

FORM 51-102F3 - MATERIAL CHANGE REPORT

1. **Name and Address of Company**

CERRO GRANDE MINING CORPORATION (the “Company”)
Royal Bank Plaza
South Tower
200 Bay Street, Suite 3800
Toronto, Ontario M5J 2Z4

2. **Date of Material Change**

May 15, 2013

3. **News Release**

The news release attached hereto as Schedule A announcing the material change described herein was released through Canada News Wire Group at Toronto, Ontario, on May 15, 2013.

4. **Summary of Material Change**

On May 15, 2013, the Board of Directors of the Company announced that it had approved the adoption of a shareholder rights plan (the “**Rights Plan**”) and enhanced quorum By-Law 1B amendment (the “**Enhanced Quorum By-law**”), as more fully described in the Company's News Release attached hereto as Schedule A, which News Release is incorporated herein.

5. **Full Description of Material Change**

5.1 Full Description of Material Change

A summary of the terms and conditions of the Rights Plan and Enhanced Quorum By-law is attached hereto as Schedule B, which summary is qualified in its entirety by, and is subject to, the full text of the Rights Plan.

5.2 Disclosure for Restructuring Transactions

Not Applicable

6. **Reliance on subsection 7.1(2) of National Instrument 51-102**

Not Applicable.

7. **Omitted Information**

Not Applicable.

8. **Executive Officer**

The following is the name and business telephone number of an executive officer of the Company who is knowledgeable about the material change and this report.

Stephen W. Houghton, CEO
David R. S. Thomson, EVP
E-Mail: ceg@cegmining.com
Telephone: 56-2-2569-6200
Website: www.cegmining.com

9. **Date of Report**

May 21, 2013.

News Release

CERRO GRANDE MINING CORPORATION

Registered Office:
ROYAL BANK PLAZA
SOUTH TOWER
200 BAY STREET, SUITE 3800
TORONTO, ONTARIO M5J 2Z4
CANADA

Santiago Office:
AVENIDA SANTA MARIA 2224
PROVIDENCIA, SANTIAGO, CHILE
Telephone: 56-2-2569 6200

Toronto Office:
67 YONGE STREET, OF. 1201
TORONTO, ONTARIO M5J 1J8
CANADA

For further information, contact:
Stephen W. Houghton, CEO
David R. S. Thomson, EVP
E-Mail: ceg@cegmining.com
Telephone: 56-2-2569 6200
Website: www.cegmining.com

FOR IMMEDIATE RELEASE – May 15, 2013

Cerro Grande Mining Corporation Announces Adoption of a Shareholder Rights Plan and Enhanced Quorum By-Law N° 1B Amendment

Toronto, Ontario, Canada – Cerro Grande Mining Corporation (the “Company” or “CEG”) (TSX:CEG) (OTCQX:CEGMF) is pleased to announce that the board of directors of the Corporation has adopted a shareholder protection rights plan and an Enhanced Quorum By-Law 1B Amendment effective May 9, 2013. The objective of the rights plan and Enhanced Quorum By-Law 1B Amendment is to ensure, to the extent possible, that all shareholders of the Corporation are treated equally and fairly in connection with any initiative to acquire control of the Corporation.

The rights plan is not intended to and will not prevent a take-over of the Corporation. The purpose of the rights plan is to encourage a potential bidder to make a “Permitted Bid”, having terms and conditions designed to meet the objectives of the rights plan, or to negotiate the terms of an offer with the board of directors of the Corporation. A Permitted Bid is a take-over bid that is made to all holders of voting shares of the Corporation (other than the bidder) for all of the voting shares held by them, by way of a take-over bid circular prepared in compliance with applicable securities laws, that remains open for acceptance by shareholders of the Corporation for 60 days (or such shorter period of time as may be approved by the board of directors of the Corporation from time to time), and that satisfies certain other conditions.

The rights plan must be confirmed by shareholders within six months of its effective date. **The listing of the rights is subject to regulatory acceptance by The Toronto Stock Exchange. Application for approval has been made to the TSX.**

The Corporation is not aware of any specific take-over bid for the Corporation that has been made or is contemplated.

A complete copy of the Rights Plan is available upon request. Shareholders wishing to receive a copy of the Rights Plan should make their request by telephone at 56-2-2569-6200, by email at ceg@cegmining.com or by mail to Cerro Grande Mining Corporation, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 3800, Toronto, Ontario M5J 2Z4, Attention: Mr. Stephen Houghton. A copy of the Rights Plan will be filed on SEDAR at www.sedar.com once it has been approved by the TSX.

The By-law Amendment provides that a quorum of at least two persons present in person and entitled to vote at any annual meeting of shareholders, or at any special meeting of shareholders, if one of the purposes for which the special meeting was called was the election of directors, and who, together, hold or represent by proxy at least a majority of the shares issued and outstanding in the capital of the Corporation and entitled to be voted at any such meeting (an “**Enhanced Quorum**”) is required where nominations of persons for election to the Board made by shareholders may result in persons who were members of the Board immediately prior to the meeting ceasing to constitute a majority of the Board following the meeting, other than pursuant to a “change of control” of the Corporation. For all other shareholder meetings, a quorum of at least two persons present in person and entitled to vote at the meeting and who, together, hold or represent by proxy not less than 25% of the votes entitled to be cast at the meeting will continue to be required.

The Corporation is committed to ensuring that all shareholders receive adequate notice of the director nominations, and allowing shareholders to register an informed vote, particularly minority shareholders.

About Cerro Grande Mining Corporation

Cerro Grande Mining Corporation is a minerals producing, exploration and development company with properties and activities currently focused in Chile.

The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release. This news release may contain assumptions, estimates, and other forward-looking statements regarding future events. Such forward-looking statements involve inherent risks and uncertainties and are subject to factors, many of which are beyond the Company's control, which may cause actual results or performance to differ materially from those currently anticipated in such statements.

Cautionary Statement on Forward-looking Information

This news release contains “forward-looking information”, which may include, but is not limited to, information with respect to the satisfaction of the additional bonus shares to be issued pursuant to the original settlement agreement in cash. Often, but not always, forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of CEG to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Forward-looking information contained herein are made as of the date of this press release based on current expectations and beliefs and CEG disclaims, other than as required by law, any obligation to update any forward-looking information whether as a result of new information, results, future events, circumstances, or if management's estimates or opinions should change, or otherwise. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, the reader is cautioned not to place undue reliance on forward-looking information.

Renmark Financial Communications Inc.

Barbara Komorowski : bkomorowski@renmarkfinancial.com

Lorraine Athaide : lathaide@renmarkfinancial.com

Tel: (416) 644-2020 or (514) 939-3989

www.renmarkfinancial.com

Schedule B

SUMMARY OF RIGHTS PLAN

This summary is qualified in its entirety by, and is subject to, the full text of the Shareholder Rights Plan Agreement (the “**Rights Plan**”) dated as of May 14, 2013, between **CERRO GRANDE MINING CORPORATION** (the “**Corporation**”) and **COMPUTERSHARE INVESTOR SERVICES INC.**, as rights agent (the “**Rights Agent**”). A complete copy of the Rights Plan is available upon request. Shareholders wishing to receive a copy of the Rights Plan should make their request by telephone at (56) 2-2569-6200, by email at ceg@cegmining.com or by mail to CERRO GRANDE MINING CORPORATION, c/o 79 Wellington Street West, Suite 2300, Toronto, Ontario, M5K 1H1, Attention: Stephen W. Houghton. A copy of the Rights Plan will also be available on SEDAR at www.sedar.com. All capitalized terms where used in this summary without definition have the meanings attributed to them in the Rights Plan.

(a) Issuance of Rights

Under the Rights Plan, one common share purchase right (a “**Right**”) was issued for each Common Share outstanding as of 5:00 p.m. (Toronto time) on May 14, 2013 (the “**Record Time**”), which is the date on which the Corporation implemented the Rights Plan, and for each “**Voting Share**” (which includes the Common Shares and any other shares in or interests of the Corporation entitled to vote generally in the election of directors) issued thereafter and prior to the Separation Time, subject to the earlier termination or expiration of the Rights as set forth in the Rights Plan.

(b) Exercise Price

Until the Separation Time, the “**Exercise Price**” of each Right is three times the market price, from time to time, of the Common Shares. From and after the Separation Time, the Exercise Price is three times the market price, as at the Separation Time, per Common Share. In each case, the Exercise Price is subject to adjustment and certain anti-dilution provisions.

(c) Separation Time

The Rights are not exercisable until the “**Separation Time**.” The Separation Time is the close of business on the tenth Trading Day after the earlier of:

- (i) the “**Stock Acquisition Date**,” which is the first date of public announcement of facts indicating that a Person has become an Acquiring Person;
- (ii) the date of the commencement of or first public announcement of the current intent of any Person (other than the Corporation or its Subsidiaries) to commence a Take-over Bid (other than a Permitted Bid or Competing Permitted Bid); and
- (iii) the date upon which a Permitted Bid or Competing Permitted Bid ceases to be one.

Alternatively, the Separation Time may be such later date as determined by the Board of Directors. If a Take-over Bid expires or is cancelled, terminated or withdrawn prior to the Separation Time, it shall be deemed never to have been made.

(d) Flip-in Event

A “**Flip-in Event**” occurs when any Person becomes an Acquiring Person. If, prior to the Expiration Time, a Flip-in Event that has not been waived occurs, each Right (except for Rights Beneficially Owned by an Acquiring Person (or an Affiliate or Associate of an Acquiring Person, a Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person or any Affiliate or Associate of such other Person acting

jointly or in concert, or a transferee or any such Person, which become null and void) will constitute, upon exercise, the right to purchase from the Corporation such number of Common Shares as have a total Market Price on the date of the Flip-in Event equal to twice the Exercise Price, for the Exercise Price.

(e) Trading and Separation of Rights

Until the Separation Time, the Rights will be evidenced by the certificates representing the associated Voting Shares and will be transferable only together with the associated Voting Shares. After the Separation Time, separate certificates evidencing the Rights will be mailed to holders of record of (i) Voting Shares as of the Separation Time and (ii) Voting Shares issued on conversion of Convertible Securities after the Separation Time and prior to the Expiration Time, promptly after such conversion (other than to any Acquiring Person or any other Person whose Rights are or become null and void) as of the Separation Time and such separate Rights certificates alone will evidence the Rights. Subject to the Corporation complying with the requirements of the Toronto Stock Exchange, the Rights will be listed on the Toronto Stock Exchange. Rights will trade separately from the Voting Shares after the Separation Time.

(f) Acquiring Person

In general, an “**Acquiring Person**” is a Person who is the Beneficial Owner of 20 percent or more of the Corporation's outstanding Voting Shares. Excluded from the definition of Acquiring Person are (i) the Corporation and its Subsidiaries, and (ii) any Person who becomes the Beneficial Owner of 20 percent or more of the outstanding Voting Shares as a result of any one or a combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition, or a Pro Rata Acquisition; provided that such Person does not thereafter acquire an additional 0.25 percent of the then outstanding Voting Shares (other than pursuant to any one or a combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition, or a Pro Rata Acquisition).

In general,

- (i) a “**Voting Share Reduction**” means an acquisition or a redemption by the Corporation 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;
- (ii) a “**Permitted Bid Acquisition**” means an acquisition of Voting Shares and/or Convertible Securities pursuant to a Permitted Bid or a Competing Permitted Bid;
- (iii) an “**Exempt Acquisition**” means an acquisition of Voting Shares and/or Convertible Securities:
 - (1) for which the Board has waived the application of the Rights Plan;
 - (2) which is made pursuant to a regular dividend reinvestment plan, or similar plan which allows holders of the Corporation's securities to direct monies from dividends, proceeds from redemption, interest on indebtedness and optional cash payments be applied to the purchase of Voting Shares and/or Convertible Securities;
 - (3) which is made as an intermediate step in a series of related transactions in connection with an acquisition by the Corporation or its Subsidiaries of a Person or assets;
 - (4) which is made pursuant to a distribution of Voting Shares and/or Convertible Securities made by the Corporation
 - (A) to the public pursuant to a prospectus; or

- (B) by way of a private placement or upon the exercise by an individual employee of stock options granted under a stock option plan of the Corporation or right to purchase securities granted under a share purchase plan of the Corporation, provided that all necessary stock exchange approvals for such private placement, stock option plan or share purchase plan have been obtained and such private placement, stock option plan or share purchase plan complies with the terms and conditions of such approvals; or
- (5) which is made pursuant to an amalgamation, merger, arrangement, business combination or other similar transaction (not including a Take-over Bid) that is conditional upon shareholder approval being obtained prior to the acquisition of such securities;
- (iv) a “**Convertible Security Acquisition**” means an acquisition of Voting Shares upon the exercise of Convertible Securities acquired or received by such Person pursuant to a Permitted Bid Acquisition, Exempt Acquisition, or Pro Rata Acquisition; and
- (v) a “**Pro Rata Acquisition**” means an acquisition of Voting Shares and/or Convertible Securities as a result of: (i) a stock dividend, stock split or other similar event, on the same *pro rata* basis as all other holders of such securities of the same class or series; or (ii) any other event pursuant to which all holders of Voting Shares and/or Convertible Securities are entitled to receive Voting Shares and/or Convertible Securities on the same *pro rata* basis as all other holders of such securities of the same class or series (provided that such entitlement is derived from rights acquired directly from the Corporation and not from any other Person).

Also excluded from the definition of Acquiring Person are (i) underwriters or members of a banking or selling group acting in connection with a distribution of securities by way of prospectus, and (ii) any “**Grandfathered Person**” (generally, any Person who is the Beneficial Owner of 20 percent or more of the then outstanding Voting Shares at the Record Time); provided that such Person does not after the Record Time acquire an additional 0.25 percent of the then outstanding Voting Shares (other than pursuant to any one or a combination of a Voting Share Reduction, a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition, or a Pro Rata Acquisition). To the Corporation's knowledge, as at the Record Time, there were no Grandfathered Persons.

(g) Beneficial Ownership

In general, a Person is deemed to “**Beneficially Own**” securities actually held by others if those holdings are or should be grouped together for purposes of the Rights Plan. Included are holdings by the Person's “**Affiliates**” (generally, a Person that controls, is controlled by, or is under common control with another Person) and “**Associates**” (generally, relatives sharing the same residence). Also included are securities which,

- (i) the Person or any of the Person's Affiliates or Associates has the right to acquire within 60 days (other than pursuant to any customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities, pledges of securities in the ordinary course of business, and agreements between the Corporation and any Person relating to an amalgamation, merger, arrangement, business combination or other similar transaction (statutory or otherwise, but for greater certainty not including a Take-over Bid) that is conditional upon shareholder approval to be obtained prior to the Person acquiring such securities);
- (ii) the Person or any of the Person's Affiliates or Associates has the right to vote, whether or not such right is exercisable immediately or at a certain point in time, is contingent on any happening, is pursuant to any agreement or arrangement, or is in writing (other than pursuant to pledges of securities, granted for bona fide indebtedness, in the ordinary course of business of the lender);
- (iii) are the subject of a lock-up or similar agreement to tender or deposit them into any Take-over Bid made by the Person or any of the Person's Affiliates or Associates; or

- (iv) are beneficially owned by a Counterparty (or any of such Counterparty's Affiliates or Associates) under any Derivatives Contract to which the Person or any of the Person's Affiliates or Associates is a Receiving Party and for purposes hereof, a “**Derivatives Contract**” means, in general, a contract between two parties (the “**Receiving Party**” and the “**Counterparty**”) that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of a number of Voting Shares and/or Convertible Securities referenced in such contract.

A Person is also deemed to Beneficially Own any securities that are Beneficially Owned (as described above) by any other Person with which, and in respect of which security, such Person is acting jointly or in concert. Under the Rights Plan, it is a question of fact whether a Person is acting jointly or in concert with another Person.

(h) Exclusions from the Definition of Beneficial Ownership

The definition of “**Beneficial Ownership**” contains several exclusions whereby a Person is not considered to Beneficially Own a security. There are exemptions from the deemed Beneficial Ownership provisions for institutional shareholders acting in the ordinary course of business and the performance of their duties. These exemptions apply to:

- (i) an investment manager (a “**Manager**”) which holds securities in the performance of the Manager's duties for the account of any other Person (a “**Client**”);
- (ii) a licensed trust company (a “**Trust Company**”) acting as trustee or administrator or in a similar capacity for the estates of deceased or incompetent Persons (each an “**Estate Account**”) or in relation to other accounts (each an “**Other Account**”);
- (iii) a Person established by statute (a “**Statutory Body**”), the ordinary business or activity of which includes the management of investment funds for employee benefit plans, retirement plans and insurance plans (other than insurance plans administered by insurance companies) of various public bodies;
- (iv) the administrator or trustee (an “**Administrator**”) of one or more pension funds or plans (each a “**Plan**”) registered under applicable law; and
- (v) a Crown agent or agency (a “**Crown**”) in the management of public assets, if the security is held for such management.

The foregoing exemptions apply only so long as the Manager, Trust Company, Administrator, Plan, or Crown is not then making or has not then publicly announced an intention to make a take-over bid, other than pursuant to a distribution by the Corporation or by means of ordinary market transactions.

Also, a Person will not be deemed to Beneficially Own a security because such Person: (i) is a Client of the same Manager, an Estate Account or Other Account of the same Trust Company, or a Plan with the same Administrator as another Person or Plan on whose account the Manager, Trust Company or Administrator, as the case may be, holds such security; or (ii) is a Client of a Manager, Estate Account, Other Account or Plan, and the security is owned at law or in equity by the Manager, Trust Company, Administrator or Plan, as the case may be.

(i) Permitted Bid and Competing Permitted Bid

A Take-over Bid will not trigger a Flip-In Event if it is a Permitted Bid or Competing Permitted Bid. A “**Permitted Bid**” is a Take-over Bid made by way of a Take-over Bid circular and that complies with the following:

- (i) the Take-over Bid is made to all holders of record of Voting Shares, other than the Offeror, for all the outstanding Voting Shares not owned by the Offeror; and

- (ii) the Take-over Bid shall contain, and the provisions for take-up and payment for securities deposited or tendered thereunder shall be subject to, irrevocable and unqualified conditions that:
- (1) no Voting Shares and/or Convertible Securities shall be taken up or paid for pursuant to the Take-over Bid:
 - (A) prior to the Close of Business on a date that is not less than 60 days (or such shorter period of time as may be permitted by the Board of Directors from time to time) after the Offer Date of the Take-over Bid; and
 - (B) 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, outstanding Voting Shares and Convertible Securities held by Independent Shareholders that represent more than 50 percent of the aggregate of then outstanding Voting Shares; and the Voting Shares issuable upon the exercise of Convertible Securities, have been deposited or tendered pursuant to the Take-over Bid and not withdrawn, and have previously been or are taken up at the same time;
 - (2) Voting Shares and/or Convertible Securities may be deposited or tendered 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;
 - (3) any Voting Shares and/or Convertible Securities deposited or tendered pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
 - (4) in the event that the requirement set forth in clause (ii)(1)(B) of the definition of Permitted Bid is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Voting Shares and/or Convertible Securities for not less than 10 Business Days from the date of such public announcement.

A Take-over Bid shall not be a Permitted Bid if, at the commencement of such Take-over Bid, the Offeror or any of its Affiliates or Associates or their respective advisors or other representatives or any Person acting jointly or in concert with any of them, possessed Confidential Information, unless such Persons have entered into a Confidentiality Agreement with the Corporation within three months prior to the commencement of the Take-over Bid and the standstill provision contained in such Confidentiality Agreement has no force or effect as at the commencement of the Take-over Bid.

A “**Competing Permitted Bid**” is a Take-over Bid that is made after any other Permitted Bid or Competing Permitted Bid has been made but before the expiry of the Permitted Bid or Competing Permitted Bid and that satisfies all the requirements of a Permitted Bid, other than those outlined in clause (i)(ii)(1) and (i)(ii)(4) of the definition of Permitted Bid and that contains, and the take-up and payment for securities deposited or tendered thereunder are subject to, irrevocable and unqualified conditions that,

- (1) no Voting Shares and/or Convertible Securities shall be taken up or paid for pursuant to the Take-over Bid:
 - (A) prior to the Close of Business on a date that is not less than the later of 35 days after the Offer Date of such Take-over Bid constituting the Competing Permitted Bid and 60 days (or such shorter period of time as may be permitted by the Board of Directors from time to time) after the Offer Date of the earliest Prior Bid then in existence; and

- (B) 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, outstanding Voting Shares and Convertible Securities held by Independent Shareholders that represent more than 50 percent of the aggregate of then outstanding Voting Shares, and the Voting Shares issuable upon the exercise of Convertible Securities, have been deposited or tendered pursuant to such Take-over Bid and not withdrawn, and have previously been or are taken up at the same time; and
- (2) in the event that the requirement set forth in clause (1)(B) of the definition of Competing Permitted Bid is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid constituting the Competing Permitted Bid will remain open for deposits and tenders of Voting Shares and/or Convertible Securities for not less than 10 Business Days from the date of such public announcement.

A Take-over Bid that qualifies as a Permitted Bid or Competing Permitted Bid shall cease to qualify as the Take-over Bid fails to meet any or all of the provisions of the definition of Permitted Bid or Competing Permitted Bid, as applicable.

(j) Redemption

The Rights may be redeemed in certain circumstances:

- (i) *Redemption of Rights.* The Board of Directors acting in good faith may, at any time prior to the occurrence of a Flip-in Event which was not been waived, elect to redeem not less than all of the outstanding Rights at a redemption price of \$0.000001 per Right (the “**Redemption Price**”).
- (ii) *Deemed Redemption.* If a Person who has made a Permitted Bid Acquisition or Exempt Acquisition in respect of which the Board of Directors has waived or has been deemed to have waived the application of the Rights Plan consummates the acquisition of the Voting Shares and/or Convertible Securities, the Board of Directors shall be deemed to have elected to redeem the Rights for the Redemption Price.
- (iii) *Redemption of Rights on Withdrawal or Termination of Bid.* Where a Take-over Bid that is not a Permitted Bid or Competing Permitted Bid is withdrawn or terminated after the Separation Time, and before a Flip-in Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price.

Where the Board of Directors elects or is deemed to have elected to redeem the Rights, (i) the right to exercise the Rights will terminate and the only right the holders of Rights will have is to receive the Redemption Price, and (ii) no further Rights shall thereafter be issued. Upon the Rights being so redeemed, all the provisions of the Rights Plan shall continue to apply as if the Separation Time had not occurred and Rights Certificates had not been mailed, and the Separation Time shall be deemed not to have occurred and Rights shall remain attached to the outstanding Voting Shares. Within 10 Business Days of any redemption of the Rights, the Corporation will notify the holders of the Voting Shares and/or Convertible Securities or, after the Separation Time, the holders of the Rights of the redemption.

(k) Waiver

The Board of Directors may waive the application of the Rights Plan in certain circumstances:

- (i) *Discretionary Waiver Respecting Acquisition not by Take-over Bid Circular.* The Board of Directors acting in good faith may determine, at any time before a Flip-in Event which would occur by an acquisition of Voting Shares and/or Convertible Securities by some other means than under a Take-over Bid made by means of a Take-over Bid circular to holders of Voting Shares, to

waive the application of the Rights Plan for that Flip-in Event, by delivering written notice to the Rights Agent.

- (ii) *Discretionary Waiver respecting Acquisition by Take-over Circular and Mandatory Waiver of Concurrent Bids.* The Board of Directors acting in good faith may, by prior written notice to the Rights Agent, waive the application of the Rights Plan to a Flip-in Event occurring by a Take-over Bid made by means of circular sent to all holders of Voting Shares before the Take-over Bid occurs. However, if the Board of Directors makes such waiver, it will be considered to have waived the application of the Rights Plan to any other Flip-in Event occurring by a Take-over Bid that satisfies all requirements of the definition of Permitted Bid or Competing Permitted Bid, and which is made by means of a circular to all holders of Voting Shares before the expiry of a bid for which the waiver was granted.
- (iii) *Waiver of Inadvertent Acquisition.* The Board of Directors acting in good faith may waive the application of the Rights Plan for any Flip-in Event if (i) the Board or Directors determines that a Person became an Acquiring Person unintentionally, and (ii) the Acquiring Person has reduced its Beneficial Ownership of Voting Shares so that, at the time of waiver, the Person is no longer an Acquiring Person. In the event of such waiver, both the Flip-in Event and the Separation Time shall be deemed not to have occurred.

(l) Anti-Dilution Adjustments

The Exercise Price of a Right, the number and kind of shares subject to purchase upon exercise of a Right, and the number of Rights outstanding, will be adjusted in certain events, including:

- (i) if there is a dividend payable in Voting Shares or Convertible Securities (other than pursuant to any dividend reinvestment plan) on the Voting Shares, or a subdivision or consolidation of the Voting Shares, or an issue of Voting Shares or Convertible Securities in respect of, in lieu of, or in exchange for existing Voting Shares pursuant to certain transactions; or
- (ii) if the Corporation fixes a record date for the distribution to all holders of Voting Shares or Convertible Securities of certain rights, options or warrants to acquire Voting Shares or Convertible Securities, or for the making of a distribution to all holders of Voting Shares of evidences of indebtedness or assets (other than regular periodic cash dividends or stock dividends payable in Voting Shares), rights or warrants.

(m) Supplements and Amendments

The Corporation may, prior to the occurrence of a Flip-in Event, make changes to or confirm or maintain the Rights Plan and/or the Rights in its sole discretion by resolution of the Board of Directors acting in good faith. Such changes shall be effective from the date of the resolution of the Board of Directors enacting the change or such other later date as the Board of Directors may determine.

(n) Term

If the Rights Plan is confirmed at a meeting of shareholders of the Corporation held within six months of May 14, 2013, it will continue in effect and will have a term that ends on the earlier of (i) the Termination Time (the time at which the right to exercise Rights terminates under the Rights Plan), and (ii) the close of business on the date of the 2016 annual meeting of shareholders of the Corporation, provided that if the Rights Plan is reconfirmed on such terms and conditions as may be approved by a majority of the votes cast by the Independent Shareholders on or before the date of the 2016 annual meeting of shareholders of the Corporation, the Corporation will have a rights plan for another scheduled three-year term.