursed for reasonable costs incurred to maintain his professional designations required to perform the required services.

The Consulting Agreements provide that the agreement may be terminated: (i) by the Company if the Consultant fails to remedy any deficiency or default in provided the services thereunder after having been given notice of the deficiency or default and a reasonable opportunity to remedy the deficiency or default; or (ii) by either party without cause or penalty by providing the other with 90 days’ notice in writing. Upon termination of the Consulting Agreement, the Company shall not be required to make any further payments to the Executive except for unpaid invoices.

In the event of “Change of Control” the Executive may elect to give the Company notice within six (6) months of the effective date of such Change of Control, and if the Executive so elects to terminate this Agreement, then the Executive will be immediately entitled to a termination payment equal to 24 months of their base salary and any unpaid cash bonuses. Further, all unvested equity options granted to the Executive shall vest immediately.

A “Change of Control” is defined in the Consulting Agreements as:

- (i) any person, entity or group becomes the beneficial owner of 50% or more of the combined voting power of the Company’s then outstanding voting securities entitled to vote generally in the election of directors, and such person, entity or group uses such effective voting control to change a majority of the Board of Directors of the Company either all at once or through any series of elections and appointments when considered together; or
- (ii) completion of the sale or other disposition by the Company of all or substantially all of the Company’s assets or a reorganization or merger or consolidation of the Company with any other entity or corporation, other than:
- (iii) a reorganization or merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent, either by remaining outstanding or by being converted into voting securities of another entity, more than 50.1% of the combined voting power of the voting securities of the Company or such other entity outstanding immediately after such reorganization or merger or consolidation; or
- (iv) a reorganization or merger or consolidation effected to implement a recapitalization or reincorporation of the Company (or similar transaction) that does not result in a material change in beneficial ownership of the voting securities of the Company or its successor.

Oversight and Description of Director and Named Executive Officer Compensation

The determination of director and NEO compensation and how and when such compensation is to be determined is subject to the consideration of the Board, as disclosed in more detail above under “*Corporate Governance*”.

Pension Benefits

The Company does not provide any pension benefits to its NEOs or directors.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company currently has an Option Plan in place which was ratified by Shareholders at the Company’s annual and special meeting of shareholders held in September 2019.

The Company adopted a New Plan to replace its Existing Plan at the Meeting at its September 2018 AGM. See *Business of the Meeting – Approval of Stock Option Plan* for further information on the Company’s stock option plan.

The following table sets out equity compensation plan information as at the year ended September 30, 2020, utilizing the Option Plan:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	10,280,000	\$0.18	9,736,288
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total:	10,280,000	\$0.18	9,736,288

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is or who at any time during the last financial year was a director or executive officer or employee of the Company, a proposed nominee for election as a director of the Company or an associate of any such director, officer or proposed nominee is, or at any time since the beginning of the last completed financial year has been, indebted to the Company or any of its subsidiaries and no indebtedness of any such individual to another entity is, or has at any time since the beginning of such year been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth herein or as previously disclosed, the Company is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer, or any shareholder holding more than 10% of the voting rights attached to the Common Shares or an associate or affiliate of any of the foregoing in any transaction in the preceding financial year or any proposed or ongoing transaction of the Company which has or will materially affect the Company. There are potential conflicts of interest to which the directors and officers of the Company will be subject in connection with the operations of the Company. In particular, certain of the directors and officers of the Company are involved in managerial and/or director positions with other companies whose operations may, from time to time, be in direct competition with those of the Company or with entities which may, from time to time, provide financing to, or make equity investments in, competitors of the Company. Conflicts, if any, will be subject to the procedures and remedies available under the *Business Corporations Act* (British Columbia) (the “BCBCA”). The BCBCA 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 BCBCA.

LEGAL PROCEEDINGS

There are no pending legal proceedings to which the Company is or is likely to be a party or of which any of its properties are, or to the best of knowledge of management of the Company is likely to be subject.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com.

OTHER MATTERS

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth 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 form of proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.

BOARD APPROVAL

The undersigned hereby certifies that the contents and the sending of this Circular to the Shareholders have been approved by the Board.

Dated at Vancouver, British Columbia this 9th day of November 2020.

BY ORDER OF THE BOARD OF DIRECTORS

ENDURO METALS CORPORATION

“Cole Evans”

Cole Evans,
CEO and Director

**APPENDIX A -
AUDIT COMMITTEE CHARTER**

AUDIT COMMITTEE CHARTER AND GUIDELINES

Statement of Policy of the Company

The purpose of the Company's audit committee (the "*Audit Committee*") is to assist the Board of Directors of the Company (herein the "*Board*") in discharging its responsibilities with respect to the accounting policies, internal controls and financial reporting of the Company. The Audit Committee is also responsible for monitoring compliance with applicable laws and regulations, standards of ethical business conduct and the systems of internal controls. The Audit Committee shall have the authority to retain special legal, accounting or other consultants to advise the Audit Committee. The Audit Committee may request any, director, officer or employee of the Company or the Company's outside 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 guidelines of the TSX Venture Exchange Inc. and the Toronto Stock Exchange (collectively, the "*Exchange Guidelines*") suggest that the Board of every listed company should be constituted with a majority of individuals who qualify as "unrelated" directors. An "unrelated" director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Company other than interest and relationships arising from shareholding. In addition, where a company has a significant shareholder, the Exchange Guidelines suggest that the Board should include a number of directors who do not have interests in either the Company or the significant shareholder. In assessing the Exchange Guidelines and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors.

Mandate of the Board of Directors

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through its committees.

Meetings of the Board of Directors

The Board meets to deal with matters as circumstances require. The Board transacts its business by circulating resolutions for signature by all directors.

Mandate of the Audit Committee

The primary function of the Audit Committee is to assist the Board in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. The Audit Committee's primary duties and responsibilities are to:

- (a) serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements;
- (b) review and assess management's overall process to identify principal risks that could affect the achievement of the Company's business plans and to monitor the process to manage such risks;
- (c) oversee and monitor the Company's compliance with legal and regulatory requirements;
- (d) be directly responsible for the appointment, compensation and oversight of the external auditors;
- (e) oversee audits of the Company's financial statements;
- (f) oversee and monitor the qualifications, independence and performance of the Company's external auditors and internal auditing department;

- (g) oversee and monitor the integrity of the Company's financial reporting process and system of internal controls regarding financial reporting and accounting compliance;
- (h) provide an avenue of communication among the external auditors, management, the internal auditing department and the Board; and
- (i) report to the Board regularly.

The Audit Committee has the authority to conduct any review or investigation appropriate to fulfilling its responsibilities. The Audit Committee shall have unrestricted access to personnel and information and any resources necessary to carry out its responsibility. In this regard the Audit Committee may direct internal audit personnel to particular areas of examination.

Operation of the Audit Committee

Reporting of the Audit Committee

The Audit Committee shall report to the Board. The full Board shall be kept informed of the Audit Committee's activities by a report following each Audit Committee meeting.

Composition of the Audit Committee

The Audit Committee shall consist of not less than three directors as determined by the Board of Directors, the majority of whom shall qualify as unrelated directors and who are free from any relationship that would interfere with the exercise of his or her independent judgment as a member of the Audit Committee.

All members of the Audit Committee shall have the financial literacy to be able to read and understand the Company's financial statements and to understand the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements. At least one member shall have acquired, through: (i) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions; (ii) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions; (iii) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or (iv) other relevant experience:

- (a) an understanding of generally accepted accounting principles and financial statements;
- (b) the ability to assess the general application of such principles in connection with the accounting for estimates accruals and reserves;
- (c) experience in preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities;
- (d) an understanding of internal controls and procedures for financial reporting; and
- (e) an understanding of audit committee functions.

Audit Committee members shall not simultaneously serve on the audit committees of more than two other public companies, unless the Board first determines that such simultaneous service will not impair the ability of the relevant members to effectively serve on the Audit Committee, and required public disclosure is made.

At least one member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purpose of the Company's Audit Committee Charter, as may be determined by the Board from time to time (herein the "*Audit Committee Charter*"), the definition of "*financially literate*" is the ability to read and understand a set of financial statements that

present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

Appointment of Audit Committee members

Members of the Audit Committee shall be appointed at a meeting of the Board typically held immediately after the Company's annual shareholders' meeting; provided that any member may be removed or replaced at any time by the Board and shall in any event cease to be a member of the Audit Committee upon ceasing to be a member of the Board.

Vacancies

Where a vacancy occurs at any time in the membership of the Audit Committee it may be filled by the Board.

Chairperson

The Company's Corporate Governance Committee will recommend an unrelated director as Chairperson of the Audit Committee to the Board for approval. The Board shall appoint the Chairperson of the Audit Committee.

If the Chairperson of the Audit Committee is not present at any meeting of the Audit Committee, one of the other members of the Audit Committee present at the meeting shall be chosen by the Audit Committee to preside as Chairperson.

The Chairperson presiding at any meeting shall not have a casting vote.

Secretary

The Audit Committee shall appoint a Secretary who need not be a member of the Audit Committee or a director of the Company. The Secretary shall keep minutes of the meetings of the Audit Committee.

Compensation

Audit Committee members may not, other than in their respective capacities as members of the Audit Committee, the Board or any other committee of the Board, accept any consulting, advisory or other compensatory fee from the Company or its affiliates. For greater certainty, director's fees are the only compensation an Audit Committee member may receive from the Company or its affiliates.

Meetings of the Audit Committee

The Audit Committee shall meet at least quarterly at the call of the Chairperson. The Chairperson of the Audit Committee may call additional meetings as required. In addition, a meeting may be called by any director or by the external auditors. As part of its job to foster open communication, the Audit Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Audit Committee meetings may be held in person, by video-conference, by means of telephone or by any combination of any of the foregoing.

Notice of meetings

Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by electronic communication to each member of the Audit Committee and to external auditors at least 48 hours prior to the time fixed for such meeting.

A member and the external auditors may, in any manner, waive notice of the meeting. Attendance of a member at the meeting shall constitute waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.

Quorum

A majority of Audit Committee members, present in person, by videoconference, by telephone or by a combination thereof, shall constitute a quorum.

Attendance at meetings

The Chief Executive Officer, the Chief Financial Officer, the Controller and the head of internal audit of the Company are expected to be available to attend meetings, but a portion of every meeting will be reserved for in camera discussion without members of management being present.

The Audit Committee should meet on a regular basis and without management present, with the external auditors and management in separate executive sessions to discuss any matters that the Audit Committee or these groups believe should be discussed privately with the Audit Committee.

The Audit Committee may by specific invitation have other persons in attendance.

The Audit Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Audit Committee.

Minutes

Minutes of Audit Committee meetings shall be sent to all Audit Committee members and to the external auditors.

Engaging outside resources

The Audit Committee is empowered to engage outside resources, as it deems advisable, at the expense of the Company.

Major responsibilities and functions of the Audit Committee*Review procedures*

The Audit Committee shall review and update the Audit Committee's Charter at least annually and provide a summary of the Audit Committee's composition and responsibilities in the Company's annual report or other public disclosure documentation.

Annual financial statements

1. The Audit Committee shall discuss and review with management and the external auditors the Company's annual audited financial statements and related documents prior to their filing or distribution. Such a review is to include but not be limited the following:
 - (a) the annual financial statements and related footnotes, including significant issues regarding accounting policies and practices and significant management estimates and judgments, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any specific steps adopted in light of material control deficiencies;
 - (b) a review of the use of off-balance sheet financing, including management's risk assessment and adequacy of disclosure;
 - (c) a review of the external auditors' audit examination of the financial statements and their report thereon;
 - (d) a review of any significant changes required in the external auditors' audit plan;
 - (e) a review of any serious difficulties or disputes with management encountered during the course of the audit, including any restrictions on the scope of the external auditors' work or access to required information;
 - (f) a review of other matters related to the conduct of the audit which are to be communicated to the

Audit Committee under generally accepted auditing standards;

- (g) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditors; and
- (h) other material written communications between the external auditors and management, such as any management letter or schedule of unadjusted differences.

2. Review and formally recommend approval to the Board of:

- (a) the Company's year-end audited financial statements;
- (b) the Company's management's discussion and analysis;
- (c) the Company's annual information forms and
- (d) all Company prospectuses and information circulars as to financial information.

The review shall include a report from the external auditors about the quality of the most critical accounting principles upon which the Company's financial status depends, and which involve the most complex, subjective or significant judgmental decisions or assessments.

Quarterly financial statements

3. The Audit Committee shall review with management and the external auditors and either approve (such approval to include the

authorization for public release) or formerly recommend for approval to the Board of the Company's:

- (a) quarterly unaudited financial statements and related documents, including management's discussion and analysis; and
- (b) any significant changes to the Company's accounting principles.

4. The Audit Committee shall review and discuss quarterly reports from the external auditors regarding:

- (a) all critical accounting policies and practices to be used;
- (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors; and
- (c) other material written communications between the external auditors and management, such as any management letter or schedule or unadjusted differences.

Internal control environment

5. The Audit Committee shall ensure that management provides the Audit Committee with an annual report on the Company's control environment as it pertains to the Company's financial reporting process and controls.

6. The Audit Committee shall review and discuss significant financial risks or exposures and assess the steps management has taken to monitor, control, report and mitigate such risk to the Company.

7. The Audit Committee shall review the effectiveness of the overall process for identifying the principal risks affecting the achievement of business plans and provide the Audit Committee's view to the Board.

8. The Audit Committee shall review significant findings prepared by the external auditors and the internal auditing department together with management's responses.

9. The Audit Committee shall review, in consultation with the internal auditors and the external auditors, the degree of coordination in the audit plans of the internal auditors and the external auditors, and enquire as to

the extent the planned scope can be relied upon to detect weaknesses in internal controls, fraud or other illegal acts.

Other review items

10. The Audit Committee shall review policies and procedures with respect to officers' and directors' expense accounts and prerequisites, including their use of corporate assets, and consider the result of any review of these areas by the internal auditor or the external auditors.
11. The Audit Committee shall review all insider transaction and related party transactions between the Company and any officers or directors.
12. The Audit Committee shall review with Company counsel, the head of internal audit and the external auditors the result of their review of the Company's monitoring compliance with each of the Company's published codes of business conduct and applicable legal requirements.
13. The Audit Committee shall review legal and regulatory matters, including correspondence with regulators and governmental agencies that may have material impact on the interim or annual financial statements, related Company compliance policies and programs and reports received from regulators or governmental agencies.
14. The Audit Committee shall review policies and practices with respect to off-balance sheet transactions and trading and hedging activities, and consider the results of any review of these areas by the internal auditors or the external auditors.
15. The Audit Committee shall review with the President, the Chief Executive Officer and the Chief Financial Officer of the Company and the external auditors: (i) all significant deficiencies identified and material weakness in the design of operation of the Company's internal controls and procedures for financial reporting which could adversely affect the Company's ability to record, process, summarize and report financial information required to be disclosed by the Company in the reports that it files or submits with all regulatory bodies having jurisdiction over the affairs of the Company within the required time periods; and (ii) any fraud, whether or not material, that involves management of the Company or other employees who have significant role in the Company's internal controls and procedures for financial reporting.

External auditors

16. The Audit Committee shall be directly responsible, in the Audit Committee's capacity as a committee of the Board and subject to the rights of shareholders and applicable law, for the appointment, compensation and oversight of the work of the external auditors (including resolution of disagreements between management and the external auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The external auditors shall report directly to the Audit Committee.
17. The Audit Committee shall meet on a regular basis with the external auditors (without management present) and have the external auditors available to attend Audit Committee meetings or portions thereof at the request of the Chair of the Audit Committee or by a majority of the members of the Audit Committee.
18. The Audit Committee shall review and discuss with the external auditors all significant relationships that the external auditors and their affiliates have with the Company and its affiliates in order to determine the external auditors' independence including, without limitation: (i) receiving and reviewing, as a part of the report described in the preceding paragraph, a formal written statement from the external auditors delineating all relationships that may reasonably be thought to bear on the independence of the external auditors with respect to the Company and its affiliates; (ii) discussing with the external auditors any disclosed relationships or services that the external auditors believe may affect the objectivity and independence of the external auditors; and (iii) recommending that the Board take appropriate action in response to the external auditors' report to satisfy itself of the external auditors' independence.
19. The Audit Committee shall review and evaluate:
 - (a) the external auditors and the lead partner of the external auditors' team's performance, and make recommendation to the Board regarding the reappointment of the external auditors at the annual meeting of the Company's shareholders or regarding the discharge of such external auditors;

- (b) the terms of engagement of the external auditors, together with their proposed fees;
 - (c) external audit plans and results;
 - (d) any other related audit engagement matters; and
 - (e) the engagement of the external auditors to perform non-audit services, together with the fees therefore, and the impact thereof, on the independence of the external auditors.
20. Upon reviewing and discussing the information provided to the Audit Committee in accordance with paragraphs 18 and 19 hereinabove, evaluating the external auditors' qualifications, performance and independence, and the provision of permitted non-audit services as compatible with maintaining auditor independence, taking into account the opinions of management and the head of internal audit. The Audit Committee shall present its conclusions with respect to the external auditors to the Board.
 21. The Audit Committee shall ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner for reviewing the audit as required by law. Consider whether, in order to assure continuing external auditor independence, it is appropriate to adopt a policy of rotating the external auditing firm on a regular basis.
 22. The Audit Committee shall recommend to the Board policies for the Company's hiring of employees or former employees of the external auditors who participate in any capacity in the audit of the Company.
 23. The Audit Committee shall consider with management and the external auditors the rationale for employing audit firms other than the principal external auditors, including a review of management consulting services and related fees provided by the external auditors compared to those of other audit firms.

Internal audit department and legal compliance

24. The Audit Committee shall meet with the internal auditors as required, but in any event at least quarterly.
25. The Audit Committee shall review and concur in the appointment, replacement, reassignment or dismissal of the lead of internal audit.
26. The Audit Committee shall confirm and assure, annually, the independence of the internal audit department.
27. The Audit Committee shall consider and review with management, the external auditors and the head of internal audit:
 - (a) significant findings during the year and management's responses and follow-up thereto;
 - (b) any difficulties encountered in the course of their audits, including any restriction on the scope of their work or access to required information;
 - (c) any changes required in the planned scope of their audit plan;
 - (d) the resources, budget, reporting relationships and planned activities of the internal auditors;
 - (e) the internal audit department charter; and
 - (f) internal audit's compliance with the IIA's Standards for the Professional Practice of Internal Auditing (Standards).

Approval of audit and non-audit services

28. The Audit Committee shall review and, where appropriate, approve the provision of all permitted non-audit services (including the fees and terms thereof) in advance of the provisions of those services by the external auditors (subject to the *de minimis* exception for non-audit services prescribed in applicable legislation which are approved by the Audit Committee prior to the completion of the audit).
29. The Audit Committee shall review and, where appropriate and permitted, approve the provision of all audit services (including the fees and terms thereof) in advance of the provision of those services by the external auditors.
30. If the pre-approvals contemplated in paragraphs 28 and 29 hereinabove are not obtained, approve, where

appropriate and permitted, the provisions of all audit and non-audit services promptly after the Audit Committee or a member of the Audit Committee to whom authority is delegated becomes aware of the provision of those services.

31. The Audit Committee shall delegate, if the Audit Committee deems necessary or desirable, to subcommittees consisting of one or more members of the Audit Committee, the authority to grant the pre-approvals and approvals described in paragraphs 28 through 30 hereinabove. The decision of any such subcommittee to grant pre approval shall be presented to the full Audit Committee at the next scheduled Audit Committee meeting.

Other matters

32. The Audit Committee shall review and concur in the appointment, replacement, reassignment or dismissal of the Chief Financial Officer.
33. The Audit Committee shall review and approve hiring policies regarding partners, employees and former partners and employees of the present and former external auditor.
34. The Audit Committee shall report Audit Committee actions to the Board with such recommendations as the Audit Committee may deem appropriate.
35. The Audit Committee shall conduct or authorize investigations into any matters within the Audit Committee's scope of responsibilities.
36. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the external auditors for the purpose of rendering or issuing an audit report and to any advisors employed by the Audit Committee.
37. The Audit Committee shall review and reassess the adequacy of this Audit Committee Charter annually and recommend any proposed changes to the Board for approval.
38. The Audit Committee shall evaluate its performance annually.
39. The Audit Committee shall perform such other functions as required by law, the Company's Audit Charter, the Company's Articles or the Board.
40. The Audit Committee shall consider any other matters referred to it by the Board.
41. The Audit Committee shall establish procedures for: (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or audit matters; and (ii) the confidential submission by employees of the Company of concerns regarding questionable accounting controls or auditing matters.

**APPENDIX B
OPTION PLAN**

ENDURO METALS CORPORATION

(the “Company”)

STOCK OPTION PLAN

Dated for Reference November 9, 2020

PURPOSE AND INTERPRETATION

Purpose

1.1 The purpose of this Plan is to advance the interests of the Company by encouraging equity participation in the Company through the acquisition of Common Shares of the Company. It is the intention of the Company that this Plan will at all times be in compliance with TSX Venture Policies (or, if applicable, NEX Policies) and any inconsistencies between this Plan and TSX Venture Policies (or, if applicable, NEX Policies) will be resolved in favour of the latter.

Definitions

1.2 In this Plan:

- (a) **Affiliate** means a company that is a parent or subsidiary of the Company, or that is controlled by the same entity as the Company;
- (b) **Associate** has the meaning set out in the Securities Act;
- (c) **Black-out Period** means an interval of time during which the Company has determined that one or more Participants may not trade any securities of the Company because they may be in possession of undisclosed material information pertaining to the Company, or when in anticipation of the release of quarterly or annual financials, to avoid potential conflicts associated with a company’s insider-trading policy or applicable securities legislation, (which, for greater certainty, does not include the period during which a cease trade order is in effect to which the Company or in respect of an Insider, that Insider, is subject);
- (d) **Board** means the board of directors of the Company or any committee thereof duly empowered or authorized to grant Options under this Plan;
- (e) **Change of Control** includes situations where after giving effect to the contemplated transaction and as a result of such transaction:
 - (i) any one Person holds a sufficient number of voting shares of the Company or resulting company to affect materially the control of the Company or resulting company, or,
 - (ii) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, holds in total a sufficient number of voting shares of the Company or its successor to affect materially the control of the Company or its successor,

where such Person or combination of Persons did not previously hold a sufficient number of voting shares to materially affect control of the Company or its successor and, in the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, holding more than 20% of the voting shares of the

Company or resulting company is deemed to materially affect control of the Company or resulting company;

- (f) **Common Shares** means the common shares without par value in the capital of the Company providing such class is listed on the TSX Venture (or, NEX, as the case may be);
- (g) **Company** means the company named at the top hereof and includes, unless the context otherwise requires, all of its Affiliates and successors according to law;
- (h) **Consultant** means an individual or Consultant Company, other than an Employee, Officer or Director that:
 - (i) provides on an ongoing bona fide basis, consulting, technical, managerial or like services to the Company or an Affiliate of the Company, other than services provided in relation to a Distribution;
 - (ii) provides the services under a written contract between the Company or an Affiliate and the individual or the Consultant Company;
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the business and affairs of the Company or an Affiliate of the Company; and
 - (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual or Consultant Company to be knowledgeable about the business and affairs of the Company;
- (i) **Company** means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (j) **Directors** means the directors of the Company as may be elected from time to time;
- (k) **Discounted Market Price** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (l) **Disinterested Shareholder Approval** means approval by a majority of the votes cast by all the Company's shareholders at a duly constituted shareholders' meeting, excluding votes attached to Common Shares beneficially owned by Insiders who are Service Providers or their Associates;
- (m) **Distribution** has the meaning assigned by the Securities Act, and generally refers to a distribution of securities by the Company from treasury;
- (n) **Effective Date** for an Option means the date of grant thereof by the Board;
- (o) **Employee** means:
 - (i) an individual who is considered an employee 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 Company or a subsidiary thereof providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
 - (iii) an individual who works for the Company or its subsidiary on a continuing and regular 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 Company over the details and methods of work as an employee of the Company, but for whom income tax deductions need not be made at source;
- (p) **Exercise Price** means the amount payable per Common Share on the exercise of an Option, as determined in accordance with the terms hereof;
- (q) **Expiry Date** means the day on which an Option lapses as specified in the Stock Option Agreement therefor or in accordance with the terms of this Plan;

- (r) **Insider** means an insider as defined in the TSX Venture Policies or as defined in securities legislation applicable to the Company;
- (s) **Investor Relations Activities** has the meaning assigned by Policy 1.1 of the TSX Venture Policies;
- (t) **Management Company Employee** means an individual employed by a Person providing management services to the Company which are required for the ongoing successful operation of the business enterprise of the Company, but excluding a Person engaged in Investor Relations Activities;
- (u) **NEX** means a separate board of the TSX Venture for companies previously listed on the TSX Venture or the Toronto Stock Exchange which have failed to maintain compliance with the ongoing financial listing standards of those markets;
- (v) **NEX Issuer** means a company listed on NEX;
- (w) **NEX Policies** means the rules and policies of NEX as amended from time to time;
- (x) **Officer** means a Board appointed officer of the Company;
- (y) **Option** means the right to purchase Common Shares granted hereunder to a Service Provider;
- (z) **Optioned Shares** means Common Shares that may be issued in the future to a Service Provider upon the exercise of an Option;
- (aa) **Optionee** means the recipient of an Option hereunder;
- (bb) **Outstanding Shares** means at the relevant time, the number of issued and outstanding Common Shares of the Company from time to time;
- (cc) **Participant** means a Service Provider that becomes an Optionee;
- (dd) **Person** includes a company, any unincorporated entity, or an individual;
- (ee) **Plan** means this Stock Option Plan, the terms of which are set out herein or as may be amended;
- (ff) **Plan Shares** means the total number of Common Shares which may be reserved for issuance as Optioned Shares under the Plan as provided in §2.2;
- (gg) **Regulatory Approval** means the approval of the TSX Venture and any other securities regulatory authority that has lawful jurisdiction over the Plan and any Options issued hereunder;
- (hh) **Securities Act** means the Securities Act, R.S.B.C. 1996, c. 418, or any successor legislation;
- (ii) **Service Provider** means a Person who is a bona fide Director, Officer, Employee, Management Company Employee, Consultant or Company Consultant, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;
- (jj) **Share Compensation Arrangement** means any Option under this Plan but also includes any other stock option, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares to a Service Provider;
- (kk) **Shareholder Approval** means approval by a majority of the votes cast by eligible shareholders of the Company at a duly constituted shareholders' meeting;
- (ll) **Stock Option Agreement** means the agreement evidencing the grant of an Option delivered by the Company hereunder to a Service Provider and substantially in the form of Schedule A attached hereto;
- (mm) **Take Over Bid** means a take over bid as defined in subsection 92(1) of the *Securities Act* (British Columbia) or the analogous provisions of securities legislation applicable to the Company;
- (nn) **TSX Venture** means the TSX Venture Exchange and any successor thereto; and
- (oo) **TSX Venture Policies** means the rules and policies of the TSX Venture as amended from time to time.

Other Words and Phrases

1.3 Words and phrases used in this Plan but which are not defined in the Plan, but are defined in the TSX Venture Policies (and, if applicable, the NEX Policies), will have the meaning assigned to them in the TSX Venture Policies (and, if applicable, NEX Policies).

Gender

1.4 Words importing the masculine gender include the feminine or neuter, words in the singular include the plural, words importing a corporate entity include individuals, and vice versa.

STOCK OPTION PLAN

Establishment of Stock Option Plan

2.1 The Plan is hereby established to recognize contributions made by Service Providers and to create an incentive for their continuing assistance to the Company and its Affiliates.

Maximum Plan Shares

2.2 The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan at any point in time is 10% of the Outstanding Shares at the time Plan Shares are reserved for issuance as a result of the grant of an Option, less any Common Shares reserved for issuance under share options granted under Share Compensation Arrangements other than this Plan, unless this Plan is amended pursuant to the requirements of the TSX Venture Policies (and, if applicable, NEX Policies).

Eligibility

2.3 Options to purchase Common Shares may be granted hereunder to Service Providers of the Company, or its affiliates, from time to time by the Board. Service Providers that are not individuals will be required to undertake in writing not to effect or permit any transfer of ownership or option of any of its securities, or to issue more of its securities (so as to indirectly transfer the benefits of an Option), as long as such Option remains outstanding, unless the written permission of the TSX Venture and the Company is obtained.

Options Granted Under the Plan

2.4 All Options granted under the Plan will be evidenced by a Stock Option Agreement in the form attached as Schedule A, showing the number of Optioned Shares, the term of the Option, a reference to vesting terms, if any, and the Exercise Price.

2.5 Subject to specific variations approved by the Board, all terms and conditions set out herein will be deemed to be incorporated into and form part of a Stock Option Agreement made hereunder.

Limitations on Issue

2.6 Subject to §2.10, the following restrictions on issuances of Options are applicable under the Plan:

- (a) no Service Provider can be granted an Option if that Option would result in the total number of Options, together with all other Share Compensation Arrangements granted to such Service Provider in the previous 12 months, exceeding 5% of the Outstanding Shares, unless the Company has obtained Disinterested Shareholder Approval to do so;
- (b) the aggregate number of Options granted to all Service Providers conducting Investor Relations Activities in any 12-month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture (or NEX, as the case may be); and

- (c) the aggregate number of Options granted to any one Consultant in any 12 month period cannot exceed 2% of the Outstanding Shares, calculated at the time of grant, without the prior consent of the TSX Venture.

Options Not Exercised

2.7 In the event an Option granted under the Plan expires unexercised or is terminated by reason of dismissal of the Optionee for cause or is otherwise lawfully cancelled prior to exercise of the Option, the Optioned Shares that were issuable thereunder will be returned to the Plan and will be eligible for re-issuance.

Powers of the Board

2.8 The Board will be responsible for the general administration of the Plan and the proper execution of its provisions, the interpretation of the Plan and the determination of all questions arising hereunder. Without limiting the generality of the foregoing, the Board has the power to

- (a) allot Common Shares for issuance in connection with the exercise of Options;
- (b) grant Options hereunder;
- (c) subject to any necessary Regulatory Approval, amend, suspend, terminate or discontinue the Plan, or revoke or alter any action taken in connection therewith, except that no general amendment or suspension of the Plan will, without the prior written consent of all Optionees, alter or impair any Option previously granted under the Plan unless the alteration or impairment occurred as a result of a change in the TSX Venture Policies or the Company's tier classification thereunder; and
- (d) delegate all or such portion of its powers hereunder as it may determine to one or more committees of the Board, either indefinitely or for such period of time as it may specify, and thereafter each such committee may exercise the powers and discharge the duties of the Board in respect of the Plan so delegated to the same extent as the Board is hereby authorized so to do.

Amendment of the Plan by the Board of Directors

2.9 Subject to the requirements of the TSX Venture Policies and the prior receipt of any necessary Regulatory Approval, the Board may in its absolute discretion, amend or modify the Plan or any Option granted as follows:

- i. it may make amendments which are of a typographical, grammatical or clerical nature only;
- ii. it may change the vesting provisions of an Option granted hereunder, subject to prior written approval of the TSX Venture, if applicable;
- iii. it may change the termination provision of an Option granted hereunder which does not entail an extension beyond the original Expiry Date of such Option;
- iv. it may make amendments necessary as a result in changes in securities laws applicable to the Company;
- v. if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSX Venture, it may make such amendments as may be required by the policies of such senior stock exchange or stock market; and

- vi. it may make such amendments as reduce, and do not increase, the benefits of this Plan to Service Providers.

Amendments Requiring Disinterested Shareholder Approval

2.10 The Company will be required to obtain Disinterested Shareholder Approval prior to any of the following actions becoming effective:

- (a) the Plan, together with all of the Company's other previous Share Compensation Arrangements, could result at any time in:
 - (i) the aggregate number of Common Shares reserved for issuance under Options granted to Insiders exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares;
 - (ii) the number of Optioned Shares issued to Insiders within a one-year period exceeding 10% of the Outstanding Shares in the event that this Plan is amended to reserve for issuance more than 10% of the Outstanding Shares; or,
 - (iii) the issuance to any one Optionee, within a 12-month period, of a number of Common Shares exceeding 5% of the Outstanding Shares; or
- (b) any reduction in the Exercise Price of an Option previously granted to an Insider.

Options Granted Under the Company's Previous Stock Option Plans

2.11 Any option granted pursuant to a stock option plan previously adopted by the Board which is outstanding at the time this Plan comes into effect shall be deemed to have been issued under this Plan and shall, as of the date this Plan comes into effect, be governed by the terms and conditions hereof.

TERMS AND CONDITIONS OF OPTIONS

Exercise Price

3.1 The Exercise Price of an Option will be set by the Board at the time such Option is allocated under the Plan, and cannot be less than the Discounted Market Price.

Term of Option

3.2 An Option can be exercisable for a maximum of 10 years from the Effective Date.

Option Amendment

3.3 Subject to §2.10(b), the Exercise Price of an Option may be amended only if at least six (6) months have elapsed since the later of the date of commencement of the term of the Option, the date the Common Shares commenced trading on the TSX Venture, or the date of the last amendment of the Exercise Price.

3.4 An Option must be outstanding for at least one year before the Company may extend its term, subject to the limits contained in §3.2.

3.5 Any proposed amendment to the terms of an Option must be approved by the TSX Venture prior to the exercise of such Option.

Vesting of Options

3.6 Subject to §3.7, vesting of Options shall be at the discretion of the Board and, with respect to any particular Options granted under the Plan, in the absence of a vesting schedule being specified at the time of grant, all such Options shall vest immediately. Where applicable, vesting of Options will generally be subject to:

- (a) the Service Provider remaining employed by or continuing to provide services to the Company or any of its Affiliates as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or any of its Affiliates during the vesting period; or
- (b) the Service Provider remaining as a Director of the Company or any of its Affiliates during the vesting period.

Vesting of Options Granted to Consultants Conducting Investor Relations Activities

3.7 Notwithstanding §3.6, Options granted to Consultants conducting Investor Relations Activities will vest:

- (a) over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting; or
- (b) such longer vesting period as the Board may determine.

Effect of Take Over Bid

3.8 If a Take Over Bid is made to the shareholders generally then the Company shall immediately upon receipt of notice of the Take Over Bid, notify each Optionee currently holding an Option of the Take Over Bid, with full particulars thereof whereupon such Option may, notwithstanding §3.6 and §3.7 or any vesting requirements set out in the Stock Option Agreement, be immediately exercised in whole or in part by the Optionee, subject to approval of the TSX Venture (or the NEX, as the case may be) for vesting requirements imposed by the TSX Venture Policies.

Extension of Options Expiring During Blackout Period

3.9 Should the Expiry Date for an Option fall within a Blackout Period, or within nine (9) Business Days following the expiration of a Blackout Period, such Expiry Date shall, subject to approval of the TSX Venture (or the NEX, as the case may be), be automatically extended without any further act or formality to that day which is the tenth (10th) Business Day after the end of the Blackout Period, such tenth Business Day to be considered the Expiry Date for such Option for all purposes under the Plan. Notwithstanding §2.8, the tenth Business Day period referred to in this §3.9 may not be extended by the Board.

Cancellation of Options

3.10 Options granted to Consultants or Employees may be terminated immediately at the discretion of the Board and the Company is not required to provide notice, written or otherwise, to the Consultant or Employee of such termination.

Optionee Ceasing to be Director, Employee or Service Provider

3.11 Options may be exercised after the Service Provider has left his/her employ/office or has been advised by the Company that his/her services are no longer required or his/her service contract has expired, until the term applicable to such Options expires, except as follows:

- (a) in the case of the death of an Optionee, any vested Option held by him at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
- (b) an Option granted to (i) directors or officers will expire 90 days and (ii) to all others including, but not limited to, employees and consultants, will expire 30 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option) after the date the Optionee ceases to be employed by or provide services to the Company, and only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company; and
- (c) in the case of an Optionee being dismissed from employment or service for cause, such Optionee's Options, whether or not vested at the date of dismissal will immediately terminate without right to exercise same.

Additionally, Consultants who are granted options need to continue to:

- (d) provide on an ongoing basis, consulting, technical, managerial or like services to the Company or an Affiliate of the Company, other than services provided in relation to a Distribution;
- (e) provide the services under a written contract between the Company or an Affiliate and the individual or the Consultant Company;
- (f) in the reasonable opinion of the Company, spend or will spend a significant amount of time and attention on the business and affairs of the Company or an Affiliate of the Company; and
- (g) have a relationship with the Company or an Affiliate of the Company that enables the individual or Consultant Company to be knowledgeable about the business and affairs of the Company.

Non Assignable

3.12 Subject to §3.11, all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable.

Adjustment of the Number of Optioned Shares

3.13 The number of Common Shares subject to an Option will be subject to adjustment in the events and in the manner following:

- (a) in the event of a subdivision of Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a greater number of Common Shares, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder, in addition to the number of Optioned Shares in respect of which the right to purchase is then being exercised, such additional number of Common Shares as

result from the subdivision without an Optionee making any additional payment or giving any other consideration therefor;

- (b) in the event of a consolidation of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, into a lesser number of Common Shares, the Company will thereafter deliver and an Optionee will accept, at the time of purchase of Optioned Shares hereunder, in lieu of the number of Optioned Shares in respect of which the right to purchase is then being exercised, the lesser number of Common Shares as result from the consolidation;
- (c) in the event of any change of the Common Shares as constituted on the date hereof, at any time while an Option is in effect, the Company will thereafter deliver at the time of purchase of Optioned Shares hereunder the number of shares of the appropriate class resulting from the said change as an Optionee would have been entitled to receive in respect of the number of Common Shares so purchased had the right to purchase been exercised before such change;
- (d) in the event of a capital reorganization, reclassification or change of outstanding equity shares (other than a change in the par value thereof) of the Company, a consolidation, merger or amalgamation of the Company with or into any other company or a sale of the property of the Company as or substantially as an entirety at any time while an Option is in effect, an Optionee will thereafter have the right to purchase and receive, in lieu of the Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option, the kind and amount of shares and other securities and property receivable upon such capital reorganization, reclassification, change, consolidation, merger, amalgamation or sale which the holder of a number of Common Shares equal to the number of Optioned Shares immediately theretofore purchasable and receivable upon the exercise of the Option would have received as a result thereof. The subdivision or consolidation of Common Shares at any time outstanding (whether with or without par value) will not be deemed to be a capital reorganization or a reclassification of the capital of the Company for the purposes of this §3.13;
- (e) an adjustment will take effect at the time of the event giving rise to the adjustment, and the adjustments provided for in this section are cumulative;
- (f) the Company will not be required to issue fractional shares in satisfaction of its obligations hereunder. Any fractional interest in a Common Share that would, except for the provisions of this §3.13, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company; and
- (g) if any questions arise at any time with respect to the Exercise Price or number of Optioned Shares deliverable upon exercise of an Option in any of the events set out in this §3.13, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Vancouver, British Columbia (or in the city of the Company's principal executive office) that the Company may designate and who will be granted access to all appropriate records and such determination will be binding upon the Company and all Optionees.

COMMITMENT AND EXERCISE PROCEDURES

Stock Option Agreement

4.1 Upon grant of an Option hereunder, an authorized officer of the Company will deliver to the Optionee a Stock Option Agreement detailing the terms of such Options and upon such delivery the Optionee will be subject to the Plan and have the right to purchase the Optioned Shares at the Exercise Price set out therein subject to the terms and conditions hereof.

Manner of Exercise

- 4.2 An Optionee who wishes to exercise his Option may do so by delivering
- (a) a written notice to the Company specifying the number of Optioned Shares being acquired pursuant to the Option; and
 - (b) a certified cheque, wire transfer or bank draft payable to the Company for the aggregate Exercise Price for the Optioned Shares being acquired.

Tax Withholding and Procedures

4.3 Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Optionee who wishes to exercise an Option must, in addition to following the procedures set out in §4.2 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded;

and must in all other respects follow any related procedures and conditions imposed by the Company.

Delivery of Optioned Shares and Hold Periods

4.4 As soon as practicable after receipt of the notice of exercise described in §4.2 and payment in full for the Optioned Shares being acquired, the Company will direct its transfer agent to issue to the Optionee the appropriate number of Optioned Shares. If the Exercise Price is set below the then current market price of the Common Shares on the TSX Venture at the time of grant, the certificate representing the Optioned Shares or written notice in the case of uncertificated shares will include a legend stipulating that the Optioned Shares issued are subject to a four-month TSX Venture hold period commencing the date of the Stock Option Agreement.

GENERAL

Employment and Services

5.1 Nothing contained in the Plan will confer upon or imply in favour of any Optionee any right with respect to office, employment or provision of services with the Company, or interfere in any way with the right of the Company to lawfully terminate the Optionee's office, employment or service at any time pursuant to the arrangements pertaining to same. Participation in the Plan by an Optionee is voluntary.

No Representation or Warranty

5.2 The Company makes no representation or warranty as to the future market value of Common Shares issued in accordance with the provisions of the Plan or to the effect of the *Income Tax Act* (Canada) or any other taxing statute governing the Options or the Common Shares issuable thereunder or the tax consequences to a Service Provider.

Compliance with applicable securities laws as to the disclosure and resale obligations of each Participant is the responsibility of each Participant and not the Company.

Interpretation

5.3 The Plan will be governed and construed in accordance with the laws of the Province of British Columbia.

Continuation of Plan

5.4 The Plan will become effective from and after June 23, 2011, and will remain effective provided that the Plan, or any amended version thereof receives Shareholder Approval at each annual general meeting of the holders of Common Shares of the Company subsequent to June 23, 2011.

Amendment of the Plan

5.5 The Board reserves the right, in its absolute discretion, to at any time amend, modify or terminate the Plan with respect to all Common Shares in respect of Options which have not yet been granted hereunder. Any amendment to any provision of the Plan will be subject to any necessary Regulatory Approvals unless the effect of such amendment is intended to reduce (but not to increase) the benefits of this Plan to Service Providers.

SCHEDULE A

ENDURO METALS CORPORATION

STOCK OPTION AGREEMENT

Enduro Metals Corporation (the “**Company**”) has granted to _____ (the “**Optionee**”), an option to acquire common shares (the “**Options**”) of the Company, subject to the terms and conditions of the Company’s stock option plan (the “**Plan**”) established by the Company or any successor plan thereto, as amended from time to time in accordance with its terms, subject to regulatory approval, which are deemed to be incorporated in this stock option agreement (the “**Option Agreement**”), and to the following specific provisions:

Option Agreement and Grant Date:

Position with Company:

Number of Options:

Exercise Price:

Expiry Date:

Option Vesting Schedule:

The Options shall vest [immediately]

The Company and the Optionee represent that the Optionee, under the terms and conditions of the Plan, is a bona fide Service Provider (as defined in the Plan), entitled to receive Options pursuant to applicable regulatory policies.

The Optionee may exercise the Options within 90 days (if you are a director or officer) or 30 days (if you are an employee or consultant) following cessation of the Optionee’s position with the Company, or such other time, not to exceed one year, as shall be determined by the board of directors of the Company (the “**Board**”) as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option), and only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company.

For directors, officers and employees of the Company who are resident in Canada, by signing this Option Agreement, the undersigned Optionee also acknowledges that, as a result of certain policy changes in Canada's Federal Budget introduced March 4, 2010, effective January 1, 2011, upon the exercise of all or any portion of the Option, the Optionee will be required to provide the Company with a payment equal to the income taxes due on the taxable employment benefit to be received by the Optionee through such exercise (the “**Tax Withholding Amount**”).

For independent consultants of the Company, any taxable benefit that arises from the exercise of the Option is solely the responsibility of the consultant to report any such tax benefit on his or her income tax return, if applicable, in his jurisdiction of residence.

If Options are granted to a US person, the following will be included:

The Optionee acknowledges that the common shares acquired on exercise of the Option shall bear a legend restricting the transferability thereof, such legend to be substantially in the following form:

“The shares represented by this certificate have not been registered or qualified under the United States Securities Act of 1933, as amended or state securities laws. The shares may not be offered for sale, sold, pledged or otherwise disposed of unless so registered or qualified, unless an exemption exists or unless such disposition is not subject to U.S. federal or state securities laws, and the Company may require that the availability of any exemption or the inapplicability of such securities laws be established by an opinion of counsel, which opinion of counsel shall be reasonably satisfactory to the Company.”

Acknowledgement – Personal Information

The information set out in this Option Agreement about the undersigned Optionee will be used by the Company for making certain filings with applicable regulatory authorities. The Optionee acknowledges and consents to the collection and use of the Personal Information contained in this Option Agreement by the Company for the above purposes or as otherwise required by applicable regulatory authorities from time to time in accordance with their regulations. If you are in doubt about the above applicable requirements, please contact the Company.

ENDURO METALS CORPORATION

(the “Company”)

STOCK OPTION EXERCISE NOTICE

TO: Enduro Metals Corporation

The undersigned hereby gives notice of exercise of Options as detailed below and encloses a cheque or bank draft, payable to the Company, in the designated amount representing payment in full for those shares.

Option Agreement and Grant Date:

Number of Options Exercised:

Position with Company:

Exercise Price:

Option Exercise Amount:

\$

**Plus Tax Withholding Amount:
[if applicable]**

\$

TOTAL:

\$

**Balance of number of Options remaining
exercisable until ♦[insert option expiry date]:**

DATED _____

Print name of Optionee

Signature of Optionee

Address (for registration of shares)

Delivery address (if different from share registration
address)

Telephone Number

Email Address

**APPENDIX C -
SHAREHOLDER RIGHTS PLAN**

SHAREHOLDER RIGHTS PLAN AGREEMENT

DATED AS OF

NOVEMBER 5, 2020

BETWEEN

ENDURO METALS CORPORATION

AND

COMPUTERSHARE INVESTOR SERVICES INC.

AS RIGHTS AGENT

SHAREHOLDER RIGHTS PLAN AGREEMENT TABLE OF

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SHAREHOLDER RIGHTS PLAN AGREEMENT

SHAREHOLDER RIGHTS PLAN AGREEMENT dated as of November 5, 2020 between **ENDURO METALS CORPORATION**, a corporation incorporated under the laws of the Province of British Columbia (the "**Company**") and **COMPUTERSHARE INVESTOR SERVICES INC.**, a company incorporated under the laws of Canada (the "**Rights Agent**").

WHEREAS:

- A. The Board of Directors of the Company has determined that it is in the best interests of the Company to adopt a shareholder rights plan to ensure, to the extent possible, that all shareholders of the Company are treated fairly in connection with any take-over bid for the Company;
- B. In order to implement the adoption of the shareholder rights plan, the Board of Directors has authorized and declared a distribution of one Right effective the close of business on November 5, 2020 in respect of each Common Share outstanding at the Record Time and has further 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 and the Expiration Time;
- C. Each Right entitles the holder thereof, after the Separation Time, to purchase securities of the Company pursuant to the terms and subject to the conditions set forth herein;
- D. The Company desires to appoint the Rights Agent to act on behalf of the Company and the holders of Rights, and the Rights Agent is willing to so act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates (as hereinafter defined), the exercise of Rights and other matters referred to herein;

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

ARTICLE 1 - INTERPRETATION

1.1 CERTAIN DEFINITIONS

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

- (a) "**Acquiring Person**" means any Person who is the Beneficial Owner of 20% or more of the outstanding Voting Shares; provided, however, that the term "Acquiring Person" shall not include:
 - (i) the Company or any Subsidiary of the Company;
 - (ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of one or any combination of:
 - (A) a Voting Share Reduction;
 - (B) a Permitted Bid Acquisition;

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

provided, however, that if a Person becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares by reason of one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition and such Person's Beneficial Ownership of Voting Shares thereafter increases by more than 1% of the number of Voting Shares outstanding (other than pursuant to one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition), then as of the date such Person becomes the Beneficial Owner of such additional Voting Shares, such Person shall become an "Acquiring Person";

- (iii) for a period of ten days after the Disqualification Date (as defined below), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of such Person becoming disqualified from relying on Subsection 1.1(f)(v) solely because such Person or the Beneficial Owner of such Voting Shares is making or has announced an intention to make a Take-over Bid, either alone or by acting jointly or in concert with any other Person; (For the purposes of this definition, "**Disqualification Date**" means the first date of public announcement that such Person is making or has announced an intention to make a Take-over Bid alone or jointly or in concert with any other Person);
 - (iv) an underwriter or member of a banking or selling group that becomes the Beneficial Owner of 20% or more of the Voting Shares in connection with a distribution of securities of the Company pursuant to a prospectus or by way of a private placement; or
 - (v) a Person (a "**Grandfathered Person**") who is the Beneficial Owner of 20% or more of the outstanding Voting Shares of the Company determined as at the Record Time, provided, however, that this exception shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the Record Time, become the Beneficial Owner of additional Voting Shares of the Company that increases its Beneficial Ownership of Voting Shares by more than 1% of the number of Voting Shares outstanding as at the Record Time (other than pursuant to one or any combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, Convertible Security Acquisition or a Pro Rata Acquisition);
- (b) "**Affiliate**", when used to indicate a relationship with a Person means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person;
 - (c) "**Agreement**" means this shareholder rights plan agreement between the Company and the Rights Agent, as the same may be amended or supplemented or restated from time to time; "hereof", "herein", "hereto" and similar expressions mean and refer to this Agreement as a whole and not to any particular part of this Agreement;

- (d) "**annual cash dividend**" means cash dividends paid in any fiscal year of the Company 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 Company on its Common Shares in its immediately preceding fiscal year;
 - (ii) 300% of the arithmetic mean of the aggregate amounts of the annual cash dividends declared payable by the Company on its Common Shares in its three immediately preceding fiscal years; and
 - (iii) 100% of the aggregate consolidated net income of the Company, before extraordinary items, for its immediately preceding fiscal year
- (e) "**Associate**", when used to indicate a relationship with a specified Person, means (i) a spouse of such specified Person, (ii) any Person of either the same or the opposite gender with whom that specified Person is living in a conjugal relationship outside marriage, (iii) a child of that Person, or (iv) a 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;
- (f) A Person shall be deemed the "**Beneficial Owner**" of, and to have "**Beneficial Ownership**" of, and to "**Beneficially Own**",
- (i) any securities as to which such Person or any of such Person's Affiliates or Associates is the owner at law or in equity;
 - (ii) any securities as to which such Person or any of such Person's Affiliates or Associates has the right to become the owner at law or in equity (where such right is exercisable immediately or within a period of 60 days thereafter and whether or not on condition or the happening of any contingency or the making of any payment or payment of instalments), upon the conversion, exchange or exercise of any right attaching to Convertible Securities or pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing (other than (x) customary agreements with and between underwriters and banking group members and/or selling group members (or any of the foregoing) 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 conversion right, exchange right, share purchase right (other than the Rights), warrant or option; or
 - (iii) any securities which are Beneficially Owned within the meaning of Subsections (i) or (ii) of this definition by any other Person with whom such Person or such Person's Affiliates is acting jointly or in concert;

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

- (iv) where such security has been or has been agreed to be deposited or tendered pursuant to a Permitted Lock-up Agreement or is otherwise deposited or tendered to any Take-over Bid made by such Person, made by any of such Person's Affiliates or Associates or made by any other Person acting jointly or in concert

with such Person until such deposited or tendered security has been taken up or paid for, whichever shall first occur;

- (v) where such Person, any of such Person's Affiliates or Associates or any other Person acting jointly or in concert with such Person holds such security provided that:
 - (A) the ordinary business of any such Person (the "**Investment Manager**") includes the management of investment funds for others (which others, for greater certainty, may include or be limited to one or more employee benefit plans or pension plans) or mutual funds and such security is held by the Investment Manager in the ordinary course of such business in the performance of such Investment Manager's duties for the account of any other Person (a "**Client**") including a non-discretionary account held on behalf of a Client by a broker or dealer appropriately registered under applicable law;
 - (B) such Person (the "**Trust Company**") is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (each an "**Estate Account**") or in relation to other accounts (each an "**Other Account**") and holds such security in the ordinary course of such duties for such Estate Account or for such Other Accounts;
 - (C) such Person is established by statute for purposes that include, and the ordinary business or activity of such Person (the "**Statutory Body**") includes, the management of investment funds for employee benefit plans, pension plans, insurance plans or various public bodies and the Statutory Body holds such securities for the purpose of its activities as such;
 - (D) such Person (the "**Administrator**") is the administrator or trustee of one or more pension funds or plans (a "**Plan**"), or is a Plan, registered under the laws of Canada or any Province thereof or the laws of the United States of America or any State thereof; or
 - (E) such Person (the "**Crown Agent**") is a Crown agent or agency;

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

- (vi) where such Person is (A) a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security, (B) an Estate Account or an Other Account of the same Trust Company as another

Person on whose account the Trust Company holds such security or (C) a Plan with the same Administrator as another Plan on whose account the Administrator holds such security;

- (vii) where such Person is (A) a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager, (B) an Estate Account or an Other Account of a Trust Company and such security is owned at law or in equity by the Trust Company or (C) a Plan and such security is owned at law or in equity by the Administrator of the Plan; or
- (viii) where such Person is a registered holder of such security solely as a result of carrying on the business of, or acting as a nominee of, a securities depository;
- (g) "**Board of Directors**" means the board of directors of the Company or any duly constituted and empowered committee thereof;
- (h) "**Business Corporations Act**" means the British Columbia Business Corporations Act, S.B.C. 2002, c. 57, as amended, and the regulations made thereunder and any comparable or successor laws or regulations thereto;
- (i) "**Business Day**" means any day other than a Saturday, Sunday or a day on which banking institutions in Vancouver, British Columbia are authorized or obligated by law to close;
- (j) "**Canadian-U.S. Exchange Rate**" means, on any date, the inverse of the U.S. – Canadian Exchange Rate in effect on such date;
- (k) "**Canadian Dollar Equivalent**" of any amount which is expressed in U.S. dollars means, on any date, the Canadian dollar equivalent of the amount determined by multiplying the amount by the U.S.-Canadian Exchange Rate in effect on such date;
- (l) "**close of business**" on any given date means the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the principal transfer office in Vancouver, British Columbia of the transfer agent for the Common Shares (or, after the Separation Time, the principal transfer office in Vancouver, British Columbia of the Rights Agent) is closed to the public;
- (m) "**Common Shares**" means the common shares in the capital of the Company;
- (n) "**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 such Permitted Bid or Competing Permitted Bid;
 - (ii) satisfies all provisions of the definition of a Permitted Bid other than the requirement set out in Subsection 1.1(jj)(ii)(A) of the definition of Permitted Bid; and
 - (iii) contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified condition that no Voting Shares will be taken up or paid for pursuant to the Take-over Bid prior to the close of business on a date that is no earlier than the later of: (A) the earliest date on which Voting

Shares may be taken up and paid for under any Permitted Bid or other Competing Permitted Bid outstanding on the date of commencement of such Competing Permitted Bid; and (B) 105 days after the date of the Take-over Bid constituting such Competing Permitted Bid;

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

(o) **"controlled"**: a Person is "controlled" by another Person or two or more other Persons acting jointly or in concert if:

(i) in the case of a body corporate, securities entitled to vote in the election of directors of such body corporate carrying more than 50% of the votes for the election of directors are held, directly or indirectly, by or for the benefit of the other Person or Persons and the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such body corporate; or

(ii) in the case of a Person which is not a body corporate, more than 50% of the voting or equity interests of such entity are held, directly or indirectly, by or for the benefit of the other Person or Persons;

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

(p) **"Convertible Securities"** shall mean, at any time:

(i) any right (contractual or otherwise, regardless of whether it would be considered a security); or

(ii) any securities issued by the Company (including rights, warrants and options but not including the Rights) carrying any purchase, exercise, conversion or exchange right,

pursuant to which the holder thereof may acquire Voting Shares or other securities convertible into or exercisable or exchangeable for Voting Shares (in each case, whether such right is exercisable immediately or after a specified period and whether or not on condition or the happening of any contingency);

(q) **"Convertible Security Acquisition"** means the acquisition of Voting Shares from the Company upon the exercise or pursuant to the terms and conditions of any Convertible Securities acquired by a Person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition;

(r) **"Co-Rights Agents"** has the meaning ascribed thereto in Subsection 4.1(a);

(s) **"Disposition Date"** has the meaning ascribed thereto in Subsection 5.1(h);

(t) **"Dividend Reinvestment Acquisition"** means an acquisition of Voting Shares pursuant

to a Dividend Reinvestment Plan;

(u) **"Dividend Reinvestment Plan"** means a regular dividend reinvestment or other plan of the Company made available by the Company to holders of its securities or to holders of securities of a Subsidiary where such plan permits the holder to direct that some or all of:

- (i) dividends paid in respect of shares of any class of the Company or a Subsidiary;
- (ii) proceeds of redemption of shares of the Company or a Subsidiary;
- (iii) interest paid on evidences of indebtedness of the Company or a Subsidiary; or
- (iv) optional cash payments;

be applied to the purchase from the Company of Voting Shares;

(v) **"Effective Date"** means the date of this Agreement;

(w) **"Election to Exercise"** has the meaning ascribed thereto in Subsection 2.2(d)(ii);

(x) **"Exempt Acquisition"** means an acquisition of Voting Shares or Convertible Securities (i) in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to the provisions of Subsection 5.1(a), (h) or (j); or (ii) pursuant to a distribution of Voting Shares or Convertible Securities made by the Company pursuant to a prospectus or a securities exchange take-over bid, by way of a private placement, provided that such private placement has received the approval of the Board of Directors and all applicable securities regulatory authorities, or pursuant to an amalgamation, merger, plan of arrangement or other statutory procedure requiring shareholder approval;

(y) **"Exercise Price"** means, as of any date, the price at which a holder may purchase the securities issuable upon exercise of one whole Right which, until adjustment thereof in accordance with the terms hereof, shall be an amount equal to twice the Market Price per Common Share determined as at the Separation Time;

(z) **"Expansion Factor"** has the meaning ascribed thereto in Subsection 2.3(a)(x);

(aa) **"Expiration Time"** means the earlier of (i) the Termination Time, and (ii) the termination of any meeting of holders of Voting Shares at which this Agreement was not confirmed or reconfirmed as provided for in Sections 5.15 and 5.16;

(bb) **"Flip-in Event"** means a transaction in or pursuant to which any Person becomes an Acquiring Person;

(cc) **"holder"** has the meaning ascribed thereto in Section 2.8;

(dd) **"Independent Shareholders"** means holders of Voting Shares, other than:

- (i) any Acquiring Person;
- (ii) any Offeror (other than any Person who, by virtue of Subsection 1.1(f)(v), is not deemed to Beneficially Own the Voting Shares held by such Person);

- (iii) any Affiliate or Associate of any Acquiring Person or Offeror;
 - (iv) any Person acting jointly or in concert with any Acquiring Person or Offeror; and
 - (v) any employee benefit plan, deferred profit sharing plan, stock participation plan and any other similar plan or trust for the benefit of employees of the Company or a Subsidiary unless the beneficiaries of the plan or trust direct the manner in which the Voting Shares are to be voted or withheld from voting or direct whether the Voting Shares are to be tendered to a Take-over Bid;
- (ee) **"Market Price"** per share of any securities on any date of determination means the average of the daily closing prices per share of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 hereof shall have caused the closing prices used to determine the Market Price on any Trading Days not to be fully comparable with the closing price on such date of determination (or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day), each closing price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to make it fully comparable with the closing price on such date of determination or if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The closing price per share of any securities on any date shall be:
- (i) the closing board lot sale price or, in case no such sale takes place on such date, the average of the closing bid and asked prices for each of such securities as reported by the principal Canadian stock exchange on which such securities listed and admitted to trading;
 - (ii) if for any reason none of such prices is available on such day or the securities are not listed or posted for trading on a Canadian stock exchange, the last sale price or, in case no such sale takes place on such date, the average of the closing bid and asked prices for each of such securities as reported by the principal national United States securities exchange on which such securities are listed or admitted to trading;
 - (iii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange, national United States stock exchange or any other stock exchange, the last sale price or, in case no sale takes place on such date, the average of the high bid and low asked prices for each of the securities in the over-the-counter market, as quoted by any recognized reporting system then in use (as determined by the Board of Directors); or
 - (iv) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange, a national United States securities exchange or any other stock exchange or quoted by any reporting system, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the securities selected in good faith by the Board of Directors;

provided, however, that if for any reason none of such prices is available on such day, the closing price per share of the securities on such date means the fair value per share of the securities on such date as determined by a nationally recognized investment dealer or investment banker selected by the Board of Directors. The Market Price shall be expressed in Canadian dollars. Provided further that if an event of a type analogous to any of the events described in Section 2.3 hereof shall have caused any price used to determine the Market Price on any Trading Day not to be fully comparable with the price as so determined on the Trading Day immediately preceding such date of determination, each such price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to make it fully comparable with the price on the Trading Day immediately preceding such date of determination. If any relevant amount used in calculating the Market Price happens to be in United States dollars, such amount shall be translated into Canadian dollars on that date at the Canadian Dollar Equivalent thereof,

(ff) "**Nominee**" has the meaning ascribed thereto in Subsection 2.2(c);

(gg) "**Offer to Acquire**" includes:

- (i) an offer to purchase or a solicitation of an offer to sell Voting Shares; and
- (ii) an acceptance of an offer to sell Voting Shares, whether or not such offer to sell has been solicited;

or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell;

(hh) "**Offeror**" means a Person who has announced, and has not withdrawn, an intention to make or who has made, and has not withdrawn, a Take-over Bid, other than a Person who has completed a Permitted Bid, a Competing Permitted Bid or an Exempt Acquisition;

(ii) "**Offeror's Securities**" means Voting Shares Beneficially Owned by an Offeror on the date of the Offer to Acquire;

(jj) "**Permitted Bid**" means a Take-over Bid made by a Person by way of take-over bid circular 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 Company, other than the Person making the Take-over Bid (the "**Permitted Bid Offeror**");
- (ii) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no Voting Shares will be taken up or paid for pursuant to the Take-over Bid:

(A) prior to the close of business on the date which is not less than 105 days following the date the take-over bid circular is sent to holders of Voting Shares; and

- (B) unless at such date more than 50% of the then outstanding Voting Shares held by Independent Shareholders shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;
- (iii) unless the Take-over Bid is withdrawn, the Take-over Bid contains an irrevocable and unqualified provision that Voting Shares may be deposited pursuant to such Take-over Bid at any time during the period of time described in Subsection 1.1(jj)(ii)(A) and that any Voting Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
- (iv) unless the Take-over Bid is withdrawn, the Take-over Bid contains an irrevocable and unqualified provision that in the event that the deposit condition set forth in Subsection 1.1(jj)(ii)(B) is satisfied the Permitted Bid 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 ten Business Days from the date of such public announcement;

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

- (kk) **"Permitted Bid Acquisition"** means an acquisition of Voting Shares made pursuant to a Permitted Bid or a Competing Permitted Bid;
- (ll) **"Permitted Lock-up Agreement"** means an agreement between an Offeror, any of its Affiliates or Associates or any other Person acting jointly or in concert with the Offeror and a Person (the "Locked-up Person") who is not an Affiliate or Associate of the Offeror or a Person acting jointly or in concert with the Offeror (the terms of which agreement are publicly disclosed and a copy of which is made available to the public (including the Company) not later than the date the Lock-up Bid (as defined below) is publicly announced or if the Lock-up Bid has been made prior to the date on which such agreement is entered into, forthwith, and in any event not later than the date following the date of such agreement) whereby the Locked-up Person agrees to deposit or tender the Voting Shares held by the Locked-up Person to the Offeror's Take-over Bid or to any Takeover Bid made by any of the Offeror's Affiliates or Associates or made by any other Person acting jointly or in concert with the Offeror (the "**Lock-up Bid**") provided such agreement:
 - (i) permits the Locked-up Person to withdraw the Voting Shares from the agreement in order to tender or deposit the Voting Shares to another Take-over Bid or to support another transaction (whether by way of merger, amalgamation, arrangement, reorganization or other transaction) (the "**Superior Offer Consideration**") that in either case will provide a greater cash equivalent value per Voting Share to the holders of Voting Shares than the Locked-up Person otherwise would have received to pay under the Lock-up Bid (the "**Lock-up Bid Consideration**"). Notwithstanding the above, the Lock-Up Agreement may require that the Superior Offer Consideration must exceed the Lock-up Bid Consideration by a specified percentage before such withdrawal right takes effect, provided such specified percentage is not greater than 7%;

(and, for greater clarity, such agreement may contain a right of first refusal or require a period of delay to give an Offeror an opportunity to match a higher price in another Take-over Bid or transaction and may provide for any other similar limitation on a Locked-up Person's right to withdraw Voting Shares from the agreement, as 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 other transaction); and

- (ii) does not provide for any "break-up" fees, "top-up" fees, penalties, expenses or other amounts that exceed in the aggregate the greater of:
 - (A) the cash equivalent of 2.5% of the price or value payable under the Lock-up Bid to a Locked-Up Person; and
 - (B) 50% of the amount by which the price or value payable under another Take-over Bid or transaction exceeds the price or value of the consideration that such Locked-up Person would have received under the Lock-up Bid;

being payable or forfeited by a Locked-up Person pursuant to the agreement in the event a Locked-up Person fails to deposit or tender Voting Shares to the Lock-up Bid, withdraws Voting Shares previously tendered thereto to another Take-over Bid or supports another transaction;

- (mm) "**Person**" includes any individual, firm, partnership, association, trust, trustee, executor, administrator, legal personal representative, body corporate, joint venture, corporation, unincorporated organization, syndicate, governmental entity or other entity;
- (nn) "**Pro Rata Acquisition**" means an acquisition by a Person of Voting Shares or Convertible Securities pursuant to:
 - (i) a Dividend Reinvestment Acquisition;
 - (ii) a stock dividend, stock split or other event in respect of securities of the Company of one or more particular classes or series pursuant to which such Person becomes the Beneficial Owner of Voting Shares on the same pro rata basis as all other holders of securities of the particular class, classes or series;
 - (iii) the acquisition or the exercise by the Person of only those rights to purchase Voting Shares distributed by the Company to that Person in the course of a distribution to all holders of securities of the Company of one or more particular classes or series pursuant to a rights offering or pursuant to a prospectus, provided that the Person does not thereby acquire a greater percentage of such Voting Shares, or securities convertible into or exchangeable for Voting Shares, so offered than the Person's percentage of Voting Shares Beneficially Owned immediately prior to such acquisition and that such rights are acquired directly from the Company and not from any other Person; or
 - (iv) a distribution of Voting Shares, or securities convertible into or exchangeable for Voting Shares (and the conversion or exchange of such convertible or exchangeable securities), by the Company, provided that the Person does not thereby acquire a greater percentage of such Voting Shares, or securities

convertible into or exchangeable for Voting Shares, so offered in the distribution than the Person's percentage of Voting Shares Beneficially Owned immediately prior to such acquisition;

- (oo) "**Record Time**" means close of business on the date of this Agreement;
- (pp) "**Redemption Price**" has the meaning ascribed thereto under Subsection 5.1(b) of this Agreement;
- (qq) "**Right**" means a right to purchase a Common Share upon the terms and subject to the conditions set forth in this Agreement;
- (rr) "**Rights Certificate**" means the certificates representing the Rights after the Separation Time, which shall be substantially in the form attached hereto as Attachment 1 or such other form as the Company and the Rights Agent may agree;
- (ss) "**Rights Holders' Special Meeting**" means a meeting of the holder of Rights called by the Board of Directors for the purpose of approving a supplement or amendment to this Agreement pursuant to Subsection 5.4(c);
- (tt) "**Rights Register**" has the meaning ascribed thereto in Subsection 2.6(a); (uu) "**Rights**
- (uu) "**Registrar**" has the meaning ascribed thereto in Subsection 2.6(a);
- (vv) "**Securities Act (British Columbia)**" means the Securities Act, R.S.B.C. 1996 c.418, as amended, and the regulations and rules thereunder, and any comparable or successor laws or regulations and rules thereto;
- (ww) "**Separation Time**" means the close of business on the tenth Trading Day after the earlier of:
 - (i) the Stock Acquisition Date;
 - (ii) the date of the commencement of or first public announcement of the intent of any Person (other than the Company or any Subsidiary of the Company) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid); and
 - (iii) the date on which a Permitted Bid or Competing Permitted Bid ceases to be such;

or such later time as may be determined by the Board of Directors, and provided that, if any Take-over Bid referred to in Subsection (ii) or Permitted Bid or Competing Permitted Bid referred to in Subsection (iii) is not made, expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid, Permitted Bid or Competing Permitted Bid, as applicable, shall be deemed, for the purposes of this definition, never to have been made;

- (xx) "**Special Meeting**" means a special meeting of the holder of Voting Shares, called by the Board of Directors for the purpose of approving a supplement or amendment to this Agreement pursuant to Subsection 5.4(b);

- (yy) "**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 or section 102.1 of the Securities Act (Ontario), as any of the aforementioned legislation may be amended or substituted from time to time) by the Company or an Acquiring Person indicating that an Acquiring Person has become such;
- (zz) "**Subsidiary**": a corporation is a Subsidiary of another corporation if:
- (i) it is controlled by:
 - (A) that other; or
 - (B) that other and one or more corporations, each of which is controlled by that other; or
 - (C) two or more corporations, each of which is controlled by that other; or
 - (ii) it is a Subsidiary of a corporation that is that other's Subsidiary;
- (aaa) "**Take-over Bid**" means an Offer to Acquire Voting Shares, or Convertible Securities if, assuming that the Voting Shares or Convertible Securities subject to the Offer to Acquire are acquired and are Beneficially Owned at the date of such Offer to Acquire by the Person making such Offer to Acquire, such Voting Shares (including Voting Shares that may be acquired upon the conversion, exchange or exercise of the rights under such Convertible Securities into Voting Shares) together with the Offeror's Securities, constitute in the aggregate 20% or more of the outstanding Voting Shares at the date of the Offer to Acquire;
- (bbb) "**Termination Time**" means the time at which the right to exercise Rights shall terminate pursuant to Subsection 5.1(e);
- (ccc) "**Trading Day**", when used with respect to any securities, means a day on which the principal stock 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 Canadian stock exchange, a Business Day;
- (ddd) "**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 such manner as may be determined by the Board of Directors from time to time acting in good faith;
- (eee) "**Voting Share Reduction**" means an acquisition or redemption by the Company of Voting Shares which, by reducing the number of Voting Shares outstanding, increases the proportionate number of Voting Shares Beneficially Owned by any Person to 20% or more of the Voting Shares then outstanding; and

(fff) "**Voting Shares**" means the Common Shares and any other shares in the capital of the Company entitled to vote generally in the election of all directors.

1.2 CURRENCY

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

1.3 HEADINGS AND INTERPRETATION

The division of this Agreement into Articles, Sections, Subsections, Clauses, Paragraphs, Subparagraphs or other portions hereof and the insertion of headings, subheadings and a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. In this Agreement, where the context so admits, words importing the singular include the plural and vice versa and words importing gender includes the masculine, feminine and neuter genders.

1.4 CALCULATION OF NUMBER AND PERCENTAGE OF BENEFICIAL OWNERSHIP OF OUTSTANDING VOTING SHARES

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

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

where:

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

B = the number of votes for the election of all directors generally attaching to all outstanding Voting Shares.

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 no other unissued Voting Shares shall, for the purposes of such calculation, be deemed to be outstanding.

1.5 ACTING JOINTLY OR IN CONCERT

For the purposes of this Agreement, a Person is acting jointly or in concert with every Person who is a party to any agreement, commitment or understanding (whether formal or informal and whether or not in writing) with the first Person (the "**First Person**") or any Associate or Affiliate thereof or any other Person acting jointly or in concert with the First Person, to acquire or offer to acquire Voting Shares (other than customary agreements (i) with and between underwriters or banking group members or selling group members with respect to a public offering or private placement of securities or pledges of securities in the ordinary course of business, and (ii) among shareholders of the Company for legitimate corporate governance activities).

1.6 GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

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

ARTICLE 2 - THE RIGHTS

2.1 ISSUE OF RIGHTS: LEGEND ON COMMON SHARE CERTIFICATES

- (a) One Right shall be issued on the Effective Date in respect of each Common Share outstanding at the Record Time and one Right shall be issued in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time.
- (b) Certificates representing Common Shares which are issued prior to the earlier of the Separation Time and the Expiration Time shall evidence one Right for each Common Share represented thereby. Certificates representing Common Shares that are issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time shall have impressed on, printed on, written on or otherwise affixed to them a legend substantially in the following form:

"Until the Separation Time (defined in the Agreement below), this certificate also evidences the holder's rights described in a Shareholder Rights Plan Agreement dated as of November 5, 2020 (the "Agreement") between Enduro Metals Corporation (the "Company") and Computershare Investor Services Inc., as the same may from time to time be amended, the terms of which are incorporated herein by reference and a copy of which is on file at the principal office of the Company. Under certain circumstances set out in the Agreement, the Rights may be amended or redeemed, may expire, may become void (if, in certain circumstances, they are "Beneficially Owned" by an "Acquiring Person", as such terms are defined in the Agreement, or a transferee thereof) or may be evidenced by separate certificates and no longer evidenced by this certificate. The Company will mail or arrange for the mailing of a copy of the Agreement to the holder of this certificate without charge as soon as practicable after the receipt of a written request therefor."

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 accordance with this Subsection 2.1(b), until the earlier of the Separation Time and the Expiration Time.

Registered holders of Common Shares who have not received a share certificate and are entitled to do so on the earlier of the Separation Time and Expiration Time shall be

entitled to Rights as if such certificates had been issued and such Rights shall for all purposes hereof be evidenced by the corresponding entries on the Company's securities register for Common Shares.

2.2 INITIAL EXERCISE PRICE; EXERCISE OF RIGHTS; DETACHMENT OF RIGHTS

- (a) Subject to Subsection 3.1(a) and adjustment as herein set forth, each Right will entitle the holder thereof, from and after the Separation Time and prior to the Expiration Time, to purchase one Common Share for the Exercise Price (and the Exercise Price and number of Common Shares are subject to adjustment as set forth below). Notwithstanding any other provision of this Agreement, any Rights held by the Company or any of its Subsidiaries shall be void.
- (b) Until the Separation Time:
 - (i) the Rights shall not be exercisable and no Right may be exercised; and
 - (ii) for administration purposes, each Right will be evidenced by the certificate for the associated Common Share registered in the name of the holder thereof (which certificate shall also be deemed to represent a Rights Certificate) and Will be transferable only together with, and will be transferred by a transfer of, such associated Common Share.
- (c) From and after the Separation Time and prior to the Expiration Time:
 - (i) the Rights shall be exercisable; and
 - (ii) the registration and transfer of Rights shall be separate from and independent of Common Shares.

Promptly following the Separation Time, the Company will prepare and the Rights Agent will mail to each holder of record of Common Shares as of the Separation Time (other than an Acquiring Person and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a "Nominee")), at such holder's address as shown by the records of the Company (the Company hereby agreeing to furnish copies of such records to the Rights Agent for this purpose): (x) a Rights Certificate appropriately completed, representing the number of Rights held by such holder at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule or regulation or with any rule or regulation of any self-regulatory organization, stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to standard usage; and (y) a disclosure statement prepared by the Company describing the Rights, provided that a Nominee shall be sent the materials provided for in clauses

(x) and (y) in respect of all Common Shares held of record by it which are not Beneficially Owned by an Acquiring Person.

- (d) Rights may be exercised, in whole or in part, on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent:
 - (i) the Rights Certificate evidencing such Rights;

- (ii) an election to exercise such Rights (an "**Election to Exercise**") substantially in the form attached to the Rights Certificate appropriately completed and duly executed by the holder or his executors or administrators or other personal representatives or his or their legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and
 - (iii) payment by certified cheque, banker's draft or money order payable to the order of the Company, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being exercised.
- (e) Upon receipt of a Rights Certificate, together with a completed Election to Exercise executed in accordance with Subsection 2.2(d)(ii), which does not indicate that such Right is null and void as provided by Subsection 3.1(b), and payment as set forth in Subsection 2.2(d)(iii), the Rights Agent (unless otherwise instructed by the Company in the event that the Company is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly:
- (i) requisition from the Company's transfer agent certificates representing the number of such Common Shares to be purchased (the Company hereby irrevocably authorizing its transfer agent to comply with all such requisitions);
 - (ii) when appropriate, requisition from the Company the amount of cash to be paid in lieu of issuing fractional Common Shares in accordance with Subsection 5.5(b);
 - (iii) after receipt of the certificates referred to in Clause 2.2(e)(i), deliver the same to or upon the order of the registered holder of such Rights Certificates, registered in such name or names as may be designated by such holder;
 - (iv) when appropriate, after receipt, deliver the cash referred to in Subsection 2.2(e)(ii) to or to the order of the registered holder of such Rights Certificate; and
 - (v) tender to the Company all payments received on exercise of Rights.
- (f) In case the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised (subject to the provisions of Subsection 5.5(a)) will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.
- (g) The Company covenants and agrees that it will:
- (i) take all such action as may be necessary and within its power to ensure that all Common Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates for such Common Shares (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable;

- (ii) take all such action as may be necessary and within its power to comply with the requirements of the Business Corporations Act, the Securities Act (British Columbia), the securities laws or comparable legislation of each of the provinces of Canada and any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights Certificates and the issuance of any Common Shares upon exercise of Rights;
- (iii) use reasonable efforts to cause all Common Shares issued upon exercise of Rights to be listed on the principal stock exchanges on which such Common Shares were traded immediately prior to the Stock Acquisition Date;
- (iv) cause to be reserved and kept available out of the 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;
- (v) pay when due and payable, if applicable, any and all federal, provincial and municipal transfer taxes and charges (not including any income or capital taxes of the holder or exercising holder or any liability of the Company to withhold tax) which may be payable in respect of the original issuance or delivery of the Rights Certificates, or certificates for Common Shares to be issued upon exercise of any Rights, provided that the Company shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being transferred or exercised; and
- (vi) after the Separation Time, except as permitted by Section 5.1, not take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

2.3 ADJUSTMENTS TO EXERCISE PRICE; NUMBER OF RIGHTS

The Exercise Price, the number and kind of securities subject to purchase upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 2.3 or Article 3.

- (a) In the event the Company shall at any time after the date of this Agreement:
 - (i) declare or pay a dividend on Common Shares payable in Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares or other securities of the Company) other than pursuant to any optional stock dividend program;
 - (ii) subdivide or change the then outstanding Common Shares into a greater number of Common Shares;
 - (iii) consolidate or change the then outstanding Common Shares into a smaller number of Common Shares; or

- (iv) issue any Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares or other securities of the Company) in respect of, in lieu of or in exchange for existing Common Shares except as otherwise provided in this Section 2.3,

the Exercise Price and the number of Rights outstanding, or, if the payment or effective date therefor shall occur after the Separation Time, the securities purchasable upon exercise of Rights shall be adjusted as of the payment or effective date in the manner set forth below.

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

- (x) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Common Shares (or other capital stock) 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 (for the purpose of this Agreement, "**Expansion Factor**" shall mean the number of Common Shares (or other capital stock) 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 divided by one Common Share); and
- (y) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor,

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

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

If, after the Record Time and prior to the Expiration Time, the Company shall issue any shares of capital stock other than Common Shares in a transaction of a type described in Subsection 2.3(a)(i) or (iv), shares of such capital stock shall be treated herein as nearly equivalent to Common Shares as may be practicable and appropriate under the circumstances and the Company and the Rights Agent agree to amend this Agreement in order to effect such treatment. If an event occurs which would require an adjustment under both this Section 2.3 and Subsection 3.1(a) hereof, the adjustment provided for in this Section 2.3 shall be in addition to and shall be made prior to any adjustment required pursuant to Subsection 3.1(a) hereof. Adjustments pursuant to this Subsection 2.3(a) shall be made successively, whenever an event referred to in this Subsection 2.3(a) occurs.

In the event the Company shall at any time after the Record Time and prior to the Separation Time issue any Common Shares otherwise than in a transaction referred to in

this Subsection 2.3(a), each such Common Share so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such associated Common Share.

- (b) In the event the Company shall at any time after the Record Time and prior to the Separation Time fix a record date for the issuance of rights, options or warrants to all holders of Common Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for or carrying a right to purchase Common Shares) at a price per Common Share (or, if a security convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares, having a conversion, exchange or exercise price, including the price required to be paid to purchase such convertible or exchangeable security or right per share) less than 90% of the Market Price per Common Share on such record date, the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction:
- (i) the numerator of which shall be the number of Common Shares outstanding on such record date, plus the number of Common Shares that the aggregate offering price of the total number of Common Shares so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the convertible or exchangeable securities or rights so to be offered, including the price required to be paid to purchase such convertible or exchangeable securities or rights) would purchase at such Market Price per Common Share; and
 - (ii) the denominator of which shall be the number of Common Shares outstanding on such record date, plus the number of additional Common Shares to be offered for subscription or purchase (or into which the convertible or exchangeable securities or rights so to be offered are initially convertible, exchangeable or exercisable).

In case such subscription price may be paid by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of Rights. Such adjustment shall be made successively whenever such a record date is fixed, and in the event that such rights, options or warrants are not so issued, or if issued, are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed, or to the Exercise Price which would be in effect based upon the number of Common Shares (or securities convertible into, or exchangeable or exercisable for Common Shares) actually issued upon the exercise of such rights, options or warrants, as the case may be.

For purposes of this Agreement, the granting of the right to purchase Common Shares (whether from treasury or otherwise) pursuant to any Dividend Reinvestment Plan or any employee benefit, stock option or similar plans shall be deemed not to constitute an issue of rights, options or warrants by the Company; provided, however, that, in all such cases, the right to purchase Common Shares is at a price per share of not less than 90% of the current Market Price per share (determined as provided in such plans) of the Common Shares.

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

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

- (d) Notwithstanding anything herein to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least one per cent in the Exercise Price; provided, however, that any adjustments which by reason of this Subsection 2.3(d) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under Section 2.3 shall be made to the nearest cent or to the nearest ten-thousandth of a share. Notwithstanding the first sentence of this Subsection 2.3(d), any adjustment required by Section 2.3 shall be made no later than the earlier of:
- (i) three years from the date of the transaction which gives rise to such adjustment; or
 - (ii) the Expiration Time.
- (e) In the event the Company shall at any time after the Record Time and prior to the Separation Time issue any shares of capital stock (other than Common Shares), of rights, options or warrants to subscribe for or purchase any such capital stock, in a transaction referred to in Subsection 2.3(a)(i) or (iv) above, if the Board of Directors acting in good faith determines that the adjustments contemplated by Subsection 2.3(a), (b) and (c) above in connection with such transaction will not appropriately protect the interests of the holders of Rights, the Board of Directors may determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding Subsections 2.3(a), (b) and (c) above, such adjustments rather than the adjustments contemplated by Subsections 2.3(a), (b) and (c) above, shall be made. Subject to the prior consent of the holders of the Voting Shares or Rights obtained as set forth in Subsection 5.4(b) or (c), the Company and the Rights

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

(f) Each Right originally issued by the Company subsequent to any adjustment made to the Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Common Shares purchasable from time to time hereunder upon exercise of a Right immediately prior to such issue, all subject to further adjustment as provided herein.

(g) Irrespective of any adjustment or change in the Exercise Price or the number of Common Shares issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the Exercise Price per Common Share and the number of Common Shares which were expressed in the initial Rights Certificates issued hereunder.

In any case in which this Section 2.3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the number of Common Shares and other securities of the Company, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Company, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional shares (fractional or otherwise) or other securities upon the occurrence of the event requiring such adjustment.

(h) Notwithstanding anything contained in this Section 2.3 to the contrary, the Company shall be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this Section 2.3, as and to the extent that in their good faith judgment the Board of Directors shall determine to be advisable, in order that any:

(i) consolidation or subdivision of Common Shares;

(ii) issuance (wholly or in part for cash) of Common Shares or securities that by their terms are convertible into or exchangeable for Common Shares;

(iii) stock dividends; or

(iv) issuance of rights, options or warrants referred to in this Section 2.3, hereafter made by the Company to holders of its Common Shares, shall not be taxable to such shareholders.

(i) Whenever an adjustment to the Exercise Price or a change in the securities purchasable upon exercise of the Rights is made pursuant to this Section 2.3, the Company shall promptly and in any event, where such change or adjustment occurs prior to the Separation Time, not later than the Separation Time:

(i) file with the Rights Agent and with each transfer agent for the Common Shares a certificate specifying the particulars of such adjustment or change; and

- (ii) 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 such adjustment or change.

2.4 DATE ON WHICH EXERCISE IS EFFECTIVE

Each Person in whose name any certificate for Common Shares or other securities, if applicable, is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Common Shares or other securities, if applicable, represented thereby, and such certificate shall be dated the date upon which the Rights Certificate evidencing such Rights was duly surrendered in accordance with Subsection 2.2(d) (together with a duly completed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the Common Share transfer books of the Company are closed, such Person shall be deemed to have become the record holder of such shares on, and such certificate shall be dated, the next succeeding Business Day on which the Common Share transfer books of the Company are open.

2.5 EXECUTION, AUTHENTICATION, DELIVERY AND DATING OF RIGHTS CERTIFICATES

- (a) The Rights Certificates shall be executed on behalf of the Company by its Chairman of the Board, Chief Executive Officer, President, Chief Financial Officer, any Vice- President or its Corporate Secretary. The signature of any of these officers on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices either before or after the countersignature and delivery of such Rights Certificates.
- (b) Promptly after the Company learns of the Separation Time, the Company will notify the Rights Agent of such Separation Time and will deliver Rights Certificates executed by the Company to the Rights Agent for countersignature, and the Rights Agent shall manually countersign (in a manner satisfactory to the Company) and send such Rights Certificates to the holders of the Rights pursuant to Subsection 2.2(c) hereof. No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.
- (c) Each Rights Certificate shall be dated the date of countersignature thereof.

2.6 REGISTRATION, TRANSFER AND EXCHANGE

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

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

- (b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be the valid obligations of the Company, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.
- (c) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer satisfactory in form to the Company 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 Company 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.

2.7 MUTILATED, DESTROYED, LOST AND STOLEN RIGHTS CERTIFICATES

- (a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Company shall execute and the Rights Agent shall countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.
- (b) If there shall be delivered to the Company and the Rights Agent prior to the Expiration Time:
 - (i) evidence to their reasonable satisfaction of the destruction, loss or theft of any Rights Certificate; and
 - (ii) such security and indemnity as may be reasonably required by them to save each of them and any of their agents harmless;

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

- (c) As a condition to the issuance of any new Rights Certificate under this Section 2.7, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and expenses of the Rights Agent) connected therewith.
- (d) Every new Rights Certificate issued pursuant to this Section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence the contractual obligation of the Company,

whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued hereunder.

2.8 PERSONS DEEMED OWNERS OF RIGHTS

The Company, the Rights Agent and any agent of the Company or the Rights Agent may deem and treat the Person in whose name a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever and the Company 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 shall mean the registered holder of such Rights (or, prior to the Separation Time, of the associated Common Shares).

2.9 DELIVERY AND CANCELLATION OF CERTIFICATES

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

2.10 AGREEMENT OF RIGHTS HOLDERS

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

- (a) to be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of all Rights held;
- (b) that prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Common Share certificate representing such Right;
- (c) that after the Separation Time, the Rights Certificates will be transferable only on the Rights Register as provided herein;
- (d) that prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for registration of transfer, the Company, the Rights Agent and any agent of the Company or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Common Share certificate made by anyone other

than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary;

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

2.11 HOLDER OF RIGHTS NOT DEEMED A SHAREHOLDER

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

ARTICLE 3 - ADJUSTMENTS TO THE RIGHTS IN THE EVENT OF A FLIP-IN EVENT

3.1 FLIP-IN EVENT

- (a) Subject to Subsection 3.1(b) and Section 5.1, if prior to the Expiration Time a Flip-in Event occurs, each Right shall constitute, effective at the close of business on the tenth Trading Day after the Stock Acquisition Date, the right to purchase from the Company, upon exercise thereof in accordance with the terms hereof, that number of Common Shares having an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in the event that after such consummation or occurrence, an event of a type analogous to any of the events described in Section 2.3 shall have occurred).

- (b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time or the Stock Acquisition Date by:
- (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person); or
 - (ii) a transferee of or other successor in title or ownership to Rights (a "**transferee**"), directly or indirectly, from an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person), where such transferee becomes a transferee concurrently with or subsequent to the Acquiring Person becoming an Acquiring Person in a transfer that the Board of Directors has determined is part of a plan, arrangement or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person), that has the purpose or effect of avoiding Subsection 3.1(b)(i),

shall become null and void without any further action, and any holder of such Rights (including transferees) shall thereafter have no right to exercise or transfer such Rights under any provision of this Agreement and further shall thereafter not have any other rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The holder of any Rights represented by a Rights Certificate which is submitted to the Rights Agent upon exercise or for registration of transfer or exchange on which the holder fails to certify upon the transfer or exchange in the place set forth in the Rights Certificate establishing that such holder is not a Person described in either Subsection 3.1(b)(i) or (ii) above shall be deemed to be Beneficially Owned by 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 Company 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, the Securities Act (British Columbia) and the securities laws or comparable legislation of each of the provinces of Canada and of the United States and each of the States thereof and any other applicable law, rule or regulation 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 Subsection 3.1(b)(i) or (ii) or transferred to any nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain the following legend:

"The Rights represented by this Rights Certificate were issued to a Person who was an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (as such terms are defined in the Rights Agreement) or a Person who was acting jointly or in concert with an Acquiring Person or an Affiliate or Associate of an Acquiring Person. This Rights Certificate and the Rights

represented hereby are void or shall become void in the circumstances specified in Subsection 3.1(b) of the 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 impose such legend only if instructed to do so by the Company in writing or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not a Person described in such legend. Notwithstanding the foregoing, the issuance of a Rights Certificate which does not bear the legend referred to in this Subsection 3.1(d) shall not invalidate or have any effect on the provisions of Subsection 3.1(b).

ARTICLE 4 - THE RIGHTS AGENT

4.1 GENERAL

- (a) The Company hereby appoints the Rights Agent to act as agent for the Company and the holders of the Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such co-Rights Agents ("**Co-Rights Agents**") as it may deem necessary or desirable, subject to the approval of the Rights Agent. In the event the Company appoints one or more Co-Rights Agents, the respective duties of the Rights Agent and Co-Rights Agents shall be as the Company may determine, with the approval of the Rights Agent and the Co-Rights Agents. The Company agrees to pay all reasonable fees and expenses of the Rights Agent in respect of the performance of its duties under this Agreement. The Company also agrees to indemnify the Rights Agent, its officers, directors, and employees for, and to hold them harmless against, any loss, liability, or expense, incurred without gross negligence, bad faith or wilful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement or the resignation or removal of the Rights Agent.
- (b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any certificate for Common Shares, Rights Certificate, certificate for other securities of the Company, 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 in good faith to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.
- (c) The Company shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and, at any time upon request, shall provide to the Rights Agent an incumbency certificate certifying the then current officers of the Company; provided that failure to inform the Rights Agent of any such events, or any defect therein shall not affect the validity of any action taken hereunder in relation to such events.

4.2 MERGER, AMALGAMATION OR CONSOLIDATION OR CHANGE OF NAME OF RIGHTS AGENT

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

4.3 DUTIES OF RIGHTS AGENT

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

- (a) the Rights Agent, at the expense of the Company, may consult with and retain legal counsel (who may be legal counsel for the Company) and such other experts as it reasonably considers necessary to perform its duties hereunder, and the opinion of such counsel or other expert will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion;
- (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 Company prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof is specifically prescribed herein) is deemed to be conclusively proved and established by a certificate signed by a Person believed by the Rights Agent to be the Chairman of the Board, President, Chief Executive Officer, Chief Financial Officer, any Vice-President or Corporate Secretary of the Company and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;

- (c) notwithstanding anything to the contrary, the Rights Agent will be liable hereunder for its own gross negligence, bad faith or wilful misconduct;
- (d) the Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Common Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Company only;
- (e) the Rights Agent will not have any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any certificate for a Common Share or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to Subsection 3.1(b) hereof) or any adjustment required under the provisions of Section 2.3 hereof or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 describing any such adjustment); nor is it deemed by any act hereunder to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Common Shares will, when issued, be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable;
- (f) the Company agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;
- (g) the Rights Agent is hereby authorized and directed to accept instructions in writing with respect to the performance of its duties hereunder from any individual believed by the Rights Agent to be the Chairman of the Board, President, Chief Executive Officer, Chief Financial Officer, any Vice-President or Corporate Secretary of the Company, and to apply to such individuals for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such individual;
- (h) the Rights Agent and any shareholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Common Shares, Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not Rights Agent under this Agreement and nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity; and
- (i) the Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company resulting from

any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

4.4 CHANGE OF RIGHTS AGENT

The Rights Agent may resign and be discharged from its duties under this Agreement upon 60 days' notice (or such lesser notice as is acceptable to the Company) in writing mailed to the Company and to each transfer agent of Common Shares by registered or certified mail. The Company may remove the Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent and to each transfer agent of the Common Shares by registered or certified mail. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Company will appoint a successor to the Rights Agent. If the Company fails to make such appointment within a period of 30 days after removal or 60 days after it has been notified in writing of the resignation or incapacity by the resigning or incapacitated Rights Agent, then by prior written notice to the Company the resigning Rights Agent or the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate, if any, for inspection by the Company), may apply to a court of competent jurisdiction for the appointment of a new Rights Agent, at the Company's expense. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a corporation incorporated under the laws of Canada or a province thereof. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent, upon receipt of all outstanding fees and expenses owing to it, shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares and mail a notice thereof in writing to the holders of the Rights in accordance with Section 5.9. Failure to give any notice provided for in this Section 4.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of any successor Rights Agent, as the case may be.

4.5 COMPLIANCE WITH 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' written notice to the Company, provided: (i) that the Rights Agent's written notice shall describe the circumstances of such non-compliance; and (ii) that if such circumstances are rectified to the Rights Agent's satisfaction within such 10-day period, then such resignation shall not be effective.

4.6 PRIVACY PROVISION

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individual's personal information (collectively, "**Privacy Laws**") applies to obligations and activities under this Agreement. Despite any other provision of this Agreement, neither party will take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Company will, prior to transferring or causing to be transferred personal information to the Rights Agent, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or will have determined that such consents either have previously been given upon

which the parties can rely or are not required under the Privacy Laws. The Rights Agent will use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws.

ARTICLE 5 - MISCELLANEOUS

5.1 REDEMPTION AND WAIVER

- (a) The Board of Directors acting in good faith may, until the occurrence of a Flip-in Event, upon prior written notice delivered to the Rights Agent, waive the application of Section 3.1 to that particular Flip-in Event provided that the particular Flip-in Event would result from a Take-over Bid made by way of take-over bid circular sent to all holders of record of Voting Shares (which for greater certainty shall not include the circumstances described in Subsection 5.1(h)); provided that if the Board of Directors waives the application of Section 3.1 to a particular Flip-in Event pursuant to this Subsection 5.1(a), the Board of Directors shall be deemed to have waived the application of Section 3.1 to any other Flip-in Event occurring by reason of any Take-over Bid which is made by means of a take-over bid circular to all holders of record of 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(a).
- (b) Subject to the prior consent of the holders of the Voting Shares or the Rights as set forth in Subsection 5.4(b) or (c), as the case may be, the Board of Directors of the Company acting in good faith may, at its option, at any time prior to the provisions of Section 3.1 becoming applicable as a result of the occurrence of a Flip-in Event, elect to redeem all but not less than all of the 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**").
- (c) Where, pursuant to a Permitted Bid, a Competing Permitted Bid, an Exempt Acquisition or an acquisition for which a waiver has been granted under Subsection 5.1(a), a Person acquires more than 50% of the outstanding Voting Shares, other than Voting Shares Beneficially Owned by such Person at the date of the Permitted Bid, the Competing Permitted Bid, the Exempt Acquisition or an acquisition for which a waiver has been granted under Subsection 5.1(a), then the Board of Directors of the Company shall, notwithstanding Subsection 5.1(b), immediately upon the consummation of such acquisition without further formality and without any approval under Subsection 5.4(b) or (c) be deemed to have elected to redeem the Rights at the Redemption Price.
- (d) 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.
- (e) If the Board of Directors is deemed under Subsection 5.1(c) to have elected, or elects under either of Subsection 5.1(b) or (d), to redeem the Rights, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights so redeemed shall be to receive the Redemption Price.

- (f) Within 10 days after the Board of Directors is deemed under Subsection 5.1(c) to have elected, or elects under Subsection 5.1(b) or (d), to redeem the Rights, the Company shall give notice of redemption to the holders of the then outstanding Rights by publication of a notice in any newspaper distributed nationally in Canada or by mailing such notice to each such holder at his last address as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the transfer agent for the Voting Shares. Any notice which is mailed in the manner provided herein shall be deemed given, whether or not the holder receives the notice. Each notice of redemption will state the method by which the payment of the Redemption Price will be made.
- (g) Upon the Rights being redeemed pursuant to Subsection 5.1(d), the directors shall be deemed to have distributed new Rights to the holders of Voting Shares as of such date and in respect of each additional Voting 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(d) had not occurred and which for all purposes of this Agreement shall be deemed not to 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.
- (h) 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 ten 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, in the event that such a waiver is granted by the Board of Directors, such Stock Acquisition Date shall be deemed not to have occurred. Any such waiver pursuant to this Subsection 5.1(h) must be on the condition that such Person, within 14 days after the foregoing determination by the Board of Directors or such earlier or later date as the Board of Directors may determine (the "**Disposition Date**"), has reduced its Beneficial Ownership of Voting Shares so that the Person is no longer an Acquiring Person. If the Person remains an Acquiring Person at the close of business on the Disposition Date, the Disposition Date shall be deemed to be the date of occurrence of a further Stock Acquisition Date and Section 3.1 shall apply thereto.
- (i) The Company shall give prompt written notice to the Rights Agent of any waiver of the application of Section 3.1 made by the Board of Directors under this Section 5.1.
- (j) 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 otherwise than pursuant to a Take-over Bid made by means of a take-over bid circular to all holders of Voting Shares and otherwise than in the circumstances set forth in Subsection 5.1(h), 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 will extend the Separation Time to a date subsequent to and not more than ten Business Days following the meeting of shareholders called to approve such waiver.

5.2 EXPIRATION

No Person shall have any rights whatsoever pursuant to this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in Subsection 4.1 of this Agreement.

5.3 ISSUANCE OF NEW RIGHTS CERTIFICATES

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

5.4 SUPPLEMENTS AND AMENDMENTS

- (a) The Company may at any time, by resolution of the Board of Directors, supplement or make amendments to this Agreement to correct any clerical or typographical error or, subject to Subsection 5.4(e), which supplements or amendments are required to maintain the validity of this Agreement as a result of any change in any applicable legislation, rules or regulations thereunder or policies of securities regulatory authorities or stock exchanges. The Company may, by resolution of the Board of Directors, prior to the date of its shareholders' meeting referred to in Section 5.15, supplement or amend this Agreement without the approval of any holders of Rights or Voting Shares (whether or not such action would adversely affect the interest of the holders of Rights or Voting Shares generally) in order to make any changes which the Board of Directors acting in good faith may deem necessary or desirable. Notwithstanding anything in this Section 5.4 to the contrary, no such supplement or amendment shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent to such supplement or amendment.
- (b) Subject to Subsection 5.4(a), the Company may, with the prior consent of the holders of Voting Shares obtained as set forth below, at any time before the Separation Time, amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if provided by the holders of Voting Shares at a Special Meeting, which Special Meeting shall be called and held in compliance with applicable laws and regulatory requirements and the requirements in the articles of the Company. Subject to compliance with any requirements imposed by the foregoing, consent shall be given if the proposed amendment, variation or rescission is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders present or represented in person or by proxy at and entitled to be voted at the Special Meeting.
- (c) The Company may, with the prior consent of the holders of Rights obtained as set forth below, at any time after the Separation Time and before the Expiration Time, amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally), provided that no such amendment, variation or deletion shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent thereto. Such consent shall be deemed to have been given if provided by the holders of Rights at a Rights Holders' Special Meeting, which Rights Holders' Special Meeting shall be called and held in compliance with applicable laws and regulatory requirements and, to the

extent possible, with the requirements in the articles of the Company applicable to meetings of holders of Voting Shares, applied mutatis mutandis. Subject to compliance with any requirements imposed by the foregoing, consent shall be given if the proposed amendment, variation or rescission is approved by the affirmative vote of a majority of the votes cast by holders of Rights (other than holders of Rights whose Rights have become null and void pursuant to Subsection 3.1(b)), represented in person or by proxy at and entitled to be voted at the Rights Holders' Special Meeting.

- (d) Any approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented at and entitled to be voted at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are void pursuant to the provisions hereof) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Company's articles and the Business Corporations Act with respect to meetings of shareholders of the Company.
- (e) Any supplements or amendments made by the Company to this Agreement pursuant to Subsection 5.4(a) which are required to maintain the validity of this Agreement as a result of any change in any applicable legislation, rule or regulation thereunder or policies of any securities regulatory authority or stock exchange shall:
 - (i) if made before the Separation Time, be submitted to the shareholders of the Company at the next meeting of shareholders and the shareholders may, by the majority referred to in Subsection 5.4(b), confirm or reject such amendment;
 - (ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of shareholders of the Company called after the Separation Time and the holders of Rights may, by resolution passed by the majority referred to in Subsection 5.4(d), confirm or reject such amendment.

Any such amendment shall be effective from the date of the resolution of the Board of Directors adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the shareholders or the holders of Rights or is not submitted to the shareholders or holders of Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the Board of Directors to amend this Agreement to substantially the same effect shall be effective until confirmed by the shareholders or holders of Rights referred to in Subsection 5.4(b) or 5.4(c), as the case may be.

- (f) The Company shall provide the Rights Agent with notice in writing of any amendment, variation or deletion to this Agreement as referred to in this Section 5.4 within 5 Business Days of effecting such amendment, variation or deletion.

5.5 FRACTIONAL RIGHTS AND FRACTIONAL SHARES

- (a) The Company shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. After the Separation Time, in lieu of issuing fractional Rights, the Company shall pay to the holders of record of the Rights Certificates (provided the Rights represented by such Rights Certificates are not void pursuant to the provisions of Subsection 3.1(b), at the time such fractional Rights would otherwise be issuable), an amount in cash equal to the fraction of the Market Price of one whole Right that the fraction of a Right that would otherwise be issuable is of one whole Right, provided that the Company shall not be required or obligated to make any payment provided for above unless the amount payable by the Company to a certain holder exceeds \$10.
- (b) The Company shall not be required to issue fractions of Common Shares upon exercise of Rights or to distribute certificates which evidence fractional Common Shares. In lieu of issuing fractional Common Shares, the Company shall pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash equal to the fraction of the Market Price of one Common Share that the fraction of a Common Share that would otherwise be issuable upon the exercise of such Right is of one whole Common Share at the date of such exercise.
- (c) The Rights Agent shall have no obligation to make any payments in lieu of issuing fractions of Rights or Common Shares pursuant to Subsection 5.5(a) or (b), respectively, unless and until the Company 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.

5.6 RIGHTS OF ACTION

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

5.7 REGULATORY APPROVALS

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

5.8 NON-CANADIAN HOLDERS

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

5.9 NOTICES

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

Enduro Metals Corporation
202 - 1632 Dickson Avenue
Kelowna, British Columbia, Canada
V1Y 7T2

Attention: Chief Executive Officer
Fax No.: (604) 685-6905

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

Computershare Investor Services Inc. 510
Burrard Street, 2nd Floor Vancouver BC
V6C 3B9

Attention: General Manager EIS
Services Fax No.:(604) 661-9401

- (c) Except as otherwise provided hereunder, notices or demands authorized or required by this Agreement to be given or made by the Company or the Rights Agent to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by registered or certified mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the register of the Rights Agent or, prior to the Separation Time, on the register of the Company for its Common Shares. Any notice which is mailed or sent in the manner herein provided shall be deemed given, whether or not the holder receives the notice.

- (d) Any notice given or made in accordance with this Section 5.9 shall be deemed to have been given and to have been received on the day of delivery, if so delivered, on the third Business Day (excluding each day during which there exists any general interruption of postal service due to strike, lockout or other cause) following the mailing thereof, if so mailed, and on the day of telecopying or sending of the same by other means of recorded electronic communication (provided such sending is during the normal business hours of the addressee on a Business Day and if not, on the first Business Day thereafter). Each of the Company and the Rights Agent may from time to time change its address for notice by notice to the other given in the manner aforesaid.

5.10 COSTS OF ENFORCEMENT

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

5.11 SUCCESSORS

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

5.12 BENEFITS OF THIS AGREEMENT

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

5.13 GOVERNING LAW

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

5.14 SEVERABILITY

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

5.15 EFFECTIVE DATE AND CONFIRMATION

This Agreement is effective and in full force and effect in accordance with its terms from and after the date hereof. At the first annual or special meeting of holders of Voting Shares following the date hereof, the Company shall request confirmation of this Agreement by the holders of its Voting Shares. If this Agreement is not confirmed by resolution passed by a majority of the votes cast by holders of Voting

Shares of the Company who vote in respect of confirmation of this Agreement at a meeting of the Company's shareholders to be held on or about December 17, 2020, or any adjournment thereof, then this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect.

5.16 RECONFIRMATION

This Agreement must be reconfirmed by a resolution passed by a majority of the votes cast by all holders of Voting Shares who vote in respect of such reconfirmation at the annual meeting of the Company held in 2023 and at every third annual meeting of the Company thereafter at which this Agreement has been reconfirmed pursuant to this Section 5.16. If this Agreement is not so reconfirmed or is not presented for reconfirmation at any such annual meeting, this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect on and from the date of termination of any such annual meeting; provided, however, that termination shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived pursuant to Subsection 5.1(a) or (h) hereof), prior to the date upon which this Agreement would otherwise terminate pursuant to this Section 5.16.

5.17 DETERMINATIONS AND ACTIONS BY THE BOARD OF DIRECTORS

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

5.18 TIME OF THE ESSENCE

Time shall be of the essence in this Agreement.

5.19 EXECUTION IN COUNTERPARTS

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

5.20 FORCE MAJEURE

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

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

ENDURO METALS CORPORATION

By: /s/Cole Evans

By: /s/Malcolm Davidson

Countersigned:

COMPUTERSHARE INVESTOR SERVICES INC.

By: /s/Computershare

By: /s/Computershare

ATTACHMENT 1

ENDURO METALS CORPORATION

SHAREHOLDER RIGHTS PLAN AGREEMENT

Certificate No.

Rights

THE RIGHTS ARE SUBJECT TO TERMINATION ON THE TERMS SET FORTH IN THE SHAREHOLDER RIGHTS PLAN AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SUBSECTION 3.1(B) OF THE SHAREHOLDER RIGHTS PLAN AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR CERTAIN RELATED PARTIES, OR TRANSFEREES OF AN ACQUIRING PERSON OR CERTAIN RELATED PARTIES AND THEIR TRANSFEREES, MAY BECOME VOID WITHOUT FURTHER ACTION.

Rights Certificate

This certifies that _____, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Shareholder Rights Plan Agreement, dated as of November 5, 2020 (the "**Shareholder Rights Agreement**"), between Enduro Metals Corporation (the "**Company**"), a corporation duly incorporated under the British Columbia Business Corporations Act, and Computershare Investor Services Inc., a company incorporated under the laws of Canada (the "**Rights Agent**") (which term shall include any successor Rights Agent under the Shareholder Rights Agreement), to purchase from the Company at any time after the Separation Time (as such term is defined in the Shareholder Rights Agreement) and prior to the Expiration Time (as such term is defined in the Shareholder Rights Agreement), one fully paid common share of the Company (a "**Common Share**") at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate with the Form of Election to Exercise (in the form provided hereinafter) duly executed and submitted to the Rights Agent at its principal office in the City of Vancouver, Canada. Until adjustment thereof in certain events as provided in the Shareholder Rights Agreement, the Exercise Price shall be an amount equal to three times the Market Price (as such term is defined in the Rights Plan Agreement) per Common Share determined as at the Separation Time and shall be subject to adjustment in certain events as provided in the Shareholder Rights Agreement.

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

This Rights Certificate is subject to all of the terms and provisions of the Shareholder Rights Agreement, which terms and provisions are incorporated herein by reference and made a part hereof and to which Shareholder 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 Company and

the holders of the Rights. Copies of the Shareholder Rights Agreement are on file at the registered office of the Company.

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

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

No fractional Common Shares will be issued upon the exercise of any Rights evidenced hereby, but in lieu thereof a cash payment will be made, as provided in the Shareholder 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 upon the exercise hereof, nor shall anything contained in the Shareholder Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders (except as provided in the Shareholder Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Shareholder Rights 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 Company and its corporate seal. Date: _____

ENDURO METALS CORPORATION

Per: _____
Authorized Signatory

Countersigned:

COMPUTERSHARE INVESTOR SERVICES INC.

Per: _____
Authorized Signatory

FORM OF ASSIGNMENT

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

FOR VALUE RECEIVED _____ hereby sells, assign and transfers unto _____

(Please print name and address of transferee.)

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

Signature must be guaranteed by a Canadian chartered bank or an eligible guarantor institution with membership in an approved signature medallion guarantee program.

CERTIFICATE

(To be completed if true.)

The undersigned party transferring Rights hereunder, hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or a Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate thereof. Capitalized terms shall have the meaning ascribed thereto in the Shareholder Rights Plan Agreement of **ENDURO METALS CORPORATION**.

Signature

(To be attached to each Rights Certificate)

FORM OF ELECTION TO EXERCISE

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

ENDURO METALS CORPORATION

AND TO: COMPUTERSHARE INVESTOR SERVICES INC.

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

(Name)

(Address)

(City, Province and Postal Code)

(Social Insurance Number or other taxpayer identification number)

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

(Name)

(Address)

(City, Province and Postal Code)

(Social Insurance Number or other taxpayer identification number)

Dated: _____

Signature Guaranteed:

Signature

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

Signature must be guaranteed by a Canadian chartered bank or an eligible guarantor institution with membership in an approved signature medallion guarantee program.

CERTIFICATE

(To be completed if true.)

The undersigned party exercising Rights hereunder, hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or a Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate thereof. Capitalized terms shall have the meaning ascribed thereto in the Shareholder Rights Plan Agreement of ENDURO METALS CORPORATION

Signature

(To be attached to each Rights Certificate)

NOTICE

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