

**CANADIAN PALLADIUM RESOURCES INC.**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING  
OF SHAREHOLDERS**

**to be held on Friday December 8, 2023 at 11:00 a.m. (Vancouver time)  
at 1558 West Hastings Street, Vancouver, British Columbia, V6G 3J4**

**MANAGEMENT INFORMATION CIRCULAR  
AND PROXY STATEMENT**

**November 8, 2023**

**CANADIAN PALLADIUM RESOURCES INC.**  
**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF THE**  
**SHAREHOLDERS**

**TAKE NOTICE THAT** an annual general and special meeting ("Meeting") of the shareholders of Canadian Palladium Resources Inc. ("Corporation") will be held at 1558 West Hastings Street, Vancouver, British Columbia, V6G 3J4, on Friday, December 8, 2023 at 11:00 a.m. (Vancouver time) for the following purposes:

1. to receive and consider the financial statements of the Corporation as at and for the year ended September 30, 2022 and 2021, together with the report of the auditors thereon;
2. to fix the number of directors of the Corporation to be elected at the Meeting at four (4) members;
3. to elect the directors of the Corporation for the ensuing year;
4. to appoint the auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to determine the remuneration to be paid to the auditors;
5. to consider, and if deemed advisable, to pass, with or without variation, an ordinary resolution of shareholders approving a 10% rolling equity incentive plan ("Equity Incentive Plan"), as more particularly set out herein;
6. to consider, and if deemed advisable, to pass, with or without variation, an ordinary resolution of shareholders authorizing the Corporation to issue more than 100% of its current issued and outstanding common shares pursuant to the Second Tranche Financing (as defined below), as more particularly described herein; and
7. to transact such other business as may properly come before the Meeting.

Information relating to matters to be acted upon by the shareholders at the Meeting is set forth in the accompanying Circular (as defined herein).

A shareholder may attend the Meeting in person or may be represented at the Meeting by proxy. Shareholders who are unable to attend the Meeting in person and wish to be represented by proxy are requested to date, sign and return the accompanying instrument of proxy, or other appropriate form of proxy, in accordance with the instructions set forth in the accompanying Circular. An instrument of proxy will not be valid unless it is deposited at the offices of Odyssey Trust (Attention: Proxy Department) at 323 – 409 Granville Street, Vancouver, BC V6C 1T2, in the enclosed self-addressed envelope, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time of the Meeting, or any adjournment thereof. Alternatively, a registered shareholder can complete internet voting by logging on at <https://login.odysseytrust.com/pxlogin> and entering the *Control Number* located on the address box of the shareholder's instrument of proxy. A person appointed as proxy holder need not be a shareholder of the Corporation.

Only shareholders of record as at the close of business on October 23, 2023 are entitled to receive notice of the Meeting.

**SHAREHOLDERS ARE CAUTIONED THAT THE USE OF THE MAIL TO TRANSMIT PROXIES IS AT EACH SHAREHOLDER'S RISK.**

**DATED** at Vancouver, British Columbia as of the 8<sup>th</sup> day of November 2023.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"James Newall"*

James Newall  
President & Chief Executive Officer

**CANADIAN PALLADIUM RESOURCES INC.**  
**Management Information Circular and Proxy Statement**

(Unless otherwise stated, information contained herein is given as of November 8, 2023)

**INFORMATION REGARDING PROXIES AND VOTING AT THE MEETING**

**Solicitation of Proxies**

This management information circular and proxy statement ("Circular") is furnished in connection with the solicitation of proxies by the management of Canadian Palladium Resources Inc. ("Corporation") for use at the annual general meeting ("Meeting") of the holders ("Shareholders") of common shares ("Common Shares") of the Corporation to be held at 1558 West Hastings Street, Vancouver, British Columbia, V6G 3J4, on Monday, December 8, 2023 at 11:00 a.m. (Vancouver time), for the purposes set forth in the notice of annual general meeting ("Notice") accompanying this Circular. Solicitation of proxies will be primarily by mail, but may also be undertaken by way of telephone, internet, facsimile or oral communication by the directors, officers and regular employees of the Corporation, at no additional compensation. Costs associated with the solicitation of proxies will be borne by the Corporation.

**Appointment of Proxyholders**

Accompanying this Circular is an instrument of proxy for use at the Meeting. Shareholders who are unable to attend the Meeting in person and wish to be represented by proxy are required to date and sign the enclosed instrument of proxy and return it in the enclosed return envelope. **All properly executed instruments of proxy for Shareholders must be mailed so as to reach or be deposited at the offices of Odyssey Trust (Attention: Proxy Department) at 323 – 409 Granville Street, Vancouver, BC V6C 1T2 not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of British Columbia) prior to the time set for the Meeting or any adjournment thereof.** Alternatively, a registered shareholder can complete internet voting by logging on at <https://login.odysseytrust.com/pxlogin> and entering the CONTROL NUMBER located on the address box of the shareholder's instrument of proxy.

The persons designated in the instrument of proxy are officers and/or directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) other than the persons designated in the accompanying instrument of proxy, to attend at and represent the Shareholder at the Meeting.** To exercise this right, a Shareholder should insert the name of the designated representative in the blank space provided on the instrument of proxy and strike out the names of management's nominees. Alternatively, a Shareholder may complete another appropriate instrument of proxy.

**Signing of Proxy**

The instrument of proxy must be signed by the Shareholder or the Shareholder's duly appointed attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney of the Corporation. An instrument of proxy signed by a person acting as attorney or in some other representative capacity (including a representative of a corporate Shareholder) should indicate that person's capacity (following his or her signature) and should be accompanied by the appropriate instrument evidencing qualification and authority to act (unless such instrument has previously been filed with the Corporation).

## **Revocability of Proxies**

A Shareholder who has submitted an instrument of proxy may revoke it at any time prior to the exercise thereof. In addition to any manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or by his or her duly authorized attorney or, if the Shareholder is a corporation, under its corporate seal or executed by a duly authorized officer or attorney of the corporation and deposited either: (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournments thereof, at which the instrument of proxy is to be used; or (ii) with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof. In addition, an instrument of proxy may be revoked: (i) by the Shareholder personally attending the Meeting and voting the securities represented thereby or, if the Shareholder is a corporation, by a duly authorized representative of the corporation attending at the Meeting and voting such securities; or (ii) in any other manner permitted by law.

## **Voting of Proxies and Exercise of Discretion by Proxyholders**

All Common Shares represented at the Meeting by properly executed proxies will be voted on any ballot that may be called for and, where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the Common Shares represented by the instrument of proxy will be voted in accordance with such instructions. The management designees named in the accompanying instrument of proxy will vote or withhold from voting the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholder appointing him or her on any ballot that may be called for at the Meeting. **In the absence of such direction, such Common Shares will be voted "FOR" the proposed resolutions at the Meetings. The accompanying instrument of proxy confers discretionary authority upon the persons named therein with respect to amendments of or variations to the matters identified in the accompanying Notice and with respect to other matters that may properly be brought before the Meeting.** In the event that amendments or variations to matters identified in the Notice are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the management designees to vote in accordance with their best judgment on such matters or business. At the time of printing this Circular, the management of the Corporation knows of no such amendment, variation or other matter to come before the Meeting other than the matters referred to in the accompanying Notice.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON**

Except as disclosed in this Circular, none of the directors or senior officers of the Corporation at any time since the beginning of the Corporation's last financial year, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on, other than the election of directors or the appointment of auditors.

Directors and officers may, however, be interested in the approval of the equity incentive plan ("Equity Incentive Plan") as detailed under the heading "*Statement of Executive Compensation - Incentive Plan Awards*" and "*Approval and Confirmation of the Equity Incentive Plan*" below, as such persons are entitled to participate in the Equity Incentive Plan.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

### **Voting Shares, Record Date and Principal Shareholders**

As at the date of this Circular, the authorized share capital of the Corporation consists of an unlimited number of Common Shares without par value. The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting is October 23, 2023 ("Record Date"). As at the Record Date, there were 175,843,566 Common Shares issued and outstanding as fully paid and non-assessable.

On October 25, 2023, the Corporation completed a consolidation of the issued and outstanding common shares of the Corporation on a 10:1 basis ("Consolidation"). Following the Consolidation, there are 17,584,345 Common Shares outstanding.

To the knowledge of the directors and executive officers of the Corporation, there are currently no beneficial owners or persons exercising control or direction over Common Shares carrying more than 10% of the outstanding voting rights as of the Record Date.

### **Common Shares**

The holders of Common Shares are entitled to notice of and to vote at all annual and special meetings of shareholders (except meetings at which only holders of a specified class or series of shares are entitled to vote) and are entitled to one vote per Common Share. The holders of Common Shares are entitled to receive such dividends as the board of directors of the Corporation ("Board") declare and, upon liquidation, to receive such assets of the Corporation as are distributable to holders of Common Shares.

### **Voting of Common Shares – General**

Only Shareholders whose names are entered in the Corporation's register of shareholders at the close of business on the Record Date and holders of Common Shares issued by the Corporation after the Record Date and prior to the Meeting will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent that: (i) a registered Shareholder has transferred the ownership of any Common Shares subsequent to the Record Date; and (ii) the transferee of those Common Shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the Common Shares and demands, not later than ten days before the Meeting, that his or her name be included on the Shareholder list before the Meeting, in which case the transferee shall be entitled to vote his or her Common Shares at the Meeting.

### **Voting of Common Shares – Advice to Non-Registered Holders**

Only registered holders of Common Shares, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, Common Shares beneficially owned by a holder (a "Non-Registered Holder") are registered either:

- a) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the Common Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or

- b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited or "CDS").

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice, this Circular and the instrument of proxy (collectively, "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward meeting materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use a service Corporation (such as Broadridge Financial Solutions, Inc. ("Broadridge")) to forward meeting materials to Non-Registered Holders.

Generally, Non-Registered Holders who have not waived the right to receive meeting materials will:

- a) have received as part of the Meeting Materials a voting instruction form which must be completed, signed and delivered by the Non-Registered Holder in accordance with the directions on the voting instruction form; voting instruction forms sent by Broadridge permit the completion of the voting instruction form by telephone or through Internet based voting procedures; or
- b) less typically, be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with Odyssey Trust at the address referred to above.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding instructions on the form. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.**

Only registered Shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must in sufficient time in advance of the Meeting, arrange for their respective Intermediaries to change their vote and if necessary revoke their proxy in accordance with the revocation procedures set above.

## STATEMENT OF EXECUTIVE COMPENSATION

### **Compensation Discussion and Analysis**

Executive Compensation is required to be disclosed for (i) each Chief Executive Officer (or individual who served in a similar capacity during the most recently completed financial year), (ii) each Chief Financial Officer (or individual who served in a similar capacity during the most recently completed financial year), (iii) each of the three most highly compensated executive officers (other than the Chief Executive Officer and the Chief Financial Officer) who were serving as executive officers at the end of the most recently completed fiscal year (or three most highly compensated individuals) and whose total compensation was, individually, more than \$150,000; and (iv) each individual who would meet the definition set forth in (iii) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year ("Named Executive Officers").

The Named Executive Officers of the Corporation during the most recently completed financial year were Wayne Tisdale, President and Chief Executive Officer (Mr. Tisdale was appointed President and Chief Executive Officer on June 6, 2012, resigned on March 3, 2014 and was reappointed July 6, 2015), and Kelsey Chin, Chief Financial Officer (Ms. Chin was appointed Chief Financial Officer on August 9, 2018).

There were no other Named Executive Officers during the most recently completed financial year, as no other employees earned in excess of \$150,000 in the financial year ended September 30, 2022.

### ***Philosophy and Objectives***

As the Corporation does not have a compensation committee, the functions of a compensation committee are performed by the Board as a whole and the compensation of the Named Executive Officers is reviewed and approved annually by the Board.

The objective of the Board in setting compensation levels is to attract and retain individuals of high calibre to serve as officers of the Corporation, to motivate their performance in order to achieve the Corporation's strategic objectives and to align the interests of executive officers with the long-term interests of the Shareholders. These objectives are designed to ensure that the Corporation continues to grow on an absolute basis as well as to grow cash flow and earnings for Shareholders. The Board set the compensation received by Named Executive Officers so as to be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size, stage of development, having similar assets, number of employees, market capitalization and profit margin. In setting such levels, the Board relies primarily on their own experience and knowledge.

### ***Compensation***

The Corporation compensates its executive officers based on their skill and experience levels and the existing stage of development of the Corporation. Executive officers are rewarded on the basis of the skill and level of responsibility involved in their position, the individual's experience and qualifications, the Corporation's resources, industry practice, and regulatory guidelines regarding executive compensation levels.



The Board has implemented three levels of compensation to align the interests of the executive officers with those of the shareholders. First, executive officers may be paid a monthly consulting fee or salary determined by the Board, if appropriate. Second, the Board awards executive officers long term incentives in the form of Awards (as defined below). Finally, and only in special circumstances, the Board may award cash or share bonuses for exceptional performance. The Corporation does not provide pension or other benefits to the executive officers.

The base compensation of the executive officers is reviewed and set annually by the Board. The Chief Executive Officer has substantial input in setting annual compensation levels. The Chief Executive Officer is directly responsible for the financial resources and operations of the Corporation. In addition, the Chief Executive Officer and Board from time to time determine the Award grants to be made pursuant to the Equity Incentive Plan. Previous grants of Awards are taken into account when considering new grants. The Board awards bonuses at its sole discretion. The Board does not have pre-existing performance criteria or objectives.

The Board considers the implications of the risks associated with the Corporation's compensation policies and practices when determining rewards for its executive officers and ensures that those policies do not encourage management to take inappropriate or excessive risks. The Board does not believe that there are any risks arising from the compensation programs that would be reasonably likely to have a material adverse effect on the Corporation.

The Corporation's compensation program includes certain mechanisms to ensure risk taking behaviour falls within reasonable risk tolerance levels, including (i) the establishment of a compensation package that is competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size, stage of development, having similar assets, number of employees, market capitalization and profit margin; and (ii) utilizing long term incentive plans (equity based awards) for diversification and alignment with risk realization periods.

Neither executive officers nor directors are permitted to take any derivative or speculative positions in the Corporation's securities. This is to prevent the purchase of financial instruments that are designed to hedge or offset any decrease in the market value of the Corporation's securities.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependant on the Corporation's financial resources and prospects.

### Summary Compensation Table

The following table sets forth information concerning the total compensation paid during the years ended September 30, 2022, September 30, 2021, and September 30, 2020 to the Named Executive Officers.

Name and Principal Position	Year	Annual Compensation			Non-Equity Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
		Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) <sup>(3)</sup>	Annual Incentive Plans	Long-Term Incentive Plans			

Name and Principal Position	Year	Annual Compensation			Non-Equity Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
		Salary (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) <sup>(3)</sup>	Annual Incentive Plans	Long-Term Incentive Plans			
Wayne Tisdale <sup>(1)</sup>	2022	120,000	--	-	-	-	-	-	120,000
President and Chief Executive Officer	2021	120,000	-	63,780	-	-	-	-	183,780
	2020	120,000	-	130,045	-	-	-	-	250,045
Kelsey Chin <sup>(2)</sup>	2022	120,000	-	-	-	-	-	-	120,000
Chief Financial Officer	2021	120,000	-	31,980	-	-	-	-	151,890
	2020	120,000	-	41,950	-	-	-	-	161,950

**Notes:**

- (1) The table above reflects the compensation paid to Galloway Financial Services Inc., a company controlled by Mr. Tisdale.
- (2) The table above reflects the compensation paid to KMC Capital Corp, a company controlled by Ms. Chin.
- (3) This column includes the grant date fair value of all options granted by the Corporation to the Named Executive Officers during the indicated year. All grant date fair values equal the accounting fair values determined for financial reporting purposes in accordance with IFRS 2 Share-based Payment, and were estimated using the Black-Scholes option pricing model. There were no options granted during the year end September 30, 2022.

## Incentive Plan Awards

### *Outstanding Share-Based Awards and Option-Based Awards*

The Corporation is proposing to adopt the Equity Incentive Plan, which will replace the Option Plan previously approved by shareholders.

#### *Equity Incentive Plan*

The Board has adopted the Equity Incentive Plan under which RSUs, SARs, DSUs, PSUs and Options may be granted to the Corporation's directors, officers, bona fide employees and consultants. The Equity Incentive Plan provides participants (each, a "Participant"), who may include participants who are citizens or residents of the United States (each, a "US Participant"), with the opportunity, through RSUs, SARs, DSUs, PSUs and Options (each, an "Award"), to acquire an ownership interest in the Corporation. The RSUs, SARs, DSUs and PSUs will rise and fall in value based on the value of the Common Shares. Unlike the Options, the RSUs, SARs, DSUs and PSUs will not require the payment of any monetary consideration to the Corporation.

The foregoing description of the Equity Incentive Plan does not purport to summarize, in full, all of the provisions of the Equity Incentive Plan. Readers are encouraged to make reference to the Equity Incentive Plan, which is attached as Schedule "C" hereto. All terms not otherwise defined herein, have the meaning set out in the Equity Incentive Plan.

#### *Purpose of the Equity Incentive Plan*

The stated purpose of the Equity Incentive Plan is to advance the interests of the Corporation and its subsidiaries, and its shareholders by: (i) providing the Corporation with a mechanism to attract, retain and motivate highly qualified directors, officers, employees and consultants, (ii) aligning the interests of Participants with that of other shareholders of the Corporation generally, and (iii) enabling and encouraging Participants to participate in the long-term growth of the Corporation through the acquisition of Shares as long-term investments.

### *Restrictions on the Awards*

The awards of RSUs, DSUs, SARs and PSUs and grants of Options under the Equity Incentive Plan is subject to a number of restrictions:

- (a) The maximum number of Shares issuable pursuant to Awards issued under the Plan shall be equal to 10% of the then issued and outstanding Shares on a rolling basis. To the extent that an Award lapses or the rights of its Participant terminate or are paid out in cash (except in the case of Options which cannot be paid out in cash), any Shares subject to such Award shall again be available for the grant of an Award;
- (b) The maximum number of Shares for which Awards may be issued to any one Participant in any 12-month period shall not exceed 5% of the outstanding Shares, calculated on the date an Award is granted to the Participant, unless the Corporation obtains disinterested shareholder approval as required by the policies of the CSE;
- (c) Unless disinterested shareholder approval as required by the policies of the CSE is obtained: (i) the maximum number of Shares for which Awards may be issued to Insiders (as a group) at any point in time shall not exceed 10% of the outstanding Shares; and (ii) the aggregate number of Awards granted to Insiders (as a group), within any 12-month period, shall not exceed 10% of the outstanding Shares, calculated at the date an Award is granted to any Insider;
- (d) The maximum number of Shares for which Awards may be issued to any Consultant or persons (in the aggregate) retained to provide Investor Relations Activities (as defined by the CSE) in any 12-month period shall not exceed 2% of the outstanding Shares, calculated on the date an Award is granted to the Consultant or any such person, as applicable; and
- (e) Unless disinterested shareholder approval as required by the policies of the CSE is obtained: (i) the maximum number of Shares for which Awards may be issued to Insiders (as a group) at any point in time shall not exceed 10% of the outstanding Shares; and (ii) the aggregate number of Awards granted to Insiders (as a group), within any 12-month period, shall not exceed 10% of the outstanding Shares, calculated at the date an Award is granted to any Insider.

### *Mechanics for RSUs*

Each Restricted Share Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Restricted Share Units granted, the settlement date for Restricted Share Units, whether such Restricted Share Unit is settled in cash, Shares or a combination thereof or if the form of payment is reserved for later determination by the Board, and any such other provisions as the Board shall determine, provided that unless otherwise determined by the Board or as set out in any Award Agreement, no Restricted Share Unit shall vest later than three years after the date of grant. The Board shall impose, in the Award Agreement at the time of grant, such other conditions and/or restrictions on any Restricted Share Units granted pursuant to the Equity Incentive Plan as it may deem advisable, including, without limitation, restrictions based upon the achievement of specific performance criteria, time-based

restrictions on vesting following the attainment of the performance criteria, time-based restrictions, restrictions under applicable laws or under the requirements of the CSE.

#### *Vesting Provisions for RSUs*

The Equity Incentive Plan provides that: unless otherwise specified in an Award Agreement, and subject to any provisions of the Equity Incentive Plan or the applicable Award Agreement relating to acceleration of vesting of Restricted Share Units, Restricted Share Units shall vest equally over a three year period such that 1/3 of the Restricted Share Units granted in an Award shall vest on the first, second and third anniversary dates of the date that the Award was granted, and provided that no Restricted Share Unit granted shall vest and be payable after December 31 of the third calendar year following the year of service for which the Restricted Share Unit was granted.

If the date on which a Restricted Share Unit is scheduled to expire occurs during, or within 10 business days after the last day of a Black Out Period applicable to such Participant, then the expiry date for such Award shall be extended to the last day of such 10 business day period.

#### Termination, Retirement and Other Cessation of Employment in connection with RSUs

If the Award Agreement does not specify the effect of a termination or resignation of employment then the following default rules will apply:

- (a) Death: If a Participant dies while an Employee, Director of, or Consultant to, the Corporation or an Affiliate:
  - (i) all unvested Restricted Share Units as at the Termination Date shall automatically and immediately vest; and
  - (ii) all vested Restricted Share Units (including those that vested pursuant to (i) above) shall be paid to the Participant's estate in accordance with the terms of the Plan and the Award Agreement.
- (b) Disability: If a Participant ceases to be eligible to be a Participant under the Equity Incentive Plan as a result of their Disability, then all Restricted Share Units remain and continue to vest in accordance with the terms of the Equity Incentive Plan for a period of 12 months after the Termination Date, provided that any Restricted Share Units that have not vested within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date.
- (c) Retirement: If a Participant Retires then the Board shall have the discretion, with respect to such Participant's Restricted Share Units, to determine: (i) whether to accelerate vesting of any or all of such Restricted Share Units, (ii) whether any of such Restricted Share Units shall be cancelled, with or without payment, and (iii) how long, if at all, such Restricted Share Units may remain outstanding following the Termination Date; provided, however, that in no event shall such Restricted Share Units remain outstanding for more than 12 months after the Termination Date. Notwithstanding the above, for U.S. Participants, the treatment of Restricted Share Units upon retirement shall be provided for in the Award Agreement.

- (d) Termination for Cause: If a Participant ceases to be eligible to be a Participant under the Equity Incentive Plan as a result of their termination for Cause, then all Restricted Share Units, whether vested or not, as at the Termination Date shall automatically and immediately be forfeited.
- (e) Termination without Cause or Voluntary Resignation: If a Participant ceases to be eligible to be a Participant under the Equity Incentive Plan for any reason, other than as set out in sections 7.7(a)-(d), then, unless otherwise determined by the Board in its sole discretion, as of the Termination Date:
  - (i) all unvested Restricted Share Units shall automatically and immediately be forfeited, and
  - (ii) all vested Restricted Share Units shall be paid to the Participants in accordance with the terms of the Equity Incentive Plan and the Award Agreement.

#### *Mechanics for DSUs*

Each Deferred Share Unit grant shall be evidenced by an Award Agreement that shall specify the number of Deferred Share Units granted, the settlement date for Deferred Share Units, and any other provisions as the Board shall determine, including, but not limited to a requirement that Participants pay a stipulated purchase price for each Deferred Share Unit, restrictions based upon the achievement of specific performance criteria, time-based restrictions, restrictions under applicable laws or under the requirements of the CSE, or holding requirements or sale restrictions placed on the Shares by the Corporation upon vesting of such Deferred Share Units.

If the date on which a Deferred Share Unit is scheduled to expire occurs during, or within 10 business days after the last day of a Black Out Period applicable to such Participant, then the expiry date for such Award shall be extended to the last day of such 10 business day period.

#### *Termination, Retirement and Other Cessation of Employment in connection with DSUs*

Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain Deferred Share Units following termination of the Participant's employment or other relationship with the Corporation or its Affiliates. Such provisions shall be determined in the sole discretion of the Board, need not be uniform among all Deferred Share Units issued pursuant to the Equity Incentive Plan, and may reflect distinctions based on the reasons for termination, provided that provisions shall comply with applicable rules of the CSE.

#### *Mechanics for SARs*

The Grant Price for each grant of a Freestanding SAR shall be determined by the Board and shall be specified in the Award Agreement. The Grant Price may be based on one hundred percent (100%) of the FMV of the Shares on the date of grant, or set at a premium to the FMV of the Shares on the date of grant, or be indexed to the FMV of the Shares on the date of grant, with the index determined by the Board, in its discretion, provided that the Grant Price may never be less than the FMV of the Shares on the date of Grant. The Grant Price of Tandem SARs shall be equal to the Option Price of the related Option.

Each SAR Award shall be evidenced by an Award Agreement that shall specify the Grant Price, the term of the SAR, and any such other provisions as the Board shall determine.

The term of a SAR granted under the Equity Incentive Plan shall be determined by the Board, in its sole discretion, and no SAR shall be exercisable later than the tenth anniversary date of its grant.

#### *Vesting Provisions for SARs*

Upon the exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount representing the difference between the FMV of the underlying Shares on the date of exercise over the Grant Price. At the discretion of the Board, the payment upon SAR exercise may be in cash, Shares of equivalent value (based on the FMV of the Shares on the date of exercise of the SAR, as defined in the Award Agreement or otherwise defined by the Board thereafter), in some combination thereof, or in any other form approved by the Board at its sole discretion. Payment shall be made no earlier than the date of exercise nor later than 2½ months after the close of the year in which the SAR is exercised. The Board's determination regarding the form of SAR payout shall be set forth or reserved for later determination in the Award Agreement for the grant of the SAR.

#### *Termination, Retirement and Other Cessation of Employment in connection with SARs*

Each Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the SAR following termination of the Participant's employment or other relationship with the Corporation or its Affiliates. Such provisions shall be determined in the sole discretion of the Board, need not be uniform among all SARs issued pursuant to the Equity Incentive Plan, and may reflect distinctions based on the reasons for termination, provided that such provisions shall comply with the rules of the CSE.

#### *Mechanics for PSUs*

Each Performance Share Unit shall have an initial value equal to the FMV of a Share on the date of grant. The Board shall set performance criteria for a Performance Period in its discretion, which, depending on the extent to which they are met, will determine, in the manner determined by the Board and set forth in the Award Agreement, the value and/or number of each Performance Share Unit that will be paid to the Participant. Subject to the terms of the Equity Incentive Plan and the applicable Award Agreement, after the applicable Performance Period has ended, the holder of Performance Share Units shall be entitled to receive payout on the value and number of Performance Share Units, determined as a function of the extent to which the corresponding performance criteria have been achieved. Notwithstanding the foregoing, the Corporation shall have the ability to require the Participant to hold any Shares received pursuant to such Award for a specified period of time.

Payment of earned Performance Share Units shall be as determined by the Board and as set forth in the Award Agreement. Subject to the terms of the Plan, the Board, in its sole discretion, may pay earned Performance Share Units in the form of: (i) cash equal to the value of the Shares underlying the earned Performance Share Units at the end of the applicable Performance Period, (ii) a number of Shares issued from treasury equal to the number of earned Performance Share Units at the end of the applicable Performance Period, or (iii) in a combination thereof. Any Shares may be granted subject to any restrictions deemed appropriate by the Board. The

determination of the Board with respect to the form of payout of such Awards shall be set forth in the Award Agreement for the grant of the Award or reserved for later determination. In no event will delivery of such Shares or payment of any cash amounts be made later than the earlier of (i) 2½ months after the close of the year in which such conditions or restrictions were satisfied or lapsed and (ii) December 31 of the third year following the year of the grant date.

#### *Termination, Retirement and Other Cessation of Employment in connection with PSUs*

Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain Performance Share Units following termination of the Participant's employment or other relationship with the Corporation or its Affiliates. Such provisions shall be determined in the sole discretion of the Board, need not be uniform among all Performance Share Units issued pursuant to the Equity Incentive Plan, and may reflect distinctions based on the reasons for termination, provided that the provisions shall comply with applicable rules of the CSE.

#### *Mechanics for Options*

Each Option granted pursuant to the Equity Incentive Plan will entitle the holder thereof to the issuance of one Common Share upon achievement of the vesting criteria and payment of the applicable exercise price. Options granted under the Equity Incentive Plan will be exercisable for Common Shares issued from treasury once the vesting criteria established by the Administrators at the time of the grant have been satisfied. However, the Corporation will continue to retain the flexibility through the amendment provisions in the Equity Incentive Plan to satisfy its obligation to issue Common Shares by making a lump sum cash payment of equivalent value (i.e., pursuant to a cashless exercise), provided there is a full deduction of the number of underlying Common Shares from the Equity Incentive Plan's reserve.

#### *Vesting Provisions for Options*

The Equity Incentive Plan provides that, unless otherwise specified in an Award Agreement, and subject to any provisions of the Plan or the applicable Award Agreement relating to acceleration of vesting of Options, Options shall vest equally over a four year period such that ¼ of the Options shall vest on the first, second, third and fourth anniversary dates of the date that the Options were granted.

#### *Termination, Retirement and Other Cessation of Employment in connection with Options*

A person participating in the Equity Incentive Plan will cease to be eligible to participate where there is an Event of Termination. In such circumstances, unless otherwise determined by the Administrators in their discretion, any unvested Options will be automatically cancelled, terminated and not available for exercise and any vested Options may be exercised only before the earlier of: (i) the expiry of the Option; and (ii) six months after the date of the Event of Termination. If a person is terminated for just cause, all Options (whether or not then exercisable) will be automatically cancelled.

#### *Issued Incentives*

As of the date of this circular, there have been no issuance of equity incentive under the new Equity Incentive Plan. Use of the new Equity Incentive Plan remains subject to approval by shareholders at the Meeting. See "*Particulars of Matters to be Acted Upon - Approval of New*

*Equity Incentive Plan*" below for details of the new Equity Incentive Plan. The following table sets forth all share-based or option-based awards outstanding at the financial year ended September 30, 2022 to the Corporation's Name Executive Officers. The table also includes awards granted before September 30, 2022 to the Corporation's Name Executive Officers:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options <sup>(1)</sup> (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Kelsey Chin <i>Chief Financial Officer</i>	250,000	\$0.39	August 9, 2023	Nil	Nil	Nil	Nil
	200,000	\$0.20	June 4, 2024	Nil			
	250,000	\$0.20	February 11, 2025	Nil			
	300,000	\$0.14	October 28, 2025	Nil			
Wayne Tisdale <i>President and Chief Executive Officer</i>	350,000	\$0.39	August 9, 2023	Nil	Nil	Nil	Nil
	270,000	\$0.20	June 4, 2024	Nil			
	775,000	\$0.20	February 11, 2025	Nil			
	600,000	\$0.14	October 28, 2025	Nil			

**Notes:**

- (1) The securities underlying the options granted are Common Shares. All securities figures are expressed on a pre-Consolidation basis.
- (2) "Value of unexercised in-the money options" is calculated on the basis of the difference between the closing price of the Shares on the CSE on September 30, 2022, which was \$0.06, and the exercise price of the options.

***Incentive Plan Awards – Value Vested or Earned During the Year***

The following table sets forth all share-based or option-based awards that vested in or were earned by the Corporation's Named Executive Officers during the financial year ended September 30, 2022.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year <sup>(2)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Kelsey Chin <i>Chief Financial Officer</i>	Nil	Nil	Nil
Wayne Tisdale <i>President and Chief Executive Officer</i>	Nil	Nil	Nil

**Notes:**

- (1) This amount is the aggregate dollar value that would have been realized if the options had been exercised on the vesting dates. The amount is computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.
- (2) This amount is the aggregate dollar value upon vesting of share-based awards. The amount is computed by multiplying the number of Shares by the market value of the underlying Shares on the vesting date.

**Pension Plan Benefits**

The Corporation does not have any defined benefit or defined contribution pension plans in place which provide for payments or benefits at, following, or in connection with retirement.

**Termination and Change of Control Benefits**

Pursuant to the terms of the Plan, if an optionee holds his or her option as director, employee or consultant of the Corporation and such optionee ceases to be a director, employee or consultant of the Corporation, other than by reason of death, then the optionee may exercise such part of the option as is exercisable immediately prior to the time of ceasing to be a director, employee or



consultant of the Corporation within a period which is the earlier of the normal expiry date of the option and 90 days following ceasing to be a director, employee or consultant of the Corporation and all unexercised options of the optionee will immediately terminate forthwith without further notice.

If an optionee engaged in investor relations activities ceases to be employed to perform investor relations activities, other than by reason of death, then the optionee may exercise such part of the option as is exercisable immediately prior to the time of ceasing to be employed to perform investor relations activities within a period which is the earlier of the normal expiry date of the option and 30 days following ceasing to be employed to perform investor relations activities and all unexercised options of the optionee will immediately terminate forthwith without further notice.

In the event of the death of an optionee, any options which the optionee could have exercised immediately prior to death are exercisable by the executors or personal representatives of the optionee within the earlier of the normal expiry date of the option and 12 months after the optionee's death and all unexercised options of the optionee will immediately terminate forthwith without further notice.

In the event of a consolidation or merger in which the Corporation is not the surviving company, or in the event the Common Shares are converted into securities of another entity or exchanged for other consideration, or in the event of an offer for fifty percent or more of shares being made by a third party that constitutes a take-over bid as that term is defined in the *Securities Act* (British Columbia) or would constitute a take-over bid as that term is defined in the *Securities Act* (British Columbia) but for the fact that the offeree is not in British Columbia, the Board may make such arrangements as the Board deems appropriate for the exercise of outstanding options or continuance of outstanding options.

Other than the aforementioned agreements, there are no compensatory plans, contracts or arrangements with any Named Executive Officer (including payments to be received from the Corporation or any subsidiary), which result or will result from the resignation, retirement or any other termination of employment of such Named Executive Officer or from a change of control of the Corporation or any subsidiary thereof or any change in such Named Executive Officer's responsibilities, where the Named Executive Officer is entitled to payment or other benefits.

## Director Compensation

The Corporation has no standard arrangement pursuant to which directors are compensated by the Corporation for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the policies of the Canadian Securities Exchange. The following table sets forth compensation that was paid to any director of the Corporation for the director's services as a director during the financial year ended September 30, 2022.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Michelle Gahagan <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	90,000	90,000
Bryce Tisdale	Nil	Nil	Nil	Nil	Nil	Nil	Nil
J. Garry Clark	Nil	Nil	Nil	Nil	Nil	Nil	Nil
James Newall	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Fees earned by Michelle Gahagan were paid or accrued to her wholly-owned corporation, Carsonby Enterprises Inc., for services rendered as Chair of the Board at a rate of \$90,000 per annum, which is included under 'other compensation'
- (2) This column includes the grant date fair value of all options granted by the Corporation to the Directors during the indicated year. All grant date fair values equal the accounting fair values determined for financial reporting purposes in accordance with IFRS 2 Share-based Payment, and were estimated using the Black-Scholes option pricing model. There were no options granted during the year end September 30, 2022.

## Share-Based Awards, Option-Based Awards and Non-Equity Incentive Plan Compensation

### Incentive plan awards – Outstanding share-based awards and option-based awards

The following table sets forth all share-based or option-based awards outstanding at the financial year ended September 30, 2022 to the Corporation's directors. The table also includes awards granted before September 30, 2022 to the Corporation's directors:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options <sup>(1)</sup> (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Michelle Gahagan	350,000	\$0.20	June 4, 2024	Nil	Nil	Nil	Nil
	300,000	\$0.20	February 11, 2025	Nil			
	600,000	\$0.14	October 28, 2025	Nil			
J. Garry Clark	350,000	\$0.20	June 4, 2024	Nil	Nil	Nil	Nil
	600,000	\$0.14	October 28, 2025	Nil			
Bryce Tisdale	100,000	\$0.20	June 4, 2024	Nil	Nil	Nil	Nil
	100,000	\$0.20	February 11, 2025	Nil			
	100,000	\$0.14	October 28, 2025	Nil			
James Newall	100,000	\$0.20	June 4, 2024	Nil	Nil	Nil	Nil
	100,000	\$0.20	February 11, 2025	Nil			

**Notes:**

- (1) The securities underlying the options granted are Common Shares. All securities figures are express on a pre-Consolidation basis.
- (2) The "Value of unexercised in-the money options" is calculated on the basis of the difference between the closing price of the Shares on the CSE on September 30, 2022, which was \$0.06, and the exercise price of the options.

### Incentive plan awards – value vested or earned during the year

The following table sets forth all share-based or option-based awards that vested in or were earned by the Corporation's directors during the financial year ended September 30, 2022.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year <sup>(2)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Michelle Gahagan	Nil	Nil	Nil
J. Garry Clark	Nil	Nil	Nil
Bryce Tisdale	Nil	Nil	Nil
James Newall	Nil	Nil	Nil

**Notes:**

- (1) This amount is the aggregate dollar value that would have been realized if the options had been exercised on the vesting dates. The amount is computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.
- (2) This amount is the aggregate dollar value upon vesting of share-based awards. The amount is computed by multiplying the number of shares by the market value of the underlying shares on the vesting date.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as at the end of the Corporation's most recently completed financial year with respect to compensation plans under which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	12,955,000	\$0.23	1,451,729 <sup>(1)</sup>
Equity compensation plans not approved by security holders	-	-	-
<b>Total</b>	12,955,000	\$0.23	1,451,729

**Note:**

- (1) The Plan provides that the aggregate number of securities reserved for issuance under the Plan may not exceed 10% of the issued and outstanding shares of the Corporation at the time of granting of options. As at the Record Date, there were 175,843,566 pre-consolidated Common Shares issued and outstanding and 8,635,000 outstanding options, with the result that 8,949,356 options were available to the Corporation to be granted.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors and officers of the Corporation, any proposed management nominee for election as a director of the Corporation or any associate of any director, officer or proposed management nominee is or has been indebted to the Corporation at any time during the last completed financial year.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed in this Circular, none of the informed persons of the Corporation (as defined in National Instrument 51-102), nor any proposed nominee for election as a director of the Corporation, nor any person who beneficially owns, directly or indirectly, shares carrying more than 10% of the voting rights attached to the issued shares of the Corporation, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which, in either case, has or will materially affect the Corporation and none of such persons has any material interest in any transaction proposed to be undertaken by the Corporation that will materially affect the Corporation.

### CORPORATE GOVERNANCE

The British Columbia Securities Commission has issued guidelines on corporate governance disclosure for venture issuers as set out in Form 58-101F2 ("Disclosure"). The Disclosure addresses matters relating to constitution and independence of directors, the functions to be performed by the directors of a corporation and their committees and effectiveness and evaluation of proposed corporate governance guidelines and best practices specified by the Canadian securities regulators. The Corporation's approach to corporate governance in the context of the specific Disclosure issues outlined in Form 58-101F2 is set out in the attached Schedule "A".

## AUDIT COMMITTEE

### *Audit Committee Charter*

The Charter of the Corporation's Audit Committee is attached to this Circular as Schedule "B".

### *Composition of the Audit Committee*

The following are the members of the Audit Committee:

Name	Independent	Financially literate <sup>(2)</sup>
James Newall	No	Yes
Robert Meister	Yes	Yes
Bryce Tisdale	Yes	Yes

**Notes:**

(1) As defined by NI 52-110.

### *Education and Experience*

Each member of the Audit Committee brings unique education and experience relevant to the performance of their responsibilities and duties as an Audit Committee member. This includes, but is not limited to, an understanding of the accounting principles used by the Corporation to prepare its financial statements; the ability to assess the general application of accounting principles in connection with the accounting for estimates, accruals and provisions; experience preparing, auditing, analyzing or evaluating financial statements covering a breadth and level of complexity relative to the Corporation or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

*Robert Meister* – Mr. Meister is an experienced capital markets executive that holds a diploma in Marketing Management from BCIT and has held numerous director and/or senior executive positions for publicly traded companies, where he has also served as a member of the audit committee. Mr. Meister is familiar with financial statements, controls, and disclosure requirements of a public company.

*Bryce Tisdale* – Mr. Tisdale has over 15 years of financial experience within the public sector, and has served on the board of directors for numerous publicly listed companies. Throughout his career, Mr. Tisdale has gained significant knowledge in order to carry out his duties as an audit committee member.

*James Newall* – Mr. Newall has previously served as a member of the Corporation's Advisory Board, and is an experienced senior executive and non-executive director. He was the investment director of Intrepid Financial, an incubator of natural resource companies, for eight years. More recently, he served as interim chief executive officer of Conversis, one of the United Kingdom's leading language service providers, and was voluntary chief executive officer of Oracle Cancer Trust, the U.K.'s largest head and neck cancer research charity. Mr. Newall has sat on the boards of many TSX-V-listed public companies, is a graduate of Cambridge University and holds a master's degree in law.

### ***Audit Committee Oversight***

At no time since the commencement of the Corporation's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### ***Reliance on Certain Exemptions***

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on:

- (a) exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*);
- (b) exemption in Subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*);
- (c) exemption in Subsection 6.1.1(5) (*Events Outside Control of Member*);
- (d) exemption in Subsection 6.1.1(6) (*Death, Incapacity or Resignation*); or
- (e) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemption*).

### ***Pre-Approval Policies and Procedures***

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services as described below under the heading "External Auditors"; however, such engagement is with the mandate of the Audit Committee.

### ***External Auditor Service Fees (By Category)***

The aggregate fees billed by the Corporation's external auditors in each of the last two fiscal years for audit fees are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
2022	\$65,000	Nil	\$3,500	Nil
2021	\$57,000	Nil	\$3,500	Nil

### ***Exemption***

The Corporation is relying on the exemption provided in Section 6.1 of NI 52-110.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **Financial Statements**

The audited financial statements of the Corporation for the year ended September 30, 2022 and the auditors' report thereon accompanying this Circular will be placed before the Shareholders at the Meeting for their consideration. Shareholders who wish to receive interim financial statements are encouraged to send the enclosed notice, in the addressed envelope to Odyssey

Trust. No formal action will be taken at the Meeting to approve the financial statements, which have been approved by the Board in accordance with applicable corporate and securities legislation. Any questions regarding the financial statements may be brought forward at the Meeting.

## **Election of Directors**

### ***Advance Notice Policy***

The Corporation adopted an advance notice policy on September 25, 2014 ("Advance Notice Policy"). The Advance Notice Policy provides for advance notice to the Corporation in circumstances where nominations of persons for election to the Board are made by Shareholders of the Corporation other than pursuant to (i) a requisition of a meeting made pursuant to the provisions of the *Business Corporations Act* (British Columbia) or (ii) a shareholder proposal made pursuant to the provisions of the *Business Corporations Act* (British Columbia).

The purpose of the Advance Notice Policy is to ensure that all Shareholders - including those participating in a meeting by proxy rather than in person - receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. Among other things, the Advance Notice Policy fixes a deadline by which holders of Common Shares must submit director nominations to the Corporation prior to any annual or special meeting of Shareholders and sets forth the minimum information that a Shareholder must include in the notice to the Corporation for the notice to be in proper written form.

The foregoing is merely a summary of the Advance Notice Policy, is not comprehensive and is qualified by the full text of such policy which is available under the Corporation's SEDAR+ profile at [www.sedarplus.ca](http://www.sedarplus.ca).

As of the date of the Circular, the Corporation has not received notice of a nomination in compliance with the Advance Notice Policy.

### ***Nominees***

The persons named below are the nominees of management for election as directors. The term of office of each of the present directors expires at the Meeting. At the Meeting, the Shareholders will be asked to fix the number of directors of the Corporation to be elected at four members. Management of the Corporation proposes to nominate the persons named below for election as directors of the Corporation at the Meeting to serve until the next annual meeting of the Shareholders of the Corporation, unless his office is earlier vacated. All of the nominees are currently members of the Board.

Approval of the election of directors will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting. **Unless otherwise directed, the management designees named in the accompanying instrument of proxy intend to vote in favour of the election, as directors, of the nominees whose names are set forth below.** In the event that prior to the Meeting, any vacancies occur on the slate of nominees submitted herewith, it is intended that discretionary authority will be granted to vote proxies solicited by or on behalf of management for the election of any other person or persons as directors. Management is not currently aware that any such nominees would not be willing to serve as director if elected.

The following information concerning the proposed nominees has been furnished by each of them:

Name, Residence and Present Office Held	Principal Occupation or Employment	Director Since	Number of Common Shares Beneficially Owned or Controlled and percentage of total issued and outstanding <sup>(1)</sup>
Robert Meister <sup>(2)</sup> <i>Vancouver, British Columbia</i> Director	Mr. Meister is Partner of Caymus Advisors Inc., a corporate development and advisory company. Previously, he has been CEO and director of companies listed on the CSE, NEO and TSXV exchanges.	2023	Nil
James Newall <sup>(2)</sup> <i>London, UK</i> Director	Mr. Newall is a self-employed executive consultant, previously serving as interim CEO of Conversis, one of the United Kingdom's leading language servicer providers, and was voluntary CEO of Oracle Cancer Trust, the UK's largest head and neck cancer research charity. Mr. Newall was also the investment director of Intrepid Financial, an incubator of natural resource companies.	2019	122,000 0.69%
Bryce Tisdale <sup>(2)(3)</sup> <i>Calgary, Alberta</i>	Mr. Tisdale is self-employed, providing marketing, branding and web development to public and private companies.	2015	2,222 <sup>(4)</sup> 0.01%
J. Garry Clark <i>Thunder Bay, Ontario</i>	Mr. Clark is a Professional Geologist, founder of Clark Exploration Consulting Inc.	2018	119,033 0.68%

**Notes:**

- (1) The information as to the number of Common Shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective nominees, and represent the post-consolidated number of Common Shares beneficially owned. These figures do not include any securities that are convertible into or exercisable for Common Shares.
- (2) Member of the Audit Committee.
- (3) 1,111 are held directly and 1,111 are held indirectly through Nicole Tisdale.

*Corporate Cease Trade Orders or Bankruptcies*

No director or proposed director of the Corporation is, or has been within the past ten years, a director, chief executive officer or chief financial officer of any other Corporation that, while such person was acting in that capacity:

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

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

### *Individual Bankruptcies*

No director or proposed director of the Corporation is or has, within the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

### *Penalties or Sanctions*

No director or proposed director of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or have entered into a settlement agreement with a securities regulatory authority. No director or proposed director of the Corporation has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

### *Conflicts of Interest*

The directors and officers of the Corporation may, from time to time, be involved with the business and operations of other mining issuers, in which case a conflict of interest may arise between their duties as officers and directors of the Corporation and as officer and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such procedures and remedies, as applicable, under the *Business Corporations Act* (British Columbia) ("Act").

### **Appointment of Auditors**

Manning Elliott LLP, ("Manning Elliott") of 1700, 1030 West Georgia Street, Vancouver, BC V6E 2Y3 are the auditors of the Corporation. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the appointment of Manning Elliott as the auditors of the Corporation to hold office for the ensuing year at a remuneration to be fixed by the directors.

Unless otherwise directed, management designees named in the accompanying instrument of proxy intend to vote in favor of the appointment of Manning Elliott LLP, as auditors of the Corporation, to hold office until the close of the next annual meeting, at a remuneration to be determined by the Board. Approval of the appointment of the auditors will require the affirmative votes of the holders of not less than half of the votes cast in respect thereof by Shareholders present in person or by proxy at the Meeting. **The Board recommends that the shareholders vote FOR the re-appointment of Manning Elliott LLP as auditor of the Corporation for the ensuing year.**

### **Approval and Confirmation of the Equity Incentive Plan**

The Corporation is proposing to adopt the Equity Incentive Plan for the issue RSUs, SARs, DSUs, PSUs and Options to directors, officers, employees, bona fide consultants of or to the Corporation, or a subsidiary, providing ongoing services to the Corporation and/or its subsidiaries. All Awards are granted by an agreement or other instrument or document evidencing the Award granted under the Incentive Plan. Awards may be granted alone, in addition to, or in tandem with any other Award.



At the Meeting, shareholders will be asked to consider, and if deemed advisable to approve, an ordinary resolution to approve and adopt the Equity Incentive Plan as set out in Schedule "C" to this Circular. On October 23, 2023, the Board approved the adoption of the Equity Incentive Plan, which is designed to replace the Corporation's existing stock option plan ("**Option Plan**"). If the Equity Incentive Plan is approved and adopted, all awards granted under the Option Plan will remain in full force and effect in accordance with their terms, however, no additional grants will be made under the Option Plan.

Subject to adjustments provided for under the Incentive Plan, the maximum number of Common Shares available for issuance under the Equity Incentive Plan will not exceed 10% of the Common Shares outstanding at the time of the grant, less the number of Common Shares issuable under all other security-based compensation arrangements of the Corporation, being the Option Plan. The Corporation has authorized such Common Shares for issuance.

The principal features of the Equity Incentive Plan are described in more detail below in the section entitled "*Statement of Executive Compensation – Equity Incentive Plan*", which is qualified in its entirety by reference to the full text of the Equity Incentive Plan.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, pass, with or without variation, the following ordinary resolution approving the adoption by the Corporation of the Equity Incentive Plan ("**Incentive Plan Resolution**") as follows:

**"BE IT RESOLVED THAT:**

1. the equity incentive plan of the Corporation as set out in Schedule "C" to the Corporation's the management information circular dated October 23, 2023, be and it is hereby confirmed and approved in replacement of all other equity incentive plans of the Corporation; and
2. any officer or director of the Corporation be and is hereby authorized, subject to the approval of the applicable regulatory authorities, for and on behalf of the Corporation, to execute and deliver all documents and instruments and to take such other actions as they may determine to be necessary or desirable to implement this Incentive Plan Resolution and the matters authorized here, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions. "

In accordance with the policies of the CSE, the Equity Incentive Plan must be approved by the majority of votes cast at the Meeting on the Incentive Plan Resolution.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE EQUITY INCENTIVE PLAN RESOLUTION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.**

## Approval of the Second Tranche Financing

As set out in its news release dated, November 9, 2023, the Corporation entered into a share purchase agreement to acquire (“Lithium Valley Transaction”) all of the issued and outstanding shares of 1439266 BC Ltd. (“143 BC”), the owner of a 100% interest in 15 mineral tenements totalling 24,427.28 hectares (“Property”) located in Minas Gerais State, Brazil.

Pursuant to the Lithium Valley Transaction, the shareholders of 143 BC would receive an aggregate of 12,000,000 common shares of the Corporation and cash payments totalling \$300,000, \$100,000 of which is to be paid on completion of the Lithium Valley Transaction and a further \$200,000 of which is to be paid within three (3) months from the closing date thereof. The completion of the Lithium Valley Transaction is subject to a number of customary terms and conditions.

Concurrently with the Lithium Valley Transaction, the Corporation intends to complete the first tranche of a non-brokered private placement of up to 2,857,143 units (each, a “Unit”) of the Corporation at a price of \$0.35 per Unit for gross proceeds of up to \$1,000,000. Each Unit will consist of one common share of the Corporation and one-half of one common share purchase warrant (each whole warrant, a “Warrant”), with each Warrant being exercisable at a price of \$0.45 for a period of 24 months. The Corporation intends to use a portion of the net proceeds of this first tranche to fund the cash payments payable under the Lithium Valley Transaction.

The Corporation intends to complete the Lithium Valley Transaction and the closing of the first tranche financing prior to the date of the Meeting, and notes that both such events are not subject to shareholder approval.

However, the Corporation intends to complete a second tranche of the financing (the “Second Tranche Financing”), intending to issue up to 8,571,429 Units at a price of \$0.35 for intended gross proceeds of up to \$3,000,000.

The Corporation intends to utilize the net proceeds from the Second Tranche Financing to explore the Property, conduct a drilling campaign at the Corporation’s Tisova/Klinenthal copper/cobalt exploration project, commission a Preliminary Economic Assessment for the Corporation’s East Bull palladium project, and for general working capital requirements. Pursuant to the policies of the Exchange, shareholder approval is required to complete the Second Tranche Financing, as the Corporation will, in combination with the shares to be issued pursuant to the Lithium Valley Transaction and first tranche financing (including the shares underlying Warrants), be issuing such number of common shares as is greater than 100% of the current issued and outstanding share capital of the Corporation.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, pass, with or without variation, the following ordinary resolution approving the Second Tranche Financing (“**Financing Resolution**”) as follows:

### **"BE IT RESOLVED THAT:**

1. the Corporation, be and is hereby authorized to complete the complete Second Tranche Financing and to issue up to an aggregate of 12,857,144 Common Shares (assuming full exercise of all Warrants issued in connection with the Second Tranche Financing); and

2. any officer or director of the Corporation be and is hereby authorized, subject to the approval of the applicable regulatory authorities, for and on behalf of the Corporation, to execute and deliver all documents and instruments and to take such other actions as they may determine to be necessary or desirable to implement this Financing Resolution and the matters authorized here, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions."

PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE FINANCING RESOLUTION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE VOTED AGAINST SUCH RESOLUTION.

### **Other Matters to Be Acted Upon**

As of the date of this Circular, management knows of no matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, the accompanying proxy will be voted on such matters in the best judgment of the person or persons voting the proxy.

### **MANAGEMENT CONTRACTS**

The Corporation has a consulting agreement with KMC Capital Corp. ("KMC") pursuant to which management services are provided by Kelsey Chin as Chief Financial Officer and Corporate Secretary. The Corporation pays or accrues \$10,000 plus GST per month to KMC.

Other than as set forth above, no management functions of the Corporation or any subsidiary of the Corporation are to any substantial degree performed by a person or company other than the directors or executive officers of the Corporation.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available through the internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) which can be accessed at [www.sedarplus.ca](http://www.sedarplus.ca). Financial information on the Corporation is provided in the comparative financial statements and management discussion and analysis of the Corporation which can also be accessed at [www.sedarplus.ca](http://www.sedarplus.ca). or which may be obtained upon request from the Corporation at 1558 West Hastings Street, Vancouver, British Columbia, V6G 3J4, or via fax at (604) 639-4451.

## SCHEDULE "A"

### CORPORATE GOVERNANCE POLICY

#### CORPORATE GOVERNANCE DISCLOSURE (FORM 58-101F2)

1. **Board of Directors** — Disclose how the board of directors ("Board") facilitates its exercise of independent supervision over management, including

- (i) the identity of directors that are independent; and  
*Robert Meister, Bryce Tisdale, and J. Garry Clark*
- (ii) the identity of directors who are not independent, and the basis for that determination.  
*James Newall*

*In determining whether a director is independent, the Corporation chiefly considers whether the director has a relationship which could, or could be perceived to interfere with the director's exercise of independent judgement.*

*James Newall is currently President and Chief Executive Officer of the Corporation and therefore does not satisfy the definition of Independent as that term is defined in NI 52-110.*

2. **Directorships** — If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

*Some of the directors of the Corporation are directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:*

<i>Name of Director</i>	<i>Issuer</i>
<i>Robert Meister</i>	<i>Bullet Exploration Inc. Castlebar Capital Corp.</i>
<i>J. Garry Clark</i>	<i>DeepMarkit Corp. Bolt Metals Corp. Ophir Gold Corp. Brigadier Gold Limited Superior Canadian Resources Inc. Wedgemount Resources Corp. General Copper Gold Corp. Bullet Exploration Inc.</i>
<i>James Newall</i>	<i>Moovly Media Inc. General Copper Gold Corp.</i>

3. **Orientation and Continuing Education** — Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.

*The Corporation has not developed an official orientation or training program for new directors. As required, new directors will have the opportunity to become familiar with the Corporation by meeting with other directors and its officers and employees. Orientation activities will be tailored to the particular needs and expertise of each director and the overall needs of the Board.*

- 4. Ethical Business Conduct** — Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.

*The Corporation does not currently have a formal code of business conduct or policy in place for its directors, officers, employees and consultants. The Board believes that the Corporation's size facilitates informal review of and discussions with employees and consultants.*

*The Board monitors ethical conduct of the Corporation and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.*

- 5. Nomination of Directors** — Disclose what steps, if any, are taken to identify new candidates for board nomination, including:

- (i) who identifies new candidates, and
- (ii) the process of identifying new candidates.

*The Board has not appointed a nominating committee as the Board fulfills these functions as a whole. When the Board identifies the need to fill a position on the Board, the Board requests that current directors forward potential candidates for consideration.*

- 6. Compensation** — Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:

- (i) who determines compensation, and

*Management of the Corporation is responsible for making recommendations to the Board with respect to compensation for the directors and the CEO. The Board has the ability to adjust and approve such compensation.*

- (ii) the process of determining compensation.

*Market comparisons as well as evaluation of similar positions in different industries in the same geography are the criteria used in determining compensation.*

7. **Other Board Committees** — If the board has standing committees other than the audit and compensation identify the committees and describe their function.

*The Corporation does not have any other committees other than the audit committee.*

8. **Assessments** — Disclose what steps, if any, that the board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.

*The Board takes responsibility for monitoring and assessing its effectiveness and the performance of individual directors, its committees, including reviewing the Board's decision making processes and the quality of information provided by management.*

## **SCHEDULE "B"**

### **CANADIAN PALLADIUM RESOURCES INC. ("Corporation")**

#### **AUDIT COMMITTEE CHARTER**

The mandate and charter of the Corporation's audit committee ("Audit Committee") can be described as follows:

1. Each member of the Audit Committee shall be a member of the Board, in good standing, and the majority of the members of the audit committee shall be independent in order to serve on this committee.
2. At least one of the members of the Audit Committee shall be financially literate.
3. Review the Committee's charter annually, reassess the adequacy of this charter, and recommend any proposed changes to the Board. Consider changes that are necessary as a result of new laws or regulations.
4. The Audit Committee shall meet at least four times per year, and each time the Corporation proposes to issue a press release with its quarterly or annual earnings information. These meetings may be combined with regularly scheduled meetings, or more frequently as circumstances may require. The Audit Committee may ask members of the Management or others to attend the meetings and provide pertinent information as necessary.
5. Conduct executive sessions with the outside auditors, outside counsel, and anyone else as desired by the committee.
6. The Audit Committee shall be authorized to hire outside counsel or other consultants as necessary (this may take place any time during the year).
7. Approve any non-audit services provided by the independent auditors, including tax services. Review and evaluate the performance of the independent auditors and review with the full Board any proposed discharge of the independent auditors.
8. Review with the Management the policies and procedures with respect to officers' expense accounts and perquisites, including their use of corporate assets, and consider the results of any review of these areas by the independent auditor.
9. Consider, with the Management, the rationale for employing accounting firms rather than the principal independent auditors.

10. Inquire of the Management and the independent auditors about significant risks or exposures facing the Corporation; assess the steps that Management has taken or proposes to take to minimize such risks to the Corporation; and periodically review compliance with such steps.
11. Review with the independent auditor, the audit scope and plan of the independent auditors. Address the coordination of the audit efforts to assure the completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
12. Inquire regarding "quality of earnings" of the Corporation from a subjective as well as an objective standpoint.
13. Review with the independent accountants:
  - (a) the adequacy of the Corporation's internal controls including computerized information systems controls and security; and
  - (b) any related significant findings and recommendations of the independent auditors together with the Management's responses thereto.
14. Review with the Management and the independent auditor the effect of any regulatory and accounting initiatives, as well as off-balance-sheet structures, if any.
15. Review with the Management, the independent auditors, the interim annual financial report before it is filed with the regulatory authorities.
16. Review with the independent auditor that performs an audit:
  - (a) all critical accounting policies and practices used by the Corporation; and
  - (b) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Management of the Corporation, the ramifications of each alternative and the treatment preferred by the Corporation.
17. Review all material written communications between the independent auditors and the Management.
18. Review with the Management and the independent auditors:
  - (a) the Corporation's annual financial statements and related footnotes;
  - (b) the independent auditors' audit of the financial statements and their report thereon;



- (c) the independent auditor's judgments about the quality, not just the acceptability, of the Corporation's accounting principles as applied in its financial reporting;
  - (d) any significant changes required in the independent auditors' audit plan;  
and
  - (e) any serious difficulties or disputes with the Management encountered during the audit.
19. Periodically review the Corporation's code of conduct to ensure that it is adequate and up-to-date.
  20. Review the procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters that may be submitted by any party internal or external to the organization. Review any complaints that might have been received, current status, and resolution if one has been reached.
  21. Review procedures for the confidential, anonymous submission by employees of the organization of concerns regarding questionable accounting or auditing matters. Review any submissions that have been received, the current status, and resolution if one has been reached.
  22. The Audit Committee will perform such other functions as assigned by law, the Corporation's articles, or the Board.

**SCHEDULE "C"**  
**EQUITY INCENTIVE PLAN**

*(see attached)*

**CANADIAN PALLADIUM RESOURCES INC.**

**2023 OMNIBUS EQUITY INCENTIVE COMPENSATION PLAN**

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**CANADIAN PALLADIUM RESOURCES INC.**

**2023 OMNIBUS EQUITY INCENTIVE COMPENSATION PLAN**

**ARTICLE 1  
ESTABLISHMENT, PURPOSE AND DURATION**

- 1.1 Establishment of the Plan. The following is the omnibus equity incentive compensation plan of Canadian Palladium Resources Inc. (the "**Company**") pursuant to which stock based compensation Awards (as defined below) may be granted to eligible Participants (as defined below). The name of the plan is the 2023 Omnibus Equity Incentive Compensation Plan (the "**Plan**").

The Plan permits the grant of Options, Share Appreciation Rights, Restricted Share Units, Deferred Share Units and Performance Share Units (as such terms are defined below). The Plan was adopted by the Board (as defined below) on October 23, 2023 (the "**Effective Date**").

- 1.2 Purpose of the Plan. The purposes of the Plan are to: (i) provide the Company with a mechanism to attract, retain and motivate highly qualified directors, officers, employees and consultants, (ii) align the interests of Participants with that of other shareholders of the Company generally, and (iii) enable and encourage Participants to participate in the long-term growth of the Company through the acquisition of Shares (as defined below) as long-term investments.

**DEFINITIONS**

Whenever used in the Plan, the following terms shall have the respective meanings set forth below, unless the **context** clearly requires otherwise, and when such meaning is intended, such term shall be capitalized.

**"Affiliate"** means any corporation, partnership or other entity (i) in which the Company, directly or indirectly, has majority ownership interest or (ii) which the Company controls. For the purposes of this definition, the Company is deemed to "**control**" such corporation, partnership or other entity if the Company possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such corporation, partnership or other entity, whether through the ownership of voting securities, by contract or otherwise, and includes a corporation which is considered to be a subsidiary for purposes of consolidation under International Financial Reporting Standards.

**"Award"** means, individually or collectively, a grant under the Plan of Options, Share Appreciation Rights, Deferred Share Units, Restricted Share Units or Performance Share Units, in each case subject to the terms of the Plan.

**"Award Agreement"** means either (i) a written agreement entered into by the Company or an Affiliate of the Company and a Participant setting forth the terms and provisions applicable to Awards granted under the Plan; or (ii) a written statement issued by the Company or an Affiliate of the Company to a Participant describing the terms and provisions of such Award. All Award Agreements shall be deemed to incorporate the provisions of the Plan. An Award Agreement need not be identical to other Award Agreements either in form or substance.

**"BCSA"** means the *Securities Act* (British Columbia), as may be amended from time to time.

**"Blackout Period"** means a period of time during which the Participant cannot sell Shares, due to applicable law or policies of the Company in respect of insider trading.

**"Board"** or **"Board of Directors"** means the Board of Directors of the Company as may be constituted from time to time.

**"Cause"** means (i) if the Participant has a written agreement pursuant to which he or she offers his or her services to the Company and the term "cause" is defined in such agreement, "cause" as defined in such agreement; or otherwise (ii) (A) the inability of the Participant to perform his or her duties due to a legal impediment such as an injunction, restraining order or other type of judicial judgment, decree or order entered against the Participant; (B) the failure of the Participant to follow the Company's reasonable instructions with respect to the performance of his or her duties; (C) any material breach by the Participant of his or her obligations under any code of ethics, any other code of business conduct or any lawful policies or procedures of the Company; (D) excessive absenteeism, flagrant neglect of duties, serious misconduct, or conviction of crime or fraud; and (E) any other act or omission of the Participant which would in law permit an employer to, without notice or payment in lieu of notice, terminate the employment of an employee.

**"Change of Control"** means the occurrence of any one or more of the following events:

- (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Company as a result of which the holders of Shares prior to the completion of the transaction hold or beneficially own, directly or indirectly, less than 50% of the outstanding Voting Securities of the successor corporation after completion of the transaction;
- (ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of all or substantially all of the assets of the Company and/or any of its subsidiaries to any other person or entity, other than a disposition to a wholly-owned subsidiary in the course of a reorganization of the assets of the Company and its subsidiaries;
- (iii) a resolution is adopted to wind-up, dissolve or liquidate the Company;
- (iv) an acquisition by any person, entity or group of persons or entities acting jointly or in concert of beneficial ownership of more than 50% of the Shares; or
- (v) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

**"Code"** means the U.S. Internal Revenue Code of 1986, as amended from time to time, or any successor thereto.

**"Committee"** means the Board of Directors or if so delegated in whole or in part by the Board, the Compensation Committee of the Board of Directors, or any other duly authorized committee of the Board appointed by the Board to administer the Plan.

**"Company"** means Canadian Palladium Resources Inc.

**"Consultant"** means, in relation to the Company, an individual (other than an Employee or a Director of the Company) or company that: (a) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Issuer or to an Affiliate of the Company, other than services provided in relation to a distribution of securities; (b) provides the services under a written contract between the Company or an Affiliate and the individual or the company, as the case may be; (c) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company; and (d) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.

**"CSE"** means the Canadian Securities Exchange (CSE) and at any time the Shares are not listed and posted for trading on the CSE, shall be deemed to mean such other stock exchange or trading platform upon which the Shares trade and which has been designated by the Committee.

**"Deferred Share Unit"** or **"DSU"** means an Award denominated in units that provides the holder thereof with a right to receive Shares or cash or a combination thereof upon settlement of the Award, granted under and subject to the terms of the Plan.

**"Director"** means any individual who is a member of the Board of Directors of the Company.

**"Disability"** means the disability of the Participant which would entitle the Participant to receive disability benefits pursuant to the long-term disability plan of the Company (if one exists) then covering the Participant, provided that the Board may, in its sole discretion, determine that, notwithstanding the provisions of any such long-term disability plan, the Participant is permanently disabled for the purposes of the Plan.

**"Dividend Equivalent"** means a right with respect to an Award to receive cash, Shares or other property equal in value and form to dividends declared by the Board and paid with respect to outstanding Shares. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement, and if specifically provided for in the Award Agreement shall be subject to such terms and conditions set forth in the Award Agreement as the Committee shall determine.

**"Employee"** means any employee or officer of the Company or an Affiliate of the Company. Directors who are not otherwise employed by the Company or an Affiliate of the Company shall not be considered Employees under the Plan.

**"FMV"** means, unless otherwise required by any applicable provision of the Code or any regulations thereunder or by any applicable accounting standard for the Company's desired accounting for Awards or by the rules of the CSE, a price that is determined by the Committee, provided that as long as the Company is listed on the CSE such price cannot be less than the last closing price of the Shares on the CSE less any discount permitted by the rules or policies of the CSE.

**"Freestanding SAR"** means a SAR that is not a Tandem SAR, as described herein.

**"Good Reason"** a resignation or Retirement following a Change of Control shall be considered to be for good reason if any of the following occur without the consent of the Participant:

- (i) A substantial and detrimental alteration of his or her position or title or in the nature or status of his or her responsibilities from those in effect immediately prior to the Change of Control,
- (ii) A reduction of 10% or more of his or her base salary or target bonus and cancellation of applicable compensation plans and the failure to replace those plans with substantially comparable plans;
- (iii) The failure to continue to provide employment benefits and perquisites comparable to those enjoyed immediately prior to the Change of Control; or
- (iv) The Participant being relocated to an office or location that is 50 kilometres or more from the current location where he or she is employed.

**"Grant Price"** means the price against which the amount payable is determined upon exercise of a SAR.

**"Insider"** shall have the meaning ascribed thereto in Section 1(1) of the BCSA.



"**ITA**" means the *Income Tax Act* (Canada).

"**Non-Employee Director**" means a Director who is not an Employee.

"**Notice Period**" means any period of contractual notice or reasonable notice that the Company or an Affiliate of the Company may be required at law, by contract or otherwise agrees to provide to a Participant upon termination of employment, whether or not the Company or Affiliate elects to pay severance in lieu of providing notice to the Participant, provided that where a Participant's employment contract provides for an increased severance or termination payment in the event of termination following a Change of Control, the Notice Period for the purposes of the Plan shall be the Notice Period under such contract applicable to a termination which does not follow a Change of Control.

"**Option**" means the conditional right to purchase Shares at a stated Option Price for a specified period of time subject to the terms of the Plan.

"**Option Price**" means the price at which a Share may be purchased by a Participant pursuant to an Option, as determined by the Committee.

"**Participant**" means an Employee, Non-Employee Director or Consultant who has been selected to receive an Award, or who has an outstanding Award granted under the Plan.

"**Performance Period**" means the period of time during which the assigned performance criteria must be met in order to determine the degree of payout and/or vesting with respect to an Award.

"**Performance Share Unit**" or "**PSU**" means an Award granted under Article 9 herein and subject to the terms of the Plan, denominated in units, the value of which at the time it is payable is determined as a function of the extent to which corresponding performance criteria have been achieved.

"**Period of Restriction**" means the period when an Award of Restricted Share Units is subject to forfeiture based on the passage of time, the achievement of performance criteria, and/or upon the occurrence of other events as determined by the Committee, in its discretion.

"**Person**" shall have the meaning ascribed to such term in Section 1(1) of the BCSA.

"**Restricted Share Unit**" or "**RSU**" means an Award denominated in units subject to a Period of Restriction, with a right to receive Shares or cash or a combination thereof upon settlement of the Award, granted under Article 7 herein and subject to the terms of the Plan.

"**Retirement**" or "**Retire**" means a Participant's permanent withdrawal from employment or office with the Company or an Affiliate of the Company on terms and conditions accepted and determined by the Board.

"**Share Appreciation Right**" or "**SAR**" means the conditional right to receive the difference between the FMV of a Share on the date of exercise over the Grant Price, pursuant to the terms of Article 6 herein and subject to the terms of the Plan.

"**Shares**" means common shares of the Company.

"**Tandem SAR**" means a SAR that the Committee specifies is granted in connection with a related Option pursuant to Article 6 herein and subject to the terms of the Plan, the exercise of which shall require forfeiture of the right to purchase a Share under the related Option (and when a Share is purchased under the Option, the Tandem SAR shall similarly be cancelled) or a SAR that is granted in tandem with an Option but the exercise of such Option does not cancel the SAR, but rather results in the exercise of the related SAR. Regardless of whether an Option is granted coincident with a SAR, a SAR is not a Tandem SAR unless so specified by the Committee at the time of grant.

**"Termination Date"** means the date on which a Participant ceases to be eligible to participate under the Plan as a result of a termination of employment, officer position, board service or consulting arrangement with the Company or any Affiliate of the Company for any reason, including death, Retirement, resignation or termination with or without Cause. For the purposes of the Plan, a Participant's employment, officer position, board service or consulting arrangement with the Company or an Affiliate of the Company shall be considered to have terminated effective on the last day of the Participant's actual and active employment, officer position or board or consulting service with the Company or the Affiliate whether such day is selected by agreement with the individual, unilaterally by the Company or the Affiliate and whether with or without advance notice to the Participant. For the avoidance of doubt, no period of notice or pay in lieu of notice that is given or that ought to have been given under applicable law in respect of such termination of employment that follows or is in respect of a period after the Participant's last day of actual and active employment shall be considered as extending the Participant's period of employment for the purposes of determining his or her entitlement under the Plan.

**"U.S. Participants"** means those Participants that are United States taxpayers.

**"Voting Securities"** shall mean any securities of the Company ordinarily carrying the right to vote at elections of directors and any securities immediately convertible into or exchangeable for such securities.

## **ARTICLE 2 ADMINISTRATION**

- 2.1 General. The Committee shall be responsible for administering the Plan. The Committee may employ attorneys, consultants, accountants, agents and other individuals, any of whom may be an Employee, and the Committee, the Company, and its officers and Directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee shall be final, conclusive and binding upon the Participants, the Company, and all other interested parties. No member of the Committee will be liable for any action or determination taken or made in good faith with respect to the Plan or Awards granted hereunder. Each member of the Committee shall be entitled to indemnification by the Company with respect to any such determination or action in the manner provided for by the Company and its subsidiaries.
- 2.2 Authority of the Committee. The Committee shall have full and exclusive discretionary power to interpret the terms and the intent of the Plan and any Award Agreement or other agreement ancillary to or in connection with the Plan, to determine eligibility for Awards, and to adopt such rules, regulations and guidelines for administering the Plan as the Committee may deem necessary or proper. Such authority shall include, but not be limited to, selecting Award recipients, establishing all Award terms and conditions, including grant, exercise price, issue price and vesting terms, whether Awards payout in cash or Shares where applicable, determining any performance goals applicable to Awards and whether such performance goals have been achieved, and, subject to Article 13, adopting modifications and amendments to the Plan or any Award Agreement, including, without limitation, any that are necessary or appropriate to comply with the laws or compensation practices of the jurisdictions in which the Company and its Affiliates operate.
- 2.3 Delegation. The Committee may delegate to one or more of its members any of the Committee's administrative duties or powers as it may deem advisable; provided, however, that any such delegation must be permitted under applicable corporate law.

## **ARTICLE 3 SHARES SUBJECT TO THE PLAN AND MAXIMUM AWARDS**

- 3.1 Maximum Number of Shares Available for Awards. The maximum number of Shares issuable pursuant to Awards issued under the Plan shall be equal to 10% of the then issued and outstanding Shares on a rolling basis. To the extent that an Award lapses or the rights of its Participant terminate

or are paid out in cash (except in the case of Options which cannot be paid out in cash), any Shares subject to such Award shall again be available for the grant of an Award.

- 3.2 Award Grants to Individuals. The maximum number of Shares for which Awards may be issued to any one Participant in any 12-month period shall not exceed 5% of the outstanding Shares, calculated on the date an Award is granted to the Participant, unless the Company obtains disinterested shareholder approval as required by the policies of the CSE. The maximum number of Shares for which Awards may be issued to any Consultant or persons (in the aggregate) retained to provide Investor Relations Activities (as defined by the CSE) in any 12-month period shall not exceed 2% of the outstanding Shares, calculated on the date an Award is granted to the Consultant or any such person, as applicable.
- 3.3 Award Grants to Insiders. Unless disinterested shareholder approval as required by the policies of the CSE is obtained: (i) the maximum number of Shares for which Awards may be issued to Insiders (as a group) at any point in time shall not exceed 10% of the outstanding Shares; and (ii) the aggregate number of Awards granted to Insiders (as a group), within any 12-month period, shall not exceed 10% of the outstanding Shares, calculated at the date an Award is granted to any Insider.
- 3.4 Adjustments in Authorized Shares. In the event of any corporate event or transaction (collectively, a "**Corporate Reorganization**") (including, but not limited to, a change in the Shares of the Company or the capitalization of the Company) such as a merger, arrangement, amalgamation, consolidation, reorganization, recapitalization, separation, stock dividend, extraordinary dividend, stock split, reverse stock split, split up, spin-off or other distribution of stock or property of the Company, combination of securities, exchange of securities, dividend in kind, or other like change in capital structure or distribution (other than normal cash dividends) to shareholders of the Company, or any similar corporate event or transaction, the Committee shall make or provide for such adjustments or substitutions, as applicable, in the number and kind of Shares that may be issued under the Plan, the number and kind of Shares subject to outstanding Awards, the Option Price or Grant Price applicable to outstanding Awards, the limit on issuing Awards other than Options granted with an Option Price equal to at least the FMV of a Share on the date of grant or Share Appreciation Rights with a Grant Price equal to at least the FMV of a Share on the date of grant, and any other value determinations applicable to outstanding Awards or to the Plan, as are equitably necessary to prevent dilution or enlargement of Participants' rights under the Plan that otherwise would result from such corporate event or transaction. In connection with a Corporate Reorganization, the Committee shall have the discretion to permit a holder of Options to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan and the applicable Award Agreement) and the holder will then accept on the exercise of such Option, in lieu of the Shares that such holder would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that such holder would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, that holder had owned all Shares that were subject to the Option. Such adjustments shall be made automatically, without the necessity of Committee action, on the customary arithmetical basis in the case of any stock split, including a stock split effected by means of a stock dividend, and in the case of any other dividend paid in Shares.

The Committee shall also make appropriate adjustments in the terms of any Awards under the Plan as are equitably necessary to reflect such Corporate Reorganization and may modify any other terms of outstanding Awards, including modifications of performance criteria and changes in the length of Performance Periods. The determination of the Committee as to the foregoing adjustments, if any, shall be conclusive and binding on Participants under the Plan, provided that any such adjustments must comply with Section 409A of the Code with respect to any U.S. Participants.

Subject to the provisions of Article 11 and any applicable law or regulatory requirement, without affecting the number of Shares reserved or available hereunder, the Committee may authorize the

issuance, assumption, substitution or conversion of Awards under the Plan in connection with any Corporate Reorganization, upon such terms and conditions as it may deem appropriate. Additionally, the Committee may amend the Plan, or adopt supplements to the Plan, in such manner as it deems appropriate to provide for such issuance, assumption, substitution or conversion as provided in the previous sentence.

#### **ARTICLE 4 ELIGIBILITY AND PARTICIPATION**

- 4.1 Eligibility. Awards under the Plan shall be granted only to bona fide Employees, Non-Employee Directors and Consultants.
- 4.2 Actual Participation. Subject to the provisions of the Plan, the Committee may, from time to time, in its sole discretion select from among eligible Employees, Non-Employee Directors and Consultants, those to whom Awards shall be granted under the Plan, and shall determine in its discretion the nature, terms, conditions and amount of each Award.

#### **ARTICLE 5 STOCK OPTIONS**

- 5.1 Grant of Options. Subject to the terms and provisions of the Plan, Options may be granted to Participants in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee in its discretion.
- 5.2 Award Agreement. Each Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the duration of the Option, the number of Shares to which the Option pertains, the conditions, if any, upon which an Option shall become vested and exercisable, and any such other provisions as the Committee shall determine.
- 5.3 Option Price. The Option Price for each grant of an Option under the Plan shall be determined by the Committee and shall be specified in the Award Agreement. The Option Price for an Option shall be not less than the FMV of the Shares on the date of grant.
- 5.4 Vesting of Options. Unless otherwise specified in an Award Agreement, and subject to any provisions of the Plan or the applicable Award Agreement relating to acceleration of vesting of Options, Options shall vest equally over a four year period such that 1/4 of the Options shall vest on the first, second, third and fourth anniversary dates of the date that the Options were granted.
- 5.5 Duration of Options. Each Option granted to a Participant shall expire at such time as the Committee shall determine at the time of grant; provided, however, that, subject to section 6.6, no Option shall be exercisable later than the tenth (10th) anniversary date of its grant.
- 5.6 Blackout Periods. If the date on which an Option is scheduled to expire occurs during, or within 10 business days after the last day of a Black Out Period applicable to such Participant, then the expiry date for such Option shall be extended to the last day of such 10 business day period.
- 5.7 Exercise of Options. Options granted under this Article 5 shall be exercisable at such times and on the occurrence of such events, and be subject to such restrictions and conditions, as the Committee shall in each instance approve, which need not be the same for each grant or for each Participant.

Options granted under this Article 5 shall be exercised by the delivery of a notice of exercise to the Company or an agent designated by the Company in a form specified or accepted by the Committee, or by complying with any alternative procedures which may be authorized by the Committee, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment of the Option Price.

The Option Price upon exercise of any Option shall be payable to the Company in full in cash, certified cheque or wire transfer.

As soon as practicable after receipt of a notification of exercise and full payment of the Option Price, the Shares in respect of which the Option has been exercised shall be issued as fully-paid and non-assessable common shares of the Company. As of the business day the Company receives such notice and such payment, the Participant (or the person claiming through a Participant, as the case may be) shall be entitled to be entered on the share register of the Company as the holder of the number of Shares in respect of which the Option was exercised and to receive as promptly as possible thereafter, but in any event, on or before the 15th day of the third month of the year following the year in which the Option was exercised, a certificate or evidence of book entry representing the said number of Shares. The Company shall cause to be delivered to or to the direction of the Participant Share certificates or evidence of book entry Shares in an appropriate amount based upon the number of Shares purchased under the Option(s).

5.8 Death, Disability, Retirement and Termination or Resignation of Employment. If the Award Agreement does not specify the effect of a termination or resignation of employment then the following default rules will apply:

- (a) Death: If a Participant dies while an Employee, Director of, or Consultant to, the Company or an Affiliate of the Company:
  - (i) all unvested Options as at the Termination Date shall automatically and immediately vest; and
  - (ii) all vested Options (including those that vested pursuant to (i) above) shall continue to be subject to the Plan and exercisable for a period of 90 days after the Termination Date, provided that any Options that have not been exercised within 90 days after the Termination Date shall automatically and immediately expire and be forfeited on such date.
- (b) Disability: If a Participant ceases to be eligible to be a Participant under the Plan as a result of their Disability then all Options remain and continue to vest (and are exercisable) in accordance with the terms of the Plan for a period of 12 months after the Termination Date, provided that any Options that have not been exercised (whether vested or not) within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date.
- (c) Retirement: If a Participant Retires then the Board shall have the discretion, with respect to such Participant's Options, to determine: (i) whether to accelerate vesting of any or all of such Options, (ii) whether any of such Options shall be cancelled, with or without payment, and (iii) how long, if at all, such Options may remain outstanding following the Termination Date; provided, however, that in no event shall such Options be exercisable for more than 12 months after the Termination Date.
- (d) Termination for Cause: If a Participant ceases to be eligible to be a Participant under the Plan as a result of their termination for Cause, then all Options, whether vested or not, as at the Termination Date shall automatically and immediately expire and be forfeited.
- (e) Termination without Cause or Voluntary Resignation: Subject to section 5.8(f) below, if a Participant ceases to be eligible to be a Participant under the Plan for any reason, other than as set out in sections 5.8(a)-(d), then, unless otherwise determined by the Board in its sole discretion, as of the Termination Date:

- (i) all unvested Options shall automatically and immediately expire and be forfeited, and
  - (ii) all vested Options shall continue to be subject to the Plan and exercisable for a period of 90 days after the Termination Date, provided that any Options that have not been exercised within 90 days after the Termination Date shall automatically and immediately expire and be forfeited on such date.
- (f) Existing Options. Notwithstanding any other provisions herein, in connection with the resignation of the Participants holding Existing Options, the Existing Options shall be exercisable for a period of 90 days after the Termination Date, provided that any Existing Options that have not been exercised within 90 days after the Termination Date shall automatically and immediately expire and be forfeited on such date.
- 5.9 Nontransferability of Options. An Option granted under this Article 5 may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, all Options granted to a Participant under this Article 5 shall be exercisable during such Participant's lifetime only by such Participant.

## **ARTICLE 6 SHARE APPRECIATION RIGHTS**

- 6.1 Grant of SARs. Subject to the terms and conditions of the Plan, SARs may be granted to Participants at any time and from time to time and upon such terms as shall be determined by the Committee in its discretion. The Committee may grant Freestanding SARs, Tandem SARs, or any combination of these forms of SARs.
- The Grant Price for each grant of a Freestanding SAR shall be determined by the Committee and shall be specified in the Award Agreement. The Grant Price may be based on one hundred percent (100%) of the FMV of the Shares on the date of grant, or set at a premium to the FMV of the Shares on the date of grant, or be indexed to the FMV of the Shares on the date of grant, with the index determined by the Committee, in its discretion, provided that the Grant Price may never be less than the FMV of the Shares on the date of Grant. The Grant Price of Tandem SARs shall be equal to the Option Price of the related Option.
- 6.2 SAR Agreement. Each SAR Award shall be evidenced by an Award Agreement that shall specify the Grant Price, the term of the SAR, and any such other provisions as the Committee shall determine.
- 6.3 Term of SAR. The term of a SAR granted under the Plan shall be determined by the Committee, in its sole discretion, and subject to section 6.4, no SAR shall be exercisable later than the tenth (10th) anniversary date of its grant.
- 6.4 Blackout Periods. If the date on which a SAR is scheduled to expire occurs during, or within 10 business days after the last day of a Black Out Period applicable to such Participant, then the expiry date for such SAR shall be extended to the last day of such 10 business day period.
- 6.5 Exercise of Freestanding SARs. Freestanding SARs may be exercised upon whatever terms and conditions the Committee, in its sole discretion, imposes.
- 6.6 Exercise of Tandem SARs. With respect to Participants who are not subject to taxation under the ITA, Tandem SARs may be exercised for all or part of the Shares subject to the related Option upon the surrender of the right to exercise the equivalent portion of the related Option, if applicable. With respect to Participants subject to taxation under the ITA, prior to exercising a Tandem SAR the Participant must elect to receive the Tandem SAR in consideration for the disposition of that

Participant's right to receive Shares under the Option. A Tandem SAR may be exercised only with respect to the Shares for which its related Option is then exercisable.

- 6.7 Payment of SAR Amount. Upon the exercise of a SAR, a Participant shall be entitled to receive payment from the Company in an amount representing the difference between the FMV of the underlying Shares on the date of exercise over the Grant Price. At the discretion of the Committee, the payment upon SAR exercise may be in cash, Shares of equivalent value (based on the FMV of the Shares on the date of exercise of the SAR, as defined in the Award Agreement or otherwise defined by the Committee thereafter), in some combination thereof, or in any other form approved by the Committee at its sole discretion. Payment shall be made no earlier than the date of exercise nor later than 21/2 months after the close of the year in which the SAR is exercised. The Committee's determination regarding the form of SAR payout shall be set forth or reserved for later determination in the Award Agreement for the grant of the SAR.
- 6.8 Termination of Employment. Each Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the SAR following termination of the Participant's employment or other relationship with the Company or its Affiliates. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all SARs issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination, provided that such provisions shall comply with the rules of the CSE.
- 6.9 Nontransferability of SARs. A SAR granted under the Plan may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, all SARs granted to a Participant under the Plan shall be exercisable during such Participant's lifetime only by such Participant.

## **ARTICLE 7 RESTRICTED SHARE UNITS**

- 7.1 Grant of Restricted Share Units. Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Restricted Share Units to Participants in such amounts and upon such terms as the Committee shall determine.
- 7.2 Restricted Share Unit Agreement. Each Restricted Share Unit grant shall be evidenced by an Award Agreement that shall specify the Period(s) of Restriction, the number of Restricted Share Units granted, the settlement date for Restricted Share Units, whether such Restricted Share Unit is settled in cash, Shares or a combination thereof or if the form of payment is reserved for later determination by the Committee, and any such other provisions as the Committee shall determine, provided that unless otherwise determined by the Committee or as set out in any Award Agreement, no Restricted Share Unit shall vest later than three years after the date of grant. The Committee shall impose, in the Award Agreement at the time of grant, such other conditions and/or restrictions on any Restricted Share Units granted pursuant to the Plan as it may deem advisable, including, without limitation, restrictions based upon the achievement of specific performance criteria, time-based restrictions on vesting following the attainment of the performance criteria, time-based restrictions, restrictions under applicable laws or under the requirements of the CSE.
- 7.3 Vesting of Restricted Share Units. Unless otherwise specified in an Award Agreement, and subject to any provisions of the Plan or the applicable Award Agreement relating to acceleration of vesting of Restricted Share Units, Restricted Share Units shall vest equally over a three year period such that 1/3 of the Restricted Share Units granted in an Award shall vest on the first, second and third anniversary dates of the date that the Award was granted, and provided that no Restricted Share Unit granted shall vest and be payable after December 31 of the third calendar year following the year of service for which the Restricted Share Unit was granted.
- 7.4 Black Out Periods. If the date on which a Restricted Share Unit is scheduled to expire occurs during, or within 10 business days after the last day of a Black Out Period applicable to such Participant,

then the expiry date for such Award shall be extended to the last day of such 10 business day period.

- 7.5 Nontransferability of Restricted Share Units. The Restricted Share Units granted herein may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated until the date of settlement through delivery or other payment, or upon earlier satisfaction of any other conditions, as specified by the Committee in its sole discretion and set forth in the Award Agreement at the time of grant or thereafter by the Committee. All rights with respect to the Restricted Share Units granted to a Participant under the Plan shall be available during such Participant's lifetime only to such Participant.
- 7.6 Dividends and Other Distributions. During the Period of Restriction, Participants holding Restricted Share Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Shares or Dividend Equivalents while they are so held in a manner determined by the Committee in its sole discretion. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. The Committee may apply any restrictions to the dividends or Dividend Equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the form of payment of dividends or Dividend Equivalents, including cash, Shares or Restricted Share Units.
- 7.7 Death, Disability, Retirement and Termination or Resignation of Employment. If the Award Agreement does not specify the effect of a termination or resignation of employment then the following default rules will apply:
- (a) Death: If a Participant dies while an Employee, Director of, or Consultant to, the Company or an Affiliate:
    - (i) all unvested Restricted Share Units as at the Termination Date shall automatically and immediately vest; and
    - (ii) all vested Restricted Share Units (including those that vested pursuant to (i) above) shall be paid to the Participant's estate in accordance with the terms of the Plan and the Award Agreement.
  - (b) Disability: If a Participant ceases to be eligible to be a Participant under the Plan as a result of their Disability, then all Restricted Share Units remain and continue to vest in accordance with the terms of the Plan for a period of 12 months after the Termination Date, provided that any Restricted Share Units that have not vested within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date.
  - (c) Retirement: If a Participant Retires then the Board shall have the discretion, with respect to such Participant's Restricted Share Units, to determine: (i) whether to accelerate vesting of any or all of such Restricted Share Units, (ii) whether any of such Restricted Share Units shall be cancelled, with or without payment, and (iii) how long, if at all, such Restricted Share Units may remain outstanding following the Termination Date; provided, however, that in no event shall such Restricted Share Units remain outstanding for more than 12 months after the Termination Date. Notwithstanding the above, for U.S. Participants, the treatment of Restricted Share Units upon retirement shall be provided for in the Award Agreement.
  - (d) Termination for Cause: If a Participant ceases to be eligible to be a Participant under the Plan as a result of their termination for Cause, then all Restricted Share Units, whether vested or not, as at the Termination Date shall automatically and immediately be forfeited.



- (e) Termination without Cause or Voluntary Resignation: If a Participant ceases to be eligible to be a Participant under the Plan for any reason, other than as set out in sections 7.7(a)-(d), then, unless otherwise determined by the Board in its sole discretion, as of the Termination Date:
- (i) all unvested Restricted Share Units shall automatically and immediately be forfeited, and
  - (ii) all vested Restricted Share Units shall be paid to the Participants in accordance with the terms of the Plan and the Award Agreement.

7.8 Payment in Settlement of Restricted Share Units. When and if Restricted Share Units become payable, the Participant issued such Restricted Share Units shall be entitled to receive payment from the Company in settlement of such Restricted Share Units: (i) in cash, in an amount equal to the product of the FMV of a Share on the applicable settlement date multiplied by the number of Restricted Share Units being settled, (ii) in a number of Shares (issued from treasury) equal to the number of Restricted Share Units being settled, (iii) in some combination thereof, or (iv) in any other form, all as determined by the Committee at its sole discretion. The Committee's determination regarding the form of payout shall be set forth or reserved for later determination in the Award Agreement for the grant of the Restricted Share Units. In the event settlement is made by payment in cash, such payment shall be made by the earlier of (i) 2% months after the close of the year in which such conditions or restrictions were satisfied or lapsed and (ii) December 31 of the third year following the year of the grant date.

## **ARTICLE 8 DEFERRED SHARES UNITS**

- 8.1 Grant of Deferred Share Units. Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Deferred Share Units to Participants in such amounts and upon such terms as the Committee shall determine.
- 8.2 Deferred Share Unit Agreement. Each Deferred Share Unit grant shall be evidenced by an Award Agreement that shall specify the number of Deferred Share Units granted, the settlement date for Deferred Share Units, and any other provisions as the Committee shall determine, including, but not limited to a requirement that Participants pay a stipulated purchase price for each Deferred Share Unit, restrictions based upon the achievement of specific performance criteria, time-based restrictions, restrictions under applicable laws or under the requirements of the CSE, or holding requirements or sale restrictions placed on the Shares by the Company upon vesting of such Deferred Share Units.
- 8.3 Non-transferability of Deferred Share Units. The Deferred Share Units granted herein may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated. All rights with respect to the Deferred Share Units granted to a Participant under the Plan shall be available during such Participant's lifetime only to such Participant.
- 8.4 Black Out Periods. If the date on which a Deferred Share Unit is scheduled to expire occurs during, or within 10 business days after the last day of a Black Out Period applicable to such Participant, then the expiry date for such Award shall be extended to the last day of such 10 business day period.
- 8.5 Dividends and Other Distributions. Participants holding Deferred Share Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Shares or Dividend Equivalents while they are so held in a manner determined by the Committee in its sole discretion. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. The Committee may apply any restrictions to the dividends or Dividend

Equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the form of payment of dividends or Dividend Equivalents, including cash, Shares or Deferred Share Units.

- 8.6 Termination of Employment, Consultancy or Directorship. Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain Deferred Share Units following termination of the Participant's employment or other relationship with the Company or its Affiliates. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Deferred Share Units issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination, provided that provisions shall comply with applicable rules of the CSE.
- 8.7 Payment in Settlement of Deferred Share Units. When and if Deferred Share Units become payable, the Participant issued such Deferred Share Units shall be entitled to receive payment from the Company in settlement of such Deferred Share Units: (i) in cash, in an amount equal to the product of the FMV of a Share on the applicable settlement date less the stipulated purchase price for the Deferred Share Units being settled, if any, multiplied by the number of Deferred Share Units being settled, (ii) in a number of Shares (issued from treasury) equal to the number of Deferred Share Units being settled, (iii) in some combination thereof, or (iv) in any other form, all as determined by the Committee at its sole discretion. The Committee's determination regarding the form of payout shall be set forth or reserved for later determination in the Award Agreement for the grant of the Deferred Share Units.

#### **ARTICLE 9 PERFORMANCE SHARE UNITS**

- 9.1 Grant of Performance Share Units. Subject to the terms and conditions of the Plan, the Committee, at any time and from time to time, may grant Performance Share Units to Participants in such amounts and upon such terms as the Committee shall determine.
- 9.2 Value of Performance Share Units. Each Performance Share Unit shall have an initial value equal to the FMV of a Share on the date of grant. The Committee shall set performance criteria for a Performance Period in its discretion, which, depending on the extent to which they are met, will determine, in the manner determined by the Committee and set forth in the Award Agreement, the value and/or number of each Performance Share Unit that will be paid to the Participant.
- 9.3 Earning of Performance Share Units. Subject to the terms of the Plan and the applicable Award Agreement, after the applicable Performance Period has ended, the holder of Performance Share Units shall be entitled to receive payout on the value and number of Performance Share Units, determined as a function of the extent to which the corresponding performance criteria have been achieved. Notwithstanding the foregoing, the Company shall have the ability to require the Participant to hold any Shares received pursuant to such Award for a specified period of time.
- 9.4 Form and Timing of Payment of Performance Share Units. Payment of earned Performance Share Units shall be as determined by the Committee and as set forth in the Award Agreement. Subject to the terms of the Plan, the Committee, in its sole discretion, may pay earned Performance Share Units in the form of: (i) cash equal to the value of the Shares underlying the earned Performance Share Units at the end of the applicable Performance Period, (ii) a number of Shares issued from treasury equal to the number of earned Performance Share Units at the end of the applicable Performance Period, or (iii) in a combination thereof. Any Shares may be granted subject to any restrictions deemed appropriate by the Committee. The determination of the Committee with respect to the form of payout of such Awards shall be set forth in the Award Agreement for the grant of the Award or reserved for later determination. In no event will delivery of such Shares or payment of any cash amounts be made later than the earlier of (i) TA months after the close of the year in which such conditions or restrictions were satisfied or lapsed and (ii) December 31 of the third year following the year of the grant date.

- 9.5 Dividends and Other Distributions. Participants holding Performance Share Units granted hereunder may, if the Committee so determines, be credited with dividends paid with respect to the underlying Shares or Dividend Equivalents while they are so held in a manner determined by the Committee in its sole discretion. Dividend Equivalents shall not apply to an Award unless specifically provided for in the Award Agreement. The Committee may apply any restrictions to the dividends or Dividend Equivalents that the Committee deems appropriate. The Committee, in its sole discretion, may determine the form of payment of dividends or Dividend Equivalents, including cash, Shares or Performance Share Units.
- 9.6 Termination of Employment, Consultancy or Directorship. Each Award Agreement shall set forth the extent to which the Participant shall have the right to retain Performance Share Units following termination of the Participant's employment or other relationship with the Company or its Affiliates. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Performance Share Units issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination, provided that the provisions shall comply with applicable rules of the CSE.
- 9.7 Non-transferability of Performance Share Units. Performance Share Units may not be sold, transferred, pledged, assigned or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, a Participant's rights under the Plan shall inure during such Participant's lifetime only to such Participant.

#### **ARTICLE 10 BENEFICIARY DESIGNATION**

- 10.1 Beneficiary. A Participant's "beneficiary" is the person or persons entitled to receive payments or other benefits or exercise rights that are available under the Plan in the event of the Participant's death. A Participant may designate a beneficiary or change a previous beneficiary designation at such times as prescribed by the Committee and by using such forms and following such procedures approved or accepted by the Committee for that purpose. If no beneficiary designated by the Participant is eligible to receive payments or other benefits or exercise rights that are available under the Plan at the Participant's death, the beneficiary shall be the Participant's estate.
- 10.2 Discretion of the Committee. Notwithstanding the provisions above, the Committee may, in its discretion, after notifying the affected Participants, modify the foregoing requirements, institute additional requirements for beneficiary designations, or suspend the existing beneficiary designations of living Participants or the process of determining beneficiaries under this Article 10, or both, in favor of another method of determining beneficiaries.

#### **ARTICLE 11 RIGHTS OF PERSONS ELIGIBLE TO PARTICIPATE**

- 11.1 Employment. Nothing in the Plan or an Award Agreement shall interfere with or limit in any way the right of the Company or an Affiliate of the Company to terminate any Participant's employment, consulting or other service relationship with the Company or the Affiliate at any time, nor confer upon any Participant any right to continue in the capacity in which he or she is employed or otherwise serves the Company or the Affiliate.

Neither an Award nor any benefits arising under the Plan shall constitute part of an employment or service contract with the Company or an Affiliate of the Company, and, accordingly, subject to the terms of the Plan, the Plan may be terminated or modified at any time in the sole and exclusive discretion of the Committee or the Board without giving rise to liability on the part of the Company or its Affiliates for severance payments or otherwise, except as provided in the Plan.

For purposes of the Plan, unless otherwise provided by the Committee, a transfer of employment of a Participant between the Company and an Affiliate or among Affiliates of the Company, shall not be deemed a termination of employment. The Committee may provide, in a Participant's Award Agreement or otherwise, the conditions under which a transfer of employment to an entity that is spun off from the Company or an Affiliate of the Company shall not be deemed a termination of employment for purposes of an Award.

- 11.2 Participation. No Employee or other Person eligible to participate in the Plan shall have the right to be selected to receive an Award. No person selected to receive an Award shall have the right to be selected to receive a future Award, or, if selected to receive a future Award, the right to receive such future Award on terms and conditions identical or in proportion in any way to any prior Award.
- 11.3 Rights as a Shareholder. A Participant shall have none of the rights of a shareholder with respect to Shares covered by any Award until the Participant becomes the holder of such Shares.

## **ARTICLE 12 CHANGE OF CONTROL**

- 12.1 Change of Control and Termination of Employment. Subject to section 12.2, if there is a Change of Control, any Awards held by a Participant shall automatically vest following such Change of Control, on the Termination Date, if the Participant is an Employee, officer or a Director and their employment, or officer or Director position is terminated or they resign for Good Reason within 12 months following the Change of Control, provided that no acceleration of Awards shall occur in the case of a Participant that was retained to provide Investor Relations Activities unless the approval of the Exchange is either obtained or not required.
- 12.2 Discretion to Board. Notwithstanding any other provision of the Plan, in the event of an actual or potential Change of Control, the Board may, in its sole discretion, without the necessity or requirement for the agreement of any Participant: (i) accelerate, conditionally or otherwise, on such terms as it sees fit (including, but not limited to those set out in (iii) and (iv) below), the vesting date of any Awards; (ii) permit the conditional redemption or exercise of any Awards, on such terms as it sees fit; (iii) otherwise amend or modify the terms of any Awards, including for greater certainty by (1) permitting Participants to exercise or redeem any Awards to assist the Participants to participate in the actual or potential Change of Control, or (2) providing that any Awards exercised or vested shall be exercisable or redeemed for, in lieu of Shares, such property (including shares of another entity or cash) that shareholders of the Company will receive in the Change of Control; and (iv) terminate, following the successful completion of a Change of Control, on such terms as it sees fit, the Awards not exercised or redeemed prior to the successful completion of such Change of Control. With respect to U.S. Participant, the treatment of Awards upon a Change of Control shall be provided for in the Award Agreement.
- 12.3 Non-Occurrence of Change of Control. In the event that any Awards are conditionally exercised pursuant to section 12.2 above and the Change of Control does not occur, the Board may, in its sole discretion, determine that any (i) Awards so exercised shall be reinstated as the type of Award prior to such exercise, and (ii) Shares issued be cancelled and any exercise or similar price received by the Company shall be returned to the Participant.
- 12.4 Agreement with Purchaser in a Change of Control. In connection with a Change of Control, the Board may be permitted to condition any acceleration of vesting on the Participant entering into an employment, confidentiality or other agreement with the purchaser as the Board deems appropriate.

**ARTICLE 13  
AMENDMENT AND TERMINATION**

- 13.1 Amendment and Termination. The Board may, at any time, suspend or terminate the Plan. Subject to compliance with any applicable law, including the rules of the CSE, the Board may also, at any time, amend or revise the terms of the Plan and any Award Agreement. No such amendment of the Plan or Award Agreement may be made if such amendment would materially and adversely impair any rights arising from any Awards previously granted to a Participant under the Plan without the consent of the Participant or the representatives of his or her estate, as applicable. Any amendment that would cause an Award held by a Participant that is a U.S. taxpayer to fail to comply with Section 409A of the Code shall be null and void with respect to such Participant.
- 13.2 Reduction of Option Price or Grant Price. Disinterested shareholder approval as required by the policies of the CSE shall be obtained for any reduction in the Option Price of an Option or the Grant Price of a SAR if the Participant is an Insider of the Company at the time of the proposed amendment.

**ARTICLE 14  
WITHHOLDING**

- 14.1 Withholding. The Company or any of its Affiliates shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company or the Affiliate, an amount sufficient to satisfy federal, provincial and local taxes or domestic or foreign taxes required by law or regulation to be withheld with respect to any taxable event arising from or as a result of the Plan or any Award hereunder. The Committee may provide for Participants to satisfy withholding requirements by having the Company withhold and sell Shares or the Participant making such other arrangements, including the sale of Shares, in either case on such conditions as the Committee specifies.
- 14.2 Acknowledgement. Participant acknowledges and agrees that the ultimate liability for all taxes legally payable by Participant is and remains Participant's responsibility and may exceed the amount actually withheld by the Company. Participant further acknowledges that the Company: (a) makes no representations or undertakings regarding the treatment of any taxes in connection with any aspect of the Plan; and (b) does not commit to and is under no obligation to structure the terms of the Plan to reduce or eliminate Participant's liability for taxes or achieve any particular tax result. Further, if Participant has become subject to tax in more than one jurisdiction, Participant acknowledges that the Company may be required to withhold or account for taxes in more than one jurisdiction.

**ARTICLE 15  
SUCCESSORS**

Any obligations of the Company or its Affiliates under the Plan with respect to Awards granted hereunder shall be binding on any successor to the Company or its Affiliates, respectively, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the businesses and/or assets of the Company or the Affiliate, as applicable.

**ARTICLE 16  
GENERAL PROVISIONS**

- 16.1 Delivery of Title. The Company shall have no obligation to issue or deliver evidence of title for Shares issued under the Plan prior to:
- (a) Obtaining any approvals from governmental agencies that the Company determines are necessary or advisable; and

- (b) Completion of any registration or other qualification of the Shares under any applicable law or ruling of any governmental body that the Company determines to be necessary or advisable.
- 16.2 Investment Representations. The Committee may require each Participant receiving Shares pursuant to an Award under the Plan to represent and warrant in writing that the Participant is acquiring the Shares for investment and without any present intention to sell or distribute such Shares.
- 16.3 Uncertificated Shares. To the extent that the Plan provides for issuance of certificates to reflect the transfer of Shares, the transfer of such Shares may be effected on a noncertificated basis to the extent not prohibited by applicable law or the rules of the CSE.
- 16.4 No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award Agreement. In such an instance, unless the Committee determines otherwise, fractional Shares and any rights thereto shall be forfeited or otherwise eliminated.
- 16.5 Other Compensation and Benefit Plans. Nothing in the Plan shall be construed to limit the right of the Company or an Affiliate of the Company to establish other compensation or benefit plans, programs, policies or arrangements. Except as may be otherwise specifically stated in any other benefit plan, policy, program or arrangement, no Award shall be treated as compensation for purposes of calculating a Participant's rights under any such other plan, policy, program or arrangement.
- 16.6 No Constraint on Corporate Action. Nothing in the Plan shall be construed (i) to limit, impair or otherwise affect the Company's or its Affiliates' right or power to make adjustments, reclassifications, reorganizations or changes in its capital or business structure, or to merge or consolidate, or dissolve, liquidate, sell or transfer all or any part of its business or assets, or (ii) to limit the right or power of the Company or its Affiliates to take any action which such entity deems to be necessary or appropriate.
- 16.7 Compliance with Canadian Securities Laws. All Awards and the issuance of Shares underlying such Awards issued pursuant to the Plan will be issued pursuant to an exemption from the prospectus requirements of Canadian securities laws where applicable. In addition to any applicable resale restrictions under Canadian securities laws, where Awards are granted pursuant to section 2.24 of National Instrument 45-106, the Awards and any Shares issued on the exercise of such Awards must be legended with a four month hold period commencing on the date the Awards were granted, unless written approval is obtained from the CSE.
- 16.8 Compliance with U.S. Securities Laws. All Awards and the issuance of Shares underlying such Awards issued pursuant to the Plan will be issued pursuant to the registration requirements of the U.S. Securities Act of 1933, as amended or an exemption from such registration requirements. If the Awards or Shares are not so registered and no such registration exemption is available, the Company shall not be required to issue any Shares otherwise issuable hereunder.

## **ARTICLE 17 LEGAL CONSTRUCTION**

- 17.1 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.
- 17.2 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

- 17.3 Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or securities exchanges as may be required. The Company or an Affiliate of the Company shall receive the consideration required by law for the issuance of Awards under the Plan.

The inability of the Company or an Affiliate of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company or the Affiliate to be necessary for the lawful issuance and sale of any Shares hereunder, shall relieve the Company or the Affiliate of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

- 17.4 Governing Law. The Plan and each Award Agreement shall be governed by the laws of the Province of British Columbia excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of the Plan to the substantive law of another jurisdiction.

- 17.5 Compliance with Section 409A of the Code.

- (a) To the extent the Plan is applicable to a particular Participant subject to the Code, it is intended that the Plan and any Awards made hereunder shall not provide for the payment of "deferred compensation" within the meaning of Section 409A of the Code or shall be structured in a manner and have such terms and conditions that would not cause such a Participant to be subject to taxes and interest pursuant to Section 409A of the Code. The Plan and any Awards made hereunder shall be administrated and interpreted in a manner consistent with this intent.
- (b) To the extent that any amount or benefit in favour of a Participant who is subject to the Code would constitute "deferred compensation" for purposes of Section 409A of the Code would otherwise be payable or distributable under the Plan or any Award Agreement by reason of the occurrence of a Change of Control or the Participant's disability or separation from service, such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless: (i) the circumstances giving rise to such Change of Control, disability or separation from service meet the description or definition of "change in control event," "disability," or "separation from service," as the case may be, in Section 409A of the Code and applicable proposed or final Treasury regulations thereunder, and (ii) the payment or distribution of such amount or benefit would otherwise comply with Section 409A of the Code and not subject the Participant to taxes and interest pursuant to Section 409A of the Code. This provision does not prohibit the vesting of any Award or the vesting of any right to eventual payment or distribution of any amount or benefit under the Plan or any Award Agreement.
- (c) The Committee shall use its reasonable discretion to determine the extent to which the provisions of this section 17.5 will apply to a Participant who is subject to taxation under the ITA.