

SHAREHOLDER RIGHTS PLAN AGREEMENT
BETWEEN
CASTLE GOLD CORPORATION
AND
COMPUTERSHARE INVESTOR SERVICES INC. OF CANADA

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SHAREHOLDER RIGHTS PLAN AGREEMENT

THIS AGREEMENT is made as of the 2nd day of March, 2009.

B E T W E E N :

CASTLE GOLD CORPORATION

a company incorporated under the laws of Canada

(the “**Company**”)

- and -

**COMPUTERSHARE INVESTOR SERVICES INC. OF
CANADA**

a company incorporated under the laws of Canada

(the “**Rights Agent**”)

WHEREAS:

- A. The Board of Directors (as hereinafter defined) has determined that it is advisable and in the best interests of the Company to implement this shareholder rights plan agreement as provided herein (the “**Rights Plan**”) to take effect on the Effective Date (as hereinafter defined) to ensure, to the extent possible, that all shareholders are treated fairly in connection with any Take-over Bid (as hereinafter defined) and to ensure that the Board of Directors has sufficient time to evaluate unsolicited Take-over Bids and to explore, develop and pursue alternatives that could maximize value for shareholders.
- B. In order to implement the Rights Plan, the Board of Directors has authorized the issuance of:
 - (i) one Right (as hereinafter defined) effective at the Record Time (as hereinafter defined) in respect of each Common Share (as hereinafter defined) outstanding at the Record Time;
 - (ii) one Right in respect of each Voting Share issued after the Record Time and prior to the earlier of the Separation Time (as hereinafter defined) and the Expiration Time (as hereinafter defined); and
 - (iii) Rights Certificates (as hereinafter defined) to holders of Rights pursuant to the terms and subject to the conditions set forth herein.
- 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 Board of Directors desires to appoint the Rights Agent (as hereinafter defined) to act on behalf of the Company, and the Rights Agent is willing to so act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates, the exercise of Rights and other matters referred to herein.

NOW THEREFORE, in consideration of the premises and respective agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as set forth below.

ARTICLE 1 INTERPRETATION

1.1 Certain Definitions

For the purposes of this Agreement, including the recitals hereto, the terms set forth below have the meanings indicated.

- (a) “**Act**” means the *Canada Business Corporations Act*, as the same may from time to time be amended, re-enacted or replaced.
- (b) “**Acquiring Person**” means any Person who is or becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares; however an Acquiring Person does 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 more 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 thereafter such Person, while such Person is the Beneficial Owner of 20% or more of the Voting Shares then outstanding, becomes the Beneficial Owner of an additional 1.0% or more of the number of Voting Shares then outstanding (otherwise than pursuant to a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt

Acquisition, a Pro Rata Acquisition or a Convertible Security Acquisition or any combination thereof), then, as at the time that such Person becomes a Beneficial Owner of such additional Voting Shares, such Person shall become an Acquiring Person;

- (iii) for a period of 10 days after the Disqualification Date (as hereinafter defined), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of such Person becoming disqualified from relying on clause 1.1(f)(ii)(B) of the definition of Beneficial Owner solely because such Person makes or announces an intention to make a Take-over Bid in respect of Voting Shares and/or Convertible Securities either alone or by acting jointly or in concert with any other Person. “**Disqualification Date**” means the first date of a public announcement of facts indicating that any Person is making or intends to make a Take-over Bid, either alone through such Person’s Affiliates or Associates or by acting jointly or in concert with any other Person; or
 - (iv) an underwriter or a 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 pursuant to an underwriting agreement with the Company.
- (c) “**Affiliate**”, when used to indicate a relationship with a specified Person, means a Person that, directly or indirectly, controls, or is controlled by, or is under common control with, such specified Person and a Person shall be deemed to be an Affiliate of a specified Person, if one of them is the Subsidiary of the other or if each of them is controlled by the same Person.
- (d) “**Agreement**” means this shareholder rights plan agreement made as of March 2, 2009, as the same may be amended or supplemented from time to time; “hereof”, “herein”, “hereto” and similar expressions mean and refer to this Agreement as a whole and not any particular part of this Agreement.
- (e) “**Associate**”, when used to indicate a relationship with a specified Person, means (i) a partner or spouse of such specified Person, (ii) any Person of either sex with whom such specified Person is living in a conjugal relationship outside marriage, (iii) any relative of such specified Person or of a Person mentioned in clause (i) or (ii) of this definition if that relative has the same residence as the specified Person, or (iv) any trust or estate in which a specified Person has a substantial beneficial interest or as to which such specified Person serves as a trustee or in a similar capacity.
- (f) (i) A Person shall be deemed the “**Beneficial Owner**” of, and to have “**Beneficial Ownership**” of, and to “**Beneficially Own**”, any security:
- (A) of which such Person or any of such Person’s Affiliates or Associates is the owner at law or in equity;

- (B) of which such Person or any of such Person's Affiliates or Associates has the right to become the owner at law or in equity (A) upon the exercise, conversion or exchange of any Convertible Securities, or (B) pursuant to any agreement, arrangement, pledge or understanding (including for greater certainty, any lock-up agreement other than a Permitted Lock-Up Agreement), whether or not in writing, in each case if such right is then exercisable or exercisable within a period of 60 days of the date of the determination of Beneficial Ownership, and whether or not on condition or the happening of any contingency, by a single transaction or a series of linked transactions, other than:
 - (1) customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities; and
 - (2) pledges of securities in the ordinary course of the pledgee's business; and
 - (C) that is Beneficially Owned within the meaning of Section 1.1(f)(i)(A) or 1.1(f)(i)(B) by any other Person with which, and in respect of which security, such Person is acting jointly or in concert.
- (ii) Notwithstanding the provisions of Section 1.1(f)(i), a Person shall not be deemed to be the "**Beneficial Owner**" of, or to have "**Beneficial Ownership**" of, or to "**Beneficially Own**", any security because:
- (A)
 - (1) the holder of such security has agreed pursuant to a Permitted Lock-up Agreement to tender or deposit such security pursuant to a Take-over Bid made by such Person or any of such Person's Affiliates or Associates or any Person with which, and in respect of which security, such Person is acting jointly or in concert, until the earliest time at which any such tendered or deposited security has been accepted unconditionally for payment or exchange or has been taken up and paid for, whichever shall first occur; or
 - (2) such security has been tendered or deposited pursuant to a Take-over Bid made by such Person or any of such Person's Affiliates or Associates or any Person with which, and in respect of which security, such Person is acting jointly or in concert, until such tendered or deposited security has been accepted unconditionally for payment or exchange or has been taken up and paid for, whichever shall first occur;

- (B) such Person, for greater certainty, holds such security in the ordinary course of such Person's business or activities as follows:
- (1) such Person (in this definition, a "**Manager**") manages mutual funds or other investment funds for others (which others may include, or be limited to, employee benefit plans and pension plans), if such security is held by the Manager in the performance of the Manager's duties for the account of another Person (in this definition, a "**Client**", which term shall include any non-discretionary account held on behalf of a Client by a broker or dealer registered under applicable law);
 - (2) such Person (in this definition, a "**Trust Company**") is licensed as a trust company under applicable law and, as such, acts as trustee or administrator or in a similar capacity for the estates of deceased or incompetent Persons (each, in this definition, an "**Estate Account**") or for other accounts (each, in this definition, an "**Other Account**"), if such security is held by the Trust Company for the Estate Account or for such Other Accounts;
 - (3) such Person (in this definition, a "**Crown Agent**") is a Crown agent or agency that manages public assets, if such security is held by the Crown Agent for the purposes of its activities as Crown Agent;
 - (4) such Person (in this definition, a "**Statutory Body**") is established by statute for purposes that include, and the ordinary business or activity of such person includes, the management of investment funds for employee benefit plans, pension plans and insurance plans (other than insurance plans administered by insurance companies) of various public bodies, if such security is held by the Statutory Body for the purposes of its activities as Statutory Body and in the ordinary course of the management of such investment funds; or
 - (5) such Person (in this definition, an "**Administrator**") is the administrator or trustee of one or more pension funds or plans (each, in this definition, a "**Plan**") registered under the laws of Canada or any province thereof or the corresponding laws of the jurisdiction by which such Plan is governed, or is such a Plan, if such security is held by the Administrator or Plan for the purposes of its activities as Administrator or Plan;

but only if the Manager, the Trust Company, the Crown Agent, the Statutory Body, the Administrator or the Plan, as the case may be, is not then making or has not then announced an intention to make a Take-over Bid, alone or by acting jointly or in concert with any other Person, other than (1) pursuant to a distribution by the Company (2) by means of a Permitted Bid or a Competing Permitted Bid or (3) by means of ordinary market transactions (including pre-arranged trades entered into in the ordinary course of business of such Person) executed through the facilities of a stock exchange, securities quotation system or an organized over-the-counter market;

- (C) such Person, for greater certainty, is a Client of the same Manager as another Person on whose account the Manager holds such security;
- (D) such Person, for greater certainty, has an Estate Account or an Other Account with the same Trust Company as another Person on whose account the Trust Company holds such security;
- (E) such Person, for greater certainty, is a Plan with the same Administrator as another Plan on whose account the Administrator holds such security;
- (F) such Person, for greater certainty:
 - (1) is a Client of a Manager, if such security is owned at law or in equity by the Manager;
 - (2) is an Estate Account or an Other Account of a Trust Company, if such security is owned at law or in equity by the Trust Company; or
 - (3) is a Plan, if such security is owned at law or in equity by the Administrator of the Plan; or
 - (4) such Person is the registered holder of such security as a result of carrying on the business of, or acting as nominee for, a securities depository.

For the purposes of this Agreement, in determining the percentage of the outstanding Voting Shares with respect to which a Person is or is deemed to be the Beneficial Owner, any unissued Voting Shares as to which such Person is deemed the Beneficial Owner pursuant to this Section 1.1(f) shall be deemed outstanding.

- (g) “**Board of Directors**” means the board of directors of the Company or any duly constituted or empowered committee thereof.

- (h) “**Business Day**” means any day, other than a Saturday or Sunday or a day on which banking institutions in Toronto, Ontario are authorized or obligated by law to close.
- (i) “**Canadian Dollar Equivalent**” of any amount which is expressed in United States dollars means on any day the Canadian dollar equivalent of such amount determined by reference to the U.S. – Canadian Exchange Rate in effect on such date.
- (j) “**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 Business Day) at which the principal office of the transfer agent for the Common Shares in Toronto, Ontario (or after the Separation Time, the principal office of the Rights Agent in Toronto, Ontario) is closed to the public.
- (k) “**Closing Price**” per security of any securities on any date of determination means:
 - (i) the closing board lot sale price or, if such price is not available, the average of the closing bid and asked prices, for each of such securities as reported by the principal stock exchange or national securities quotation system on which such securities are listed or admitted to trading (provided that, if at the date of determination such securities are listed or admitted to trading on more than one stock exchange or national securities quotation system, then such price or prices shall be determined based upon the stock exchange or quotation system on which such securities are then listed or admitted to trading on which the largest number of such securities were traded during the most recently completed calendar year);
 - (ii) if for any reason none of such prices are available on such day or the securities are not listed or admitted to trading on a stock exchange or a national securities quotation system, then the last sale price, or in case no sale takes place on such date, the average of the high bid and low asked prices for each of such securities in the over-the-counter market, as quoted by any reporting system then in use; or
 - (iii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a stock exchange or a national securities quotation system or quoted by any such reporting system, then 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:
 - (A) if for any reason none of such prices are available on such date, then the Closing Price per security of such securities on such date shall mean the fair value per security of the securities on such date as determined by a nationally or internationally recognized

investment dealer or investment banker with respect to the fair value per security of such securities; and

- (B) if the Closing Price so determined is expressed in United States dollars, then such amount shall be converted to the Canadian Dollar Equivalent.
- (l) “**Common Shares**” means the common shares in the capital of the Company as presently constituted, as such shares may be subdivided, consolidated, reclassified or otherwise changed from time to time.
- (m) “**Competing Permitted Bid**” means a Take-over Bid that:
 - (i) is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry, termination or withdrawal of that Permitted Bid or Competing Permitted Bid (in this definition, the “**Prior Bid**”);
 - (ii) satisfies all the provisions of the definition of a Permitted Bid other than the requirements set out in Section 1.1(gg)(ii)(A) and (D) of the definition of Permitted Bid; and
 - (iii) contains, and the take-up and payment for securities tendered or deposited thereunder are subject to, irrevocable and unqualified conditions that:
 - (A) no Voting Shares and/or Convertible Securities shall be taken up or paid for pursuant to the Take-over Bid (1) prior to the Close of Business on a date that is not less than the later of 35 days after the date of such Take-over Bid constituting the Competing Permitted Bid and 60 days after the date of the earliest Prior Bid then in existence, and (2) then only if, at the Close of Business on the date Voting Shares and/or Convertible Securities are first taken up or paid for under such Take-over Bid constituting the Competing Permitted Bid, more than 50% of the outstanding Voting Shares and/or Convertible Securities held by Independent Shareholders have been tendered or deposited pursuant to such Take-over Bid and not withdrawn; and
 - (B) in the event that the requirement set forth in Section 1.1(m)(iii)(A)(2) of this definition is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for tenders and deposits of Voting Shares and/or Convertible Securities for not less than 10 Business Days from the date of such public announcement.
- (n) “**controlled**”: A Person is “controlled” by another Person or two or more 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 that is not a body corporate, more than 50% of the voting or equity interests of such entity are held, directly or indirectly, by or on behalf of the other Person or Persons;

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

- (o) “**Convertible Security**” means at any time any securities issued by the Company (other than the Rights) or any other Person from time to time carrying any purchase, exercise, conversion or exchange right pursuant to which the holder thereof may acquire Voting Shares or any and all other securities carrying any purchase, exercise, conversion or exchange right pursuant to which the holder thereof may acquire, directly or indirectly, Voting Shares (in each case, whether such right is then exercisable or exercisable within or after a specified period and whether or not on condition or the happening of any contingency).
- (p) “**Convertible Security Acquisition**” means the acquisition of Voting Shares by a Person upon the purchase, exercise, conversion or exchange of Convertible Securities acquired or received by such Person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition.
- (q) “**Co-Rights Agents**” has the meaning ascribed thereto in Section 4.1.1.
- (r) “**Effective Date**” means March 2, 2009.
- (s) “**Election to Exercise**” has the meaning ascribed thereto in Section 2.2.4(b).
- (t) “**Exempt Acquisition**” means an acquisition by a Person of Voting Shares and/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 Section 5.2, (ii) pursuant to a regular dividend reinvestment or other plan of the Company made available by the Company to the holders of Voting Shares and/or Convertible Securities where such plan permits the holder to direct that the dividends paid in respect of such Voting Shares and/or Convertible Securities be applied to the purchase from the Company of further securities of the Company, (iii) pursuant to a distribution of Voting Shares and/or Convertible Securities made by the Company (A) to the public pursuant to a prospectus, or (B) by way of a private placement or other distribution made by the Company exempt from the prospectus requirements of applicable law; provided that (I) all necessary stock exchange approvals to such private placement or other distribution made by the Company exempt from the prospectus requirements of applicable law have been

obtained and such private placement or other distribution made by the Company exempt from the prospectus requirements of applicable law complies with the terms and conditions of such approvals, and (II) the purchaser does not become a Beneficial Owner of more than 25% of the Voting Shares outstanding immediately prior to the private placement and in making this determination, no securities to be issued to that purchaser pursuant to the private placement will be deemed to be held by that purchaser but will not be included in the aggregate number of outstanding Voting Shares immediately prior to the private placement or (iv) pursuant to an amalgamation, merger, arrangement or other statutory procedure requiring shareholder approval.

- (u) **“Exercise Price”** means, as of any date, the price at which a holder may purchase the securities issuable upon exercise of one whole Right in accordance with the terms hereof and, subject to adjustment thereof in accordance with the terms hereof, the Exercise Price shall be:
 - (i) until the Separation Time, an amount equal to three times the Market Price, from time to time, per Common Share; and
 - (ii) from and after the Separation Time, an amount equal to three times the Market Price, as at the Separation Time, per Common Share.
- (v) **“Expansion Factor”** has the meaning ascribed thereto in Section 2.3.2(d)(i)(A).
- (w) **“Expiration Time”** has the meaning attributed thereto in Section 5.19.1(b).
- (x) **“Flip-in Event”** means a transaction or event in or pursuant to which any Person becomes an Acquiring Person.
- (y) **“holder”** has the meaning ascribed thereto in Section 1.6.
- (z) **“including”** means **“including without limitation”** and the term **“including”** shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it.
- (aa) **“Independent Shareholders”** means holders of outstanding Voting Shares, other than any:
 - (i) Acquiring Person;
 - (ii) Offeror;
 - (iii) Affiliate or Associate of any Acquiring Person or Offeror;
 - (iv) Person acting jointly or in concert with any Acquiring Person or Offeror; and

- (v) employee benefit plan, stock purchase plan, deferred profit sharing plan and any similar plan or trust of the Company for the benefit of directors, officers or employees of the Company or a Subsidiary of the Company (unless the beneficiaries of such plan or Company direct the manner in which the Voting Shares are to be voted or withheld from voting or direct whether or not the Voting Shares are to be tendered or deposited to a Take-over Bid, in which case such plan or Company shall be considered to be an Independent Shareholder).
- (bb) “**Market Price**” per security of any securities on any date of determination means the average of the daily Closing Prices per security of such securities on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date of determination; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 shall have caused any Closing Price used to determine the Market Price on any Trading Day not to be fully comparable with the Closing Price on the Trading Day immediately preceding such date of determination, each such Closing Price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in order to make it fully comparable with the Closing Price on the Trading Day immediately preceding such date of determination.
- (cc) “**Nominee**” has the meaning ascribed thereto in Section 2.2.3.
- (dd) “**Offer to Acquire**” shall include:
 - (i) an offer to purchase, or a solicitation of an offer to sell; and
 - (ii) an acceptance of an offer to sell whether or not such offer to sell has been solicited;or any combination thereof and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell.
- (ee) “**Offeror**” means a Person who has announced an intention to make, or who is making, a Take-over Bid (including a Permitted Bid or a Competing Permitted Bid), but excluding any Person who at the relevant time is deemed not to Beneficially Own such Voting Shares by reason of Section 1.1(f)(ii)(B).
- (ff) “**Offeror’s Securities**” means the aggregate of the Voting Shares Beneficially Owned by an Offeror on the date of an Offer to Acquire.
- (gg) “**Permitted Bid**” means a Take-over Bid that is made by means of a take-over bid circular and that also complies with the following additional provisions:
 - (i) the Take-over Bid is made to all holders of Voting Shares of record, other than the Offeror; and

- (ii) the Take-over Bid contains, and the provisions for take-up and payment for securities tendered or deposited thereunder are subject to, irrevocable and unqualified conditions that:
 - (A) no Voting Shares and/or Convertible Securities shall be taken up or paid for pursuant to the Take-over Bid (1) prior to the Close of Business on a date that is not less than 60 days following the date of the Take-over Bid, and (2) then only if, at the Close of Business on the date Voting Shares and/or Convertible Securities are first taken up or paid for under such Take-over Bid, more than 50% of the outstanding Voting Shares and/or Convertible Securities held by Independent Shareholders have been tendered or deposited pursuant to the Take-over Bid and not withdrawn;
 - (B) Voting Shares and/or Convertible Securities may be tendered or deposited pursuant to such Take-over Bid, unless such Take-over Bid is withdrawn, at any time prior to the Close of Business on the date Voting Shares and/or Convertible Securities are first taken up or paid for under the Take-over Bid;
 - (C) any Voting Shares and/or Convertible Securities tendered or deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
 - (D) in the event that the requirement set forth in Section 1.1(gg)(ii)(A)(2) of this definition is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for tenders and deposits of Voting Shares and/or Convertible Securities for not less than 10 Business Days from the date of such public announcement.
- (hh) **“Permitted Bid Acquisition”** means an acquisition of Voting Shares and/or Convertible Securities made pursuant to a Permitted Bid or a Competing Permitted Bid.
- (ii) **“Permitted Lock-up Agreement”** means an agreement (a **“Lock-up Agreement”**) between a Person and one or more holders of Voting Shares and/or Convertible Securities (each, a **“Locked-up Person”**) (the terms of which are publicly disclosed and a copy of which is made available to the public, including the 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 Lock-up Agreement is entered into, not later than the date of such Lock-up Agreement and if such date is not a Business Day, the next Business Day) pursuant to which each such Locked-up Person agrees to tender or deposit Voting Shares and/or Convertible Securities to a Take-over Bid (the **“Lock-up Bid”**) made or to be made by the Person, any of such Person’s Affiliates or

Associates or any Person with which, and in respect of which security, such Person is acting jointly or in concert; provided that:

- (i) the Lock-up Agreement permits any Locked-up Person to terminate its obligation to tender or deposit to or not to withdraw Voting Shares and/or Convertible Securities from the Lock-up Bid in order to tender or deposit such securities to another Take-over Bid or support another transaction:
 - (A) where the price or value per Voting Share or Convertible Security offered under such other Take-over Bid or transaction exceeds the price or value per Voting Share or Convertible Security offered under the Lock-up Bid; or
 - (B) if:
 - (1) the price or value per Voting Share or Convertible Security offered under such other Take-over Bid or transaction exceeds by as much as or more than a specified amount (the “**Specified Amount**”) the price or value per Voting Share or Convertible Security offered under the Lock-up Bid, provided that such Specified Amount is not greater than 7% of the price or value per Voting Share or Convertible Security offered under the Lock-up Bid; or
 - (2) the number of Voting Shares and/or Convertible Securities to be purchased under such other Take-over Bid or transaction exceeds by as much as or more than a specified number (the “**Specified Number**”) the number of Voting Shares and/or Convertible Securities that the Offeror has offered to purchase under the Lock-up Bid at a price or value per Voting Share or Convertible Security that is not less than the price or value per Voting Share or Convertible Security offered under the Lock-up Bid provided that the Specified Number is not greater than 7% of the number of Voting Shares and/or Convertible Securities offered under the Lock-up Bid;

and, for greater clarity, the agreement may contain a right of first refusal or require a period of delay to give the Offeror under the Lock-up Bid an opportunity to match the higher price, value or number in such other Take-over Bid or transaction, or other similar limitation on a Locked-up Person’s right to withdraw Voting Shares and/or Convertible Securities from the Lock-up Agreement, so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Voting Shares and/or Convertible Securities in sufficient time to tender or deposit to such other Take-over Bid or support the other transaction; and

(ii) no “break-up” fees, “top-up” fees, “termination” fees, penalties, expenses or other amounts that exceed in the aggregate the greater of:

(A) the cash equivalent of 2.5% of the price or value of the consideration payable under the Lock-up Bid to a Locked-up Person; and

(B) 50% of the amount by which the price or value of the consideration payable under another Take-over Bid or transaction to a Locked-up Person exceeds the price or value of the consideration that such Locked-up Person would have received under the Lock-up Bid;

shall be payable by a Locked-Up Person pursuant to the Lock-Up Agreement in the event that the Locked-Up Bid is not successfully concluded or if any Locked-Up Person fails to tender or deposit Voting Shares and/or Convertible Securities to the Lock-Up Bid or withdraws Voting Shares and/or Convertible Securities previously tendered or deposited thereto in order to tender or deposit to another Take-over Bid or support another transaction.

(jj) “**Person**” includes any individual, firm, partnership, association, trust, trustee, executor, administrator, legal personal representative, government, governmental body or authority, corporation, body corporate (as defined in the Act) or other incorporated or unincorporated organization, syndicate or other entity.

(kk) “**Pro Rata Acquisition**” means an acquisition by a Person of Voting Shares and/or Convertible Securities pursuant to:

(i) a stock dividend, stock split or other event pursuant to which such Person becomes the Beneficial Owner of Voting Shares and/or Convertible Securities on the same *pro rata* basis as all other holders of Voting Shares and/or Convertible Securities of the same class or series;

(ii) a regular dividend reinvestment plan or other plan of the Company made available by the Company to the holders of Voting Shares (other than holders resident in any jurisdiction where participation in such plan is restricted or impractical to the Company as a result of applicable law where such plan permits the holder to direct that the dividends in respect of such Voting Shares be applied to the purchase from the Company of further securities of the Company; or

(iii) the acquisition, receipt, and/or exercise of rights (other than the Rights) to purchase Voting Shares and/or Convertible Securities distributed to all holders of Shares and/or Convertible Securities of the same class or series (other than by holders resident in any jurisdiction where such distribution is restricted or impractical as a result of applicable law) by the Company pursuant to a rights offering (but only if such rights are acquired directly from the Company);

provided, however, that such Person does not thereby become the Beneficial Owner of a greater percentage of Voting Shares and/or Convertible Securities so offered than the percentage of Voting Shares Beneficially Owned by such Person immediately prior to such acquisition.

- (ll) “**Record Time**” means the Close of Business on the Effective Date.
- (mm) “**Redemption Price**” has the meaning attributed thereto in Section 5.1.1.
- (nn) “**Regular Periodic Cash Dividend**” means cash dividends paid on the Common Shares at regular intervals in any fiscal year of the Company to the extent that such cash dividends do not exceed in the aggregate in any fiscal year, on a per Common Share basis, 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 divided by the number of Common Shares outstanding as at the end of such fiscal year; and
 - (ii) 300% of the arithmetic mean of the aggregate amounts of cash dividends declared payable by the Company on its Common Shares in its three immediately preceding fiscal years divided by the arithmetic mean of the number of Common Shares outstanding as at the end of each of such fiscal years.
- (oo) “**Rights**” means the herein described rights to purchase securities pursuant to the terms and subject to the conditions set forth herein.
- (pp) “**Rights Certificate**” means a certificate representing the Rights after the Separation Time which shall be substantially in the form attached hereto as Schedule A or such other form as the Company and the Rights Agent may agree from time to time.
- (qq) “**Rights Register**” and “**Rights Registrar**” have the respective meanings ascribed thereto in Section 2.6.1.
- (rr) “**Securities Act**” means the *Securities Act* (Ontario), as amended, and the rules, instruments and regulations made or adopted thereunder, as now in effect or as the same may from time to time be amended, re-enacted or replaced.
- (ss) “**Separation Time**” means the Close of Business on the tenth Business Day after the earliest of:
 - (i) the Share Acquisition Date;
 - (ii) the date of the commencement of, or first public announcement or disclosure of the intention 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 so long as such Take-over Bid continues to satisfy the requirements of a Permitted Bid or Competing Permitted Bid, as applicable); and

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

or such later date as may be determined by the Board of Directors in good faith, provided, however, that if any Take-over Bid referred to in Section 1.1(ss)(ii) expires or is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this definition, never to have been made, and provided further that if the Board of Directors determine, pursuant to Section 5.2, to waive the application of Section 3.1 to a Flip-in Event, then the Separation Time in respect of such Flip-in Event shall be deemed never to have occurred and further provided that if the foregoing results in the Separation Time being prior to the Record Time, the Separation Time shall be the Record Time.

- (tt) “**Share Acquisition Date**” means the first date of public announcement or disclosure by the Company or an Acquiring Person of facts indicating that a Person has become an Acquiring Person, which, for the purposes of this definition, shall include (without limitation) a report filed pursuant to Section 102.1 or 102.2 of the Securities Act announcing or disclosing such information.
- (uu) “**Subsidiary**” means a Person that is controlled, directly or indirectly, by another Person and includes a Subsidiary of that Subsidiary.
- (vv) “**Take-over Bid**” means an Offer to Acquire Voting Shares and/or Convertible Securities where the Voting Shares and/or Convertible Securities subject to the Offer to Acquire, 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.
- (ww) “**Termination Time**” means that time at which the right to exercise Rights shall terminate pursuant to Section 3.3(b) or Section 5.1.
- (xx) “**Trading Day**”, when used with respect to any securities, means the day on which the principal Canadian or United States securities exchange (as determined by the Board of Directors) on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any Canadian or United States securities exchange, a Business Day.
- (yy) “**U.S. – Canadian Exchange Rate**” on any date means:
 - (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 which is calculated in the manner which shall be determined by the Board of Directors from time to time.
- (zz) **“Voting Share Reduction”** means an acquisition or redemption by the Company or a Subsidiary of the Company of Voting Shares and/or Convertible Securities which, by reducing the number of Voting Shares and/or Convertible Securities outstanding, increases the percentage of Voting Shares Beneficially Owned by any Person to 20% or more of the Voting Shares outstanding.
- (aaa) **“Voting Shares”** means collectively the Common Shares and any other shares in the capital stock or voting interests issued by the Company, the holders of which are entitled to vote generally in the election of directors.

1.2 Currency

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

1.3 Number and Gender

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

1.4 Sections and Headings

The division of this Agreement into Articles, Sections and Schedules and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereunder”, “hereof”, and similar expressions refer to this Agreement and not to any particular Article, Section or Schedule or other portion hereof and include any agreement or instrument supplemental or ancillary hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles, Sections and Schedules are to Articles, Sections and Schedules of or to this Agreement.

1.5 Statutory References

Unless the context otherwise requires, any reference to a specific section, subsection, clause or rule of any act or regulation shall be deemed to refer to the same as it may be amended, re-enacted or replaced or, if repealed and there shall be no replacement therefor, to the same as it is in effect on the date of this Agreement.

1.6 Holder

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

1.7 Determination of Percentage Ownership

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

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

where:

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

B = the aggregate 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 both A and B in the formula above for such Person, but no other unissued Voting Shares shall, for the purposes of this calculation, be deemed to be outstanding.

1.8 Acting Jointly or in Concert

For purposes of this Agreement, a Person is acting jointly or in concert with every other Person who is a party to any agreement, arrangement, commitment or understanding, whether formal or informal and whether or not in writing, with the first mentioned Person to acquire or Offer to Acquire any Voting Shares and/or Convertible Securities (other than (i) customary agreements with and between underwriters and/or members of banking groups and/or selling group members with respect to a distribution of securities pursuant to a prospectus or by way of a private placement, (ii) pursuant to pledges of securities in the ordinary course of the pledgee's business, or (ii) Permitted Lock-up Agreements).

ARTICLE 2 THE RIGHTS

2.1 Legend on Share Certificates

2.1.1 Certificates representing the Voting Shares, including Voting Shares issued upon the exercise, conversion or exchange of Convertible Securities, issued after the later of:

- (a) the Record Time; and
- (b) the date on which all required regulatory approvals required in respect of this Agreement have been received,

but prior to the Close of Business on the earlier of:

(c) the Separation Time; and

(d) the Expiration Time,

shall also evidence, subject to 2.3, one Right for each Voting Share represented thereby and shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

“Until the Separation Time (as defined in the Rights Agreement referred to below), this certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Shareholder Rights Plan Agreement, made as of March 2, 2009, as the same may be amended, supplemented or restated from time to time in accordance with the terms thereof (the “**Rights Agreement**”), between Castle Gold Corporation and Computershare Investor Services Inc. of Canada, as Rights Agent, the terms of which are hereby incorporated herein by reference and a copy of which is on file at the registered office of the Company. In certain circumstances, as set forth in the Rights Agreement, such Rights may be amended, may be redeemed, may expire, may become null and void or may be evidenced by separate certificates and may no longer be evidenced by this certificate. The Company shall mail or arrange for the mailing of a copy of the Rights Agreement to the holder of this certificate without charge as soon as practicable after the receipt of a written request therefor.”

2.1.2 Certificates representing Voting Shares that are issued and outstanding at the later of:

(a) the Record Time; and

(b) the date on which all required regulatory approvals required in respect of this Agreement have been received;

shall evidence one Right for each Voting Share evidenced thereby, notwithstanding the absence of the foregoing legend, until the earlier of:

(c) the Separation Time; and

(d) the Expiration Time.

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

2.2.1 Subject to adjustment as herein set forth, including as set forth in Article 3, each Right shall 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 determined as at the Business Day immediately preceding the day on which such Right is exercised (which 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 null and void.

2.2.2 Until the Separation Time:

- (a) the Rights shall not be exercisable and no Right may be exercised; and
- (b) for administrative purposes, each Right shall be evidenced by the certificate for the associated Voting Share registered in the name of the holder thereof (which certificate shall be deemed to represent a Rights Certificate) and shall be transferable only together with, and shall be transferred by a transfer of, such associated Voting Share.

2.2.3 From and after the Separation Time and prior to the Expiration Time, the Rights may be exercised, and the registration and transfer of the Rights shall be separate from and independent of Voting Shares. Promptly following the Separation Time, the Company shall prepare or cause to be prepared and the Rights Agent shall mail to each holder of record of Voting Shares as of the Separation Time and, in respect of each Convertible Security exercised, converted or exchanged into Voting Shares after the Separation Time and prior to the Expiration Time, promptly after such exercise, conversion or exchange, the Company shall prepare or cause to be prepared and the Rights Agent shall mail to the holder so exercising, converting or exchanging (other than in either case 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):

- (a) a Rights Certificate appropriately completed, representing the number of Rights held by such holder at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the 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 judicial or administrative order, or with any article or regulation of any self regulatory organization, stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage; and
- (b) a disclosure statement prepared by the Company describing the Rights,

provided that a Nominee shall be sent the materials provided for in Sections 2.2.3(a) and 2.2.3(b) only in respect of all Voting Shares held of record by it which are not Beneficially Owned by an Acquiring Person and the Company may require any Nominee or suspected Nominee to provide such information and documentation as the Company deems necessary to make such determination.

2.2.4 Rights may be exercised in whole or in part on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent, at its

principal office in Toronto, Ontario or, with the approval of the Rights Agent, at any other office of the Rights Agent in the cities designated from time to time for that purpose by the Company:

- (a) the Rights Certificate evidencing such Rights;
- (b) an election to exercise (an “**Election to Exercise**”) substantially in the form attached to the Rights Certificate duly completed, and executed in a manner acceptable to the Rights Agent; and
- (c) 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 the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Voting Shares in a name other than that of the holder of the Rights being exercised.

2.2.5 Upon receipt of a Rights Certificate, which is accompanied by an appropriately completed and duly executed Election to Exercise (which contains the certificate stating that such Right is null and void as provided by Section 3.1.2) and payment as set forth in Section 2.2.4, the Rights Agent (unless otherwise instructed in writing by the Company) shall thereupon promptly:

- (a) requisition from the transfer agent certificates representing the number of Common Shares to be purchased (the Company hereby irrevocably authorizing its transfer agent to comply with all such requisitions);
- (b) after receipt of such certificates, deliver such certificates to, or to the order of, the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder;
- (c) when appropriate, requisition from the Company the amount of cash, if any, to be paid in lieu of issuing fractional Common Shares;
- (d) when appropriate, after receipt of such cash, deliver such cash to, or to the order of, the registered holder of the Rights Certificate; and
- (e) tender to the Company all payments received on exercise of the Rights.

2.2.6 If 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 shall be issued by the Rights Agent to such holder or to such holder’s duly authorized assigns.

2.2.7 The Company covenants and agrees that it shall:

- (a) take all such action as may be necessary and within its power to ensure that all Common Shares delivered upon the 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;

- (b) take all such action as may reasonably be considered to be necessary and within its power to comply with any applicable requirements of the Act, the Securities Act and the other applicable securities laws of Canada, or the rules and regulations thereunder or any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights, the Rights Certificates and the issuance of any Common Shares upon exercise of the Rights;
- (c) use reasonable efforts to cause all Common Shares issued upon exercise of the Rights to be listed on the stock exchanges on which the Common Shares are listed at that time;
- (d) cause to be reserved and kept available out of its authorized and unissued Common Shares, the number of Common Shares that, as provided in this Agreement, shall from time to time be sufficient to permit the exercise in full of all outstanding Rights;
- (e) pay when due and payable any and all Canadian and provincial transfer taxes (for greater certainty not including any income taxes or capital gains taxes of the holder or exercising holder or any liability of the Company to withhold tax) and charges which may be payable in respect of the original issuance or delivery of the Rights Certificates or certificates for Common Shares issued upon the exercise of Rights, provided that the Company shall not be required to pay any transfer tax or charge which may be payable in respect of 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
- (f) after the Separation Time, except as permitted by this Agreement, 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

2.3.1 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 and in Article 3.

2.3.2 In the event that the Company shall at any time after the Record Time and prior to the Expiration Time:

- (a) declare or pay a dividend on the Common Shares payable in Common Shares or other capital stock of the Company (or Convertible Securities) other than pursuant to any optional stock dividend program, dividend reinvestment plan or dividend payable in Common Shares in lieu of a regular periodic cash dividend;

- (b) subdivide or change the outstanding Common Shares into a greater number of Common Shares;
- (c) consolidate or change the outstanding Common Shares into a smaller number of Common Shares;
- (d) issue any Common Shares or other capital stock of the Company (or Convertible Securities) in respect of, in lieu of, or in exchange for existing Common Shares whether in a reclassification, amalgamation, statutory arrangement, consolidation or otherwise;

then 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 the exercise of Rights) shall be adjusted as follows:

- (i) if the Exercise Price and number of Rights outstanding are to be adjusted:
 - (A) the Exercise Price in effect after such adjustment shall be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Common Shares (or other capital stock) (the “**Expansion Factor**”) that a holder of one Common Share immediately prior to such dividend, subdivision, change, consolidation or issuance would hold immediately thereafter as a result thereof (assuming the exercise of all such exercise, conversion or exchange rights, if any), and
 - (B) each Right held prior to such adjustment shall become that number of Rights equal to the Expansion Factor, and the adjusted number of Rights shall be deemed to be allocated among the Common Shares with respect to which the original Rights were associated (if they remain outstanding) and each of the Common Shares issued or issuable in respect of such dividend, subdivision, change, consolidation or issuance, so that each such Common Share (or other capital stock) shall have exactly one Right associated with it; and
- (ii) if the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment shall be the securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such dividend, subdivision, change, consolidation or issuance would hold thereafter as a result thereof. To the extent that such rights of exercise, conversion or exchange are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect based on the number of Common Shares (or Convertible Securities) actually issued upon the exercise of such rights.

2.3.3 If, after the Record Time and prior to the Expiration Time, the Company shall issue shares of its capital stock other than Common Shares in a transaction of a type described in Sections 2.3.2(a) or 2.3.2(d), 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 shall amend this Agreement in order to effect such treatment.

2.3.4 If an event occurs which would require an adjustment under both this Section 2.3 and Section 3.1, the adjustment provided for in this Section 2.3 shall be in addition to, and shall be made prior to, any adjustment required pursuant to Section 3.1. Adjustments made pursuant to this Section 2.3 shall be made successively, whenever an event referred to in this Section 2.3 occurs.

2.3.5 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 Section 2.3.2, 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 Common Share.

- 2.3.6 (a) In the event the Company shall, at any time after the Record Time and prior to the Expiration Time fix a record date for the making of a distribution to all holders of Common Shares of rights, options or warrants entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Common Shares (or Convertible Securities in respect of Common Shares) at a price per Common Share (or, in the case of a Convertible Security, having an exercise, conversion or exchange price per Common Share, including the price to be paid to purchase such Convertible Security) less than 90% of the Market Price per Common Share on such record date, the Exercise Price in effect after such record date shall equal the Exercise Price in effect immediately prior to such record date multiplied by a fraction:
- (i) of which the numerator shall be the number of Common Shares outstanding on such record date plus the number of Common Shares which the aggregate offering price of the total number of Common Shares so to be offered (and/or the aggregate initial exercise, conversion or exchange price of the Convertible Securities so to be offered (including the price required to be paid to purchase such Convertible Securities)) would purchase at such Market Price per Common Share; and
 - (ii) of which the denominator 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 Securities so to be offered are initially exercisable, convertible or exchangeable).
- (b) In case such subscription price is satisfied, in whole or in part, by consideration 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. To the extent that such rights, options or warrants are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted in the manner contemplated above based on the number of Common Shares (or securities exercisable, convertible into or exchangeable for Common Shares) actually issued upon the exercise of such rights, options or warrants.

- (c) Such adjustment shall be made successively whenever such a record date is fixed. 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 Common Share purchase and/or option plan providing for the reinvestment of dividends or interest payable on securities of the Company and/or the investment of periodic optional payments and/or employee benefit or similar plans (so long as such right to purchase is in no case evidenced by the delivery of rights or warrants by the Company) shall not be deemed to constitute an issue of rights, options or warrants by the Company; provided, however, that in the case of any dividend reinvestment or Common Share purchase or option plan, the right to purchase Common Shares is at a price per Share of not less than 90% of the current market price per Common Share (determined as provided in such plans) of the Common Shares.

2.3.7 In the event the Company shall at any time after the Record Time and prior to the Expiration Time fix a record date for the making of a distribution to all holders of Common Shares of:

- (a) evidences of indebtedness or assets (other than a Regular Periodic Cash Dividend or a dividend paid in Common Shares, but including any dividend payable in securities other than Common Shares); or
- (b) rights, options or warrants entitling them to subscribe for or purchase Common Shares (or Convertible Securities in respect of Common Shares) (excluding rights, options or warrants referred to in Section 2.3.6),

at a price per Common Share (or, in the case of a Convertible Security in respect of Common Shares, having an exercise, conversion or exchange price per Common Share (including the price required to be paid to purchase such Convertible Security)) less than 90% of the Market Price per Common Share on such record date, the Exercise Price in effect after such record date shall be equal to the Exercise Price in effect immediately prior to such record date less the fair market value (as determined in good faith by the Board of Directors) of the portion of the assets, evidences of indebtedness, rights, options, warrants or other securities so to be distributed applicable to each of the securities purchasable upon exercise of one Right. Such adjustment shall be made successively whenever such a record date is fixed.

2.3.8 Each adjustment made pursuant to this Section 2.3 shall be made as of:

- (a) the payment or effective date for the applicable dividend, subdivision, change, consolidation or issuance, in the case of an adjustment made pursuant to Section 2.3.2; and
- (b) the record date for the applicable dividend or distribution, in the case of an adjustment made pursuant to Section 2.3.6 or 2.3.7, subject to readjustment to reverse the same if such distribution shall not be made.

2.3.9 In the event the Company shall at any time after the Record Time and prior to the Expiration Time issue any shares (other than Common Shares), or rights, options or warrants to subscribe for or purchase any such securities, or Convertible Securities in respect of any such securities, in a transaction referred to in any of Sections 2.3.2(a) to 2.3.2(d), inclusive, if the Board of Directors acting in good faith determines that the adjustments contemplated by Sections 2.3.2, 2.3.6 and 2.3.7 in connection with such transaction will not appropriately protect the interests of the holders of Rights, then the Board of Directors may from time to time, determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding Sections 2.3.2, 2.3.6 and 2.3.7, but subject to the prior consent of the holders of Voting Shares or Rights obtained as set forth in Section 5.5.2 or 5.5.3, such adjustments, rather than the adjustments contemplated by Sections 2.3.2, 2.3.6 and 2.3.7, shall be made. The Company and the Rights Agent shall amend this Agreement as appropriate to provide for such adjustments.

2.3.10 Notwithstanding anything herein to the contrary, no adjustment of the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least 1.0% in such Exercise Price; provided, however, that any adjustments which by reason of this Section 2.3.10 are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All adjustments to the Exercise Price made pursuant to this Section 2.3 shall be calculated to the nearest cent or to the nearest ten-thousandth of a Common Share, as the case may be.

2.3.11 All Rights originally issued by the Company subsequent to any adjustment made to an Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Common Shares purchasable from time to time hereunder upon exercise of the Rights, all subject to further adjustment as provided herein.

2.3.12 Unless the Company shall have exercised its election, as provided in Section 2.3.13, upon each adjustment of an Exercise Price as a result of the calculations made in Sections 2.3.6 and 2.3.7, each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Exercise Price, that number of Common Shares obtained by:

- (a) multiplying:
 - (i) the number of Common Shares covered by a Right immediately prior to such adjustment;

by

- (ii) the Exercise Price in effect immediately prior to such adjustment; and
- (b) dividing the product so obtained by the Exercise Price in effect immediately after such adjustment.

2.3.13 The Company may elect on or after the date of any adjustment of an Exercise Price to adjust the number of Rights, in lieu of any adjustment in the number of Common Shares purchasable upon the exercise of a Right. Each of the Rights outstanding after the adjustment in the number of Rights shall be exercisable for the number of Common Shares for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to such adjustment of the number of Rights shall become the number of Rights (calculated to the nearest one ten-thousandth) obtained by dividing the relevant Exercise Price in effect immediately prior to adjustment of relevant Exercise Price by the relevant Exercise Price in effect immediately after adjustment of the relevant Exercise Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment, and, if known at the time, the amount of the adjustment to be made. This record date may be the date on which the relevant Exercise Price is adjusted or any day thereafter, but, if the Rights Certificates have been issued, shall be at least 10 days later than the date of the public announcement. If Rights Certificates have been issued, upon each adjustment of the number of Rights pursuant to this Section 2.3.13, the Company shall, as promptly as practicable, cause to be distributed to holders of record of Rights Certificates on such record date, Rights Certificates evidencing, subject to Section 5.6, the additional Rights to which such holders shall be entitled as a result of such adjustment, or, at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Rights Certificates held by such holders prior to the date of adjustment, and upon surrender thereof if required by the Company, new Rights Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Rights Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for herein and may bear, at the option of the Company, the relevant adjusted Exercise Price and shall be registered in the names of holders of record of Rights Certificates on the record date specified in the public announcement.

2.3.14 Irrespective of any adjustment or change in the securities purchasable upon exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the securities so purchasable which were expressed in the initial Rights Certificates issued hereunder.

2.3.15 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 of 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 relevant 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 Common Shares (fractional or otherwise) or other securities upon the occurrence of the event requiring such adjustment.

2.3.16 Notwithstanding anything in this Section 2.3 to the contrary, the Company shall be entitled to make such adjustments 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:

- (a) subdivision or consolidation of the Common Shares;
- (b) issuance (wholly or in part for cash) of any Common Shares at less than the Market Price;
- (c) issuance (wholly or in part for cash) of any Common Shares or securities that by their terms are exercisable, convertible into or exchangeable for or give a right to acquire Common Shares;
- (d) stock dividends; or
- (e) issuance of rights, options or warrants referred to in this Section 2.3, hereafter made by the Company to holders of its Common Shares,

subject to applicable taxation laws, shall not be taxable to such shareholders or shall subject such shareholders to a lesser amount of tax.

2.3.17 Whenever an adjustment to the Exercise Price or a change in the securities purchasable upon the exercise of Rights is made pursuant to this Section 2.3, the Company shall:

- (a) promptly prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment; and
- (b) promptly file with the Rights Agent and with each transfer agent for the Common Shares a copy of such certificate; and
- (c) mail or cause to be mailed a brief summary thereof to each holder of Rights.

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

2.4 Date on Which Exercise is Effective

Each Person in whose name 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 on, and such certificate shall be dated the date upon which the Rights Certificate evidencing such Rights was duly surrendered (together with a duly completed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising Person 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 securities on, and such certificate shall be dated, the next Business Day on which the Common Share transfer books of the Company are open.

2.5 Execution, Authentication, Delivery and Dating of Rights Certificates

2.5.1 The Rights Certificates shall be executed on behalf of the Company by any two officers of the Company. 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 prior to the countersignature and delivery of such Rights Certificates.

2.5.2 Promptly after the Company learns of the Separation Time, the Company shall notify the Rights Agent of such Separation Time and shall deliver Rights Certificates executed by the Company to the Rights Agent for countersignature and a disclosure statement describing the Rights, and the Rights Agent shall manually countersign (in a manner satisfactory to the Company) and deliver such Rights Certificates and disclosure statement to the holders of the Rights pursuant to Section 2.2. No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.

2.5.3 Each Rights Certificate shall be dated the date of countersignature thereof.

2.6 Registration, Transfer and Exchange

2.6.1 After the Separation Time, the Company shall cause to be kept a register (the “**Rights Register**”) in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration and transfer of Rights. The Rights Agent is hereby appointed “**Rights Registrar**” for the purpose of maintaining the Rights Register for the 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 shall have the right to examine the Rights Register at all reasonable times.

2.6.2 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 Sections 2.6.4 and 3.1.2, the Company shall execute, and the Rights Agent shall countersign, deliver and register, 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.

2.6.3 All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be 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.

2.6.4 Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the 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 fees and expenses of the Rights Agent) in connection therewith.

2.6.5 The Company shall not be required to register the transfer or exchange of any Rights after the Rights have been terminated pursuant to the provisions of this Agreement.

2.7 Mutilated, Lost, Stolen and Destroyed Rights Certificates

2.7.1 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.

2.7.2 If there shall be delivered to the Company and the Rights Agent prior to the Expiration Time:

- (a) evidence to their reasonable satisfaction of the destruction, loss or theft of any Rights Certificate; and
- (b) such surety bond 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 Rights Certificate so destroyed, lost or stolen.

2.7.3 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 fees and expenses of the Rights Agent) connected therewith.

2.7.4 Every new Rights Certificate issued pursuant to this Section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence a 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

Prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Voting 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 a Rights Certificate (or, prior to the Separation Time, the associated Voting Share

certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever.

2.9 Delivery and Cancellation of Certificates

All Rights Certificates surrendered upon exercise or for redemption, for 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 law, destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Company on request.

2.10 Agreement of Rights Holders

Every holder of Rights, by accepting such Rights, 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 shall be transferable only together with, and shall be transferred by a transfer of, the associated Voting Share;
- (c) that, after the Separation Time, the Rights shall 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 Voting 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 Voting Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated share certificate made by anyone other than the 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 any right and is not entitled to receive any fractional Rights or any fractional Common Shares or other securities upon exercise of a Right;
- (f) that, subject to Section 5.5 without the approval of any holder of Rights or Voting Shares and upon the sole authority of the Board of Directors acting in good faith,

this Agreement may be supplemented or amended from time to time as provided herein; and

- (g) that 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 to any other Person as a result of the inability to perform any of its obligations under this Agreement by reason of applicable law, including any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation.

ARTICLE 3 ADJUSTMENTS TO THE RIGHTS

3.1 Flip-In Event

3.1.1 Subject to Section 3.1.2 and Sections 5.1 and 5.2, in the event that prior to the Expiration Time a Flip-in Event occurs, each Right shall thereafter constitute, effective at the Close of Business on the tenth Business Day after the Share Acquisition Date, the right to purchase from the Company, upon exercise thereof in accordance with the terms hereof, that number of Common Shares as have an aggregate Market Price on the date of the consummation or occurrence of such Flip-in Event equal to twice the Exercise Price upon payment of 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 if, after such date of consummation or occurrence, an event of a type analogous to any of the events described in Section 2.3 shall have occurred with respect to such Common Shares).

3.1.2 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 and the Share Acquisition Date, or which may thereafter be Beneficially Owned, by:

- (a) an Acquiring Person, any Affiliate or Associate of an Acquiring Person, or any Person acting jointly or in concert with an Acquiring Person; or
- (b) a transferee or other successor-in-title, directly or indirectly, from an Acquiring Person (or from any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person) whether or not for consideration, where such a transferee or other successor-in-title becomes a transferee or other successor-in-title concurrently with or subsequent to the Acquiring Person becoming such in a transfer that the Board of Directors, acting in good faith, has determined is part of a plan, arrangement, understanding or scheme of an Acquiring Person (or of any Associate or Affiliate of an Acquiring Person or of any Person acting jointly or in concert with an Acquiring Person), that has the purpose or effect of avoiding clause 3.1.2(a),

shall become null and void without any further action by the Company and any holder of such Rights (including any transferee of, or other successor-in-title to, such Rights, whether directly or indirectly) shall thereafter have no right to exercise or transfer such Rights under any provisions of this Agreement and, further, shall thereafter not have any rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The holder of any Rights represented by a Rights Certificate which is submitted to the Rights Agent upon exercise or for registration of transfer or exchange which does not contain the certifications set forth in the Rights Certificate establishing that such Rights are not null and void under this Section 3.1.2 shall be deemed to be an Acquiring Person for the purposes of this Section 3.1.2 and such Rights shall become null and void.

3.1.3 Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either of 3.1.2(a) or 3.1.2(b) or transferred to any Nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain or shall be deemed to 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 or a Person acting jointly or in concert with any of them (as such terms are defined in the Shareholder Rights Plan Agreement). This Rights Certificate and the Rights represented hereby are null and void or shall become null and void in the circumstances specified in Section 3.1.2 of the Shareholder Rights Plan Agreement.”

The Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall be required to impose such legend only if instructed to do so in writing by the Company or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not a Person described in such legend. The issuance of a Rights Certificate without the legend referred to in this Section 3.1.3 shall be of no effect on the provisions of Sections 3.1.2 .

3.1.4 After the Separation Time, the Company shall do all such acts and things necessary and within its power to ensure compliance with the provisions of this Section 3.1 including all such acts and things as may be required to satisfy the requirements of the Act, the Securities Act and the securities laws or comparable legislation in each of the provinces and territories of Canada and in any other jurisdiction where the Company is subject to such laws and the rules of the stock exchanges where the Common Shares are listed at such time in respect of the issue of Common Shares upon the exercise of Rights in accordance with this Agreement.

3.2 Fiduciary Duties of the Directors

For clarification it is understood that nothing contained in this Agreement shall be considered to affect the obligations of the directors of the Company to exercise their fiduciary duties. Without limiting the generality of the foregoing, nothing contained herein shall be construed to suggest or imply that the Board of Directors shall not be entitled to recommend that

holders of the Voting Shares and/or Convertible Securities reject or accept any Take-over Bid (whether or not such Take-over Bid is a Permitted Bid or a Competing Permitted Bid) or take any other action including the commencement, prosecution, defence or settlement of any litigation and the solicitation of additional or alternative Take-over Bids or other proposals to shareholders that the directors believe are necessary or appropriate in the exercise of their fiduciary duties.

3.3 Exchange Option

- (a) The Board of Directors may, at their sole option and without seeking the approval of holders of Voting Shares or Rights but with the prior written consent of any stock exchange on which the Voting Shares are then listed, if required by such exchange, at any time after a Flip-in Event has occurred, authorize the Company to issue or deliver in respect of any Right which is not void pursuant to Subsections 3.1.2(a) and 3.1.2(b), either: (i) in return for the applicable Exercise Price and the Right, debt, equity or other securities or assets (or a combination thereof) having a value equal to three times the applicable Exercise Price; or (ii) in return for the Right, subject to any amounts that may be required to be paid under applicable law, debt, equity or other securities or assets (or a combination thereof) having a value equal to the value of the Right, in full and final settlement of all rights attaching to the Rights, where in either case the value of such debt, equity or other securities or other assets (or a combination thereof) and, in the case of clause (ii), the value of the Right shall be determined by the Board of Directors which may rely upon the advice of a nationally or internationally recognized firm of investment dealers or investment bankers selected by the Board of Directors.
- (b) If the Board of Directors authorizes the exchange of debt or equity securities or assets (or a combination thereof) for Rights pursuant to Subsection 3.3(a), without any further action or notice, the right to exercise the Rights will terminate and the only right thereafter of a holder of Rights shall be to receive the debt or equity securities or assets (or a combination thereof) in accordance with the exchange formula authorized by the Board of Directors. Within 10 Business Days after the Board of Directors has authorized the exchange of debt or equity securities or assets (or a combination thereof) for Rights pursuant to Subsection 3.3(a), the Company shall give notice of exchange to the holders of such Rights by mailing such notice to all such holders at their last addresses as they appear upon the register of Rights holders maintained by the Rights Agent. Each such notice of exchange will state the method by which the exchange of debt or equity securities or assets (or a combination thereof) for Rights will be effected.

ARTICLE 4 THE RIGHTS AGENT

4.1 General

4.1.1 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 approval of the Rights Agent. The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and other disbursements reasonably incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder, including the reasonable fees and disbursements of counsel and other experts consulted by the Rights Agent pursuant to Section 4.3(a) with the approval of the Company, such approval not to be unreasonably withheld. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability or expense, incurred without negligence, bad faith or willful 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 reasonable costs and expenses of defending against any claim of liability, which right to indemnification shall survive the termination of this Agreement or the resignation or removal of the Rights Agent.

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

4.1.3 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.

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

4.2.1 Any corporation into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any corporation succeeding to the shareholder or shareholder services business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any document 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. In case at the time such successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

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

4.3 Duties of Rights Agent

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

- (a) The Rights Agent may retain and consult with legal counsel (who may be legal counsel for the Company) and the opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion; the Rights Agent may also, with the approval of the Company (such approval not to be unreasonably withheld), consult with such other experts or advisors as the Rights Agent shall consider necessary or appropriate to properly carry out the duties and obligations imposed under this Agreement (at the Company's expense) and the Rights Agent shall be entitled to act and rely in good faith on the advice of any such experts or advisors.
- (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 be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by a person believed by the Rights Agent to be a senior officer of the Company and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.
- (c) The Rights Agent shall be liable hereunder only for its own negligence, bad faith or willful misconduct and that of its officers, directors and employees.

- (d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Common Shares, or the Rights Certificates (except its countersignature thereof) or be required to verify the same, and all such statements and recitals are and shall be deemed to have been made by the Company only.
- (e) The Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Common Share certificate, or Rights Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Rights Certificate; nor shall it be responsible for any change in the exercisability of the Rights (including the Rights becoming null and void pursuant to Section 3.1.2 or any adjustment required under the provisions of Section 2.3) 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 or any written notice from the Company or any holder that a Person has become an Acquiring Person); nor shall it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to any Common Shares, when issued, being duly and validly authorized, issued and delivered as fully paid and non-assessable.
- (f) The Company agrees that it shall 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 written instructions with respect to the performance of its duties hereunder from any individual designated in writing by 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. It is understood that instructions to the Rights Agent shall, except where circumstances make it impractical or the Rights Agent otherwise agrees, be given in writing and, where not in writing, such instructions shall be confirmed in writing as soon as reasonably practicable after the giving of such instructions.
- (h) The Rights Agent and any shareholder, 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 the Rights

Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity.

- (i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the 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 by giving 30 days' prior written notice (or such lesser notice as is acceptable to the Company) to the Company, to each transfer agent of Common Shares and to the holders of the Rights, all in accordance with Section 5.10 and at the expense of the Company. The Company may remove the Rights Agent by giving 30 days' prior written notice to the Rights Agent, to each transfer agent of the Common Shares and to the holders of the Rights in accordance with Section 5.10. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Company shall appoint a successor to the Rights Agent. If the Company fails to make such appointment within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate for inspection of the Company), then the holder of any Rights or the Rights Agent (at the Company's expense) may apply to any court of competent jurisdiction for the appointment of a new rights agent. Any successor rights agent, whether appointed by the Company or by such a court, must be a corporation incorporated under the laws of Canada or a province thereof and authorized to carry on the business of a trust company in the Province of Ontario. After appointment, the successor rights agent shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent, upon payment by the Company to the predecessor Rights Agent of all outstanding fees and expenses owed by the Company to the predecessor Rights Agent pursuant to this Agreement, shall deliver and transfer to the successor rights agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Company shall 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 5.10. Failure to give any notice provided for in this Section 4.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor rights agent, as the case may be. For greater certainty, any notice required to be sent pursuant to this Agreement to holders of the Rights by the Rights Agent after its resignation or removal shall be at the expense of the Company.

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 Termination of Rights

5.1.1 With the prior consent of the holders of Voting Shares or Rights obtained in accordance with Section 5.5.2 or 5.5.3, as applicable, the Board of Directors may, at any time prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 has not been waived pursuant to Section 5.2, 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 to the Exercise Price provided for in Section 2.3 if an event 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**").

5.1.2 If a Person acquires, pursuant to a Permitted Bid, a Competing Permitted Bid or an Exempt Acquisition occurring under Section 5.2.1 or 5.2.2, outstanding Voting Shares and/or Convertible Securities, the Board of Directors shall, notwithstanding the provisions of Section 5.1.1, immediately upon such acquisition and without further formality, be deemed to have elected to redeem the Rights at the Redemption Price.

5.1.3 Where a Take-over Bid that is not a Permitted Bid or a Competing Permitted Bid expires, is terminated or is otherwise withdrawn 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 of the outstanding Rights at the Redemption Price.

5.1.4 If the Board of Directors elects or is deemed to have elected to redeem the Rights and, in circumstances where Section 5.1.1 is applicable, the requisite consent is given by the holders of Voting Shares or Rights, as applicable, (i) the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price, and (ii) subject to Section 5.1.6, no further Rights shall thereafter be issued.

5.1.5 Within 10 Business Days of the Board of Directors electing or having been deemed to have elected to redeem the Rights or, in circumstances where Section 5.1.1 is applicable, within 10 Business Days after the requisite consent is given by the holders of Voting Shares or Rights, as applicable, the Company shall give or cause to be given notice of redemption to the holders of the outstanding Rights by mailing such notice to each such holder at his last address as it appears upon the Rights Register or, prior to the Separation Time, on the register of Voting Shares maintained by the Company's transfer agent or transfer agents. Each such notice of redemption shall state the method by which the payment of the Redemption Price shall be made.

5.1.6 Upon the Rights being redeemed pursuant to Section 5.1.3, all the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and Rights Certificates representing the number of Rights held by each holder of record of Voting Shares as of the Separation Time had not been mailed to each such holder and, for all purposes of this Agreement, the Separation Time shall be deemed not to have occurred and Rights shall remain attached to the outstanding Voting Shares, subject to and in accordance with the provisions of this Agreement.

5.1.7 The Company shall not be obligated to make a payment of the Redemption Price to any holder of Rights unless such holders is entitled to receive at least \$1.00 in respect of all Rights held by such holder.

5.2 Waiver of Flip-In Events

5.2.1 With the prior consent of the holders of Voting Shares obtained in accordance with Section 5.5.2, the Board of Directors may, at any time prior to the occurrence of a Flip-in Event that would occur by reason of an acquisition of Voting Shares otherwise than in the circumstances described in Section 5.2.2 or 5.2.3, waive the application of Section 3.1 to such Flip-in Event by written notice delivered to the Rights Agent.

5.2.2 The Board of Directors may, at any time prior to the occurrence of a Flip-in Event that would occur by reason of a Take-over Bid made by means of a take-over bid circular sent to all holders of record of Voting Shares (which, for greater certainty, shall not include the circumstances described in Section 5.2.3), waive the application of Section 3.1 to such Flip-in Event by written notice delivered to the Rights Agent, provided, however, that if the Board of

Directors waives the application of Section 3.1 to such a Flip-in Event, the Board of Directors shall be deemed to have waived the application of Section 3.1 to any other Flip-in Event occurring by reason of any Take-over Bid which is made by means of a take-over bid circular sent to all holders of record of Voting Shares prior to the expiry, termination or withdrawal of any Take-over Bid in respect of which a waiver is, or is deemed to have been, granted under this Section 5.2.2.

5.2.3 The Board of Directors may waive the application of Section 3.1 to a Flip-in Event provided that the following conditions are satisfied:

- (a) the Board of Directors has determined that the Acquiring Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person; and
- (b) such Acquiring Person:
 - (i) has reduced its Beneficial Ownership of Voting Shares such that, at the time of the waiver pursuant to this Section 5.2.3, it is no longer an Acquiring Person; or
 - (ii) covenants in favour of the Company, on terms acceptable to the Board of Directors, to reduce its Beneficial Ownership of Voting Shares within a period of time specified by the Board of Directors such that, at the time the waiver becomes effective at the expiry of such period of time, it is no longer an Acquiring Person.

5.3 Expiration

No Person shall have any rights pursuant to this Agreement in respect of any Right after the Expiration Time, except the Rights Agent as specified in Section 4.1.1.

5.4 Issuance of New Rights Certificates

Notwithstanding any of the provisions of this Agreement or of 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 shares purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

5.5 Supplements and Amendments

5.5.1 The Company may from time to time prior to or after the Separation Time amend, supplement or restate this Agreement without the approval of any holders of Rights or Voting Shares in order to correct any clerical or typographical error or, subject to Section 5.5.4, to maintain the validity and effectiveness of this Agreement as a result of any change in applicable laws, rules or regulatory requirements. The Company may, prior to the date of the shareholders' meeting referred to in Section 5.19.1, amend, supplement or restate this Agreement without the approval of any holders of Voting Shares or Rights 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 5.5 to the contrary, no such amendment, supplement or restatement shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent to such amendment, supplement or restatement.

5.5.2 Subject to Section 5.5.1, the Company may, with the prior consent of the holders of Voting Shares obtained as set forth below, at any time prior to the Separation Time, amend, supplement, restate or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if the action requiring such approval is authorized by the affirmative vote of a majority of the votes cast by Independent Shareholders present or represented at and entitled to vote at a meeting of the holders of Voting Shares duly called and held in compliance with applicable laws and the Act and the Company's by-laws.

5.5.3 Subject to Section 5.5.1, the Company may, with the prior consent of the holders of Rights obtained as set forth below, at any time after the Separation Time, amend, supplement, restate or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally). Such consent shall be deemed to have been given if the action requiring such approval is authorized by the affirmative vote of a majority of the votes cast by the holders of Rights (other than any holder of Rights whose Rights have become null and void pursuant to the provisions hereof) present or represented at and entitled to vote at a meeting of the holders of Rights. For the purposes hereof, the procedures for the calling, holding and conduct of a meeting of the holders of Rights shall be those, as nearly as may be, which are provided in the Act with respect to meetings of its shareholders and each Right shall be entitled to one vote at any such meeting.

5.5.4 Any amendments, supplements or restatements made by the Company to this Agreement pursuant to Section 5.5.1 which are required to maintain the validity and effectiveness of this Agreement as a result of any change in any applicable laws, rules or regulatory requirements shall:

- (a) if made before the Separation Time, be submitted to the holders of Voting Shares at the next meeting of holders of Voting Shares and the holders of Voting Shares may, by the majority referred to in Section 5.5.2, confirm or reject such amendment, supplement or restatement; and
- (b) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called and held in accordance with the provisions of Section 5.5.3 and the holders of Rights may, by a majority referred to in Section 5.5.3, confirm or reject such amendment, supplement or restatement.

Any such amendment, supplement or restatement shall, unless the Board of Directors otherwise stipulates that such amendment is to become effective at a later date, be effective from the date of the resolution of the Board of Directors adopting such amendment, supplement or restatement, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment, supplement or restatement is confirmed, it shall continue

in effect in the form so confirmed. If such amendment, supplement or restatement is rejected by the holders of Voting Shares or the holders of Rights or is not submitted to the holders of Voting Shares or holders of Rights as required, then such amendment, supplement or restatement 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 if such a meeting of the holders of Rights is not called within 90 days after the date of the resolution of the Board of Directors adopting such amendment, supplement or restatement, at the end of such period, and no subsequent resolution of the Board of Directors to amend, supplement or restate this Agreement to substantially the same effect shall be effective until confirmed by the holders of Voting Shares or holders of Rights as the case may be.

5.5.5 The Company shall give notice in writing to the Rights Agent of any amendment, supplement or restatement to this Agreement pursuant to Section 5.5 within five Business Days of the date of any such amendment, supplement or restatement, provided that failure to give such notice, or any defect therein, shall not affect the validity of any such amendment, supplement or restatement.

5.6 Fractional Rights and Fractional Shares

5.6.1 The Company shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. Subject to Section 5.3, after the Separation Time there shall be paid to the registered holders of the Rights Certificates with regard to which fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the Market Price at the Separation Time of a whole Right in lieu of such fractional Rights. The Rights Agent shall have no obligation to make any payments in lieu of fractional Rights unless the Company shall have provided the Rights Agent with the necessary funds to pay in full all amounts payable in accordance with Section 2.2.5.

5.6.2 The Company shall not be required to issue fractional Common Shares upon exercise of the Rights or to distribute certificates which evidence fractional Common Shares. In lieu of issuing fractional Common Shares, the Company shall pay to the registered holder of Rights Certificates at the time such Rights are exercised as herein provided, an amount in cash equal to the same fraction of the Market Price at the date of such exercise of one Common Share. The Rights Agent shall have no obligation to make any payments in lieu of fractional Common Shares unless the Company shall have provided the Rights Agent with the necessary funds to pay in full all amounts payable in accordance with Section 2.2.5.

5.7 Rights of Action

Subject to the terms of this Agreement, rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights; and any holder of any Rights, without the consent of the Rights Agent or of the holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, 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.

5.8 Holder of Rights Not a Shareholder

No holder, as such, of any Rights shall be entitled to vote, receive dividends or be for any purpose the holder of Common Shares or any other securities 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 to confer upon the holder of any Rights, 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 action of the Company, or to receive notice of meetings or other actions affecting shareholders (except as provided in Section 5.9), or to receive dividends or subscription rights or otherwise, until such Rights, or Rights to which such holder is entitled, shall have been exercised in accordance with the provisions hereof.

5.9 Notice of Proposed Actions

If after the Separation Time and prior to the Expiration Time:

- (a) there shall occur an adjustment in the rights attaching to the Rights pursuant to Section 3.1 as a result of the occurrence of a Flip-in Event; or
- (b) the Company proposes to effect the liquidation, dissolution or winding up of the Company or the sale of all or substantially all of the Company's assets;

then, in each such case, the Company shall give to each holder of a Right, in accordance with Section 5.10, a notice of such event or proposed action, which shall specify the date on which such adjustment to the Rights occurred or liquidation, dissolution or winding up is to take place, and such notice shall be so given within 10 Business Days after the occurrence of an adjustment to the Rights and not less than 20 Business Days prior to the date of taking such proposed action by the Company.

5.10 Notices

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

Castle Gold Corporation
80 Richmond Street West
Suite 1400

Toronto, ON
M5H 2A4

Attention: Thomas Atkins
Facsimile: (416) 214-4877

with a copy to (which shall not constitute notice):

Cassels Brock & Blackwell LLP
40 King Street West
Scotia Plaza, Suite 2100
Toronto, Ontario
M5H 3C2

Attention: Cameron Mingay
Facsimile: (416) 640-3163

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

Computershare Investor Services Inc. of Canada
100 University Avenue
Toronto, Ontario
M5J 2Y1

Attention: Paul Keyes
Facsimile: (416) 981-9800

5.10.3 Notices or demands to be given or made in connection with this Agreement 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 first class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the register of the Rights Agent or, prior to the Separation Time, on the register of the Company for the Common Shares.

5.10.4 Any notice given or made in accordance with this Section 5.10 shall be deemed to have been given and to have been received on the day of delivery, if so delivered, on the third Business Day (excluding each day during which there exists any general interruption of postal service due to strike, lockout or other cause) following the mailing thereof, if so mailed, and on the day of faxing (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.

5.10.5 If mail service is or is threatened to be interrupted at a time when the Company or the Rights Agent wishes to give a notice or demand hereunder to or on the holders of the Rights, the Company or the Rights Agent may, notwithstanding the foregoing provisions of this Section 5.10, give such notice by means, of publication once in each of two successive weeks in the business section of the Financial Post and, so long as the Company has a transfer agent in the United States, in a daily publication in the United States designated by the Company, or in such other publication or publications as may be designated by the Company and notice so published shall be deemed to have been given on the date on which the first publication of such notice in any such publication has taken place.

5.11 Costs of Enforcement

The Company agrees that, if the Company fails to fulfill 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 in actions to enforce his rights pursuant to any Rights or this Agreement.

5.12 Successors

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

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

5.14 Governing Law

5.14.1 This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Ontario 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.

5.15 Language

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

5.16 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute

one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. Transmission of a copy of an executed signature page of this Agreement (including any change to this Agreement) to the other party to this Agreement by facsimile transmission or e-mail in pdf format shall be effective as delivery of a manually executed counterpart hereof.

5.17 Severability

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

5.18 Determinations and Actions by the Board of Directors

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

5.19 Effective Date and Expiration Time

5.19.1 Subject to Section 5.19.2, this Agreement:

- (a) shall be effective and in full force and effect in accordance with its terms from and after the Effective Date and shall constitute the entire agreement between the parties pertaining to the subject matter hereof as of the Effective Date; and
- (b) shall expire and be of no further force or effect from and after the Close of Business on the date (the “**Expiration Time**”) that is the earlier of (i) the Termination Time, and (ii) the date upon which the annual meeting of the holders of Voting Shares terminates in 2012.

5.19.2 Notwithstanding Section 5.19.1, if the Agreement is not ratified and confirmed by a resolution passed by a majority of the votes cast by Independent Shareholders who vote in respect of ratification and confirmation of this Agreement at a meeting of the holders of Voting Shares called for such purpose and held within six months of the Effective Date, then all outstanding Rights and this Agreement shall terminate and be null and void and of no further force and effect from and after the earlier of the date of such meeting or any adjournment thereof and the date that is six months from the Effective Date.

5.20 Regulatory Approvals

Any obligation of the Company or action or event contemplated by this Agreement shall be subject to applicable law and to the receipt of any requisite approval or consent from any governmental or regulatory authority. Without limiting the generality of the

foregoing, any issuance or delivery of Common Shares upon the exercise of Rights and any amendment to this Agreement shall be subject to any required prior consent of the stock exchange(s) on which the Company is from time to time listed.

5.21 Declaration as to Non-Canadian Holders

If in the opinion of the Board of Directors (who may rely on the advice of counsel) any action or event contemplated by this Agreement would require compliance with the securities laws or comparable legislation of a jurisdiction outside of Canada, the Board of Directors acting in good faith may take such actions as it may deem appropriate to ensure such compliance. In no event shall the Company or the Rights Agent be required to issue or deliver Rights or securities issuable on the 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 or the relevant Persons or securities for such purposes, or (until such notice is given as required by law) without advance notice to any regulatory or self-regulatory body.

5.22 Time of the Essence

Time shall be of the essence of this Agreement.

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

CASTLE GOLD CORPORATION

Per: (Signed) “*Thomas Atkins*”

Name: Thomas Atkins

Title: President and CEO

Per: (Signed) “*Janet O’Donnell*”

Name: Janet O’Donnell

Title: CFO

**COMPUTERSHARE INVESTOR
SERVICES INC. OF CANADA**

Per: (Signed) “*Paul Keyes*”

Name: Paul Keyes

Title: Professional, Client Services

Per: (Signed) “*Sophie Arcaro*”

Name: Sophie Arcaro

Title: Professional, Client Services

SCHEDULE A

to a Shareholder Rights Plan Agreement made as of March 2, 2009
between Castle Gold Corporation and Computershare Investor Services Inc. of Canada

Certificate No. [] [] Rights

THE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE COMPANY, ON THE TERMS SET FORTH IN THE SHAREHOLDER RIGHTS PLAN AGREEMENT. IN CERTAIN CIRCUMSTANCES (SPECIFIED IN SUBSECTION 3.1.2 OF THE SHAREHOLDER RIGHTS PLAN AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR ITS AFFILIATES OR ASSOCIATES OR ANY PERSON ACTING JOINTLY OR IN CONCERT WITH ANY OF THEM (AS SUCH TERMS ARE DEFINED IN THE SHAREHOLDER RIGHTS PLAN AGREEMENT) OR TRANSFEREES OF ANY OF THE FOREGOING WILL BECOME NULL AND VOID WITHOUT FURTHER ACTION.

RIGHTS CERTIFICATE

This certifies that [] 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 made as of March 2, 2009 (the “**Rights Agreement**”) between Castle Gold Corporation, a Company established under the laws of the Province of Ontario, (the “**Company**”) and Computershare Investor Services Inc. of Canada, a company incorporated under the laws of Canada, as Rights Agent (the “**Rights Agent**”, which term shall include any successor Rights Agent under the Rights Agreement), to purchase from the Company, at any time after the Separation Time and prior to the Expiration Time (as such terms are defined in the Rights Agreement), one fully paid common share of the Company (a “**Common Share**”) at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate, together with the Form of Election to Exercise appropriately completed and duly executed, to the Rights Agent at its principal office in Toronto, Ontario. The Exercise Price per Right shall be determined from time to time in accordance with the terms of the Rights Agreement (payable by certified cheque, banker’s draft or money order payable to the order of the Company).

The number of Common Shares which may be purchased for the Exercise Price is subject to adjustment as set forth in the Rights Agreement.

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

This Rights Certificate, with or without other Rights Certificates, upon surrender at the principal office of the Rights Agent in Toronto, Ontario, may be exchanged for another Rights Certificate or Rights Certificates of like tenor 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.

In certain circumstances described in the Rights Agreement, each Right evidenced hereby may be adjusted so as to entitle the registered holder thereof to purchase or receive securities or Common Shares in the capital of the Company other than Common Shares or more or less than one Common Share (or a combination thereof), all as provided in the Rights Agreement. The number of Common Shares which may be purchased for the Exercise Price is subject to adjustment as set forth in the Rights Agreement.

Subject to the provisions of the 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.

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

No holder of this Rights Certificate, as such, shall be entitled to vote, receive distributions or be for any purpose the holder of Common Shares or any other securities which may at any time be issuable on the exercise hereof, nor shall anything contained herein or in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the 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 action involving the Company, or to receive notice of meetings or other actions affecting shareholders (except as provided in the Rights Agreement), or to receive distributions or subscription rights or otherwise, until such Rights evidenced by this Rights Certificate shall have been exercised in accordance with the provisions of the Rights Agreement.

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

WITNESS the facsimile signature of the proper authorized signatory of the Company.

Date: [_____]

CASTLE GOLD CORPORATION

Per: _____
Name: _____
Title: _____

Countersigned this <*> day of <*>, <*>.

**COMPUTERSHARE INVESTOR SERVICES
INC. OF CANADA**

By: _____
Title: Authorized Signatory

**FORM OF ELECTION TO EXERCISE
RIGHTS ISSUED BY**

CASTLE GOLD CORPORATION

To: Computershare Investor Services Inc.

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

Name

Address

City and Province

Social Insurance No. or other
taxpayer identification numbers

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

Name

Address

City and Province

Social Insurance No. or other
taxpayer identification numbers

Date: _____

Signature

Signature Guaranteed

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

Signature must be guaranteed by a major Canadian trust company, a Schedule 1 Canadian chartered bank, a member of a recognized stock exchange in Canada or a member of a recognized Medallion Guarantee Program.

(To be completed by the holder if true)

The undersigned hereby represents, for the benefit of the Company and 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 by an Affiliate or Associate of an Acquiring Person, any Person acting jointly or in concert with an Acquiring Person (as such terms are defined in the Rights Agreement).

Date: _____

Signature

NOTICE

In the event the certification set forth above is not completed, the Company will deem the Beneficial Owner of the Rights represented by this Rights Certificate to be an Acquiring Person (as defined in the Rights Agreement) and, accordingly, such Rights shall be null and void and not transferable or exercisable.

FORM OF ASSIGNMENT

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

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please print name and address of transferee)

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

Date: _____

Signature

(Signature must correspond to name as Signature Guaranteed 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 major Canadian trust company, a Schedule 1 Canadian chartered bank, a member of a recognized stock exchange in Canada or a member of a recognized Medallion Guarantee Program.

(To be completed by the holder if true)

The undersigned hereby represents, for the benefit of the Company and 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 by an Affiliate or Associate of an Acquiring Person, any Person acting jointly or in concert with an Acquiring Person (as such terms are defined in the Rights Agreement).

Date: _____

Signature

(Please print name below signature)

NOTICE

In the event the certification set forth above is not completed, the Company will deem the Beneficial Owner of the Rights represented by this Rights Certificate to be an Acquiring Person (as defined in the Rights Agreement) and, accordingly, such Rights shall be null and void and not transferable or exercisable.