

KOOTENAY RESOURCES INC.

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual and Special Meeting (the “**Meeting**”) of Shareholders of **KOOTENAY RESOURCES INC.** (the “**Corporation**”) will be held at Suite 910 – 800 West Pender Street, Vancouver, British Columbia, on Friday, the 31st day of March, 2023 at 10:00 a.m. (Vancouver time), for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the period of inception on October 30, 2021 to December 31, 2021, together with the report of the auditor thereon;
2. to appoint MNP LLP, Chartered Professional Accountants, as auditor of the Corporation for the ensuing year and to authorize the Directors to fix their remuneration;
3. to determine the number of directors at three;
4. to elect three directors for the ensuing year;
5. to consider and, if thought fit, to pass, with or without variation, an ordinary resolution to approve the adoption of a new 10% rolling equity incentive plan of the Corporation, as more particularly described in the accompanying information circular of the Corporation (the “**Information Circular**”); and
6. to transact such further or other business as may properly come before the Meeting or any adjournment(s) or postponement(s) thereof.

Accompanying this Notice of Meeting is the Information Circular and a form of proxy (or a voting instruction form if you hold common shares through a broker or other intermediary). The accompanying Information Circular provides information relating to the matters to be addressed at the Meeting and is incorporated into this Notice.

Shareholders are entitled to vote at the Meeting either in person or by proxy. If you are a registered shareholder of the Corporation and are unable to attend the Meeting in person, please complete, date and execute the accompanying form of proxy and deposit it with Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 (Fax: within North America 1-866-249-7775, outside North America 1-416-263-9524) by mail, fax or by following the procedure for telephone or internet voting provided in the accompanying form of proxy, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or any adjournment(s) or postponement(s) thereof, or with the Chairman of the Meeting on the day of the Meeting, prior to the commencement of the Meeting, or any adjournment(s) or postponement(s) thereof.

If you are a non-registered shareholder of the Corporation and received this Notice and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or a nominee of any of the foregoing that holds your security on your behalf (the “**Intermediary**”), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

Only holders of common shares of record as at the close of business on February 1, 2023 will be entitled to vote at the Meeting.

DATED at Vancouver, British Columbia, this 27th day of February, 2023.

BY ORDER OF THE BOARD OF DIRECTORS

James M. McDonald (signed)

JAMES M. McDONALD
President, Chief Executive Officer and Director

KOOTENAY RESOURCES INC.

Suite 1125-595 Howe Street
Vancouver, British Columbia V6C 2T5

INFORMATION CIRCULAR

(containing information as at February 1, 2023 unless otherwise noted)

PERSONS MAKING THE SOLICITATION

This Information Circular is furnished in connection with the solicitation of proxies being made by the management of Kootenay Resources Inc. (the “Corporation”) for use at the Annual and Special Meeting of the Corporation’s shareholders (the “Meeting”) to be held on Friday, March 31, 2023 at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Corporation.

All costs of this solicitation will be borne by the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES

The individuals named in the accompanying form of proxy are directors or officers of the Corporation (the “**Management Proxyholders**”). **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR THE SHAREHOLDER AND ON THE SHAREHOLDER’S BEHALF AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKING OUT THE MANAGEMENT PROXYHOLDERS PRINTED NAMES, OR BY COMPLETING ANOTHER FORM OF PROXY.**

To be valid, a proxy must be dated and signed by the shareholder or by the shareholder’s attorney authorized in writing. In the case of a corporation, the proxy must be signed by a duly authorized officer or an attorney for the corporation. The completed proxy, together with the power of attorney or other authority, if any, under which the proxy was signed or a notarially certified copy of the power of attorney or other authority, must be delivered to Computershare Investor Services Inc. (“**Computershare**”), of 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 (Fax: within North America 1-866-249-7775, outside North America 1-416-263-9524) by mail, fax or by following the procedure for telephone or internet voting provided in the accompanying form of proxy at least 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting, or any adjournment(s) or postponement(s) thereof, or with the Chairman of the Meeting prior to the commencement of the Meeting, or any adjournment(s) or postponement(s) thereof.

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by the shareholder’s attorney authorized in writing or, if the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Corporation, at Suite 910 – 800 West Pender Street, Vancouver, British Columbia, V6C 2V6, at any time up to and including the last business day preceding the day of the Meeting or any adjournment(s) or postponement(s) thereof, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

ADVICE TO BENEFICIAL SHAREHOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Corporation are “non-registered” shareholders because the common shares of the Corporation they own are not registered in their names but are instead registered in the names of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their common shares in their own name (referred to herein as “Beneficial Shareholders”) should note that only registered shareholders may vote at the Meeting.

If common shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in such shareholder’s name on the records of the Corporation. Such shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which company acts as nominee and custodian for many Canadian brokerage firms), and in the United States the vast majority of such shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many United States brokerage firms and custodian banks). Common shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of the Corporation do not know for whose benefit the common shares registered in the name of CDS & Co. and Cede & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings unless the Beneficial Shareholders have waived their right to receive Meeting materials. Every intermediary (broker) has its own mailing procedure and provides its own return instructions, which should be carefully followed in order to ensure that their common shares are voted at the Meeting. The voting instruction form supplied by intermediaries to Beneficial Shareholders is often identical to the form of proxy that is provided to registered shareholders. However, the purpose of the voting instruction form is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. Should a non-registered shareholder receiving such a voting instruction form wish to vote at the Meeting, the non-registered shareholder should strike out the names of the Management Proxyholders named in the voting instruction form and insert the name of the person designated by the non-registered shareholder in the blank provided and return the voting instruction form to the intermediary in accordance with the instructions contained in the form, well in advance of the Meeting.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **A Beneficial Shareholder who receives a voting instruction form cannot use that form to vote common shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of the common shares must be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted.** All references to shareholders in this Information Circular and the accompanying form of proxy and Notice of Meeting are to shareholders of record unless specifically stated otherwise.

Beneficial Shareholders fall into two categories – those who object to their names being made known to the issuers of securities which they own (called “**OBOs**” – for “**Objecting Beneficial Owners**”) and those who do not object to the issuers of the securities they own knowing who they are (called “**NOBOs**” for “**Non-Objecting Beneficial Owners**”). In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), issuers may obtain and use the NOBO list for distribution of proxy-related materials directly (not via Broadridge) to such NOBOs.

The Corporation is taking advantage of NI 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* which permits the Corporation to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a scannable voting instruction form (“**VIF**”) from the Corporation’s transfer agent, Computershare. The VIF is to be completed and returned to Computershare in the envelope provided or by facsimile,

or a NOBO has the option to submit their proxy vote either by telephone or via the internet in the manner described in the VIF. Computershare tabulates the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the common shares represented by those VIFs.

The Corporation's OBOs can expect to be contacted by Broadridge or their brokers or their broker's agents as set out above. The Corporation will not pay for intermediaries to deliver the Notice of Meeting, Information Circular and VIF to OBOs, and OBOs will not receive the Meeting materials unless their intermediary assumes the cost of the delivery.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Corporation or its transfer agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send this Information Circular to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering the Information Circular to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

EXERCISE OF DISCRETION

If the instructions in a proxy are certain, the shares represented thereby will be voted on any poll by the persons named in the proxy and, where a choice with respect to any matter to be acted upon has been specified in the proxy, the shares represented thereby will, on a poll, be voted or withheld from voting in accordance with the specifications so made.

If no choice is specified and one of the Management Proxyholders is appointed by a registered shareholder as proxyholder, such person will vote in favour of each matter identified in the Notice of Meeting and for the nominees of management for directors and auditor.

The enclosed form of proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the persons appointed proxyholders thereunder to vote with respect to any amendments or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of the printing of this Information Circular, the management of the Corporation knows of no such amendment, variation or other matter which may be presented to the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at February 1, 2023, the Corporation has **28,305,370** fully paid and non-assessable common shares without par value issued and outstanding, each share carrying the right to one vote.

Any shareholder of record at the close of business on February 1, 2023 who either personally attends the Meeting or who has completed and delivered a proxy in the manner and subject to the provisions described above, shall be entitled to vote or to have such shareholder's shares voted at the Meeting.

The Articles of the Corporation provide that a quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 5% of the issued shares entitled to be voted at the Meeting.

To the best of the knowledge of the directors and executive officers of the Corporation, no persons, beneficially own, directly or indirectly, or exercise control or direction over, shares carrying 10% or more of the voting rights attached to all outstanding shares of the Corporation, other than as set out below:

<u>Name</u>	<u>Number of Common Shares</u>	<u>Percentage</u>
Kootenay Silver Inc.	3,205,274	11.3%

ELECTION OF DIRECTORS

The Board of Directors (the “**Board**”) of the Corporation presently consists of three (3) directors, and it is intended to determine the number of directors at three (3) and to elect three (3) directors for the ensuing year.

The term of office of each of the present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management’s nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Corporation or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Corporation or within the provisions of the *Business Corporations Act* (British Columbia).

The following table sets out the names of the proposed nominees for election as directors, the province or state and country in which each is ordinarily resident, all offices of the Corporation now held by each of them, if any, their principal occupations or employments during the past five years if such nominee is not presently an elected director, the period of time each has been a director of the Corporation, and the number of common shares of the Corporation beneficially owned by each, directly or indirectly, or over which control or direction is exercised, as at the date hereof.

Name, Province or State and Country of Residence of Proposed Director and Present Position(s) with Corporation ⁽¹⁾	Principal Occupation and, if not at Present an Elected Director, Employment for Last Five Years ⁽¹⁾	Date(s) Served as a Director	Common Shares Held ⁽¹⁾
James M. McDonald ⁽³⁾ Alberta, Canada <i>President, Chief Executive Officer and Director</i>	President and Chief Executive Officer of the Corporation; President and Chief Executive Officer of Kootenay Silver Inc., a mineral exploration and development company; President of Makwa Exploration Ltd. (“ Makwa ”), a private geological consulting company; former Director of Elevation Gold Mining Corporation; and Director of Aldebaran Resources.	March 7, 2003	2,258,921 ⁽²⁾
Rajwant S. Kang ⁽³⁾ British Columbia, Canada <i>Chief Financial Officer, Corporate Secretary and Director</i>	Chief Financial Officer and Corporate Secretary of the Corporation; and Chief Financial Officer and Corporate Secretary of Kootenay Silver Inc., a mineral exploration and development company.	October 26, 2021	333,327
Kenneth E. Berry ⁽³⁾ British Columbia, Canada <i>Director</i>	Chairman of the Corporation, formerly President; self-employed consultant, providing finance and corporate communications services to various public companies; and former Director, President, CEO and Chairman of Elevation Gold Mining Corporation.	October 26, 2021	25,740

(1) The information as to province or state and country of residence, principal occupation and number of shares beneficially owned by the nominees (directly or indirectly or over which control or direction is exercised) is not within the knowledge of management of the Corporation and has been furnished by the respective nominees.

(2) Of these shares, 19,588 are held by Makwa, a private company controlled by Mr. McDonald.

(3) Member of the Audit Committee.

Shareholders can vote for all of the proposed nominees for directors of the Corporation, vote for some of the proposed nominees and withhold for others, or withhold from voting for all or any of the proposed nominees. **Unless otherwise**

instructed, the named proxyholders will vote FOR the election of each of the proposed nominees set forth above as directors of the Corporation.

The Board does not contemplate that any of its nominees will be unable to serve as a director. If any vacancies occur in the slate of nominees listed above before the Meeting, then the proxyholders named in the accompanying form of proxy intend to exercise discretionary authority to vote the shares represented by proxy for the election of any other persons as directors.

No proposed director of the Corporation is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation), that:

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

No proposed director of the Corporation:

- (a) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director of the Corporation has been subject to:

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

STATEMENT OF EXECUTIVE COMPENSATION

Director and Named Executive Officer Compensation

In this section, “Named Executive Officer” or “NEO” means each of the following individuals: (a) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer (“CEO”); (b) each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served

as chief financial officer, including an individual performing functions similar to a chief financial officer (“CFO”); (c) in respect of the Corporation and its subsidiaries, the three most highly compensated executive officers other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year regardless of the amount of salary and/or bonus earned by the individuals, for that financial year; (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Corporation, and was not acting in a similar capacity, at the end of that financial year.

During the Corporation’s financial year ended December 31, 2021, the following individuals were the Named Executive Officers of the Corporation:

- James M. McDonald, President, CEO and a director
- Rajwant S. Kang, CFO, Corporate Secretary and a director

The following disclosure sets out the compensation that the Corporation paid, made payable, awarded, granted gave or otherwise provided to each NEO and director for the financial years ended December 31, 2021 and 2020.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

Table of Compensation Excluding Compensation Securities

For each NEO and director, the following table contains a summary of the compensation paid to him for each of the Corporation’s two most recently completed financial years:

Table of compensation excluding compensation securities							
Name and position	Year ⁽¹⁾	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
James M. McDonald President, CEO and Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	Nil	Nil	Nil	Nil	Nil	Nil
Rajwant S. Kang ⁽²⁾ CFO, Corporate Secretary and Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	N/A	N/A	N/A	N/A	N/A	N/A
Kenneth E. Berry ⁽³⁾ Director	2021	Nil	Nil	Nil	Nil	Nil	Nil
	2020	N/A	N/A	N/A	N/A	N/A	N/A

(1) January 1 to December 31 of the year listed.

(2) Mr. Kang became the CFO, Corporate Secretary and a director of the Corporation on October 26, 2021.

(3) Mr. Berry became a director of the Corporation on October 26, 2021.

Stock Options and other Compensation Securities

None of the Named Executive Officers or directors of the Corporation received any compensation securities from the Corporation or one of its subsidiaries during the most recently completed financial year ended December 31, 2021 for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries.

As at December 31, 2021, Mr. James M. McDonald held 3,000,000 stock options entitling him to acquire, upon exercise, 120,000 shares; Mr. Rajwant S. Kang held 1,800,000 Options entitling him to acquire, upon exercise, 72,000 shares; and Mr. Kenneth E. Berry held 2,000,000 stock options entitling him to acquire, upon exercise, 80,000 shares. All of the aforementioned Options are fully vested. The stock options were issued on October 29, 2021 pursuant to an arrangement with Kootenay Silver Inc. (the “**Arrangement**”) whereby Kootenay Silver Inc. spun-out 80% of the outstanding common shares of the Corporation to its shareholders by way of a share capital reorganization effected through the Arrangement.

Exercises of Compensation Securities by Named Executive Officers and Directors

The following table discloses all compensation securities exercised by the directors and the Named Executive Officers of the Corporation and its subsidiaries during the financial year ended December 31, 2021:

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)⁽¹⁾	Difference between exercise price and closing price on date of exercise (\$)⁽¹⁾	Total value on exercise date (\$)⁽¹⁾
James M. McDonald President, CEO and Director	Stock Options ⁽²⁾	Nil	Nil	Nil	N/A	N/A	N/A
Rajwant S. Kang CFO, Corporate Secretary and Director	Stock Options ⁽²⁾	Nil	Nil	Nil	N/A	N/A	N/A
Kenneth E. Berry Director	Stock Options ⁽²⁾	Nil	Nil	Nil	N/A	N/A	N/A

(1) The shares are not listed for trading on any stock exchange.

(2) The stock options were issued pursuant to the Arrangement. See “*Stock Options and Other Compensation Securities*” above.

Stock Option Plans and other Incentive Plans

Stock Option Plan

The Corporation currently has in place a rolling stock option plan (the “**Option Plan**”). Pursuant to the Option Plan, the Board, or a committee thereof, is authorized, from time to time, in its discretion, to grant to directors, officers, employees and consultants of the Corporation stock options to purchase up to 10% of the issued and outstanding shares, except that prior to the shares being listed for trading on the TSX Venture Exchange (the “**TSXV**”) (or such other trading facility as the shares may be listed on) the number of shares which are available for purchase pursuant to stock options granted pursuant to the Option Plan is not permitted to exceed 10% of the number of shares which are issued and outstanding on the particular date of grant of stock options. The exercise price of the stock options granted under the Former Option Plan is determined by the Board. Stock options are exercisable for a term fixed by the Board and shall not exceed 10 years, subject to earlier termination after certain events such as the Participant’s ceasing to be a Participant, disability or death. The Option Plan was approved by the shareholders of Kootenay Silver Inc. as part of the Arrangement at the Annual General and Special Meeting of the shareholders of Kootenay Silver Inc. held on September 15, 2021 (the “**Kootenay Silver Meeting**”).

Share Unit Plan and DSU Plan

The Corporation currently has in place a share unit plan (the “**Share Unit Plan**”). The Share Unit Plan is administered by the Board or a committee thereof and permits the Board to grant awards of restricted share units (“**RSUs**”) and performance share units (“**PSUs**”, together with RSUs, “**Share Units**”) to officers, employees and consultants of the Corporation or an affiliate of the Corporation (the “**Eligible Participants**”) in respect of services rendered or to be rendered by the Eligible Participants. Subject to the terms of the Share Unit Plan, the Board may determine the terms and conditions of any Share Units, including the number of RSUs or PSUs subject to a grant; the form of payout; the payment date of vested Share Units; whether and the extent to which any performance conditions and criteria applicable to the vesting of RSUs and PSUs have been satisfied or waived and any other terms and conditions with respect to vesting or acceleration of vesting. Subsequent to the grant of a Share Unit, the Board may, in its discretion, waive any such term or condition or determine that such term or condition has been satisfied, subject to applicable law. Each Eligible Participant who continues in employment or service with the Corporation or an affiliate of the Corporation on a vesting date will receive a payout of their respective vested Share Units in cash, shares, or a combination of both, as determined by the Board, in an amount equal to the fair market value of their respective vested Share Units on the payment date, less any withholding taxes. Subject to adjustment, the maximum number of shares that may be reserved for issuance under the Share Unit Plan is determined by the Board within the limits imposed by applicable securities law and stock exchange requirements. The Share Unit Plan was approved by the shareholders of Kootenay Silver Inc. as part of the Arrangement at the Kootenay Silver Meeting.

The Corporation currently has in place a deferred share unit plan (the “**DSU Plan**”). Pursuant to the DSU Plan, Eligible Directors may elect to receive all or a portion of their annual remuneration amount, which would otherwise be payable in cash, in deferred share units (“**DSUs**”), subject to such conditions as imposed by the Board. Additionally, the Board may award such number of DSUs to an Eligible Director as the Board deems advisable to provide such Eligible Director with appropriate equity-based compensation for services rendered to the Corporation. The Board may specify whether such DSUs will be settled in cash or shares, or a combination thereof. The Board shall determine the date on which such DSUs may be granted and the date as of which such DSUs shall be credited to the Eligible Director’s Account, together with any terms of conditions with respect to the vesting of such DSUs. Subject to adjustment, the maximum number of shares that may be reserved for issuance under the DSU Plan is determined by the Board within the limits imposed by applicable securities law and stock exchange requirements. The DSU Plan was approved by the shareholders of Kootenay Silver Inc. as part of the Arrangement at the Kootenay Silver Meeting.

The shareholders will be asked at the Meeting to ratify the adoption of a new rolling 10% equity incentive plan (the “**Equity Incentive Plan**”), which was approved by the Board on February 27, 2023, subject to receipt of all required shareholder and regulatory approvals, and will replace the Option Plan, Share Unit Plan and DSU Plan upon the listing of the common shares of the Corporation on the TSXV (the “**Listing Date**”) or upon such date as may be determined by the Board in their sole discretion, subject to the acceptance of the TSXV (the “**Effective Date**”). See “*Particulars of Other Matters to be Acted Upon – Approval of New Equity Incentive Plan*”.

Employment, Consulting and Management Agreements

No agreement or arrangement was in place during the financial year ended December 31, 2021 under which compensation was provided or is payable in respect of services provided to the Corporation or any of its subsidiaries that were performed by a director or Named Executive Officer of the Corporation or by any other party but are services typically performed by a director or Named Executive Officer.

Oversight and Description of Director and Named Executive Officer Compensation

The Board meets on an ad hoc basis to discuss and determine compensation of Named Executive Officers, without reference to formal objectives, criteria or analysis. The general objectives of the Corporation’s compensation strategy are to (a) compensate management in a manner that encourages and rewards a high level of performance and results with a view to increasing long-term shareholder value; (b) align management’s interests with the long-term interests of shareholders; and (c) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Corporation is under by virtue of the fact that it is a junior mineral exploration company without a history of earnings.

The Board, as a whole, ensures that total compensation paid to all Named Executive Officers is fair and reasonable. The Board, as a whole, recommends levels of executive compensation that are competitive, motivating and commensurate with the time spent by executive officers in meeting their obligations. The Corporation did not pay any compensation to any Named Executive Officer during the financial year ended December 31, 2021.

The Corporation has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Corporation for their services in their capacity as directors or for committee participation. No compensation was paid or is payable to any director of the Corporation for their respective services as a director during the financial year ended December 31, 2021. Directors are entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors, and the Corporation may, from time to time, grant to its directors incentive stock options to purchase Shares. Directors are entitled to receive compensation from the Corporation to the extent that they provide other services to the Corporation and any such compensation is based on rates that would be charged by such directors for such services to arm's length parties. The Corporation currently relies solely on Board discussion on an ad hoc basis without any formal objectives, criteria and analysis to determine director compensation.

Pension Plan Benefits

The Corporation has no pension plans that provide for payments or benefits to any Named Executive Officer or director at, following or in connection with retirement. The Corporation also does not have any deferred compensation plans relating to any Named Executive Officer or director.

Termination and Change of Control Benefits

The Corporation has not provided compensation, monetary or otherwise, during the most recently completed financial year, to any person who now or previously has acted as a Named Executive Officer of the Corporation, in connection with or related to the retirement, termination or resignation of such person, and the Corporation has provided no compensation to any such person as a result of a change of control of the Corporation. The Corporation is not party to any compensation plan or arrangement with a Named Executive Officer resulting from the resignation, retirement or termination of employment of any such person.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table provides information regarding the number of securities authorized for issuance under the Option Plan, as at the end of the Corporation's most recently completed financial year ended December 31, 2021:

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))⁽¹⁾ (c)
Equity compensation plans approved by securityholders	563,800 Shares ⁽²⁾	\$0.0022	1,039,357 Shares
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
Total	563,800 Shares		1,039,357 Shares

(1) Based on the total number of common shares of the Corporation to be reserved and authorized for issuance as at December 31, 2021 pursuant to options granted under the Option Plan being 10% of the issued and outstanding shares of the Corporation from time to time.

- (2) These shares are issuable upon the exercise of 14,095,000 stock options issued pursuant to the Arrangement. See “*Statement of Executive Compensation – Stock Options and Other Compensation Securities*”.

No awards were granted by the Corporation under the Share Unit Plan or the DSU Plan.

See “*Statement of Executive Compensation – Stock Option Plans and Other Incentive Plans*” for a summary of the Option Plan, the Share Unit Plan and the DSU Plan.

On February 27, 2023, the Board approved the adoption of the Equity Incentive Plan, subject to receipt of all required shareholder and regulatory approvals, which will be made effective on the Effective Date. The Equity Incentive Plan will replace the Option Plan, the Share Unit Plan and the DSU Plan, on the Effective Date. See “*Particulars of Other Matters to be Acted Upon – Approval of New Equity Incentive Plan*”.

APPOINTMENT AND REMUNERATION OF AUDITOR

The persons named in the accompanying proxy intend to vote for the appointment of MNP LLP, Chartered Professional Accountants, as auditor of the Corporation and to authorize the directors to fix their remuneration. MNP has been the auditor of the Corporation since inception.

AUDIT COMMITTEE

Under National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) the Corporation is required to provide disclosure with respect to its audit committee including the text of the audit committee’s charter, composition of the committee, and the fees paid to the external auditor.

Audit Committee Charter

The Corporation has a written charter (the “**Audit Committee Charter**”) which sets out the duties and responsibilities of the Audit Committee. The text of the Audit Committee Charter is attached hereto as Schedule “A”.

Composition of the Audit Committee

The Corporation’s Audit Committee is currently comprised of three directors, James M. McDonald, Rajwant S. Kang and Kenneth E. Berry. As defined in NI 52-110, Mr. McDonald, President and CEO of the Corporation, and Mr. Kang, CFO and Corporate Secretary of the Corporation, are not considered independent as they are executive officers of the Corporation. Mr. Berry is an independent member of the Audit Committee. All of the Audit Committee members are “financially literate” as defined in NI 52-110. The Corporation intends to add a fourth independent director, who will also be appointed as an independent member of the Audit Committee.

Relevant Education and Experience

All Audit Committee members have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements and are therefore considered financially literate.

James M. McDonald

Mr. McDonald holds a P.GeO. designation and has over 30 years’ experience in the international mining sector. He is currently President, Chief Executive Officer and a director of the Corporation. He has a proven track record developing and advancing projects from the start-up phase to production. Among his credits, he co-founded and successfully developed National Gold Corporation, which merged with Alamos Minerals Ltd. to form Alamos Gold Inc. for which he was a director and served on the technical committee until June 2012. He also formerly served as President of

Genco Resources Ltd. during which time it operated the La Guitarra Mine, an underground silver mine located in Mexico. Mr. McDonald has experience in reviewing financial statements.

Rajwant S. Kang

Mr. Kang is the founder & president of RSK Management Consulting Inc., a private company that provides management services to companies and has over 25 years of accounting and finance experience. He has proficient knowledge of capital markets, raising capital, M&A and corporate regulation of publicly listed companies. He has held the role of CFO with the Corporation since 2007 and a number of other executive positions with listed companies. Mr. Kang is CPA, CMA and has an HND in Business and Finance from East Berkshire College in Berkshire, United Kingdom.

Kenneth E. Berry

Mr. Berry has over 30 years of experience in finance and venture capital markets. He began his career in the Canadian brokerage industry as an investment advisor before moving on to found various publicly traded companies. His roles have included senior management positions and directorships responsible in areas of finance, business development, strategic planning and corporate restructuring. Mr. Berry is a founder of Kootenay Silver Inc. and is the co-founder of Elevation. He held the roles of Chairman, President, CEO and Director of Elevation until early 2021 and during his tenure successfully brought the Moss Gold Mine into production in Arizona, U.S.A. Prior to his career in the capital markets, Mr. Berry enjoyed a professional hockey career and was a participant in the 1980 and 1988 Winter Olympics.

Audit Committee Oversight

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

Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year ended December 31, 2021, has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), the exemptions in Subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), Subsection 6.1.1(5) (*Events Outside Control of Member*), Subsection 6.1.1(6) (*Death, Incapacity or Resignation*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described under the heading "Accounting Systems, Internal Controls and Procedures" in the Corporation's Audit Committee Charter attached as Schedule "A" hereto.

External Auditor Service Fees (By Category)

In the table below, "audit fees" are fees billed by the Corporation's external auditor for services provided in auditing the Corporation's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees billed to the Corporation by its auditor for the last two fiscal years, by category, are as follows:

Financial Year End	Audit Fees	Audit Related Fees⁽¹⁾	Tax Fees⁽²⁾	All Other Fees⁽³⁾
December 31, 2021	\$24,717	\$Nil	\$Nil	\$Nil
December 31, 2020	\$Nil	\$Nil	\$Nil	\$Nil

- (1) Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
- (2) Fees charged for tax compliance, tax advice and tax planning services.
- (3) Fees for services other than disclosed in any other column

Exemption

The Corporation is relying on the exemption provided by section 6.1 of NI 52-110 which exempts venture issuers, as defined in NI 52-110, from certain reporting obligations under NI 52-110 for its most recently completed financial year ended December 31, 2021.

CORPORATE GOVERNANCE

The Corporation's Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 – *Corporate Governance Guidelines* provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Corporation. In addition, National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101") prescribes certain disclosure by the Corporation of its corporate governance practices. This disclosure is presented below.

Board of Directors

The Board currently consists of three directors Kenneth E. Berry, James M. McDonald and Rajwant S. Kang. As defined in NI 58-101 and NI 52-110. James M. McDonald, as President and Chief Executive Officer of the Corporation and Rajwant S. Kang, the Chief Financial Officer and Corporate Secretary of the Corporation, are executive officers of the Corporation and therefore, not independent. Mr. Berry is an independent member of the Board. The Corporation intends to add a fourth independent director in the near future.

The Board meets for formal board meetings periodically on an ad hoc basis during the year on an as needed basis to review and discuss the Corporation's business activities and to consider and, if thought fit, to approve matters presented to the Board for approval, and to provide guidance to management. In addition, management will informally provide updates to the Board at least once per quarter between formal Board meetings. In general, management will consult with the Board when deemed appropriate to keep the Board informed regarding the Corporation's affairs.

The Board facilitates the exercise of independent supervision over management through these various meetings. It is anticipated that the Board will establish the formal committees and, when necessary, the Board will strike a special committee of independent directors to deal with matters requiring independence. The composition of the Board will be such that the independent directors have significant experience in business affairs. As a result, the Board members will be able to provide significant and valuable independent supervision over management.

In the event of a conflict of interest at a meeting of the Board, the conflicted director will, in accordance with corporate law and in accordance with his fiduciary obligations as a director of the Corporation, disclose the nature and extent of his interest to the meeting and abstain from voting on or against the approval of such participation.

Directorships

The following directors of the Corporation are also directors of other reporting issuers as set out below:

Director	Other Reporting Issuers
James M. McDonald	Aldebaran Resources Inc. Kootenay Silver Inc.
Kenneth E. Berry	Kootenay Silver Inc.

Orientation and Continuing Education

At present, the Corporation does not provide a formal orientation and education program for new directors. Prior to joining the Board, potential Board members are encouraged to meet with management and inform themselves regarding the affairs of management and the Corporation. After joining the Board, management will provide orientation both at the outset and on an ongoing basis. The Corporation currently has no specific policy regarding continuing education for directors; requests for education are encouraged and dealt with on an ad hoc basis.

Ethical Business Conduct

The primary step taken by the Corporation to encourage and promote a culture of ethical business conduct is to conduct appropriate due diligence on proposed directors and ensure that proposed directors are of the highest ethical standards.

Nomination of Directors

Once a decision has been made to add or replace a director, the task of identifying new candidates will fall on the Board and management. Proposals will be put forth by the Board and management and considered and discussed. If a candidate looks promising, the Board and management will conduct due diligence on the candidate and if the results are satisfactory, the candidate will be invited to join the Board.

Compensation

At present, the Corporation does not have a compensation committee. The CEO's compensation is determined by the Board (excluding the CEO). Compensation for Board members is determined by the Board as a whole.

Other Board Committees

At present, the Corporation does not have any other Board Committees other than the Audit Committee.

Assessments

At present, the Board does not have a formal process for assessing the effectiveness of the Board. These matters are dealt with on a case by case basis at the Board level.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Since the beginning of the last completed financial year, no current or former director, executive officer, employee or proposed director of the Corporation or any associate of such persons, or of any of its subsidiaries, has been indebted to the Corporation or to any of its subsidiaries, nor have any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

MANAGEMENT CONTRACTS

Management functions of the Corporation are substantially performed by directors or executive officers of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth elsewhere in this Information Circular, no informed person of the Corporation, no proposed nominee for election as a director of the Corporation and no associate or affiliate of any such informed person or proposed nominee has had 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 that, in either case, has materially affected or would materially affect the Corporation or any of its subsidiaries, other than as set out below.

Kootenay Silver Inc. is an informed person of the Corporation. See "*Voting Securities and Principal Holders of Voting Securities*". See "*Statement of Executive Compensation – Stock Options and Other Compensation Securities*" for details regarding the Arrangement.

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

Other than as disclosed elsewhere in this Information Circular, none of the directors or executive officers of the Corporation, no proposed nominee for election as a director of the Corporation, none of the persons who have been directors or executive officers of the Corporation since the commencement of the Corporation's last completed financial year and no 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 upon at the Meeting, other than the election of directors, the appointment of auditors and the approval of the 2023 Option Plan and the Equity Incentive Plan.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Approval of New Equity Incentive Plan

At the Meeting, shareholders will be asked to approve the adoption of the new Equity Incentive Plan. The Equity Incentive Plan was approved by the Board on February 27, 2023, subject to the receipt of all required shareholder and regulatory approvals, and will be made effective on the Effective Date at which time it will replace the Option Plan, the Share Unit Plan and the DSU Plan. All of the stock options currently outstanding under the Option Plan (the "**Outstanding Options**") will remain outstanding and in full force and effect in accordance with their terms after the Effective Date. However, following the Effective Date, no additional grants shall be made pursuant to the Option Plan, and the Option Plan will terminate on the date upon which no Outstanding Options remain outstanding. The Equity Incentive Plan has been prepared in accordance with the policies of the TSXV, as the Board is in the process of applying to the TSXV to have the Corporation's common shares listed on the TSXV.

The purpose of the Equity Incentive Plan is to attract and retain directors, officers, employees and consultants and to motivate them to advance the interests of the Corporation by affording them with the opportunity to receive or acquire an equity interest in the Corporation through Awards granted under the Equity Incentive Plan.

Material Terms of the Equity Incentive Plan

The Equity Incentive Plan is a 10% "rolling" equity incentive plan pursuant to which the maximum number of common shares reserved for issuance, together with all of the Corporation's other previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of common shares, shall not result in the number of common shares reserved for issuance pursuant to Awards exceeding 10% of the issued and outstanding common shares as at the date of grant of any Award. Pursuant to the terms of the Equity Incentive Plan, in addition to the ability to award options ("**Options**") to acquire common shares of the Corporation to Participants, the Corporation has the availability to award restricted share units ("**RSUs**"), deferred share units ("**DSUs**"), and performance share units ("**PSUs**"). Pursuant to

the Equity Incentive Plan, the Corporation may provide financial assistance (which cannot involve lending funds to a Participant for the purposes of acquiring securities of the Corporation, whether from treasury or otherwise), or a Participant may be allowed to purchase securities of the Corporation (which may be at a discount to fair market value), or a Participant may be entitled to receive additional securities of the Corporation upon subscribing for a pre-established number of securities of the Corporation, which securities may be issued from the treasury or purchased on the secondary market. A copy of the Equity Incentive Plan is attached as a Schedule "B" hereto, and shareholders are encouraged to review the Equity Incentive Plan in its entirety. The summary of the Equity Incentive Plan is qualified in its entirety to the full copy of the Equity Incentive Plan attached as a Schedule "B" hereto. The Equity Incentive Plan is subject to the acceptance of the TSXV and modifications may be made to the Equity Incentive Plan if required by the TSXV.

The Equity Incentive Plan provides that:

1. All employees, officers, directors, consultants, management company employees, consultant companies and eligible charitable organizations (collectively, the **Participants**) are eligible to participate under the Equity Incentive Plan. Eligibility to participate does not confer any person any right to receive any grant of an Award pursuant to the Equity Incentive Plan. The extent to which any person is entitled to receive a grant of an Award pursuant to the Equity Incentive Plan will be determined in the sole and absolute discretion of the Board. Notwithstanding the foregoing, investor relations service providers may only be granted Options under the Equity Incentive Plan.
2. Awards of Options, RSUs, PSUs, DSUs, SARs, and share purchase rights may be made under the Equity Incentive Plan. All Awards are subject to the conditions, limitations, restrictions, exercise price, vesting, settlement and forfeiture provisions determined in the sole and absolute discretion of the Board, subject to such limitations provided in the Equity Incentive Plan, and will generally be evidenced by an award agreement. In addition, subject to the limitations of the Equity Incentive Plan and in accordance with applicable law or the policies of the TSXV, the Board may accelerate or defer the vesting or payment of Awards, cancel or modify outstanding Awards, and waive any condition imposed with respect to Awards or common shares issued pursuant to Awards.
3. No Awards granted under the Equity Incentive Plan or any right thereunder or in respect thereof shall be transferable or assignable (other than upon the death of the Participant).
4. The maximum number of common shares issuable under the Equity Incentive Plan shall not exceed 10% of the number of common shares of the Corporation issued and outstanding as of each Award date, inclusive of all common shares reserved for issuance pursuant to previously granted Awards.
5. Awards will vest as the Board may determine, subject to the policies of the TSXV and the provisions of the Equity Incentive Plan, such as the 12-month probation of vesting for Awards other than Options and the requirement that Options granted to investor relations service providers must vest in stages over a period of not less than 12 months, such that no more than 25% vest any sooner than three months after the date of grant and not more than 25% vest any sooner than every three months thereafter.
6. If a change of control shall be deemed to be imminent, or to have occurred, there shall be immediate full vesting of each outstanding Option; provided, however, no acceleration to the vesting schedule of an Option granted to a Participant performing investor relations services may be made without prior acceptance of the TSXV. Unless otherwise determined by the Board, or unless otherwise provided in a Participant's service agreement or award agreement, if a change of control shall conclusively be deemed to be imminent, or to have occurred, then the Board shall have the discretion, without the prior approval of the Participants but subject to any required approval of the TSXV, to, among other things, determine that there will be immediate full vesting of each outstanding Award (other than Options) granted, which may be exercised or settled, in whole or in part, even if such Award is not otherwise exercisable or vested by its terms.
7. The exercise price of any Options will be determined by the Board and cannot be less than the greater of: (i) the minimum price established by the TSXV and (ii) the market value of the common shares on the day preceding the date of grant of the Options. Subject to approval from the Board and the common shares being traded on the

TSXV, a brokerage firm may be engaged to loan money to the Participant in order for the Participant to exercise the Options to acquire the common shares, subsequent to which the brokerage firm shall sell a sufficient number of common shares to cover the exercise price of such Options to satisfy the loan. The brokerage firm shall receive an equivalent number of common shares from the exercise of the Options, and the Participant shall receive the balance of the common shares or cash proceeds from the balance of such common shares. Subject to approval from the Board and the common shares being traded on the TSXV, consideration may also be paid by reducing the number of common shares otherwise issuable under the Options, in lieu of a cash payment to the Corporation, a Participant, excluding those providing investor relations services, only receives the number of common shares that is equal to the quotient obtained by dividing: (i) the product of the number of Options being exercised multiplied by the difference between the volume-weighted average trading price of the common shares and the exercise price of the Options, by (ii) the volume-weighted average trading price of the common shares.

8. The Corporation may grant SARs pursuant to the Equity Incentive Plan whereby Participants will have the right to receive common shares, a cash payment, or any combination thereof, as determined by the Board, from the Corporation in an amount equal to the number of SARs granted multiplied by the difference between the fair market value (as defined in the Equity Incentive Plan) at the exercise date (as defined in the Equity Incentive Plan) over the base price (as defined in the Equity Incentive Plan) fixed by the Board.
9. The term of any Options will be fixed by the Board at the time such Options are granted, provided that Options will not be permitted to exceed a term of ten years.
10. No more than (i) 5% of the issued common shares may be granted under Awards to any one individual in any 12 month period, unless disinterested shareholder approval is obtained in accordance with the policies of the TSXV; and (ii) 2% of the issued common shares may be granted under Awards to a consultant, or an employee performing investor relations activities, in any 12 month period.
11. Subject to the discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Corporation on the common shares, a Participant may be credited with additional RSUs, DSUs or PSUs.
12. Unless disinterested shareholder approval is obtained in accordance with the policies of the TSXV, the maximum number of common shares that may be issued to insiders (as a group) under the Equity Incentive Plan within a 12-month period, may not exceed 10% of the issued common shares calculated on the date of grant, and the maximum number of common shares that may be issued to insiders (as a group) under the Equity Incentive Plan may not exceed 10% of the issued common shares at any time.
13. All security based compensation granted or issued to any Participant who is a director, officer, employee, consultant or management company employee must expire within a reasonable period, not exceeding 12 months, following the date the Participant ceases to be an eligible Participant under the Equity Incentive Plan. If a Participant ceases to be employed or engaged by the Corporation for cause, no Options will be exercisable following the date of on which such Participant ceased to be so employed or engaged, unless otherwise determined by the Board and subject to the terms of the Equity Incentive Plan. In the event of the retirement or termination of a Participant during the restricted period (as defined in the Equity Incentive Plan), any RSUs held by the Participant shall immediately terminate. In the event of the retirement or termination of a Participant following the restricted period (as defined in the Equity Incentive Plan) and before the deferred payment date (as defined in the Equity Incentive Plan), the Participant shall be entitled to receive common shares or cash, as determined by the Board, in satisfaction of the RSUs then held. If a Participant ceases to be an employee or a director during the performance period (as defined in the Equity Incentive Plan) because of retirement or termination, all PSUs previously awarded to the Participant shall be forfeited, subject to the discretion of the Board.
14. Awards will be reclassified or amended in the event of any consolidation, subdivision, conversion or exchange of the Corporation's common shares, subject to any necessary approvals of the TSXV.

Shareholder Approval of the Equity Incentive Plan

The TSXV requires listed companies that have a security based compensation plan like the Equity Incentive Plan to receive shareholder approval to such plan when adopted, and on a yearly basis thereafter at the Corporation's annual general meeting. Accordingly, the shareholders of the Corporation will be asked at the Meeting to approve the following resolution:

“BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. subject to the acceptance of the TSX Venture Exchange (the “**Exchange**”), the equity incentive plan (the “**Equity Incentive Plan**”) of Kootenay Resources Inc. (the “**Corporation**”), substantially in the form attached as Schedule “B” to the management information circular of the Corporation dated February 27, 2023, with such additional changes as the Exchange may require, is hereby approved;
2. the board of directors of the Corporation (the “**Board**”) or any committee of the Board is hereby authorized to grant awards of stock options, deferred share units, restricted share units, performance share units, stock appreciation rights and stock purchase rights pursuant to the Equity Incentive Plan to those eligible to receive such awards thereunder;
3. the Board, or any committee created pursuant to the Equity Incentive Plan is authorized to make such amendments to the Equity Incentive Plan from time to time as are requested by the Exchange or as the Board may, in its discretion, consider to be appropriate, provided that such amendments will be subject to the approval of all applicable regulatory authorities and in certain cases, in accordance with the terms of the Equity Incentive Plan, the shareholders;
4. any one director or officer of the Corporation is hereby authorized to execute and deliver on behalf of the Corporation all such documents and instruments and to do all such other acts and things as in such director's opinion may be necessary to give effect to the matters contemplated by these resolutions; and
5. notwithstanding that this resolution be passed by the shareholders of the Corporation, the Board is hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable to the Board.”

The form of the resolutions set forth above is subject to such amendments as management may propose prior to the Meeting, but which do not materially affect the substance of such resolutions.

The Board considers that the ability to grant incentives is an important component of its compensation strategy and is necessary to enable the Corporation to attract and retain qualified directors, officers, employees and consultants. **The Board therefore recommends that shareholders vote “For” the resolution approving the proposed new Equity Incentive Plan.** Unless otherwise instructed, the persons named in the enclosed form of Proxy will vote “IN FAVOUR” of the above resolutions.

OTHER BUSINESS

Management is not aware of any matters to come before the Meeting other than those set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found on the SEDAR website at www.sedar.com.

Financial information concerning the Corporation is also provided in the Corporation's consolidated financial statements and management's discussion and analysis for the period of inception on October 30, 2021 to December 31, 2021, which are available on SEDAR at www.sedar.com.

Shareholders may obtain a copy of the Corporation's financial statements and management's discussion and analysis upon request to the Corporation by telephone at (604) 601-5650.

DATED this 27th day of February, 2023.

BY ORDER OF THE BOARD OF DIRECTORS

"James M. McDonald" (signed)

James M. McDonald
President, Chief Executive Officer and Director

SCHEDULE “A”

KOOTENAY RESOURCES INC. Audit Committee (the “Audit Committee”) of the Board of Directors

CHARTER

A. Composition and Process

1. The Audit Committee shall be composed of a minimum of three members of Board of Directors, a majority of whom are not officers or employees of the Corporation or any of its affiliates (as defined in the *Business Corporations Act* (British Columbia)).
2. Members shall serve one—year terms and may serve consecutive terms, which are encouraged to ensure continuity of experience.
3. The Chairperson shall be appointed by the Board of Directors for a one-year term, and may serve any number of consecutive terms.
4. All members of the Audit Committee shall be financially literate. Financial literacy is the ability to read and understand a balance sheet, income statement and cash flow statement that present a breadth and level of complexity comparable to the Corporation’s financial statements.
5. The Chairperson shall, in consultation with management and the external auditor and internal auditor (if any), establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to the members with sufficient time for study prior to the meeting. The external auditor will also receive notice of all meetings of the Audit Committee. The Audit Committee may employ a list of prepared questions and considerations as a portion of its review and assessment process.
6. At the discretion of the Audit Committee Members, the Audit Committee shall meet at least four times per year and may call special meetings as required. A quorum at meetings of the Audit Committee shall be its Chairperson and one of its other members or the Chairman of the Board of Directors. The Audit Committee may hold its meetings, and members of the Audit Committee may attend meetings, by telephone conference if this is deemed appropriate.
7. The minutes of the Audit Committee meetings shall accurately record the decisions reached and shall be distributed to Audit Committee members with copies to the Board of Directors, the Chief Executive Officer, the Chief Financial Officer and the external auditor.
8. The Audit Committee reviews, prior to their presentation to the Board of Directors and their release, all material financial information required by securities legislation and policies.
9. The Audit Committee enquires about potential claims, assessments and other contingent liabilities.
10. The Audit Committee periodically reviews with management, depreciation and amortization policies, loss provisions and other accounting policies for appropriateness and consistency.
11. The Charter of the Audit Committee shall be reviewed by the Board of Directors on an annual basis

B. Authority

1. Appointed by the Board of Directors pursuant to provisions of the *Business Corporations Act* (British Columbia) and the Articles of the Corporation.

2. Primary responsibility for the Corporation's financial reporting, accounting systems and internal controls is vested in senior management and is overseen by the Board of Directors. The Audit Committee is a standing committee of the Board of Directors established to assist it in fulfilling its responsibilities in this regard. The Audit Committee shall have responsibility for overseeing management reporting on internal controls. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so.
3. In fulfilling its responsibilities, the Audit Committee shall have unrestricted access to the Corporation's personnel and documents and will be provided with the resources necessary to carry out its responsibilities.
4. The Audit Committee shall have direct communication channels with the internal auditor (if any) and the external auditor to discuss and review specific issues, as appropriate.
5. The Audit Committee shall have the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties.
6. The Audit Committee shall establish the compensation to be paid to any advisors employed by the Audit Committee and such compensation shall be paid by the Corporation as directed by the Audit Committee.

C. Relationship with External Auditors

1. An external auditor must report directly to the Audit Committee.
2. The Audit Committee is directly responsible for overseeing the work of the external auditor including the resolution of disagreements between management and the external auditor regarding financial reporting.
3. The Audit Committee shall implement structures and procedures to ensure that it meets with the external auditor on at least annually in the absence of management.

D. Accounting Systems, Internal Controls and Procedures

1. Obtain reasonable assurance from discussions with and/or reports from management, and reports from external auditors that accounting systems are reliable and that the prescribed internal controls are operating effectively for the Corporation and its subsidiaries and affiliates.
2. The Audit Committee shall review to ensure to its satisfaction that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements and will periodically assess the adequacy of those procedures.
3. Direct the external auditor's examinations to particular areas.
4. Review control weaknesses identified by the external auditor, together with management's response.
5. Review with the external auditor its view of the qualifications and performance of the key financial and accounting executives.
6. In order to preserve the independence of the external auditor the Audit Committee will:
 - (a) recommend to the Board of Directors the external auditor to be nominated; and
 - (b) recommend to the Board of Directors the compensation of the external auditor's engagement;

7. The Audit Committee shall review and pre-approve any engagements for non-audit services to be provided by the external auditor or its affiliates, together with estimated fees, and consider the impact on the independence of the external auditor.
8. Review with management and with the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting.
9. The Audit Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and most recent former external auditor of the Corporation.
10. The Audit Committee shall establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
11. The Audit Committee shall on an annual basis, prior to public disclosure of its annual financial statements, ensure that the external auditor has entered into a-participation agreement and has not had its participant status terminated, or, if its participant status was terminated, has been reinstated in accordance with the Canadian Public Accountability Board ("CPAB") bylaws and is in compliance with any restriction or sanction imposed by the CPAB.

E. Statutory and Regulatory Responsibilities

1. Annual Financial Information — review the annual audited financial statements, including any letter to shareholders and related press releases and recommend their approval to the Board of Directors, after discussing matters such as the selection of accounting policies (and changes thereto), major accounting judgments, accruals and estimates with management and the external auditor.
2. Annual Report — review the management discussion and analysis ("MD & A") section and all other relevant sections of the annual report to ensure consistency of all financial information included in the annual report.
3. Interim Financial Statements — review the quarterly interim financial statements, including any letter to shareholders and related press releases and recommend their approval to the Board of Directors.
4. Earnings Guidance/Forecasts — review forecasted financial information and forward looking statements.
5. Review the Corporation's financial statements, MD & A and earnings press releases before the Corporation publicly discloses this information.

F. Reporting

1. Report, through the Chairperson of the Audit Committee, to the Board of Directors following each meeting on the major discussions and decisions made by the Audit Committee.
2. Report annually to the Board of Directors on the Audit Committee's responsibilities and how it has discharge them.
3. Review the Audit Committee's Charter annually and recommend the approval of any proposed amendments to the Board of Directors.

G. Other Responsibilities

1. Investigating fraud, illegal acts or conflicts of interest.
2. Discussing selected issues with corporate counsel or the external auditor or management.

SCHEDULE "B"
KOOTENAY RESOURCES INC.
EQUITY INCENTIVE PLAN

See attached.

KOOTENAY RESOURCES INC.
(the “Corporation”)

EQUITY INCENTIVE PLAN

(10% rolling Security Based Compensation Plan)

EFFECTIVE DATE: [●], 2023

KOOTENAY RESOURCES INC.
(the “Corporation”)

EQUITY INCENTIVE PLAN

PART 1
PURPOSE

1.1 Establishment of the Plan

The Corporation hereby establishes this Plan to govern the grant, administration and exercise of Security Based Compensation which may be granted to eligible Participants. The maximum number of Shares issuable under this Plan shall not exceed 10% of the number of Issued Shares of the Corporation outstanding as of the date of each grant hereunder, inclusive of all Shares then reserved for issuance pursuant to previously granted stock options or security based compensation plans.

1.2 Principal Purposes

The principal purposes of this Plan are to provide the Corporation with the advantages of the incentive inherent in stock ownership on the part of Directors, Officers, Employees and Consultants responsible for the continued success of the Corporation; to create in such individuals a proprietary interest in, and a greater concern for, the welfare and success of the Corporation; to encourage such individuals to remain with the Corporation; and to attract new Directors, Officers, Employees and Consultants to the Corporation.

1.3 Available Awards

Awards that may be granted under this Plan include Stock Options; Deferred Share Units; Restricted Share Units; Performance Share Units; Share Appreciation Rights and Stock Purchase Rights.

PART 2
INTERPRETATION

2.1 Definitions

“**Affiliate**” has the meaning set forth in Exchange Policy 1.1.

“**Applicable Laws**” means all legal requirements relating to the administration of equity compensation plans, if any, under applicable corporate laws, any applicable provincial securities laws and the rules and regulations promulgated thereunder, the requirements of the Exchange, and the laws of any foreign jurisdiction applicable to securities granted to residents therein.

“**Associate**” means, where used to indicate a relationship with any Person,

- (a) any relative, including the spouse, son or daughter, of that Person or a relative of that Person’s spouse, if the relative has the same address as that Person,
- (b) any partner, other than a limited partner, of that Person,
- (c) any trust or estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity, or
- (d) any corporation of which such Person beneficially owns, directly or indirectly, voting securities carrying more than ten percent of the voting rights attached to all outstanding voting securities of the corporation.

“**Award**” means any right granted under this Plan, including Stock Options, DSUs, RSUs, PSUs, SARs and SP Rights.

“**BCA**” means the *Business Corporations Act* (British Columbia).

“**Blackout Period**” means a period in which the trading of Shares or other securities of the Corporation is restricted pursuant to its internal trading policies, which has been formally imposed by the Corporation as a result of the bona fide

existence of undisclosed material information; and which expires following the general disclosure of the undisclosed material information (provided that, for clarity, the automatic extension of a Participant's Awards will not be permitted where the Participant or the Corporation is subject to a cease trade order (or similar order under Applicable Laws) in respect of the Corporation's securities).

"Board" means the board of directors of the Corporation or a committee of the Board to which a responsibility or power has been delegated pursuant to Section 12.1(b)(iv) hereto.

"Change of Control" means the occurrence and completion of an event where any person, entity or group of persons or entities acting jointly or in concert acquires or gains ownership or control (including, without limitation, the power to vote) of more than 50% of the Corporation's outstanding voting securities.

For the purposes of the foregoing, "voting securities" means Shares and any other shares entitled to vote for the election of directors and shall include any securities, whether or not issued by the Corporation, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors, including any options or rights to purchase such shares or securities.

"Charitable Organization" means "charitable organization" as defined in the Tax Act.

"Charitable Stock Option" means any Stock Option granted to an Eligible Charitable Organization.

"Code" means the United States Internal Revenue Code of 1986, as amended, and any applicable United States Treasury Regulations and other binding guidance thereunder.

"Consultant" means an individual (other than a Director, Officer or Employee of the Corporation or of any of its subsidiaries) or Consultant Company that:

- (a) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to any of its subsidiaries, other than services provided in relation to a distribution of securities;
- (b) provides the services under a written contract between the Corporation or any of its subsidiaries; and
- (c) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or of any of its subsidiaries.

"Consultant Company" means a Consultant that is a corporation.

"Corporation" means Kootenay Resources Inc., a company incorporated under the laws of British Columbia.

"Date of Grant" means, for any Stock Option, the date specified by the Board at the time it grants the Stock Option (which, for greater certainty, shall be no earlier than the date on which the Board meets or otherwise acts for the purpose of granting such Stock Option) or if no such date is specified, the date upon which the Stock Option was granted;

"Deferred Payment Date" for a Participant means the date after a Restricted Period which is the earlier of (i) the date which the Participant has elected to defer receipt of Shares under an RSU in accordance with Section 4.4 of this Plan; and (ii) the Participant's Separation Date.

"Deferred Share Unit" or "DSU" means a right granted to a Participant by the Corporation as compensation for employment or consulting services or services as a Director or Officer, to receive by way of a DSU Payment, for no additional cash consideration, securities of the Corporation on a deferred basis (which is typically after the earliest of the Retirement, termination of employment or death of the Participant), evidenced by a DSU Agreement.

"Designated Affiliate" means subsidiaries of the Corporation designated by the Board from time to time for purposes of this Plan.

"Director" means a director of the Corporation or an Affiliate.

“Director Retirement” in respect of a Participant, means the Participant ceasing to hold any directorships with the Corporation, any Designated Affiliate and any entity related to the Corporation for purposes of the Tax Act as a result of retirement in a manner or on such basis as acceptable to the Corporation.

“Director Separation Date” means the date that a Participant ceases to hold any directorships with the Corporation or any Designated Affiliate due to a Director Retirement or Director Termination and also ceases to serve as an Employee or Consultant with the Corporation, any Designated Affiliate or any entity related to the Corporation for the purposes of the Tax Act.

“Director Termination” means the removal of, resignation or failure to re-elect the Director (excluding a Director Retirement) as a director of the Corporation, a Designated Affiliate and any entity related to the Corporation for purposes of the Tax Act.

“Disability” means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months which causes an individual to be unable to engage in any substantial gainful activity.

“Disinterested Shareholder Approval” means approval by the shareholders of the Corporation in accordance with Exchange Policy 4.4.

“DRS” means Direct Registration System.

“DSU Agreement” means a written confirmation or agreement, in such form(s) adopted by the Board from time to time, in physical or electronic format (including by way of an entry in any electronic incentive compensation system maintained by the Corporation or a third party service provider on its behalf), setting out the terms and conditions relating to a Deferred Share Unit and entered into in accordance with Section 5.2.

“DSU Payment” means, subject to any adjustment in accordance with Section 5.4 of this Plan, the issuance to a Participant of one previously unissued Share for each whole DSU credited to such Participant.

“Effective Date” means the date this Plan becomes effective, which shall be upon the listing of the Shares on the Exchange or upon such date as may be determined by the Board in its sole discretion, subject to the acceptance of the Exchange.

“Eligible Charitable Organization” means: (i) any Charitable Organization or Public Foundation which is a Registered Charity, but is not a Private Foundation; or (ii) a Registered National Arts Service Organization (as all of such terms are defined in the Tax Act).

“Employee” means a person (who may be an Officer or Director) who is:

- (a) an individual who is considered an employee of the Corporation or of its subsidiary under the Tax Act and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source;
- (b) an individual who works full-time for the Corporation or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and methods of work as an employee of the Corporation or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source; or
- (c) an individual who works for the Corporation or its subsidiary on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and methods of work as an employee of the Corporation or of the subsidiary, as the case may be, but for whom income tax deductions are not made at source,

whether or not they have a written employment contract with the Corporation or a subsidiary, determined by the Board as employees eligible for participation in this Plan. Employees also include Service Providers eligible for participation in this Plan as determined by the Board.

“Exchange” means the TSX Venture Exchange, or any successor entity, which is the principal stock exchange on which the Shares are listed for trading.

“**Exchange Policies**” mean the policies set forth in the Exchange’s Corporate Finance Manual, as amended from time to time.

“**Exchange Policy 1.1**” means Policy 1.1 – *Interpretation* of the Exchange’s Corporate Finance Manual, as amended from time to time.

“**Exchange Policy 4.4**” means Policy 4.4 – *Security Based Compensation* of the Exchange’s Corporate Finance Manual, as amended from time to time.

“**Fair Market Value**” with respect to Shares as of any date, means the closing market price of the Shares on the trading day prior to such date, and for the purposes of establishing the exercise price per Share of any Stock Option, or the value of any Share underlying a RSU, DSU or PSU on the grant date, the Fair Market Value means the closing market price of the Shares on the trading day prior to the date of grant of the applicable Award.

“**Insider**” means (a) a Director or Officer of the Corporation, (b) a director or Officer of a company that is an Insider or subsidiary of the Corporation; or (c) a Person that beneficially owns or controls, directly or indirectly, or a combination of beneficial ownership of, and control and direction over, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all outstanding Shares.

“**Investor Relations Activities**” has the meaning ascribed in Exchange Policy 1.1.

“**Investor Relations Service Provider**” includes any Consultant that performs Investor Relations Activities and any Director, Officer, Employee or Management Company Employee whose role and duties primarily consist of Investor Relations Activities.

“**Issued Shares**” means the number of Shares of the Corporation that are issued and outstanding on a non-diluted basis at a particular point in time.

“**Management Company Employee**” means an individual employed by a company providing management services to the Corporation, which services are required for the ongoing operation of the business enterprise of the Corporation.

“**Market Price**” means the market value of the Shares as determined in accordance with Section 3.2.

“**Multiplier(s)**” means the factor(s) by which a Participant’s PSUs may be multiplied, as determined by the Board and set out in the applicable PSU Agreement, commonly based on performance measures.

“**Officer**” means an officer (as defined under Securities Laws) of the Corporation or any of its subsidiaries.

“**Option Period**” means the period during which a Stock Option is outstanding.

“**Optionee**” means a Participant to whom a Stock Option has been granted under this Plan.

“**Participant**” means a Director, Officer, Employee, Management Company Employee, Consultant, Consultant Company, or Eligible Charitable Organization that is the recipient of an Award granted or issued by the Corporation.

“**Performance Period**” means the period provided for in Section 6.3.

“**Performance Share Unit**” or “**PSU**” means a right granted to a Participant by the Corporation as compensation for employment or consulting services or services as a Director or Officer, to receive, for no additional cash consideration, securities of the Corporation upon specified vesting criteria being satisfied (which are typically performance based) and which may provide that, upon vesting, the award may be paid in cash and/or Shares (at the option of the Board); represented by a PSU Agreement evidencing the right of such Participant to receive the value of one Share at the time of payment, multiplied by any applicable Multiplier(s).

“**Person**” includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator or other legal representative.

“**Plan**” means this Equity Incentive Plan, as it may be amended and restated from time to time.

“**Prior DSU Plan**” has the meaning given to such term in Section 11.22.

“**Prior Plan**” has the meaning given to such term in Section 11.22.

“**Prior Share Unit Plan**” has the meaning given to such term in Section 11.22.

“**PSU Agreement**” means a written confirmation or agreement, in such form(s) adopted by the Board from time to time, in physical or electronic format (including by way of an entry in any electronic incentive compensation system maintained by the Corporation or a third party service provider on its behalf), setting out the terms and conditions relating to a Performance Share Unit and entered into in accordance with Section 6.1.

“**Restricted Period**” means any period of time that a Restricted Share Unit is not vested and the Participant holding such Restricted Share Unit remains ineligible to receive the relevant Shares, determined by the Board in its absolute discretion, however, such period of time may be reduced or eliminated from time to time and at any time (subject to being not less than 12 months) and for any reason as determined by the Board, including, but not limited to, circumstances involving death or disability of a Participant.

“**Restricted Share Unit**” or “**RSU**” means a right granted to a Participant as compensation for employment or consulting services or services as a Director or Officer, to receive, for no additional cash consideration, securities of the Corporation upon specified vesting criteria being satisfied (which are typically time based) and which may provide that, upon vesting, the award may be paid in cash and/or Shares (at the option of the Board), represented by an RSU Agreement evidencing the right of such Participant to receive the value of one Share at the time of payment.

“**Retirement**” in respect of an Employee or Officer, means ceasing to hold any employment or engagement with the Corporation or any Designated Affiliate as a result of retirement in a manner or on such basis as acceptable to the Corporation.

“**RSU Agreement**” means a written confirmation or agreement, in such form(s) adopted by the Board from time to time, in physical or electronic format (including by way of an entry in any electronic incentive compensation system maintained by the Corporation or a third party service provider on its behalf), setting out the terms and conditions relating to a Restricted Share Unit and entered into in accordance with Section 4.2.

“**SAR**” or “**Stock Appreciation Right**” means a right granted to a Participant as compensation for employment or consulting services or services as a Director or Officer, to receive cash and/or Listed Shares (at the option of the Board) based wholly or in part on appreciation in the trading price of the Corporation’s Shares.

“**Securities Laws**” means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to a corporation.

“**Security Based Compensation**” has the meaning given to such term in Exchange Policy 4.4.

“**Separation Date**” means the date that a Participant ceases to be eligible to be a Participant under this Plan.

“**Service Agreement**” means any written agreement between a Participant and the Corporation or any subsidiary of the Corporation (as applicable), in connection with that Participant’s employment, service or engagement as a Director, Officer, Employee or Consultant or the termination thereof, as amended, replaced or restated from time to time.

“**Service Provider**” means any person or company engaged by the Corporation or a Designated Affiliate to provide services for an initial, renewable or extended period of 12 months or more.

“**Shareholder**” means a holder of Shares.

“**Shares**” means the common shares of the Corporation.

“**Specified Employee**” means a U.S. Taxpayer who meets the definition of “specified employee”, as defined in Section 409A(a)(2)(B)(i) of the Code.

“**Stock Option**” means a right granted to a Participant to acquire Shares at a specified price for a specified period of time.

“**Stock Option Agreement**” means a written certificate, confirmation or agreement, in such form(s) adopted by the Board from time to time, in physical or electronic format (including by way of an entry in any electronic incentive compensation system maintained by the Corporation or a third party service provider on its behalf), setting out the terms and conditions relating to a Stock Option and entered into in accordance with Part 3.

“**Stock Purchase Right**” or “**SP Right**” means the provision by the Corporation of financial assistance (which cannot involve lending funds to a Participant for the purposes of acquiring securities of the Corporation, whether from treasury or otherwise), or pursuant to which a Participant is allowed to purchase securities of the Corporation (often at a discount to Fair Market Value), or pursuant to which the Participant is entitled to receive additional securities of the Corporation upon subscribing for a pre-established number of securities of the Corporation, which securities may be issued from the treasury or purchased on the secondary market.

“**Tax Act**” means the *Income Tax Act* (Canada) as amended from time to time.

“**Termination**” means the termination of the employment or engagement (or consulting services) of an Employee or Officer with or without cause by the Corporation or a Designated Affiliate or the cessation of employment or engagement (or consulting services) of the Employee or Officer with the Corporation or a Designated Affiliate as a result of resignation or otherwise, other than as a Retirement.

“**U.S. Taxpayer**” means a Participant who is a U.S. citizen, U.S. permanent resident or other person who is subject to taxation on their income under the Code.

“**VWAP**” means the volume weighted average trading price of the Shares on the Exchange calculated by dividing the total value by the total volume of such securities traded for the five trading days immediately preceding the applicable date. Where appropriate, internal crosses and certain other special trades may be excluded from the calculation.

2.2 Interpretation

- (a) This Plan is created under and is to be governed, construed and administered in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
- (b) Whenever the Board (or Board committee, as the case may be) is to exercise discretion in the administration of the terms and conditions of this Plan, the term “**discretion**” means the sole and absolute discretion of the Board (or Board committee, as the case may be).
- (c) As used herein, the terms “**Part**” or “**Section**” mean and refer to the specified Part or Section of this Plan, respectively.
- (d) Where the word “**including**” or “**includes**” is used in this Plan, it means “including (or includes) without limitation”.
- (e) Words importing the singular include the plural and vice versa, and words importing any gender include any other gender.
- (f) Unless otherwise specified, all references to money amounts are to Canadian dollars.

PART 3 STOCK OPTIONS

3.1 Participation

The Corporation may from time to time grant Stock Options to Participants pursuant to this Plan.

3.2 Exercise Price of a Stock Option

The exercise price at which a Participant may purchase a Share upon the exercise of a Stock Option shall be determined by the Board and shall be set out in the Stock Option Agreement issued in respect of the Stock Option. The Exercise Price shall not be less than the Market Price of the Shares as of the Date of Grant. The Market Price of the Shares for a particular Date of Grant shall be determined as follows:

- (a) for each organized trading facility on which the Shares are listed, Market Price will be:
 - (i) the closing trading price of the Shares on the day immediately preceding the issuance of the news release announcing the grant of the Stock Option, or
 - (ii) if, in accordance with the policies of the Exchange, the Corporation is not required to issue a news release to announce the grant and exercise price of the Stock Option, the closing trading price of the Shares on the day immediately preceding the Date of Grant,
 and may be less than this price if it is within the discounts permitted by the applicable regulatory authorities;
- (b) if the Shares are listed on more than one organized trading facility, the Market Price shall be the Market Price as determined in accordance with subparagraph (a) above for the primary organized trading facility on which the Shares are listed, as determined by the Board, subject to any adjustments as may be required to secure all necessary regulatory approvals;
- (c) if the Shares are listed on one or more organized trading facilities but have not traded during the ten trading days immediately preceding the Grant Date, then the Market Price will be, subject to any adjustments as may be required to secure all necessary regulatory approvals, such value as is determined by the Board; and
- (d) if the Shares are not listed on any organized trading facility, then the Market Price will be, subject to any adjustments as may be required to secure all necessary regulatory approvals, such value as is determined by the Board to be the fair value of the Shares, taking into consideration all factors that the Board deems appropriate, including, without limitation, recent sale and offer prices of the Shares in private transactions negotiated at arms' length.

Notwithstanding anything else contained herein, in no case will the Market Price be less than the minimum prescribed by each of the organized trading facilities that would apply to the Corporation on the Date of Grant in question. Further, with respect to any Stock Option granted to a U.S. Taxpayer, the Market Price in no case will be less than the Fair Market Value on the date of grant of the Stock Option. If the Shares are not listed on any organized trading facility, then, with respect to any Stock Option granted to a U.S. Taxpayer, the Market Price shall be determined in a manner that avoids application of penalty taxes under Section 409A of the Internal Revenue Code.

3.3 Grant of Stock Options

The Board may at any time authorize the granting of Stock Options to such Participants as it may select for the number of Shares that it shall designate, subject to the provisions of this Plan. The date of grant of a Stock Option shall be the date such grant was approved by the Board.

Each Stock Option granted to a Participant shall be evidenced by a Stock Option Agreement with terms and conditions consistent with this Plan and as approved by the Board (and in all cases which terms and conditions need not be the same in each case, and may be changed from time to time subject to any required approval of Disinterested Shareholders and the Exchange).

3.4 Terms of Stock Options

The Option Period shall be for such term as the Board may determine at the date of grant, provided that:

- (a) Stock Options can be exercisable for a maximum of 10 years from the date of grant (subject to extension where the expiry date falls within a Blackout Period);
- (b) the term may thereafter be reduced with respect to any such Stock Option as provided for herein regarding termination of employment / engagement or death of the Optionee; and
- (c) should the expiry date of the Option Period in respect of any outstanding Stock Option be determined to occur either during a Blackout Period, the expiry date of such Option Period shall be deemed to be the date that is the tenth business day following the expiry of the Blackout Period. Notwithstanding the foregoing, with respect to any Stock Option granted to a U.S. Taxpayer, no Stock Option shall be extended beyond its maximum expiry date provided in the applicable Stock Option Agreement, to the extent such extension would trigger application of penalty taxes under Section 409A of the Internal Revenue Code.

3.5 Vesting

Subject to the limitations in Part 11 and all Applicable Laws, the vesting schedule for a Stock Option, if any, shall be determined by the Board and shall be set out in the Stock Option Agreement issued in respect of the Stock Option. The Board may elect, at any time, to accelerate the vesting schedule of one or more Stock Options including, without limitation, on a Change of Control, and such acceleration will not be considered an amendment to the Stock Option in question requiring the consent of the Participant under Part 12 of the Plan. Notwithstanding the foregoing, if the Corporation is listed on the Exchange, no acceleration to the vesting schedule of one or more Stock Options granted to an Investor Relations Service Provider can be made without the prior written acceptance of the Exchange.

3.6 Other Restrictions

Except as set forth in Section 3.10, no Stock Option may be exercised unless the Optionee is at the time of such exercise:

- (a) in the case of an Employee or Officer, engaged or in the employ (or retained as a Service Provider) of the Corporation or a Designated Affiliate and shall have been continuously so engaged, employed or retained since the grant of the Stock Option; or
- (b) in the case of a Director, a director of the Corporation or a Designated Affiliate and shall have been such a director continuously since the grant of the Stock Option.

The exercise of any Stock Option will be contingent upon the Optionee having entered into a Stock Option Agreement with the Corporation on such terms and conditions as have been approved by the Board and which incorporates by reference the terms of this Plan. The exercise of any Stock Option will, subject to Sections 3.10 and 3.11, also be contingent upon receipt by the Corporation of cash payment of the full purchase price of the Shares being purchased.

3.7 Exercise of Stock Options

Subject to any limitations or conditions imposed upon an Optionee pursuant to the Stock Option Agreement or this Plan, an Optionee may exercise a Stock Option, prior to the expiry date thereof, by giving written notice thereof to the Corporation at its principal place of business or as otherwise indicated by the Corporation in writing. The notice shall be accompanied by full payment of the Option Price to the extent the Stock Option is so exercised, and full payment of any amounts the Corporation determines must be withheld for tax purposes from the Optionee pursuant to the Stock Option Agreement. Such payment shall be in lawful money in the currency as stated in the Stock Option Agreement, in cash, wire transfer or certified cheque. As soon as practicable after exercise of a Stock Option in accordance herewith, the Corporation shall issue a certificate or DRS statement evidencing the Shares with respect to which the Stock Option has been exercised. Upon due exercise of a Stock Option, the Optionee shall be entitled to all rights to vote or receive dividends or any other rights as a shareholder with respect to such Shares.

3.8 Cashless Exercise

Subject to the approval of the Board or a Board committee designated by the Board, and further subject to the Shares being traded on the Exchange, consideration may be paid by a Participant as follows: (i) a brokerage firm loans money to the Participant in order for the Participant to exercise Stock Options to acquire the underlying Shares (the "Loan"); (ii) the brokerage firm then sells a sufficient number of Shares to cover the Option Price of the Stock Options that were exercised by the Participant in order to repay the Loan; and (iii) the brokerage firm receives an equivalent number of Shares from the exercise of the Stock Options and the Participant receives the balance of the Shares or the cash proceeds from the balance of such Shares.

3.9 Net Exercise

Subject to the approval of the Board or a Board committee designated by the Board, and further subject to the Shares being traded on the Exchange, consideration may be paid by reducing the number of Shares otherwise issuable under the Stock Options such that, in lieu of a cash payment to the Corporation, a Participant, excluding Investor Relations Service Providers, only receives the number of Shares that is equal to the quotient obtained by dividing: (i) the product of the number of Stock Options being exercised multiplied by the difference between the VWAP of the underlying Shares and the Option Price of the subject Stock Options, by (ii) the VWAP of the underlying Shares. The number of Shares delivered to the Participant may be further reduced to satisfy applicable tax withholding obligations pursuant to Section 9.1. In the event of a net exercise, the number of Stock Options exercised, surrendered or converted, and not the number of Shares issued, must be included in calculating the limits set forth in Sections 11.1, 11.3, 11.4, 11.5, 11.6 and 11.7.

3.10 Effect of Termination of Employment or Death

If an Optionee:

- (a) dies while employed or engaged by, or while a director of, the Corporation or a Designated Affiliate, any Stock Option held by him or her at the date of death, then eligible to be exercised, shall become exercisable in whole or in part, but only by the person or persons to whom the Optionee's rights under the Stock Option shall pass by the Optionee's will or applicable laws of descent and distribution. Unless otherwise determined by the Board but subject to Section 11.10, all such Stock Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Stock Option at the date of his or her death and only for 12 months after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner;
- (b) ceases to be employed or engaged by, or a director of, the Corporation or a Designated Affiliate, for cause, no Stock Option held by such Optionee will, unless otherwise determined by the Board but subject to Section 11.10, be exercisable following the date on which such Optionee ceases to be so engaged; or
- (c) ceases to be employed or engaged by, or a director of, the Corporation or a Designated Affiliate, for any reason other than cause then, unless otherwise determined by the Board but subject to Section 11.10, any Stock Option held by such Optionee which was then eligible to be exercised at the effective date thereof shall become exercisable for a period of up to 90 days thereafter or prior to the expiration of the Option Period in respect thereof, whichever is sooner.

3.11 Effect of Amalgamation or Merger

If the Corporation amalgamates or otherwise completes a plan of arrangement or merges with or into another corporation, any Shares receivable on the exercise of a Stock Option shall, subject to the prior acceptance of the Exchange, be adjusted to give the Participant the ability to acquire, upon exercise of the Stock Option, including payment, the securities, property or cash which the Participant would have received upon such amalgamation, arrangement or merger if the Participant had exercised his or her Stock Option immediately prior to the record date applicable to such amalgamation, arrangement or merger, and the option price shall, subject to the prior acceptance of the Exchange, be adjusted appropriately by the Board and such adjustment shall be binding for all purposes of this Plan.

3.12 Amendments

Disinterested Shareholder approval must be obtained for any reduction in the exercise price of a Stock Option, or the extension of the term of a Stock Option, if the Participant is an Insider of the Corporation at the time of the proposed amendment.

PART 4 RESTRICTED SHARE RIGHTS

4.1 Participants

Subject to Section 11.6, the Corporation has the right to grant, in its sole and absolute discretion, to any Participant, rights to receive any number of fully paid and non-assessable Shares ("**Restricted Share Units**") as a discretionary payment in consideration of past services to the Corporation or as an incentive for future services, subject to this Plan and with such additional provisions and restrictions as the Board may determine. For purposes of calculating the number of Restricted Share Units to be granted, the Corporation shall be obligated to value the Shares underlying such RSUs at not less than the Fair Market Value.

4.2 RSU Agreement

Each grant of a RSU under this Plan shall be evidenced by a RSU Agreement between the Participant and the Corporation. Such RSU Agreement shall be subject to all applicable terms and conditions of this Plan and may be subject to any other terms and conditions (including without limitation any recoupment, reimbursement or claw-back compensation policy as may be adopted by the Board from time to time) which are not inconsistent with this Plan and which the Board deems appropriate for inclusion in a RSU Agreement. The provisions of the various RSU Agreements issued under this Plan need not be identical.

4.3 Restricted Period

Concurrent with the determination to grant RSUs to a Participant, the Board shall determine the Restricted Period applicable to such RSUs, which in any event will not be less than 12 months. In addition, at the sole discretion of the Board, at the time of grant, the RSUs may be subject to performance conditions to be achieved by the Corporation or a class of Participants or by a particular Participant on an individual basis, within a Restricted Period, for such RSUs to entitle the holder thereof to receive the underlying Shares or cash. Upon expiry of the applicable Restricted Period (or on the Deferred Payment Date, as applicable) and upon satisfaction of any performance criteria or other terms set out in the RSU Agreement, a RSU shall be automatically settled, and without the payment of additional consideration or any other further action on the part of the holder of the RSU, the underlying Shares shall be issued or cash paid to the holder of such RSUs, which RSUs shall then be cancelled. Subject to the terms of this Plan, the Board, in its sole discretion, may pay earned RSUs in the form of cash or in Shares issued from treasury (or in a combination thereof) equal to the value of the RSUs at the end of the applicable Restricted Period (or on the Deferred Payment Date, as applicable) and upon satisfaction of any performance criteria or other terms set out in the RSU Agreement. The determination of the Board with respect to the form of payout of such RSUs shall be set out in the RSU Agreement for the grant of the RSU or reserved for later determination.

4.4 Deferred Payment Date

Participants who are residents of Canada for the purposes of the Tax Act (and for greater certainty, who are not U.S. Taxpayers), may elect to defer to receive all or any part of the Shares underlying Restricted Share Units until one or more Deferred Payment Dates. No other Participants may elect a Deferred Payment Date. Participants who elect to set a Deferred Payment Date must, in respect of each such Deferred Payment Date, give the Corporation written notice of the Deferred Payment Date(s) not later than thirty (30) days prior to the expiration of the applicable Restricted Period (or such lesser period of time as the Board may approve).

4.5 Retirement or Termination during Restricted Period

In the event and to the extent of the Retirement or Termination and/or, as applicable, the Director Retirement or Director Termination of a Participant from all such roles with the Corporation during the Restricted Period, any Restricted Share Units held by the Participant shall immediately terminate and be of no further force or effect; provided, however, that the Board shall have the absolute discretion to modify the grant of the Restricted Share Units to provide that the Restricted Period shall terminate immediately prior to the date of such occurrence.

4.6 Retirement or Termination after Restricted Period

Subject to Section 11.10, in the event and to the extent of the Retirement or Termination and/or, as applicable, the Director Retirement or Director Termination of the Participant from all such roles with the Corporation following the Restricted Period and prior to a Deferred Payment Date, the Participant shall be entitled to receive, and the Corporation shall issue forthwith, Shares or cash, as determined by the Board, in satisfaction of the Restricted Share Units then held by the Participant.

4.7 Acceleration of Vesting

Notwithstanding Sections 4.5 and 4.6 above, in the event of the death or total disability of a Participant, Shares represented by RSUs held by the Participant, calculated on a *pro-rata* basis as to the number of days passed under the vesting restrictions, shall then be immediately issued by the Corporation to the Participant or legal representative of the Participant.

4.8 Payment of Dividends

Subject to the absolute discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Corporation on its Shares, a Participant may be credited with additional Restricted Share Units. The number of such additional RSUs, if any, will be calculated by dividing (a) the total amount of the dividends that would have been paid to the Participant if the RSUs (including RSUs in which the Restricted Period has expired but the Shares have not been issued due to a Deferred Payment Date) in the Participant's account on the dividend record date had been outstanding Shares (and the Participant held no other Shares) by (b) the Fair Market Value of the Shares on the date on which such dividends were paid. Where the proposed issuance of Shares in settlement of such additional RSUs would result the Corporation having insufficient Shares available for issuance or in the limits in Sections 11.1, 11.3, 11.4, 11.5, 11.6 and 11.7 being exceeded, the additional RSUs should instead be settled in cash.

PART 5 DEFERRED SHARE UNITS

5.1 Deferred Share Unit Grants

The Board may from time to time determine to grant Deferred Share Units to one or more Directors in a lump sum amount or on regular intervals, based on such formulas or criteria as the Board may from time to time determine. DSUs will be credited to the Director's account when designated by the Board. For purposes of calculating the number DSUs to be granted, the Corporation shall be obligated to value the Shares underlying such Deferred Share Units at not less than the Fair Market Value. In no event will a DSU vest or be redeemable or contemplate a Separation Date of less than 12 months from the date of grant.

5.2 DSU Agreement

Each grant of a DSU under this Plan shall be evidenced by an agreement between the Director and the Corporation (a "**DSU Agreement**"). Such DSU Agreement shall be subject to all applicable terms and conditions of this Plan and may be subject to any other terms and conditions (including without limitation any recoupment, reimbursement or claw-back compensation policy as may be adopted by the Board from time to time) which are not inconsistent with this Plan and the policies of the Exchange and which the Board deems appropriate for inclusion in a DSU Agreement. The provisions of each DSU Agreement issued under this Plan need not be identical.

5.3 Redemption of Deferred Share Units and Issuance of Deferred Shares

Except as provided below, the DSUs held by each Director shall be redeemed automatically and with no further action by the Director on the 20th business day following the Separation Date for that Director. For U.S. Taxpayers, (i) the Separation Date must constitute a "separation from service" within the meaning of Section 409A of the Internal Revenue Code, and (ii) DSUs held by a Director who is a Specified Employee will be automatically redeemed with no further action by the Director on the date that is six months following the Separation Date for the Director, or if earlier, upon such Director's death. Upon redemption, the former Director shall be entitled to receive and the Corporation shall issue, the number of Shares issued from treasury equal to the number of DSUs in the Director's account, subject to any applicable deductions and withholdings. In the event a Separation Date, including by death of the Director, occurs during a year and Deferred Share Units have been granted to such Director for that entire year, the Director will only be entitled to a pro-rated Deferred Share Unit Payment in respect of such Deferred Share Units based on the number of days that he or she was an Director in such year.

No amount will be paid to, or in respect of, a Director under this Plan or pursuant to any other arrangement, and no other additional DSUs will be granted to compensate for a downward fluctuation in the value of the Shares of the Corporation nor will any other benefit be conferred upon, or in respect of, a Director for such purpose.

5.4 Payment of Dividends

Subject to the absolute discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Corporation on its Shares, a Director may be credited with additional Deferred Share Units. The number of such additional Deferred Share Units, if any, will be calculated by dividing (a) the total amount of the dividends that would have been paid to the Director if the Deferred Share Units in the Director's account on the dividend record date had been outstanding Shares (and the Director held no other Shares), by (b) the Fair Market Value of the Shares on the date on which such dividends were paid. Where the proposed issuance of Shares in settlement of such additional Deferred Share Units would result the Corporation having insufficient Shares available for issuance or in the limits in Sections 11.1, 11.3, 11.4, 11.5, 11.6 and 11.7 being exceeded, the additional Deferred Share Units should instead be settled in cash.

PART 6 PERFORMANCE SHARE UNITS

6.1 Performance Share Units

Subject to Section 11.6, the Board may from time to time determine to grant Performance Share Units to one or more Participants with the specific terms and conditions thereof to be as provided in this Plan and in the PSU Agreement entered into in respect of such grant. The PSU Agreement in respect of the PSUs granted will set out, at a minimum, the number of PSUs granted, the Performance Period, the performance-based criteria and any Multiplier(s). Subject to the provisions of this Part 6, each PSU awarded to a Participant for services performed during the year in which the PSU is granted shall entitle the Participant to receive payment in an amount equal to the Fair Market Value on the day immediately prior to the last day of the applicable Performance Period multiplied by the applicable Multiplier(s), to be determined on the last day of the Performance Period. In no event will a PSU vest or be redeemable or contemplate a Separation Date of less than 12 months from the date of grant

6.2 Distributions.

The Board, in its sole discretion, may determine that if and when distributions are paid on any Shares, additional PSUs shall be credited to the Participant as of such distribution payment date. The number of additional PSUs (including fractional PSUs) to be credited to the Participant shall be determined by dividing the dollar amount of the distribution payable in respect of the Shares underlying the Performance Share Units by the Fair Market Value on the date the distribution is paid. Fractional PSUs to two decimal places shall be credited to the Participant. For greater certainty, the Performance Period and Multiplier(s), if any, shall be the same as the Performance Period and Multiplier(s), if any, for the Performance Share Units.

6.3 Performance Period

Subject to Sections 6.5 and 6.6, which could result in shortening any such period, the Performance Period in respect of a particular award shall be at least one year from the date of grant of the applicable Performance Share Unit, provided that the Board may, in its sole discretion, determine the Performance Period to be greater than one year, to a maximum of three years from the date of grant of the applicable Performance Share Unit.

6.4 Performance-Based Criteria and Multipliers

The Board may establish performance-based criteria which, if met by the Corporation, will entitle the Participant to be paid an amount in excess of or less than the Fair Market Value of one Share for each PSU at the end of the applicable Performance Period. The Board, in its sole discretion, may waive the performance-based criteria if the Board determines there were material unusual circumstances that occurred during the Performance Period (as an example only, if take-over speculation significantly affects the Fair Market Value at the end of the Performance Period).

6.5 Retirement or Termination During Performance Period

If a Participant ceases to be an Employee or Director, as applicable, during the Performance Period because of retirement or Termination of the Participant, all PSUs previously awarded to the Participant shall be forfeited and cease to be credited to the Participant on the date of the Retirement or Termination, as the case may be; however, the Board shall have the absolute discretion to modify the grant of the PSUs to provide that the Performance Period would end at the end of the calendar quarter immediately before the date of the Retirement or Termination, as the case may be, and the amount payable to the Participant shall be calculated as of such date.

6.6 Death or Disability

In the event of the death or total disability of a Participant during the Performance Period, the Performance Period shall be deemed to end at the end of the calendar quarter immediately before the date of death or total disability of the Participant and the amount payable to the Participant or its executors, as the case may be, shall be calculated as of such date.

6.7 Payment to Participants

Subject to the terms of this Plan, the Board, in its sole discretion, may pay earned PSUs in the form of cash or in Shares issued from treasury (or in a combination thereof) equal to the value of the PSUs at the end of the applicable Performance Period. The determination of the Board with respect to the form of payout of such PSUs shall be set out in the Performance Share Unit Agreement for the grant of the PSU or reserved for later determination. In no event will delivery of such Shares or payment of any cash amounts be made later than two and a half months after the end of the year in which such conditions or restrictions were satisfied or lapsed.

6.8 Payment of Dividends

Subject to the absolute discretion of the Board, in the event that a dividend (other than a stock dividend) is declared and paid by the Corporation on the Shares, a Participant may be credited with additional PSUs. The number of such additional PSUs, if any, will be calculated by dividing (a) the total amount of the dividends that would have been paid to the Participant if the PSUs in his or her account on the dividend record date had been outstanding Shares (and the Participant held no other Shares), by (b) the Fair Market Value of the Shares on the date on which such dividends were paid. Where the proposed issuance of Shares in settlement of such additional PSUs would result in the Corporation having insufficient Shares available for issuance or in the limits in Sections 11.1, 11.3, 11.4, 11.5, 11.6 and 11.7 being exceeded, the additional PSUs should instead be settled in cash.

PART 7 STOCK APPRECIATION RIGHTS

7.1 Grant of SARs

Subject to Section 11.6, the Corporation may from time to time grant Stock Appreciation Rights to Participants pursuant to this Plan whereby Participants will have the right to receive Shares, a cash payment, or any combination thereof, as determined by the Board, from the Corporation in an amount equal to the number of SARs granted multiplied by the difference between the Fair Market Value of a Share at the Exercise Date (as defined below) over the Base Price fixed by the Board (the "Exercise Value").

7.2 Base Price

The Base Price per Share of any SAR shall be not less than the Fair Market Value at the time of grant.

7.3 Grant of SARs

Subject to Section 11.6, the Board may at any time authorize the granting of SARs to such Participants as it may select for the number of Shares that it shall designate, subject to the provisions of this Plan. The date of grant of a SAR shall be the date such grant was approved by the Board.

Each SAR granted to a Participant shall be evidenced by a Stock Appreciation Right Agreement with terms and conditions consistent with this Plan and as approved by the Board and which incorporates by reference the terms of this Plan (and in all cases which terms and conditions need not be the same in each case, and may be changed from time to time subject to any required approval of Disinterested Shareholders and the Exchange).

7.4 Terms of SARs

The term of each SAR shall be for such term as the Board may determine at the date of grant, provided that:

- (a) SARs can be exercisable for a maximum of 10 years from the date of grant; and
- (b) the term may thereafter be reduced with respect to any such SAR as provided for herein regarding termination of employment / engagement or death of the Participant.

7.5 Vesting

SARs shall vest and may be exercised (in each case to the nearest full Share) during the term in the manner determined by the Board at the time of grant, provided that the minimum vesting period shall be 12 months.

7.6 Other Restrictions

Except as set forth in Section 7.9, no SAR may be exercised unless the Participant is at the time of such exercise:

- (a) in the case of an Employee or Officer, engaged or in the employ (or retained as a Service Provider) of the Corporation or a Designated Affiliate and shall have been continuously so engaged, employed or retained since the grant of the SAR; or
- (b) in the case of a Director, a director of the Corporation or a Designated Affiliate and shall have been such a Director, Officer, Employee or Consultant continuously since the grant of the SAR.

7.7 Exercise of SARs

Subject to any limitations or conditions imposed upon a Participant pursuant to a Stock Appreciation Rights Agreement or this Plan, a Participant may exercise an SAR, prior to the expiry date thereof, by giving written notice thereof to the Corporation at its principal place of business specifying the number of vested SARs being exercised and the date on which such exercise is to be effective (the "Exercise Date"). As soon as practicable after exercise of a SAR in accordance herewith, the Corporation shall pay the Participant an amount equal to the product of (i) the number of vested SARs exercised, multiplied by (ii) the Exercise Value. Such payment will be made, in the Board's discretion, in (a) cash, (b) Shares with a Fair Market Value equal to the amount of the payment, or (c) a combination of cash and Shares.

7.8 Transferability of SARs

SARs granted hereby shall not be transferable other than upon the death or disablement of the Participant as follows:

- (a) During the Participant's lifetime, all SARs shall be exercisable only by the Participant or by the legal guardian of a disabled Participant.
- (b) A Participant shall have the right, by notice to the Corporation, to designate a beneficiary who shall be entitled to exercise the Participant's SARs (subject to their terms and conditions) following the Participant's death, and to whom any amounts payable following the Participant's death shall be paid.

7.9 Effect of Termination of Employment or Death

If the holder of a SAR:

- (a) dies while employed or engaged by, or while a Director of, the Corporation or a Designated Affiliate, any SAR held by him or her at the date of death, then eligible to be exercised, shall become exercisable in whole or in part, but only by the person or persons designated under section 7.8(b) above, or to whom the Participant's rights under the SAR shall pass by the Participant's will or applicable laws of descent and distribution. Unless otherwise determined by the Board, all such SARs shall be exercisable only to the extent that the Participant was entitled to exercise the SARs at the date of his or her death and only for 12 months after the date of death or prior to the expiration of the term in respect thereof, whichever is sooner;
- (b) ceases to be employed or engaged by, or a Director of, the Corporation or a Designated Affiliate, for cause, no SAR held by such Participant will, unless otherwise determined by the Board, be exercisable following the date on which such Participant ceases to be so engaged; or
- (c) ceases to be employed or engaged by, or a Director of, the Corporation or a Designated Affiliate, for any reason other than cause then, unless otherwise determined by the Board, any SAR held by such Participant which was then eligible to be exercised at the effective date thereof shall become exercisable for a period of up to 90 days thereafter or prior to the expiration of the term in respect thereof, whichever is sooner.

7.10 Effect of Amalgamation or Merger

If the Corporation amalgamates or otherwise completes a plan of arrangement or merges with or into another corporation, any payment receivable on the exercise of a SAR shall, subject to the prior acceptance of the Exchange, be

adjusted to give the Participant the ability to receive the same which the Participant would have received upon completion of such amalgamation, arrangement or merger using as the Fair Market Value of a Share the amount equal to the deemed price under such amalgamation, arrangement or merger.

7.11 Amendments

Disinterested Shareholder approval must be obtained for any reduction in the Base Price of a SAR, or the extension of the term of a SAR, if the Participant is an Insider of the Corporation at the time of the proposed amendment.

PART 8 STOCK PURCHASE RIGHTS

8.1 Types of SP Rights

The Corporation may provide financial assistance (which cannot involve lending funds to a Participant for the purposes of acquiring securities of the Corporation, whether from treasury or otherwise), or a Participant may be allowed to purchase securities of the Corporation (which may be at a discount to Fair Market Value), or a Participant may be entitled to receive additional securities of the Corporation upon subscribing for a pre-established number of securities of the Corporation, which securities may be issued from the treasury or purchased on the secondary market. For U.S. Taxpayers, any stock purchase right or option-like right shall contain such terms and limitations as are necessary to avoid application of penalty taxes under Section 409A of the Internal Revenue Code.

8.2 Limitations

The Corporation shall not provide SP Rights that could materially prejudice the interests of the Corporation or its shareholders, or if the assistance would affect the Corporation's ability to pay its creditors.

8.3 Grant of Rights

Subject to Section 11.6, the Board may at any time authorize the granting of Stock Purchase Rights to such Participants as it may select for the dollar amount or number of Shares that it shall designate, subject to the provisions of this Plan. The date of grant of an SP Right shall be the date such grant was approved by the Board.

Each SP Right granted to a Participant shall be evidenced by an agreement of applicable nature with terms and conditions consistent with this Plan and as approved by the Board and which incorporates by reference the terms of this Plan (and in all cases which terms and conditions need not be the same in each case, and may be changed from time to time subject to any required approval of Disinterested Shareholders and the Exchange).

8.4 Vesting Requirements of SP Rights

No SP Right may vest before the date that is one year following the date that it is granted or issued. Notwithstanding the foregoing, the Board shall have the discretion to accelerate the vesting of a SP Right for a Participant who dies or ceases to be an eligible Participant under this Plan in connection with a Change of Control or similar transaction.

PART 9 WITHHOLDING TAXES

9.1 Withholding Taxes

The Corporation or any Designated Affiliate may take such steps as are considered necessary or appropriate for the withholding of any taxes or other amounts which the Corporation or any Designated Affiliate is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Award including, without limiting the generality of the foregoing, the withholding of all or any portion of any payment or the withholding of the issue of any Shares to be issued under this Plan, until such time as the Participant has paid the Corporation or any Designated Affiliate for any amount which the Corporation or Designated Affiliate is required to withhold by law with respect to such taxes or other amounts. Without limitation to the foregoing, the Board may adopt administrative rules under this Plan, which provide for the automatic sale of Shares (or a portion thereof) in the market upon the issuance of such Shares under this Plan on behalf of the Participant to satisfy withholding obligations under an Award.

PART 10
CHANGE OF CONTROL

10.1 Change of Control.

- (a) If a Change of Control shall conclusively be deemed to be imminent, or to have occurred, there shall be immediate full vesting of each outstanding Stock Option granted, which may be exercised and settled, in whole or in part, even if such Stock Option is not otherwise exercisable or vested by its terms but subject to any required approval of the Exchange. Notwithstanding the foregoing, if the Corporation is listed on the Exchange, no acceleration to the vesting schedule of one or more Stock Options granted to an Investor Relations Service Provider can be made without the prior written acceptance of the Exchange.
- (b) Unless otherwise determined by the Board, or unless otherwise provided in a Participant's Service Agreement or Award Agreement, if a Change of Control shall conclusively be deemed to be imminent, or to have occurred, then the Board shall have the discretion, without the prior approval of the Participants but subject to any required approval of the Exchange, to any one or more of the following:
- (i) determine that there shall be immediate full vesting of each outstanding Award (other than Stock Options) granted, which may be exercised and settled, in whole or in part, even if such Award is not otherwise exercisable or vested by its terms;
 - (ii) subject to the prior acceptance of the Exchange, the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the settlement of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Board determines in good faith that no amount would have been attained upon the settlement of such Award or realization of the Participant's rights, then such Award may be terminated by the Corporation without payment);
 - (iii) subject to the prior acceptance of the Exchange, cause the Corporation to offer to acquire from each Award holder his or her Awards for a cash payment, and any Awards not so acquired, surrendered or exercised by the effective time of the Change of Control will be deemed to have expired;
 - (iv) subject to the prior acceptance of the Exchange, cause a Stock Option granted under this Plan to be exchanged for an option to acquire for the same exercise price, the number and type of securities as would be distributed to the Stock Option holder in respect of the Shares to be issued to the Stock Option holder had he or she exercised the Stock Option prior to the effective time of the Change of Control, provided that any such replacement option must provide that it survives for a period of not less than one year from the effective time of the Change of Control regardless of the continuing directorship, officership or employment of the holder;
 - (v) permit each Participant, within a specified period of time prior to the completion of the Change in Control as determined by the Board, to exercise all of the Participant's outstanding Stock Options and to settle all of the Participant's outstanding PSUs, RSUs and DSUs (to the extent then vested and exercisable, including by reason of acceleration by the Board pursuant to Section 10.1 or in accordance with the Award Agreement) but subject to and conditional upon the completion of the Change in Control;
 - (vi) accelerate the dates upon which any or all outstanding Awards shall vest and be exercisable or settled, without regard to whether such Awards have otherwise vested in accordance with their terms; or
 - (vii) make no change to any of the terms or provisions of any Award.

10.2 Awards Need Not be Treated Identically.

In taking any of the actions contemplated by this Part 10, the Board shall not be obligated to treat all Awards held by any Participant, or all Awards in general, identically.

PART 11 GENERAL TERMS

11.1 Number of Shares

The aggregate number of Shares that may be issued under this Plan shall not exceed 10% of the number of Issued Shares outstanding in the capital of the Corporation from time to time as of the date of each grant (inclusive of the Shares reserved for issuance pursuant to stock options granted under the Prior Plan, restricted share units or performance share units awarded under the Prior Share Unit Plan or deferred share units awarded under the Prior DSU Plan), such Shares to be allocated among Awards and Participants in amounts and at such times as may be determined by the Board from time to time.

11.2 NEX Corporation

In the event the Corporation is listed on or is on notice to have its listing transferred to the NEX branch of the Exchange, then it will be precluded from granting any Awards under this Plan other than Stock Options (and may only grant Stock Options once it has publicly disclosed that it is on notice to have its listing transferred to the NEX).

11.3 Limits for Individuals

Unless Disinterested Shareholder Approval is obtained in accordance with the policies of the Exchange (or unless permitted otherwise by the policies of the Exchange), the maximum number of Shares that may be issued to any one Participant (and where permitted pursuant to the policies of the Exchange, any company that is wholly-owned by the Participant) under this Plan, together with all of the Corporation's other Security Based Compensation plans, within a 12-month period, may not exceed 5% of the Issued Shares of the Corporation, calculated as at the date any Security Based Compensation is granted or issued to the Person.

11.4 Limits for Insiders

Unless Disinterested Shareholder Approval is obtained in accordance with the policies of the Exchange (or unless permitted otherwise by the policies of the Exchange), the maximum number of Shares that are issuable pursuant to all the Corporation's Security Based Compensation plans granted or issued in any 12-month period to Insiders (as a group) must not exceed 10% of the Issued Shares, calculated as at the date any Security Based Compensation of the Corporation is granted or issued to any Insider.

Unless Disinterested Shareholder Approval is obtained in accordance with the policies of the Exchange (or unless permitted otherwise by the policies of the Exchange), the maximum number of Shares that are issuable pursuant to all of the Corporation's Security Based Compensation plans granted or issued to Insiders (as a group) must not exceed 10% of the issued Shares at any point in time.

11.5 Limits for Consultants

The maximum number of Shares that may be issued to any one Consultant under this Plan, together with all of the Corporation's other Security Based Compensation plans, within a 12-month period, may not exceed 2% of the Issued Shares calculated on the date such Security Based Compensation is granted or issued to the Consultant.

11.6 Limits for Investor Relations Service Providers

Notwithstanding any other provision of this Plan, Investor Relations Service Providers may only be granted Stock Options (and no other forms of Security Based Compensation) under this Plan.

The maximum aggregate number of Shares that are issuable pursuant to all Stock Options granted in any 12 month period to all Investor Relations Service Providers in aggregate must not exceed 2% of the Issued Shares, calculated as at the date any Stock Option is granted to any such Investor Relations Service Provider.

Stock Options granted to any Investor Relations Service Provider must vest in stages over a period of not less than 12 months, such that not more than 25% vest any sooner than three months after the date of grant, and not more than 25% vest any sooner than every three months thereafter.

The Board (or any committee thereof) must, through the establishment of appropriate procedures, monitor the trading in the securities of the Corporation by all Investor Relations Service Providers. These procedures may include the

establishment of a designated brokerage account through which the Participant conducts all trades in the securities of the Corporation or a requirement for such Participants to file reports of their trades with the Board on a timely basis.

11.7 Limits for Charitable Organizations

The only Security Based Compensation that may be granted or issued to a Charitable Organization is Charitable Stock Options. The maximum aggregate number of Shares that are issuable pursuant to all outstanding Charitable Stock Options must not exceed 1% of the Issued Shares, calculated as at the date each Charitable Stock Option is granted to a Charitable Organization. A Charitable Stock Option must expire on or before the earlier of: (i) the date that is 10 years from the date of grant of the Charitable Stock Option; and (ii) the 90th day following the date that the holder of the Charitable Stock Option ceases to be a Charitable Organization. Any Charitable Stock Option granted to a Charitable Organization under this Plan will not be included within the limits prescribed by Section 11.1 of the Plan.

11.8 Limitation on Rights as a Shareholder

No Security Based Compensation entitles the holder thereof to any Shareholder rights (including without limitation voting rights, dividend entitlement or rights on liquidation) until such time as underlying Shares are issued to such Participant; provided, however, that the accrual of dividend entitlements on a DSU, PSU, RSU or SAR where such dividend entitlements vest and are redeemed, as applicable, along with the underlying award. Where the proposed issuance of Shares in settlement of such additional DSUs, PSUs, RSUs or SARs would result in the Corporation having insufficient Shares available for issuance or in the limits in Sections 11.1, 11.3, 11.4, 11.5, 11.6 and 11.7 being exceeded, the additional DSUs, PSUs, RSUs or SARs should instead be settled in cash.

11.9 Lapsed Awards or Awards Settled in Cash

If Awards are settled in cash, cancelled, surrendered, terminated or forfeited or expire without being exercised in whole or in part and pursuant to which no securities have been issued, new Awards may be granted covering the Shares not issued under such lapsed Awards, subject to any restrictions that may be imposed by the Exchange.

11.10 Expiration of Security Based Compensation

Notwithstanding any other provision of this Plan, any Security Based Compensation granted or issued to any Participant who is a Director, Officer, Employee, Consultant or Management Company Employee must expire within a reasonable period, not exceeding 12 months, following the date the Participant ceases to be an eligible Participant under this Plan.

11.11 Payment in Cash

The Corporation may settle any Award by making payment in cash if it does not have a sufficient number of Shares available under this Plan to satisfy its obligations under a Multiplier or any other provision.

11.12 Adjustment in Shares Subject to this Plan

If there is any change in the Shares through (i) the declaration of stock dividends of Shares, (ii) any consolidations, subdivisions or reclassification or recapitalization of Shares, or (iii) adjustments related to an amalgamation, merger, arrangement, reorganization, spin-off, the number of Shares available under this Plan, then the Shares subject to any Award, and the exercise price of any Stock Option shall be adjusted as determined to be appropriate by the Board, and such adjustment shall be effective and binding for all purposes of this Plan, provided any such change (other than in connection with a share consolidation or a security split) is subject to the prior acceptance of the Exchange.

11.13 Transferability

Any Awards accruing to any Participant in accordance with the terms and conditions of this Plan shall not be transferable. During the lifetime of a Participant all Awards may only be exercised by the Participant. Awards are non-transferable except by will or by the laws of descent and distribution.

11.14 Employment

Nothing contained in this Plan shall confer upon any Participant any right with respect to employment or continuance of employment with the Corporation or any Affiliate, or interfere in any way with the right of the Corporation or any Affiliate to terminate the Participant's employment at any time. Participation in this Plan by a Participant is voluntary.

11.15 Record Keeping

The Corporation shall maintain a register in which shall be recorded:

- (a) the name and address of each Participant;
- (b) the number of Awards granted to each Participant and relevant details regarding such Awards; and
- (c) such other information as the Board may determine.

11.16 Resale Restrictions

If required by Applicable Laws, any Award will be subject to a hold period expiring on the date that is four months and a day after the Date of Grant, and the confirmations, agreements or certificates representing such Awards and any Shares issued prior to the expiry of such hold period will bear the following legends in substantially the following forms:

“Unless permitted under securities legislation, the holder of this security must not trade the security before *[insert the date that is four months and one day after the date of grant].*”

“Without prior written approval of TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until *[insert the date that is four months and one day after the date of grant].*”

11.17 No Representation or Warranty

The Corporation makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of this Plan.

11.18 Section 409A

It is intended that any payments under this Plan to U.S. Taxpayers shall be exempt from or comply with Section 409A of the Code, and all provisions of this Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes and penalties under Section 409A of the Code.

11.19 Awards Granted to U.S. Residents

The Awards and the Shares issuable upon exercise, vesting or settlement of the Awards have not been registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”) or any applicable securities law of any state of the United States and may not be granted to, or exercised by or on behalf of, any person in the United States, any U.S. person or any person acting for the account or benefit of a U.S. person or person in the United States unless exempt from the registration requirements of the U.S. Securities Act and any applicable securities law of any state of the United States.

- (a) No Stock Options shall be granted to any Participant in the United States unless the Plan Administrator has determined that such grant and the future exercise, vesting or settlement of the Award by the Participant is exempt from the registration requirements of the U.S. Securities Act pursuant to Rule 701 of the U.S. Securities Act or another available exemption from such registration requirements and is being made in compliance with all applicable securities laws of any state of the United States.
- (b) All Participants in the United States will be notified that (i) the Awards and the Shares issuable upon exercise, vesting or settlement of the Awards have not been and will not be registered under the U.S. Securities Act and may be offered and sold only pursuant to an exemption from such registration requirements and in accordance with all applicable securities laws of each state of the United States, (ii) the Corporation may require additional certifications from the Participant resident in the United States in relation to the grant of the Awards and the issuance of Shares to the Participant in the United States upon exercise, vesting or settlement of the Awards, and (iii) the Awards and the Shares issuable upon exercise, vesting or settlement of the Awards are “restricted securities” within the meaning of Rule 144 under the U.S. Securities Act and may not be offered or sold absent an exemption from the registration requirements of the U.S. Securities Act and the Corporation may require additional certifications from the Participant in the United States in connection with any proposed offer or sale of the Shares.

- (c) In addition to any legends required by Canadian securities laws, the agreement representing the Awards granted to Participants in the United States, and all certificates issued in exchange for or in substitution of such certificates, shall bear the following legend upon the original issuance of any such Awards and until the legend is no longer required under applicable requirements of the U.S. Securities Act:

THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. [FOR STOCK OPTIONS: THIS SECURITY MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON OR A PERSON IN THE UNITED STATES AND] THE SHARES ISSUABLE UPON EXERCISE, VESTING OR SETTLEMENT HEREOF MAY NOT BE DELIVERED TO AN ADDRESS IN THE UNITED STATES UNLESS THE COMMON SHARES HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED IN REGULATIONS UNDER THE U.S. SECURITIES ACT.

- (d) In addition to any legends required by Canadian securities laws, the certificates representing the Shares issuable upon exercise, vesting or settlement of the Awards granted to Participants in the United States, and all certificates issued in exchange for or in substitution of such certificates, shall bear the following legend upon the original issuance of any such Shares and until the legend is no longer required under applicable requirements of the U.S. Securities Act:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF KOOTENAY RESOURCES INC. (THE "CORPORATION") THAT THE SECURITIES REPRESENTED HEREBY MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATIONS UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; (C) PURSUANT TO THE EXEMPTIONS FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 THEREUNDER, IF AVAILABLE OR (II) RULE 144A, IF AVAILABLE AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES AND, IN THE CASE OF CLAUSES (C)(I) OR (D) ABOVE, OR IF OTHERWISE REASONABLY REQUIRED BY THE CORPORATION, THE SELLER HAS FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT.

- (e) Beginning on the date that the Corporation is required to deliver information to Participants in the United States pursuant to Rule 701 under the U.S. Securities Act, and until such time as the Corporation becomes subject to the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, or is no longer required to deliver information to Participants in the United States pursuant to Rule 701 under the U.S. Securities Act, the Corporation shall provide to each Participant in the United States the information described in paragraphs (e)(3), (4), and (5) of Rule 701 under the U.S. Securities Act not less frequently than every six (6) months with the financial statements being not more than 180 days old and with such information provided either by physical or electronic delivery to the Participants in the United States or by written notice to the Participants in the United States of the availability of the information on an Internet site that may be password-protected and of any password needed to access the information. The Corporation may request that Participants in the United States agree to keep the information to be provided pursuant to this section confidential. If a Participant in the United States does not agree to keep the information to be provided

pursuant to this section confidential, then the Corporation will not be required to provide the information unless otherwise required pursuant to Rule 701 of the U.S. Securities Act.

- (f) If the aggregate number of Participants in the United States resident in California granted Awards under this Plan and/or issued securities under all purchase and bonus plans and agreements of the Corporation exceeds 35, this Plan must be approved by a majority of the outstanding securities entitled to vote by the later of (1) within 12 months before or after the date this Plan is adopted or (2) prior to or within 12 months of the granting of any Award under this Plan in California. Any Award granted to any person in California that is exercised before security holder approval is obtained must be rescinded if security holder approval is not obtained in the manner described in the preceding sentence.

11.20 Compliance with Applicable Law, etc.

If any provision of this Plan or any agreement entered into pursuant to this Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Corporation or this Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

11.21 Term of the Plan

This Plan shall remain in effect until it is terminated by the Board.

11.22 Effective Date and Replacement

This Plan shall become effective on the Effective Date and will replace the Corporation's prior 10% rolling stock option plan (the "Prior Plan"), the Corporation's prior performance share unit and restricted share unit plan (the "Prior Share Unit Plan") and the Corporation's prior deferred share unit plan (the "Prior DSU Plan"). All awards granted under the Prior Plan, the Prior Share Unit Plan and the Prior DSU Plan and which remain outstanding at the Effective Date will remain in full force and effect in accordance with their terms; however, following the Effective Date, no additional grants or awards shall be made under the Prior Plan, the Prior Share Unit Plan or the Prior DSU Plan, and the Prior Plan, the Prior Share Unit Plan and the Prior DSU Plan will each terminate on the date upon which no further awards remain outstanding.

PART 12

ADMINISTRATION AND AMENDMENT OF THIS PLAN

12.1 Administration by the Board

- (a) Unless otherwise determined by the Board, this Plan shall be administered by the Board or a Board committee designated by the Board.
- (b) Subject to Section 12.6 and the approval of the Exchange, as required, the Board (or committee, as applicable) shall have the power, where consistent with the general purpose and intent of this Plan and subject to the specific provisions of this Plan, to:
- (i) adopt and amend rules and regulations relating to the administration of this Plan and make all other determinations necessary or desirable for the administration of this Plan. The interpretation and construction of the provisions of this Plan and related agreements by the Board (or committee, as applicable) shall be final and conclusive. The Board (or committee, as applicable) may correct any defect or supply any omission or reconcile any inconsistency in this Plan or in any related agreement in the manner and to the extent it shall deem expedient to carry this Plan into effect and it shall be the sole and final judge of such expediency;
 - (ii) determine and designate from time to time the individuals to whom Awards shall be made, the amounts of the Awards and the other terms and conditions of the Awards;
 - (iii) correct any defect, supply any information, or reconcile any inconsistency in this Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of this Plan;
 - (iv) delegate any of its responsibilities or powers under this Plan to a Board committee; and
 - (v) otherwise exercise the powers under this Plan as set forth herein.

12.2 Regulatory and Shareholder Approvals

In administering this Plan, the Administrator will obtain any regulatory approvals which may be required pursuant to Exchange Policies; and this Plan is subject to such approvals.

12.3 Use of Administrative Agent

The Board (or committee, as applicable) may in its sole discretion appoint from time to time one or more entities to act as administrative agent to administer Awards granted under the Plan and to act as trustee to hold and administer the Plan and the assets that may be held in respect of Awards granted under the Plan, the whole in accordance with the terms and conditions determined by the Board (or committee, as applicable) in its sole discretion.

12.4 Limitation of Liability and Indemnification.

No member of the Board or a committee of the Board will be liable for any action or determination taken or made in good faith with respect to the Plan or any Awards granted thereunder and each such member shall be entitled to indemnification by the Corporation with respect to any such action or determination in the manner provided for by the Board or a committee of the Board.

12.5 Amendments to Plan

Subject to sections 12.2 and 12.6, the Board shall have the power, at any time and from time to time, either prospectively or retrospectively, to amend, suspend or terminate this Plan or any Award granted under this Plan without shareholder approval, regarding (i) amendments to fix typographical errors; and (ii) amendments to clarify existing provisions of this Plan that do not have the effect of altering the scope, nature and intent of such provisions; provided however that:

- (a) any amendment, suspension or termination is in accordance with applicable laws and Exchange Policies; and
- (b) no amendment to this Plan or to an Award granted hereunder will have the effect of impairing, derogating from or otherwise adversely affecting the terms of an Award which is outstanding at the time of such amendment without the written consent of the holder of such Award.

If this Plan is terminated, the provisions of this Plan and any administrative guidelines and other rules and regulations adopted by the Board and in force on the date of termination will continue in effect as long as any Award or any rights pursuant thereto remain outstanding and, notwithstanding the termination of this Plan, the Board shall remain able to make such amendments to this Plan or the Award as they would have been entitled to make if this Plan were still in effect.

12.6 Shareholder Approval

Any amendment to this Plan is subject to Shareholder approval as a condition to Exchange acceptance of the amendment. For clarity, certain amendments to the provisions of this Plan may be subject only to approval by a majority of Shareholders instead of Disinterested Shareholder approval, pursuant to Exchange Policies and, if applicable, subject to Exchange approval.

