



# **AQUILA RESOURCES**

**NOTICE OF ANNUAL AND SPECIAL MEETING**  
to be held on May 23, 2017

- and -

**MANAGEMENT INFORMATION CIRCULAR**

**Dated: April 21, 2017**

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**AQUILA RESOURCES INC.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MAY 23, 2017**

**NOTICE IS HEREBY GIVEN** that an annual and special meeting (the “**Meeting**”) of the shareholders of Aquila Resources Inc. (“**Aquila**” or the “**Corporation**”) will be held at the offices of Goodmans LLP, 333 Bay Street, Suite 3400, Toronto, Ontario on Tuesday, May 23, 2017 at 10:00 a.m. (Toronto time), for the following purposes:

1. to receive and consider the financial statements for the fiscal year ended December 31, 2016 and the auditor’s report thereon;
2. to elect the directors of the Corporation for the ensuing year;
3. to appoint an auditor for the ensuing year and to authorize the directors to fix the auditor’s remuneration;
4. to consider, and if deemed advisable, to pass, with or without variation, an ordinary resolution, substantially in the form set out in the accompanying management information circular (the “**Management Information Circular**”), ratifying and approving certain stock option grants made under the current 10% rolling stock option plan of the Corporation (the “**Stock Option Plan**”), as more fully described in the Management Information Circular;
5. to consider, and if deemed advisable, to pass, with or without variation, an ordinary resolution, substantially in the form set out in the Management Information Circular, ratifying the adoption of an equity incentive plan of the Corporation in the form set out at Appendix A to the Management Information Circular; and
6. to transact such further and other business as may properly be brought before the Meeting or any adjournment thereof.

**The nature of the business to be transacted at the Meeting is described in further detail in the Management Information Circular. The Management Information Circular is deemed to form part of this notice of meeting. Please read the Management Information Circular carefully before you vote on the matters being transacted at the Meeting.**

Holders of common shares registered on the books of the Corporation at the close of business on April 3, 2017 are entitled to notice of and to vote at the Meeting.

**A registered shareholder may attend the Meeting in person or may be represented by proxy. Registered shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof.** To be effective, the enclosed proxy must be mailed or faxed so as to reach or be deposited with the Corporation’s transfer agent, TSX Trust Company at 200 University Avenue, Suite 300, Toronto, ON M5H 4H1 not later than 10:00 a.m. (Toronto time) on May 19, 2017 (or at least 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Ontario, prior to the time set for the Meeting or any adjournment(s) or postponement(s) thereof). Late proxies may be accepted or rejected by the Chair of the Meeting in his or her discretion, and the Chair is under no obligation to accept or reject any particular late proxy. The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion, without notice. The Management Information Circular explains how to complete the form of proxy and how the voting process works.

Non-registered beneficial shareholders, whose shares are registered in the name of a broker, securities dealer, bank, trust company or similar entity (an “**Intermediary**”), should carefully follow the voting instructions provided by their Intermediary.

DATED this 21<sup>st</sup> day of April, 2017.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) “*Barry Hildred*” \_\_\_\_\_

Barry Hildred  
CEO and Director



**ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD MAY 23, 2017**

**MANAGEMENT INFORMATION CIRCULAR**

This management information circular (“**Management Information Circular**”) is furnished in connection with the solicitation of proxies by management of Aquila Resources Inc. (the “**Corporation**”) for use at the annual and special meeting of the shareholders of the Corporation (the “**Meeting**”) to be held at the offices of Goodmans LLP, Bay Adelaide Centre, 333 Bay St., Suite 3400, Toronto, ON M5H 2S7 at 10:00 a.m. (Toronto Time) on May 23, 2017 or any adjournment(s) or postponement(s) thereof for the purposes set forth in the accompanying notice of annual and special meeting of shareholder (the “**Notice of Meeting**”).

**GENERAL PROXY INFORMATION**

**Solicitation of Proxies**

The solicitation of proxies is being made by or on behalf of management of the Corporation. It is expected that the solicitation of proxies will be made primarily by mail, but may be supplemented by telephone or other form of correspondence. The cost of solicitation of proxies will be borne by the Corporation. The Corporation will also pay the fees and costs of intermediaries for their services in transmitting proxy-related material in accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**National Instrument 54-101**”). This cost is expected to be nominal.

No person is authorized to give any information or to make any representation other than those contained in this Management Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Corporation. The delivery of this Management Information Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date hereof.

**Non-Registered Shareholders**

Only registered shareholders of the Corporation, or the persons they appoint as their proxies, are entitled to attend and vote at the Meeting. However, in many cases, common shares of the Corporation (“**Common Shares**”) beneficially owned by a person (a “**Non-Registered Shareholder**”) are registered either:

- (a) in the name of a broker, securities dealer, bank, trust company or similar entity (an “**Intermediary**”) with whom the Non-Registered Shareholder deals in respect of the Common Shares; or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited, in Canada, and the Depository Trust Company, in the United States) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101, the Corporation has distributed copies of the this Management Information Circular and the form of proxy (the “**Meeting Materials**”) to the Intermediaries and clearing agencies for onward distribution to Non-Registered Shareholders. Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless the Non-Registered Shareholders have waived the right to receive

them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (a) be given a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow; or
- (b) be given a form of proxy which has already been signed by the Intermediary, which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives either a voting instruction form or a form of proxy wish to attend the Meeting and vote in person (or have another person attend and vote on behalf of the Non-Registered Shareholder) should insert the Non-Registered Shareholder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the directions indicated on the form. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediaries and their service companies, including those regarding when and where the voting instruction form or the proxy is to be delivered.**

Only registered shareholders have the right to revoke a proxy. Non-Registered Shareholders who wish to change their vote must, in sufficient time in advance of the Meeting, arrange for their Intermediaries to change the vote and if necessary revoke their proxy.

#### **Appointment and Revocation of Proxies**

**The persons named in the form of proxy accompanying this Management Information Circular are directors and/or officers of the Corporation. A shareholder of the Corporation has the right to appoint a person or company (who need not be a shareholder), other than the persons whose names appear in such form of proxy, to attend and act for and on behalf of such shareholder at the Meeting and at any adjournment thereof. Such right may be exercised by either inserting the name of the person or company to be appointed in the blank space provided in the form of proxy, or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to TSX Trust Company in time for use at the Meeting in the manner specified in the Notice of Meeting.**

A registered shareholder of the Corporation who has given a proxy may revoke the proxy at any time prior to use by depositing an instrument in writing, including another completed form of proxy, executed by such registered shareholder or by his or her attorney authorized in writing or by electronic signature or, if the registered shareholder is a corporation, by an officer or attorney thereof properly authorized, with TSX Trust Company at 200 University Avenue, Suite 300, Toronto, ON M5H 4H1 not later than 10:00 a.m. (Toronto time) on May 19, 2017 (or at least 48 hours, excluding Saturdays, Sundays and statutory holidays in the Province of Ontario, prior to the time set for the Meeting or any adjournment thereof). Late proxies may be accepted or rejected by the Chair of the Meeting in his or her discretion, and the Chair is under no obligation to accept or reject any particular late proxy. The deadline for the deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion, without notice.

Only registered shareholders have the right to revoke a proxy. Non-Registered Shareholders who wish to change their vote must, in sufficient time in advance of the Meeting, arrange for their Intermediaries to change the vote and if necessary revoke their proxy.

#### **Exercise of Discretion by Proxies**

Common Shares represented by an appropriate form of proxy will be voted or withheld from voting on any ballot that may be conducted at the Meeting, or at any adjournment thereof, in accordance with the instructions of the shareholder

thereon. **In the absence of instructions, such Common Shares will be voted for each of the matters referred to in the Notice of Meeting as specified thereon.**

**The enclosed form of proxy, when properly completed and signed, confers discretionary authority upon the persons named therein to vote on any amendments to or variations of the matters identified in the Notice of Meeting and on other matters, if any, which may properly be brought before the Meeting or any adjournment thereof.** At the date hereof, management of the Corporation knows of no such amendments or variations or other matters to be brought before the Meeting. However, if any other matters which are not now known to management of the Corporation should properly be brought before the Meeting, or any adjournment thereof, the Common Shares represented by such proxy will be voted on such matters in accordance with the judgment of the person named as proxy therein.

### **Signing of Proxy**

The form of proxy must be signed by the shareholder of the Corporation or the duly appointed attorney of the shareholder of the Corporation authorized in writing or, if the shareholder of the Corporation is a corporation, by a duly authorized officer of such corporation. A form of proxy signed by the person acting as attorney of the shareholder of the Corporation or in some other representative capacity, including an officer of a corporation which is a shareholder of the Corporation, should indicate the capacity in which such person is signing and should be accompanied by the appropriate instrument evidencing the qualification and authority to act of such person, unless such instrument has previously been filed with the Corporation. A shareholder of the Corporation or his or her attorney may sign the form of proxy or a power of attorney authorizing the creation of a proxy by electronic signature provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such shareholder or by or on behalf of his or her attorney, as the case may be.

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

Except as otherwise disclosed herein, none of the directors or officers of the Corporation, nor any person who has held such a position since the beginning of the last completed financial year of the Corporation, nor any proposed nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the matters set out under the heading "Particulars of Matters to be Acted Upon".

### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

There are 271,539,638 fully paid and non-assessable Common Shares of the Corporation outstanding as of the date hereof. Each common share carries the right to one vote per Common Share. Each holder of outstanding Common Shares of record at the time of close of business on April 3, 2017 (the "**Record Date**") will be given notice of the Meeting and will be entitled to vote at the Meeting the number of Common Shares of record held by him or her on the Record Date.

Pursuant to the terms of a subscription agreement (the "**Subscription Agreement**") dated March 31, 2015 between the Corporation and Orion Mine Finance ("**Orion**"), until March 31, 2017 and thereafter until such time as the Orion's ownership of Common Shares is less than 10% of the total issued and outstanding Common Shares Orion is entitled to designate one individual for election or appointment to the board of directors of the Corporation (the "**Board**") from time to time. The right of Orion is subject to the provisions of the Subscription Agreement, including the requirement that Orion's nominee meet the individual qualification requirements for directors under applicable laws.

To the knowledge of the directors and senior officers of the Corporation, only the following persons beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Corporation which have the right to vote in all circumstances.

Name	Number of Common Shares	Percentage of Common Shares Owned
Orion Mine Finance	47,378,752	17.45%
Ruffer LLP	40,252,705	14.82%
HudBay Minerals Inc.	34,403,039	12.67%

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Election of Directors

The articles of the Corporation as amended provide that the Board shall consist of a minimum of one (1) and a maximum of nine (9) directors. Unless authority to vote is withheld, the persons named in the accompanying form of proxy intend to vote FOR the election of the current nominees whose names are set forth below.

Management does not contemplate that any of the current nominees will not be able to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed proxy instrument reserve the right to vote for another nominee at their discretion. The terms of office of the Corporation's current directors will expire as of the date of the Meeting. Each director elected at the Meeting will hold office until the next annual meeting of shareholders of the Corporation, or until their successors are elected or appointed in accordance with the provisions of the *Business Corporations Act* (Ontario).

The Board has adopted a majority voting policy in director elections that will apply at any meeting of shareholders where an uncontested election of directors is held. Pursuant to this policy, if the number of votes withheld for a particular director nominee is greater than the votes for such director nominee, the director nominee will be required to submit his or her resignation to the Board promptly following the Corporation's annual meeting. Following receipt of resignation, the Corporation's Nomination, Compensation and Governance Committee will consider whether or not to accept the offer of resignation. With the exception of special circumstances, the Nomination, Compensation and Governance Committee will be expected to recommend that the Board accept the resignation. Within 90 days following the Corporation's annual meeting, the Board will make its decision and disclose it by a press release, such press release to include the reasons for rejecting the resignation, if applicable. A director who tenders his or her resignation pursuant to the Corporation's majority voting policy will not be permitted to participate in any meeting of the Board or the Nomination, Compensation and Governance Committee at which the resignation is considered.

The following table and the notes thereto state the names of all of the persons proposed to be nominated for election as directors, all other positions and offices with the Corporation now held by them, their principal occupations or employment for the past five years, their periods of service as directors of the Corporation and the number of shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as of the date hereof.



<p><b><u>Peter M.D. Bradshaw</u></b><sup>(2)</sup> British Columbia, Canada <b>Position with the Corporation:</b> Director <b>Director Since:</b> 2006 <b>Common Shares Held:</b> 950,000<sup>(1)</sup></p>	<p><b>Principal Occupation:</b></p> <p><b>Biographical Information:</b></p>	<p>Chairman of First Point Minerals Ltd.</p> <p>Dr. Bradshaw, P. Eng., is the co-founder and was first president of First Point Minerals Corp. and is now the Chairman. He has 40 years of international mineral exploration experience in over 30 countries with Barringer Research, Placer Dome and Orvana Minerals. Dr. Bradshaw has a good record of mine finding and has been directly involved with the discovery, evaluation and advancement of properties in Australia, Papua New Guinea and Guyana that have all gone into production. He is also the co-founder and first Chairman of the Mineral Deposit Research Unit, University of British Columbia. Dr Bradshaw is a member of the Canadian Mining Hall of Fame.</p>
<p><b><u>Stephen Fabian</u></b><sup>(3)</sup> London, England <b>Position with the Corporation:</b> Director <b>Director Since:</b> 2014 <b>Common Shares Held:</b> 604,143<sup>(1)</sup></p>	<p><b>Principal Occupation:</b></p> <p><b>Biographical Information:</b></p>	<p>Executive Chairman of Brazil Tungsten Holdings Limited</p> <p>Mr. Fabian (B.E. Min.) is Executive Chairman of Brazil Tungsten Holdings Limited and has 30 years of experience in the resources sector working as a fund manager and mining analyst with Bankers Trust Australia and County NatWest Australia. He transferred from Australia to London in 1993, where he worked with the Bank's Corporate Advisory Team before establishing Rock Capital Partners in 1996. He relocated to Brazil in 2000 and created a number of mining ventures in the gold, diamond and iron ore sectors. Mr. Fabian is also a director of Greatbanks Resources Ltd. (TSX-V: GTB) and Africa Hydrocarbons Inc. (TSX-V: NFK).</p>
<p><b><u>Barry Hildred</u></b> Ontario, Canada <b>Position with the Corporation:</b> Chief Executive Officer &amp; Director <b>Director Since:</b> 2013 <b>Common Shares Held:</b> 2,817,210<sup>(1)</sup></p>	<p><b>Principal Occupation:</b></p> <p><b>Biographical Information:</b></p>	<p>Chief Executive Officer of the Corporation Principal at Level 2 Advisors; Chairman of Aldridge Minerals</p> <p>Mr. Hildred is a senior executive and successful entrepreneur with varied business leadership experience. Mr. Hildred was founder of The Equicom Group, a company specializing in strategic financial and investor relations services for Canadian public companies. In 2007, The Equicom Group was acquired by the TMX Group, owner and operator of the Toronto Stock Exchange and TSX Venture Exchange. Mr. Hildred is also currently Chairman of Aldridge Minerals Inc., a development-stage mining company focused on advancing its Yenipazar gold and polymetallic VMS deposit in Turkey. He is also the Chairman of The Children's Aid Foundation.</p>

<p><b><u>Edward J. Munden</u></b><sup>(2),(3)</sup> Ontario, Canada</p> <p><b>Position with the Corporation:</b> Chair of the Board &amp; Director</p> <p><b>Director Since:</b> 2001</p> <p><b>Common Shares Held:</b> 616,612<sup>(1)</sup></p>	<p><b>Principal Occupation:</b></p> <p><b>Biographical Information:</b></p>	<p>Chair of the Board of the Corporation</p> <p>Since 1989, Mr. Munden has been a Director and co-founder of a private investment company that has provided and/or arranged financing and managerial assistance to a portfolio of energy, mining and technology software companies. From 2001 to present, Mr. Munden has focused on development and financing of private oil and gas companies and of leasing and drilling projects, primarily in Texas. In 1994, Mr. Munden co-founded a Dallas based NASDAQ traded energy company engaged in the exploration, development and acquisition of oil and natural gas properties and held senior level positions including Director, Chairman, President and CEO until it was sold in December 2001. From 1999 to present, Mr. Munden has been a director of Mustang Minerals Corporation, a Toronto based TSXV traded mineral exploration company. Mr. Munden has held various positions in the energy, mining and technology industries for more than 35 years. He is a professional geological engineer and holds a Bachelor of Science degree in Engineering and a Masters of Business Administration from Queen's University in Kingston, Canada.</p>
<p><b><u>Kevin Drover</u></b><sup>(2)</sup> British Columbia, Canada</p> <p><b>Position with the Corporation:</b> Director</p> <p><b>Director Since:</b> 2015</p> <p><b>Common Shares Held:</b> 113,650</p>	<p><b>Principal Occupation:</b></p> <p><b>Biographical Information:</b></p>	<p>President and CEO of Aurcana Corporation</p> <p>Mr. Drover has over 40 years of experience in management, operations, and project development with mining companies developing and producing mining operations located in Canada, the U.S., Latin America, and in other foreign jurisdictions. Mr. Drover has served as the President and Chief Executive Officer and a director of Aurcana Corporation, a Canadian silver mining company, since July 2014. From November 2013 to March 2015, Mr. Drover served as Chief Executive Officer and a director of Oracle Mining Corp. (formerly, Gold Hawk Resources Inc.), a Canadian-based mining company that owns the Oracle Ridge copper mine in Arizona and previously owned the Coricancha Mine in central Peru until it sold the asset to Nyrstar in 2009. From June 2006 to June 2011, he served as Chief Operating Officer and then Chief Executive Officer of Oracle Mining Corp. Previously, Mr. Drover served as Chief Operating Officer of Glencairn Gold Corporation, where he was responsible for two gold mining operations in Latin America, and as Vice President of Operations at Kinross Gold Corporation, where he was responsible for six operating mines worldwide.</p>

<p><b><u>Andrew W. Dunn,</u></b>  <b>FCPA, FCA<sup>(3)</sup></b>  Ontario, Canada  <b>Position with the Corporation:</b>  Director  <b>Director Since:</b>  2015  <b>Common Shares Held:</b> 380,000</p>	<p><b>Principal Occupation:</b></p>	<p>Managing Partner of Canadian Shield Capital</p>
	<p><b>Biographical Information:</b></p>	<p>Mr. Dunn is the Managing Partner of Canadian Shield Capital, a private equity investment and advisory firm focused on building great Canadian businesses with strong management teams. Mr. Dunn spent 27 years at Deloitte, serving as Vice Chair of Deloitte Canada and Chair of its Client Cabinet, responsible for the firm’s largest client and government relationships. He played numerous roles on the firm’s Canadian and global executive teams, including Managing Partner of Tax in Canada. Mr. Dunn previously co-founded Atlas Partners, serving as Chief Operating Officer and Co-Managing Partner. Mr. Dunn serves on the boards of Hatch, G.S. Dunn, the McMichael Canadian Art Collection (where he is Chair of the board), the Children’s Aid Foundation (where he is Chair of the Finance and Audit Committee) and the Upper Canada College Foundation (where he is Chair of the Audit Committee). He is a Fellow Chartered Accountant (FCPA, FCA) and holds a Bachelor of Arts and a Masters of Accounting from the University of Waterloo.</p>
<p><b><u>Ian Pritchard<sup>(4)</sup></u></b>  Ontario, Canada  <b>Position with the Corporation:</b>  Director  <b>Director Since:</b>  2017  <b>Common Shares Held:</b> 81,000</p>	<p><b>Principal Occupation:</b></p>	<p>Chief Operating Officer of Belo Sun Mining Corp.</p>
	<p><b>Biographical Information:</b></p>	<p>Mr. Pritchard has over 30 years of experience in project and operations management in the mining industry both in North America as well as internationally. Mr. Pritchard’s mining experience includes the management of pre-feasibility and feasibility studies, engineering, procurement and construction management projects. He is Chief Operating Officer of Belo Sun Mining Corp. and has held senior executive positions at various organizations worldwide.</p>

Notes:

- (1) The information as to shares beneficially owned is not within the knowledge of the Corporation and has therefore been furnished by directors individually.
- (2) Member of the Nomination, Compensation and Governance Committee.
- (3) Member of the Audit Committee.
- (4) Mr. Pritchard was appointed to the Board on February 10, 2017.

To the knowledge of the Corporation, except as noted below no proposed director of the Corporation is, or within the 10 years before the date of this Management Information Circular has been, a director or executive officer of any company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar 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; or
- (c) 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.

Kevin Drover, a director of the Corporation, was a director of Oracle Ridge Mining LLC (“**Oracle Ridge**”), a subsidiary of Oracle Mining Corp. (“**Oracle**”), from February, 2014 to March, 2015. On December 23, 2015, Oracle announced that the Superior Court of Arizona had granted an application of its lender to appoint a receiver and manager over the assets, undertakings and property of Oracle Ridge following the breach by Oracle of a debt covenant in its secured convertible loan facility with Vincere Resource Holdings LLC. Investment Industry Regulatory Organization of Canada halted trading of Oracle’s common shares following the above noted default. Mr. Drover was also a director and officer of Oracle from November 12, 2013 to March 31, 2015.

No proposed director of the Corporation has, within the 10 years before the date of this Management 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.

### **Appointment and Remuneration of Auditors**

Management of the Corporation is proposing to appoint PricewaterhouseCoopers LLP as auditors of the Corporation for the current fiscal year. PricewaterhouseCoopers LLP was first appointed the auditor of the Corporation on February 12, 2016.

Unless authority to vote is withheld, the persons named in the accompanying form of proxy intend to vote FOR the appointment of PricewaterhouseCoopers LLP as the auditors of the corporation for the current fiscal year and authorizing the Board to fix their remuneration.

### **Ratification of Option Grants**

On June 25, 2013, shareholders of the Corporation re-approved the current 10% rolling stock option plan of the Corporation (the “**Stock Option Plan**”), along with all unallocated options issuable pursuant to the Stock Option Plan until June 25, 2016, after which time the Stock Option Plan was required to be re-approved by shareholders. As shareholder approval of the Stock Option Plan was not sought or received at the Corporation’s June 23, 2016 annual and special meeting of shareholders (the “**2016 Meeting**”), all option grants after that date are subject to shareholder ratification. Since the 2016 Meeting, the Corporation has granted 2,345,250 options to certain participants, as set out in the table below, representing approximately 0.9% of the issued and outstanding Common Shares. Such options may be exercised at a price of \$0.265 until February 10, 2025. Of the 2,345,250 options granted, 675,000 options were granted to non-employee directors, 1,460,250 options were granted to officers and options were granted to 210,000 employees. These options cannot be exercised until such time as shareholders of the Corporation have ratified and approved the Stock Option Plan pursuant to the above noted resolution and the grants themselves. Should shareholders fail to approve the Stock Option Plan or these grants, these options will be cancelled forthwith. No further grants will be made under the Stock Option Plan.

The following table summarizes the options granted by the Corporation that are subject to shareholder approval and ratification:

	<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
<b>Directors</b>	675,000	\$0.265	February 10, 2025
<b>Officers</b>	1,460,250	\$0.265	February 10, 2025
<b>Employees</b>	210,000	\$0.265	February 10, 2025

At the Meeting, shareholders will be asked to consider, and if deemed advisable, to pass, with or without variation, an ordinary resolution ratifying and approving the above noted option grants. The text of the proposed resolution is set forth below.

**“BE IT RESOLVED THAT:**

1. 2,345,250 options granted subject to shareholder ratification are hereby approved and ratified; and
2. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed, whether under seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to give effect to this resolution.”

The affirmative vote of a majority of the disinterested votes cast in respect thereof is required in order to pass such resolution. As such, 6,697,200 Common Shares will be excluded for the purpose of approving and ratifying the option grants.

The Board recommends that shareholders vote **FOR** the foregoing resolution approving and ratifying the option grants. **IN THE ABSENCE OF CONTRARY DIRECTIONS, THE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY INTEND TO VOTE THE COMMON SHARES REPRESENTED THEREBY FOR THE RESOLUTION APPROVING AND RATIFYING THE OPTION GRANTS.**

**Approval of New Equity Incentive Plan**

Since 2006, the Corporation has maintained the Stock Option Plan for the directors, officers, employees, consultants and other service providers of the Corporation. The Stock Option Plan was first approved at an annual meeting of shareholders of the Corporation on May 28, 2006, amended on June 25, 2008 and ratified by the shareholders on July 20, 2010, and re-approved by shareholders on June 25, 2013. Since the initial adoption of the Stock Option Plan in 2006, options issued pursuant to the Stock Option Plan have been exercised to acquire 3,266,125 Common Shares. As at April 21, 2017, Options to acquire 20,240,250 Common Shares have been granted and are outstanding under the Stock Option Plan, representing approximately 7.5% of the Corporation’s total issued and outstanding Common Shares. As shareholder approval of the Stock Option Plan was not sought or received at the 2016 Meeting, all option grants after that date are subject to shareholder ratification, and no further grants will be made under the Stock Option Plan.

On April 20, 2017, the Board passed a resolution to adopt an equity incentive plan in the form set out at Appendix A hereto (the “**New Equity Incentive Plan**”), subject to, and effective upon, the approval of shareholders. The New Equity Incentive Plan provides flexibility to the Corporation to grant equity-based incentive awards in the form of options, deferred share units and restricted share units (as described in further detail below) to attract, retain and motivate qualified directors, officers, employees and consultant of the Corporation and its subsidiaries. If shareholders ratify the New Equity Incentive Plan, the Corporation will have additional flexibility with respect to equity-based awards and the Stock Option Plan will then remain in effect only in respect of outstanding options, and no further options will be granted under the Stock Option Plan. As such, provided that the New Equity Incentive Plan is approved by the shareholders at the Meeting, all future grants of equity-based awards will be made pursuant to, or as otherwise permitted by, the New Equity Incentive Plan, and no further equity-based awards will be made pursuant to the Stock Option Plan as of the date of the Meeting. The Stock Option Plan will remain in effect only in respect of outstanding options.

The purpose of the New Equity Incentive Plan is to, among other things: (a) provide the Corporation with a mechanism to attract, retain and motivate qualified directors, officers, employees and consultants of the Corporation, including its subsidiaries, (b) reward directors, officers, employees and consultants that have been granted awards under the New Equity Incentive Plan for their contributions toward the long term goals and success of the Corporation, and (c) enable

and encourage such directors, officers, employees and consultants to acquire shares of the Corporation as long term investments and proprietary interests in the Corporation.

The total number of Common Shares reserved for issuance pursuant to awards granted under the New Equity Incentive Plan and the Stock Option Plan shall not exceed 10% of the issued and outstanding Common Shares from time to time. The Equity Incentive Plan is considered an “evergreen” plan, since the shares covered by awards which have been exercised or terminated shall be available for subsequent grants under the Plan and the number of awards available to grant increases as the number of issued and outstanding units increases.

A summary of the key terms of the New Equity Incentive Plan is set out below under “– Key Terms of the New Equity Incentive Plan”.

At the Meeting, shareholders will be asked to consider, and if deemed advisable, to pass, with or without variation, an ordinary resolution, ratifying the adoption of the New Equity Incentive Plan. The approval of the New Equity Incentive Plan will be effective for three years from the date of the Meeting, at which time unallocated options or awards under the New Equity Incentive Plan must then be resubmitted for approval by the shareholders. Options previously granted under the Stock Option Plan will continue to be unaffected by the approval or disapproval of the ordinary resolution, as such options will remain governed by the Stock Option Plan. The text of the proposed resolution is set forth below.

**“BE IT RESOLVED THAT:**

1. The new equity incentive plan adopted by the board of directors of the Corporation (the “**Board**”) on April 20, 2016, (the “**New Equity Incentive Plan**”), in the form attached as Appendix A to the management information circular of the Corporation dated April 21, 2017 (the “**Management Information Circular**”), which provides for the issuance from time to time of up to a maximum of 10% of the issued and outstanding common shares of the Corporation at any such time, and the other key terms of which are set forth under “Particulars of Matters to be Acted Upon – Approval of New Equity Incentive Plan – Key Terms of the New Equity Incentive Plan” in the Management Information Circular, is hereby ratified, authorized and approved.
2. The Corporation is hereby authorized to grant equity-based awards under the New Equity Incentive Plan in accordance with its terms until May 23, 2020.
3. Any director or officer of the Corporation be and each of them is hereby authorized and directed, for and in the name of and on behalf of the Corporation, to execute and deliver or cause to be executed and delivered all documents, and to take any action, which, in such director’s or officer’s own discretion, is necessary or desirable to give effect to this resolution.”

The affirmative vote of a majority of the votes cast in respect thereof is required in order to pass such resolution.

The Board recommends that shareholders vote **FOR** the foregoing resolution approving and ratifying the option grants. **IN THE ABSENCE OF CONTRARY DIRECTIONS, THE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY INTEND TO VOTE THE COMMON SHARES REPRESENTED THEREBY FOR THE RESOLUTION APPROVING AND RATIFYING THE OPTION GRANTS.**

**Key Terms of the New Equity Incentive Plan**

Below is a summary of the key terms of the New Equity Incentive Plan, which is qualified in its entirety by reference to the full text of the New Equity Incentive Plan, attached hereto as Appendix A.

### *Common Shares Subject to the New Equity Incentive Plan*

Subject to the adjustment provisions provided for in the New Equity Incentive Plan, the total number of Common Shares reserved for issuance pursuant to awards granted under the New Equity Incentive Plan and the Stock Option Plan shall not exceed 10% of the issued and outstanding Common Shares from time to time. The Equity Incentive Plan is considered an “evergreen” plan, since the shares covered by awards which have been exercised or terminated shall be available for subsequent grants under the Plan and the number of awards available to grant increases as the number of issued and outstanding units increases.

The number of Common Shares issuable to insiders under the New Equity Incentive Plan and all other security-based compensation arrangements cannot exceed 10% of the issued and outstanding Common Shares at any time. The number of Common Shares issued to insiders within any one year period and all other security-based compensation arrangements, including, but not limited to, the New Equity Incentive Plan, cannot exceed 10% of the issued and outstanding Common Shares. Furthermore, the Plan Administrator shall not make grants of awards to eligible persons who are directors but not otherwise employees of the Corporation if, after giving effect to such grants of awards, the aggregate number of Common Shares issuable to such directors, to Directors, at the time of such grant, under all of the Corporation’s security based compensation arrangements exceeds 1% of the issued and outstanding Common Shares, and within any one financial year of the Corporation, the aggregate fair value on the date of grant of all awards granted to any director under all of the Corporation’s security based compensation arrangements shall not exceed \$100,000; provided that such limits shall not apply to deferred share units granted to a director in lieu of any cash retainer or meeting fees and provided further that deferred share units shall not be included in determining the aggregate fair value on the date of grant of deferred share units granted is equal to (a) the amount of the cash retainer or meeting fees in respect of which such deferred share units were granted, or (b) a one-time initial grant to a director upon such director joining the board.

### *Administration of the New Equity Incentive Plan*

The plan administrator of the New Equity Incentive Plan (the “**Plan Administrator**”) will be determined by the Board, and will initially be the Nomination, Compensation and Governance Committee, but may in the future be administered by the Board itself or delegated to such other committee as may be established by the Board from time to time. The Plan Administrator will determine which employees, directors, officers or consultants are eligible to receive awards under the New Equity Incentive Plan. In addition, the Plan Administrator will interpret the New Equity Incentive Plan and may adopt administrative rules, regulations, procedures and guidelines governing the New Equity Incentive Plan or any awards granted under the New Equity Incentive Plan as it deems to be appropriate.

### *Types of Awards*

The following types of awards may be made under the New Equity Incentive Plan: stock options, restricted share units and deferred share units. All of the awards described below are subject to the conditions, limitations, restrictions, exercise price, vesting, settlement and forfeiture provisions determined by the Plan Administrator, in its sole discretion, subject to such limitations provided in the New Equity Incentive Plan, and will generally be evidenced by an award agreement. In addition, subject to the limitations provided in the New Equity Incentive Plan and in accordance with applicable law, the Plan Administrator may accelerate or defer the vesting, settlement 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.

#### 1. Stock Options

A stock option is a right to purchase Common Shares upon the payment of a specified exercise price as determined by the Plan Administrator at the time the stock option is granted. Subject to certain adjustments and whether the Common Shares are then trading on any stock exchange, the exercise price shall be the volume weighted average closing price of the Common Shares for the five days immediately preceding the date of grant (the “**Market Price**”). The Plan Administrator, shall have the authority to determine the vesting terms applicable to the grants of options. Subject to any accelerated termination as set forth in the New Equity Incentive Plan, each stock option expires on the date that is the earlier of ten years from the date of grant or such earlier date as may be set out in the participant’s award agreement.

Unless otherwise specified by the Plan Administrator at the time of granting a stock option, the exercise notice of such option must be accompanied by payment in full of the purchase price for the Common Shares underlying the options to be purchased. The exercise price must be fully paid by certified cheque, bank draft or money order payable to the Corporation or by such other means as might be specified from time to time by the Plan Administrator, which may include (a) through an arrangement with a broker approved by the Corporation (or through an arrangement directly with the Corporation) whereby payment of the exercise price is accomplished with the proceeds of the sale of Common Shares deliverable upon the exercise of the stock option, (b) through the cashless exercise process set out in the Plan and described below, or (c) such other consideration and method of payment for the issuance of Common Shares to the extent permitted by applicable securities laws, or any combination of the foregoing methods of payment.

Subject to the approval of the Plan Administrator, a Participant may elect to receive upon the exercise of a stock option in accordance with the terms of this Plan (instead of payment of the exercise price and receipt of Common Shares issuable upon payment of the exercise price) the number of Common Shares equal to: (i) the Market Price of the Common Shares issuable on the exercise of such stock option (or portion thereof) as of the date such stock option (or portion thereof) is exercised, less (ii) the aggregate exercise price of the stock option (or portion thereof) surrendered relating to such Common Shares, divided by (iii) the Market Price per Common Share, as of the date such stock option (or portion thereof) is exercised.

No Common Shares will be issued or transferred upon the exercise of stock options in accordance with the terms of the grant until full payment therefor has been received by the Corporation.

## 2. Restricted Share Units

A restricted share unit is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Corporation which entitles the holder to receive one Common Share for each restricted share unit after a specified vesting period determined by the Plan Administrator. The number of restricted share units (including fractional restricted share units) granted at any particular time is determined by dividing (a) the aggregate dollar value of the applicable grant, by (b) the Market Price of a Common Share on the date of grant. Upon settlement, holders will receive (a) one fully paid and non-assessable Common Share in respect of each vested restricted share unit, or (b) subject to the approval of the Plan Administrator, a cash payment. The cash payment is determined by multiplying the number of restricted share units redeemed for cash by the Market Price of the Common Share on the date of settlement.

## 3. Deferred Share Units

A deferred share unit is a unit equivalent in value to a Common Share credited by means of a bookkeeping entry in the books of the Corporation which entitles the holder to receive one Common Share for each deferred share unit on a future date, generally upon termination of service to the Corporation. The number of deferred share units (including fractional deferred share units) granted at any particular time is determined by dividing (a) the aggregate dollar value of the applicable grant, by (b) the Market Price of a Common Share on the date of grant. Upon settlement, holders will receive (a) one fully paid and non-assessable Common Share in respect of each vested deferred share unit, or (b) subject to the approval of the Plan Administrator, a cash payment. The cash payment is determined with reference to the Market Price in the same manner as with the restricted share units.

## 4. Dividend Equivalents

Restricted share units and deferred share units shall be credited with dividend equivalents in the form of additional restricted share units and deferred share units, as applicable. Dividend equivalents shall vest in proportion to, and settle in the same manner as, the awards to which they relate. Such dividend equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Common Share by the number of restricted share units and deferred share units, as applicable, held by the participant on the record date for the payment of such dividend, by (b) the Market Price at the close of the first business day immediately following the dividend record date, with fractions computed to three decimal places.



### *Black-out Periods*

If an award expires during, or within five business days after, a trading black-out period imposed by the Corporation to restrict trades in its securities, then, notwithstanding any other provision of the New Equity Incentive Plan, unless the delayed expiration would result in tax penalties, the award shall expire ten business days after the trading black-out period is lifted by the Corporation.

### *Terminations*

All awards granted under the New Equity Incentive Plan will expire on the date set out in the applicable award agreement, subject to early expiry in certain circumstances, provided that in no circumstances will the duration of an award granted under the New Equity Incentive Plan exceed 10 years from its date of grant.

### *Termination of Employment or Services*

The following table describes the impact of certain events that may, unless otherwise determined by the Plan Administrator or as set forth in an award agreement, lead to the early expiry of awards granted under the New Equity Incentive Plan:

<b>Event</b>	<b>Provisions</b>
<b>For all Participants</b>	
In the case of death or disability	Acceleration of vesting of all unvested awards
Voluntary resignation	Forfeiture of all unvested awards
Termination for cause	
Termination other than for cause	Acceleration of vesting of a prorated portion of all unvested awards Forfeiture of all other unvested awards

### *Change in Control*

Except as provided in an employment, consulting or written arrangement, if a participant's employment, consulting agreement or arrangement is terminated within 12 months following a change in control, all awards vest and options may be exercised until the earlier of (a) 90 days after termination and (b) the expiry date of the option. However, the New Equity Incentive Plan provides that in connection with a change in control, the Plan Administrator may (a) cause awards to be converted or exchanged into or for rights or other securities in any entity participating in or resulting from the change in control, (b) cause any unvested or unearned awards to become fully vested or earned upon or immediately prior to the occurrence of such change in control, (c) terminate an award for cash and/or other property, or (d) replace the awards with other rights.

Subject to certain exceptions, a change in control means (a) any transaction pursuant to which a person or group acquires more than 50% of the outstanding Common Shares, (b) the sale of all or substantially all of the assets or the dissolution of the Corporation, (c) the acquisition of the Corporation via consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise, (d) individuals who comprise the Board at the last annual meeting of shareholders (the "**Incumbent Board**") cease to constitute at least a majority of the Board, unless the election, or nomination for election by the shareholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, or in which case such new director shall be considered as a member of the Incumbent Board.

### *Non-Transferability of Awards*

Subject to certain exceptions provided under the New Equity Incentive Plan, and unless otherwise provided by the Plan Administrator, and to the extent that certain rights may pass to a beneficiary or legal representative upon death

of a participant, by will or as required by law, no assignment or transfer of awards granted under the New Equity Incentive Plan, whether voluntary, involuntary, by operation of law or otherwise, is permitted.

#### *Amendments to the New Equity Incentive Plan*

The Plan Administrator may also from time to time, without notice and without approval of the holders of voting shares, amend, modify, change, suspend or terminate the New Equity Incentive Plan or any awards granted pursuant thereto as it, in its discretion, determines appropriate, provided that (a) no such amendment, modification, change, suspension or termination of the New Equity Incentive Plan or any award granted pursuant thereto may materially impair any rights of a holder or materially increase any obligations of a holder under the New Equity Incentive Plan without the consent of such holder, unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable securities laws or stock exchange requirements, and (b) any amendment that would cause an award held by a Foreign Taxpayer (as such term is defined in the New Equity Incentive Plan) to be subject to the additional tax penalty under Section 409A(1)(b)(i)(II) of the United States Internal Revenue Code of 1986, as amended, shall be null and void ab initio.

Notwithstanding the above and subject to the rules of the Toronto Stock Exchange, the approval of shareholders is required to effect any of the following amendments to the New Equity Incentive Plan:

- (a) increasing the percentage of Common Shares reserved for issuance under the New Equity Incentive Plan, except pursuant to the provisions in the New Equity Incentive Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Corporation or its capital;
- (b) increasing or removing the 10% limits on Common Shares issuable or issued to insiders;
- (c) reducing the exercise price of an award except pursuant to the provisions in the New Equity Incentive Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Corporation or its capital;
- (d) extending the term of an award beyond the original expiry date (except in connection with a black-out period as described above);
- (e) permitting an award to be exercisable beyond 10 years from the date of grant (except in connection with a black-out period as described above);
- (f) increasing or removing the limits on the participation of non-employee directors;
- (g) permitting awards to be transferred to a person; or
- (h) deleting or otherwise limiting the amendments which require approval of the shareholders.

Except for the items listed above, amendments to the New Equity Incentive Plan will not require shareholder approval. Such amendments include: (a) amending the general vesting provisions, (b) amending the provisions for early termination of awards in connection with a termination of employment or service, (c) adding covenants of the Corporation for the protection of the participants, (d) amendments that are desirable as a result of changes in law in any jurisdiction where a participant resides, and (e) curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error.

#### **Other Business**

The Corporation knows of no matter to come before the annual meeting of shareholders other than the matters referred to in the Notice of Meeting.

## EXECUTIVE COMPENSATION

### Definitions

In this section:

“CEO” means an individual who acted as chief executive officer of the Corporation, or acted in a similar capacity, for any part of the most recently completed financial year;

“CFO” means an individual who acted as chief financial officer of the Corporation, or acted in a similar capacity, for any part of the most recently completed financial year;

“NEO” or “Named Executive Officer” means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year.

### Compensation Discussion and Analysis

The Corporation’s Board, through the Nomination, Compensation and Governance Committee, is responsible for the compensation program for the Corporation’s NEOs. For further information regarding the Nomination, Compensation and Governance Committee, see “Corporate Governance – Board Committees”.

The compensation program’s objectives are to:

- (a) attract and retain qualified and experienced executives to drive the continued development of the Corporation and its current and future exploration assets, thereby creating shareholder value; and
- (b) provide executives with appropriate compensation and incentives so as to encourage the development of the Corporation.

Compensation for the Corporation’s NEOs consists of the following:

- (a) a base salary;
- (b) benefits;
- (c) bonuses; and
- (d) long term incentive in the form of equity-based awards.

The Nomination, Compensation and Governance Committee, with the approval of the Board as a whole, determines the level of compensation in respect of the Corporation’s senior executives. Given the early-stage status of the Corporation, the Board has relied on the directors’ significant collective experience and discussion to determine compensation parameters for all NEOs. In setting compensation for the NEOs, reference was also made by the Board

to executive compensation disclosed by similarly situated companies to ensure that overall compensation is consistent with market norms and consideration was given to the Corporation's working capital requirements. Executive officers are rewarded on the basis of the skill and level of responsibility involved in their position, the individual's experience and qualifications, taking into consideration the Corporation's resources and current industry practices, and overall contribution to the success of the Corporation.

#### *Base salary*

The Corporation provides executive officers with base salaries which represent their minimum compensation for services rendered during the fiscal year. NEO's base salaries depend on the scope of their experience, responsibilities, leadership skills, performance, length of service, general industry trends and practices, the Corporation's existing financial resources and the potential long term compensation provided by equity-based awards as discussed below. In addition to the above factors, decisions regarding any salary increases are impacted by each NEO's current salary.

#### *Benefits*

The NEOs are eligible to participate in the same benefits as offered to all full-time employees. This includes participation in a traditional employee benefit plan consisting of health and dental care and various forms of life insurance. The Corporation does not view these benefits as a significant element of its compensation structure, as they constitute only a small percentage of total compensation, but does believe that benefits, used in conjunction with base salary, help to attract and retain individuals in a competitive environment.

#### *Bonuses*

Annual cash bonuses are variable components of compensation and are short-term incentives. The Nomination, Compensation and Governance Committee assesses the Corporation's achievement of its business strategy and the individual performance of each executive officer annually and determines the amount of the award, if any, at its discretion. Factors considered in determining bonus amounts include individual performance, financial criteria (such as successful financings) and operational criteria (such as significant mineral property acquisitions) and the attainment of other corporate milestones. These bonuses, payable in a combination of cash and/or equity-based awards are designed to focus executive attention on key strategic and operational measures and align compensation with corporate performance.

In determining the award of performance bonuses, including the amounts thereof, the Board uses its discretion and takes into consideration the Corporation's annual achievements, applying weightings to determine overall percentage bonus.

#### *Equity-Based Awards*

The grant of equity-based awards to acquire Common Shares is an integral component of the compensation packages of the senior officers of the Corporation. The Nomination, Compensation and Governance Committee believes that the grant of equity-based awards to executive officers serves to motivate achievement of the Corporation's long-term strategic objectives and the result will benefit all shareholders. Equity-based awards are granted by the Board based upon the recommendation of the Nomination, Compensation and Governance Committee. The overall number of equity-based awards that are outstanding relative to the number of outstanding Common Shares is also considered in determining whether to make any new grants of equity-based awards and the size of such grants. Since the Corporation does not equity-based awards at a discount to the prevailing market price of the Common Shares, the equity-based awards granted to senior officers have value only if, and to the extent that, the market price of the Common Shares increases, thereby linking equity-based executive compensation to shareholder returns.

Equity-based awards, under the Stock Option Plan, consist only of options. The New Equity Incentive Plan, if approved by the shareholders at the Meeting, will provide for other types of equity-based awards such as restricted share units and deferred share units as the Plan Administrator may determine, the key terms of which are summarized under "Particulars of Matters to be Acted Upon – Approval of New Equity Incentive Plan – Key Terms of the New Equity Incentive Plan". If shareholders ratify the New Equity Incentive Plan, the Corporation will have additional

flexibility with respect to equity-based awards and the Stock Option Plan will then remain in effect only in respect of outstanding options, and no further options will be granted under the Stock Option Plan. The discussions under this section do not take into account the New Equity Incentive Plan, as it has yet to be incorporated into the Corporation's compensation program.

See "Summary Compensation Table" and "Incentive Plan Awards" below, for information regarding the stock options granted to the NEOs in 2016.

#### *Miscellaneous Compensation Elements*

The Corporation does not provide the NEOs with any personal benefits other than contained herein, nor does the Corporation provide any additional compensation to its NEOs for serving as directors of the Corporation, other than the granting to them from time to time of equity-based awards. A pension plan benefit is in place for employees of a U.S subsidiary of the Corporation, however none of the NEOs receive such benefits. None of the NEOs, senior officers or directors of the Corporation is indebted to the Corporation.

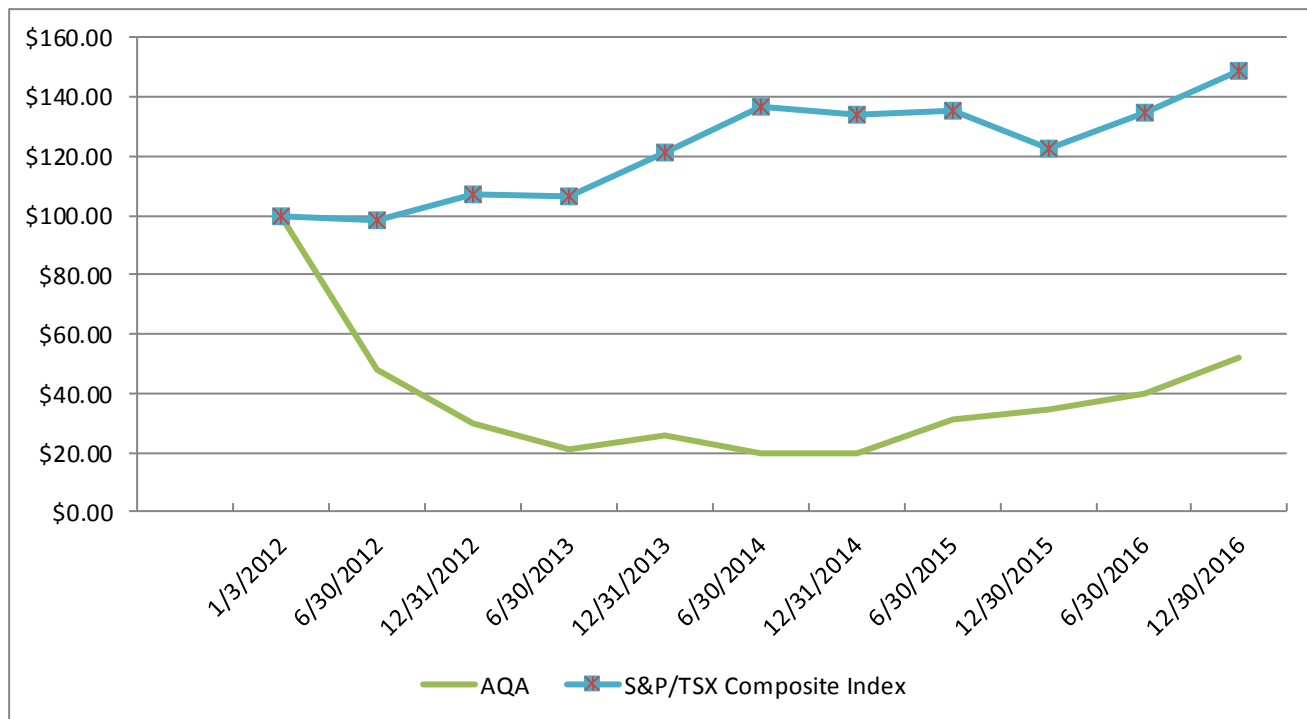
The Nomination, Compensation and Governance Committee has assessed the Corporation's compensation plans and programs for its executive officers to ensure alignment with the Corporation's objectives and strategies and to evaluate the potential risks associated with those plans and programs. The Nomination, Compensation and Governance Committee has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Corporation.

The Nomination, Compensation and Governance Committee considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs. In determining the annual objectives relating to such annual bonus and long term incentive compensation, The Nomination, Compensation and Governance Committee considers major risks that face the Corporation such as health, safety and environment risks, and ensures that the objective of the NEOs include managing such risks.

The Corporation does not currently have a policy that restricts executive officers or directors from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of the Corporation's equity securities. Any such purchases would be required to be disclosed in insider report filings, and to date no such purchases have been disclosed.

#### **Performance Graph**

The following graph compares the yearly percentage change in the cumulative total shareholder's return on the Common Shares against the cumulative total return of the S&P/TSX Composite Index for the period from December 31, 2011 to December 31, 2016. Returns were calculated on the basis of a \$100 investment made as at December 31, 2011.



### Summary Compensation Table

The following table, presented in accordance with National Instrument Form 51-102F6 – *Statement of Executive Compensation*, sets forth all annual and long term compensation for services in all capacities to the Corporation in respect of each NEO as at December 31, 2016. All values are in Canadian dollars.

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other Compensation (\$)	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Barry Hildred Chief Executive Officer <sup>(2)</sup>	2016	300,000	Nil	136,500	67,500	Nil	Nil	Nil	504,000
	2015	250,000	Nil	180,000	25,000	Nil	Nil	Nil	455,000
	2014	240,000 <sup>(3)</sup>	52,000	500,000 <sup>(4)</sup>	Nil	Nil	Nil	50,000 <sup>(5)</sup>	842,000
Stephanie Malec Chief Financial Officer <sup>(6)</sup>	2016	180,000	Nil	18,650	13,500	Nil	Nil	Nil	212,150
	2015	110,000	Nil	82,500	3,000	Nil	Nil	Nil	195,500
Andrew Boushy <sup>(7)</sup> Vice President Project Development	2016	215,000	Nil	62,100	25,800	Nil	Nil	Nil	302,900
	2015	191,667	Nil	132,000	10,000	Nil	Nil	Nil	333,667
Tom Quigley Vice President, Exploration	2016	161,124 <sup>(8)</sup>	Nil	6,000	Nil	Nil	Nil	Nil	167,124
	2015	135,948 <sup>(8)</sup>	Nil	6,000	Nil	Nil	Nil	Nil	141,948
	2014	96,507	Nil	80,000 <sup>(9)</sup>	Nil	Nil	Nil	Nil	176,507

Notes:

- (1) The amounts in this column represent the fair value of stock options, which is estimated on the date of the grant using a Black-Scholes option-pricing model.
- (2) Prior to June 2015, Mr. Hildred's services as CEO were provided pursuant to a consulting agreement dated March 18, 2013 (the "**Red Roof Agreement**"), between the Corporation and Red Roof Capital Inc. ("**Red Roof**"), a corporation that is wholly owned by Mr. Hildred. Under this agreement, Red Roof was paid \$20,000 per month, of which 50% was paid in cash and 50% was settled by the issuance of Common Shares. Accordingly, in 2013, a total of 908,937 Common Shares with an aggregate value of \$95,000 and an average issue price of \$0.085 were issued to Red Roof along with fees of \$95,000 under the Red Roof Agreement. Further, Red Roof was granted one million incentive options exercisable at \$0.15 per Common Share, which vested over a three-year period.
- (3) On January 16, 2014, the Corporation and Red Roof amended the Red Roof Agreement to, inter alia, provide for an annual base fee of \$240,000 per year, payable entirely in cash. On the same date the Corporation issued 400,000 Common Shares at a price of \$0.13 per share to Red Roof as partial compensation for Mr. Hildred's role in facilitating completion of the Corporation's acquisition of REBGold Corporation, a 51% interest in the Back Forty project owed by HudBay Minerals Inc. and a \$4.85 million non-brokered private placement (collectively, the "**Transactions**").
- (4) On January 16, 2014, Red Roof surrendered one million options previously granted to it and was issued five million new options which permit Red Roof to acquire Common Shares at a price of \$0.15 per share.
- (5) On January 16, 2014, Red Roof received a cash payment of \$50,000 as partial compensation for Mr. Hildred's role in facilitating completion of the Transactions.
- (6) Stephanie Malec was appointed as CFO in June 2015.
- (7) Andrew Boushy was appointed VP, Project Development in April 2015.
- (8) Based on the December 31, 2016 closing rate of exchange posted by the Bank of Canada for conversion of U.S. dollars into Canadian dollars of U.S.\$1.00 equals 1.3427. Mr. Quigley's services as VP, Exploration are provided pursuant to a consulting agreement between the Corporation and Great Lakes Exploration Inc. ("**GLE**"), a corporation of which Mr. Quigley is the President beginning June 2015. Under this agreement, GLE was paid US\$10,000 monthly for Mr. Quigley's services as VP, Exploration. GLE provides additional geological consulting services to the Corporation which not included as part of Mr. Quigley's compensation.
- (9) On January 16, 2014, Mr. Quigley surrendered 1,200,000 options previously granted to him and was issued 800,000 new options which permit Mr. Quigley to acquire Common Shares at a price of \$0.15 per share.

## **Employment Agreements**

Effective January 1, 2015, the Corporation entered into an employment agreement with Mr. Hildred. Pursuant to the agreement, Mr. Hildred receives an annual salary of \$250,000, which is subject to future reviews or adjustments by the Board. The agreement further provides that Mr. Hildred is eligible to receive an annual incentive bonus of up to 50% of his annual base salary, conditional upon the Corporation's overall operational and financial performance and Mr. Hildred's achievement of certain personal performance criteria and milestones to be agreed annually between him and the Board of the Corporation. In April 2015, Mr. Hildred was granted an additional 1,000,000 options to purchase Common Shares at an exercise price of \$0.19 per Common Share until April 6, 2020 as a bonus for completing the silver stream financing arrangement with Orion Mine Finance. For the year ended December 31, 2016, Mr. Hildred received a cash bonus of \$67,500 plus 337,500 options to purchase Common Shares (issued in February 2017 at an exercise price of \$0.265 per Common Share until February 10, 2025 ).

Effective July 1, 2015, the Corporation entered into an employment agreement with Ms. Malec. Pursuant to the agreement, Ms. Malec receives an annual salary of \$180,000, which is subject to future reviews or adjustments by the Board of the Corporation. The agreement further provides that Ms. Malec is eligible to receive an annual incentive bonus of up to 25% of her annual base salary, conditional upon the Corporation's overall operational and financial performance and Ms. Malec's achievement of certain personal performance criteria and milestones to be agreed annually between her and the Chief Executive Officer of the Corporation. For the year ended December 31, 2016, Ms. Malec received a cash bonus of \$13,500 plus 67,500 options to purchase Common Shares (issued in February 2017 at an exercise price of \$0.265 per Common Share until February 2025 ).

Effective June 1, 2015, the Corporation entered into an employment agreement with Mr. Boushy. Pursuant to the agreement, Mr. Boushy receives an annual salary of \$200,000, which is subject to future reviews or adjustments by the Board of the Corporation. The agreement further provides that Mr. Boushy is eligible to receive an annual incentive bonus of up to 30% of his annual base salary, conditional upon the Corporation's overall operational and financial performance and Mr. Boushy's achievement of certain personal performance criteria and milestones to be agreed annually between him and Chief Executive Officer of the Corporation. For the year ended December 31, 2016, Mr. Boushy received a cash bonus of \$25,800 plus 129,000 options to purchase Common Shares (issued in February 2017 at an exercise price of \$0.265 per Common Share until February 2017).

Effective December 16, 2013, the Corporation entered into a consulting agreement with Mr. Quigley. Pursuant to the agreement, Mr. Quigley receives a monthly salary of US\$10,000.

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

The following table discloses the particulars of all option awards for each NEO outstanding at the end of the Corporation's financial year ended December 31, 2016. Other than the Stock Option Plan, the Corporation does not have a formal share-based compensation plan or other non-option, equity-based compensation program.

Name	Option-Based Awards			
	Number of Securities underlying unexercised options <sup>(1)</sup> (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Barry Hildred CEO	5,000,000	0.15	January 16, 2022	550,000
	1,500,000	0.19	April 6, 2023	105,000
	1,000,000	0.19	January 11, 2024	70,000
	100,000	0.15	February 8, 2024	11,000
Stephanie Malec CFO	750,000	0.19	June 25, 2023	52,500
	100,000	0.19	January 11, 2024	7,000
	50,000	0.15	February 8, 2024	5,500
Andrew Boushy Vice President Project Development	1,100,000	0.19	April 6, 2023	77,000
	400,000	0.19	January 11, 2024	28,000
	100,000	0.15	February 8, 2024	11,000
Tom Quigley Vice President Exploration	800,000	0.15	January 16, 2022	88,000
	200,000	0.19	April 6, 2023	14,000

Notes:

(1) All options are for Common Shares.

### Incentive Plan Awards

The following table summarizes the value of each incentive plan award vested or earned by each NEO during the financial year ended December 31, 2016 and as of the date hereof.

Name	Option-based awards - Value vested (\$) <sup>(1)</sup>
Barry Hildred, CEO	<b>208,750</b>
Stephanie Malec, CFO	<b>41,500</b>
Andrew Boushy, Vice President Project Development	<b>112,750</b>
Tom Quigley, Vice President Exploration	<b>6,000</b>

Notes:

(1) The amounts in this column represent the fair value of stock options, which is estimated on the date of the grant using a Black-Scholes option-pricing model.



























## **COMPOSITION**

The election, appointment and removal of directors shall occur in accordance with the Corporation's by-laws and all applicable legislation. A majority of the Board shall meet the independence requirements of applicable legislation, regulatory requirements and policies of the Canadian Securities Administrators.

The Board should be comprised of that number of individuals which will permit the Board's effective functioning. The Board should collectively possess a broad range of skills, expertise, industry and other knowledge, and business and other experience useful to the effective oversight and stewardship of the Corporation's business. All such factors will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. In maximizing the Board's effectiveness, the Corporation takes a long-term, sustainable and measured approach. All Board appointments shall be based on merit, with the primary consideration being to maintain and enhance the Board's overall effectiveness.

The Corporation recognizes the importance of women having representation at key decision making points in organizations and is supportive of the requirements of the Canadian Securities Administrators in this regard. Accordingly, as one factor in the foregoing analysis, the Board shall consider the level of representation of women on the Board in identifying and nominating candidates for election or re-election.

The Board shall not be required to establish a limit on the number of times a Director may stand for election, but shall consider nominations for re-election in the context of seeking an optimum composition to maximize overall effectiveness.

## **COMMITTEES**

The Board may delegate authority to individual directors and committees where the Board determines it is appropriate to do so. The Board expects to accomplish a substantial amount of its work through committees and shall maintain at least the following two committees: Audit Committee and the Nomination, Compensation and Corporate Governance Committee. The Board may, from time to time, establish or maintain additional standing or special committees as it determines to be necessary or appropriate. Each committee should have a written charter and should report regularly to the Board, summarizing the committee's actions and any significant issues considered by the committee.

## **RESPONSIBILITIES**

The mandate of the Directors is the stewardship of the Corporation, and their responsibilities include, without limitation to their general mandate (as outlined above under "Purpose"), the following specific responsibilities:

1. Review, assess and update this Charter periodically, as conditions dictate.
2. Develop, together with the appropriate committee(s) of the Board, the Corporation's approach to: (i) the nomination of the Directors; (ii) the enhancement of governance; (iii) matters relating to compensation of the Directors; and (iv) matters relating to strategy, financial reporting and internal controls.
3. Maintain a high standard for integrity and work ethic within the Board and management of the Corporation.
4. With the assistance of the Nomination, Compensation and Corporate Governance Committee:
  - (a) review the composition of the Board and ensure it respects the objectives of this Charter;
  - (b) assess the effectiveness of the Board, the committees of the Board and the contribution of individual directors, including, consideration of the appropriate number of the directors;
  - (c) ensure that an appropriate review and selection process for new nominees as directors is in place;

- (d) identify the principal non-financial enterprise risks of the Corporation's business and ensure that appropriate systems are in place to manage these risks;
  - (e) ensure that an appropriate orientation and education program for new directors is in place; and
  - (f) adopt disclosure and securities compliance policies, including, without limiting the foregoing, communication policies of the Corporation.
5. With the assistance of the Audit Committee:
- (a) ensure the integrity of the Corporation's internal controls and management information systems;
  - (b) ensure the Corporation's ethical behaviour and compliance with laws and regulations, audit and accounting principles and the Corporation's own governing documents;
  - (c) identify the principal financial risks of the Corporation's business and ensure that appropriate systems are in place to manage these risks; and
  - (d) review and approve significant operational and financial matters and provide direction to management on these matters.
6. Approve and adopt a strategic plan defining the longer-term objectives and accomplishments aspired for the organization and monitor the performance of the Corporation against the strategic plan.
7. Monitor and review feedback provided by the Corporation's various stakeholders.
8. Review major decisions which require the approval of the Board and approve such decisions as they arise.
9. Perform such other functions as prescribed by law or assigned to the Board in the by-laws of the Corporation.

## **MEETINGS**

The Board will meet not less than four times per year (three meetings to review quarterly results and one meeting to approve the annual audited financial statements) and more frequently as circumstances require. All members of the Board should strive to be at all meetings. Subject to the Corporation's by-laws, a quorum for the transaction of business at any meeting of the Board shall consist of a majority of the number of directors then holding office and, notwithstanding any vacancy among the number of directors, a quorum of directors may exercise all of the powers of the directors.

The independent Directors of the Board may meet separately, periodically, without executive management, and may request any member of executive management or the Corporation's outside counsel or independent auditor to attend meetings of the Board or with advisors thereto.

The chair of the Board (the "Chair") should be an independent director. However, if at any time the Chair is not an independent director, a lead director (the "Lead Director") will be appointed from among the independent directors. The Lead Director will act as an effective leader of the Board in respect of matters required to be considered by the independent trustees, and will ensure that the Board's agenda will enable it to successfully carry out its duties.

Minutes shall be maintained for all meetings together with copies of materials presented at meetings and copies be made available to all Board members, with the exception of special meetings of the independent Directors for which the maintenance and distribution of minutes shall be at the discretion of the Chair.

The Chair, in consultation with management, will develop the agenda for each Board meeting. Agendas will be distributed to the Directors before each meeting, and all Directors shall be free to suggest additions to the agenda in advance of the meeting.

Whenever practicable, information and reports pertaining to Board meeting agenda items will be circulated to the Board in advance of the meeting. Reports may be presented during the meeting by members of the Board, management and/or staff, or by invited outside advisors. It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it will not be prudent or appropriate to distribute written materials in advance.

#### **INDEPENDENT ADVICE**

In discharging its mandate, the Board shall have the authority to retain, at the expense of the Corporation, special legal, accounting or other advisors as the Board determines to be necessary to permit it to carry out its duties.

#### **MEASURES FOR RECEIVING FEEDBACK**

All publicly disseminated materials shall provide for a mechanism for feedback from the Corporation's stakeholders.

Approved, November 2015

6681742

**APPENDIX A  
NEW EQUITY INCENTIVE PLAN**

**(See attached.)**

**AQUILA RESOURCES INC.**

**EQUITY INCENTIVE PLAN  
APRIL 20, 2017**



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**Aquila Resources Inc.**

**Equity Incentive Plan**

**ARTICLE 1**

**PURPOSE**

**1.1 Purpose**

The purpose of this Plan is to provide the Corporation with a share-related mechanism to attract, retain and motivate qualified Directors, Employees and Consultants of the Corporation and its subsidiaries, to reward such of those Directors, Employees and Consultants as may be granted Awards under this Plan by the Board from time to time for their contributions toward the long term goals and success of the Corporation and to enable and encourage such Directors, Employees and Consultants to acquire Shares as long term investments and proprietary interests in the Corporation. This Plan is also intended to replace the Prior Plan (as defined below) as of the Effective Date and with respect to future grants and awards following such date.

**ARTICLE 2**

**INTERPRETATION**

**2.1 Definitions**

When used herein, unless the context otherwise requires, the following terms have the indicated meanings, respectively:

“**Affiliate**” means, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by or under common control with such Person, (ii) any Person directly or indirectly owning or controlling 10% or more of any class of outstanding equity securities of such Person;

“**Award**” means any Option, Restricted Share Unit or Deferred Share Unit granted under this Plan;

“**Award Agreement**” means a signed, written agreement between a Participant and the Corporation, in the form or any one of the forms approved by the Plan Administrator, evidencing the terms and conditions on which an Award has been granted under this Plan and which need not be identical to any other such agreements;

“**Board**” means the board of directors of the Corporation;

“**Business Day**” means a day, other than a Saturday or Sunday, on which the principal commercial banks in the City of Toronto are open for commercial business during normal banking hours;

“**Cash Fees**” has the meaning set forth in Subsection 6.1(a);

“**Cause**” means, with respect to a particular Employee:

- (a) “cause” as such term is defined in the employment or other written agreement between the Corporation or a Designated Affiliate and the Employee; or
- (b) in the event there is no written or other applicable employment agreement between the Corporation or a Designated Affiliate or “cause” is not defined in such agreement, “cause” as such term is defined in the Award Agreement; or
- (c) in the event neither (a) nor (b) apply, then “cause” as such term is defined by applicable law or, if not so defined, such term shall refer to circumstances where an employer can terminate an individual’s employment without notice or pay in lieu thereof;

“**Change in Control**” means the occurrence of any one or more of the following events:

- (a) any transaction at any time and by whatever means pursuant to which any Person or any group of two or more Persons acting jointly or in concert (other than the Corporation or a wholly-owned subsidiary of the Corporation) hereafter acquires the direct or indirect “beneficial ownership” (as defined in the *Securities Act* (Ontario)) of, or acquires the right to exercise control or direction over, securities of the Corporation representing more than 50% of the then issued and outstanding voting securities of the Corporation, including, without limitation, as a result of a take-over bid, an exchange of securities, an amalgamation of the Corporation with any other entity, an arrangement, a capital reorganization or any other business combination or reorganization;
- (b) the sale, assignment or other transfer of all or substantially all of the assets of the Corporation to a Person other than a wholly-owned subsidiary of the Corporation;
- (c) the dissolution or liquidation of the Corporation, other than in connection with the distribution of assets of the Corporation to one or more Persons which were wholly-owned subsidiaries of the Corporation prior to such event;
- (d) the occurrence of a transaction requiring approval of the Corporation’s shareholders whereby the Corporation is acquired through consolidation, merger, exchange of securities, purchase of assets, amalgamation, statutory arrangement or otherwise by any other Person (other than a short form amalgamation or exchange of securities with a wholly-owned subsidiary of the Corporation); or
- (e) individuals who comprise the Board as of the last annual meeting of shareholders of the Corporation (the “**Incumbent Board**”) for any reason cease to constitute at least a majority of the members of the Board, unless the election, or nomination for election by the Corporation’s shareholders, of any new director was approved by a vote of at least a majority of the Incumbent Board, and in that case such new director shall be considered as a member of the Incumbent Board;

provided that, notwithstanding clause (a), (b), (c) and (d) above, a Change in Control shall be deemed not to have occurred if immediately following the transaction set forth in clause

(a), (b), (c) or (d) above: (A) the holders of securities of the Corporation that immediately prior to the consummation of such transaction represented more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors of the Corporation hold (x) securities of the entity resulting from such transaction (the “**Surviving Entity**”) that represent more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors or trustees (“**voting power**”) of the Surviving Entity, or (y) if applicable, securities of the entity that directly or indirectly has beneficial ownership of 100% of the securities eligible to elect directors or trustees of the Surviving Entity (the “**Parent Entity**”) that represent more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors or trustees of the Parent Entity, and (B) no Person or group of two or more Persons, acting jointly or in concert, is the beneficial owner, directly or indirectly, of more than 50% of the voting power of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) (any such transaction which satisfies all of the criteria specified in clauses (A) and (B) above being referred to as a “**Non-Qualifying Transaction**” and, following the Non-Qualifying Transaction, references in this definition of “Change in Control” to the “Corporation” shall mean and refer to the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) and, if such entity is a company or a trust, references to the “Board” shall mean and refer to the board of directors or trustees, as applicable, of such entity).

Notwithstanding the foregoing, for purposes of any Award that constitutes “deferred compensation” (within the meaning of Section 409A of the Code), the payment of which would be accelerated upon a Change in Control, a transaction will not be deemed a Change in Control for Awards granted to any Participant who is a U.S. Taxpayer unless the transaction qualifies as “a change in control event” within the meaning of Section 409A of the Code.

“**Code**” means the United States Internal Revenue Code of 1986, as amended from time to time;

“**Committee**” has the meaning set forth in Section 3.2;

“**Consultant**” means an individual consultant or an employee or director of a consultant entity, other than an Employee Participant, who:

- (a) is engaged to provide services on a bona fide basis to the Corporation or a Designated Affiliate, other than services provided in relation to a distribution of securities of the Corporation or a Designated Affiliate;
- (b) provides the services under a written contract with the Corporation or a Designated Affiliate;
- (c) spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or a Designated Affiliate;

“**Control**” means the relationship whereby a Person is considered to be “controlled” by a Person if:

- (a) in the case of a Person,
  - (i) voting securities of the first-mentioned Person carrying more than 50% of the votes for the election of directors are held, directly or indirectly, otherwise than by way of security only, by or for the benefit of the other Person;
  - (ii) the votes carried by the securities are entitled, if exercised, to elect a majority of the directors of the first-mentioned Person;
  - (iii) in the case of a partnership that does not have directors, other than a limited partnership, the second-mentioned Person holds more than 50% of the interests in the partnership; or
- (b) in the case of a limited partnership, the general partner is the second-mentioned Person.

**“Corporation”** means Aquila Resources Inc.;

**“Date of Grant”** means, for any Award, the date specified by the Plan Administrator at the time it grants the Award (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 Award) or if no such date is specified, the date upon which the Award was granted;

**“Deferred Share Unit”** or **“DSU”** means a unit equivalent in value to a Share, credited by means of a bookkeeping entry in the books of the Corporation in accordance with Article 6;

**“Designated Affiliate”** means each Affiliate of the Corporation as designated by the Plan Administrator for purposes of the Plan from time to time;

**“Director”** means a director of the Corporation who is not an employee of the Corporation or an Affiliate of the Corporation;

**“Director Fees”** means the total compensation (including annual retainer and meeting fees, if any) paid by the Corporation to a Director in a calendar year for service on the Board;

**“Disabled”** or **“Disability”** means the permanent and total incapacity of a Participant as determined in accordance with procedures established by the Plan Administrator for purposes of this Plan;

**“Effective Date”** means the effective date of this Plan, being April 20, 2017;

**“Elected Amount”** has the meaning set forth in Subsection 6.1(a);

**“Electing Person”** means a Participant who is, on the applicable Election Date, a Director;

**“Election Date”** means the date on which the Electing Person files an Election Notice in accordance with Subsection 6.1(b);

**“Election Notice”** has the meaning set forth in Subsection 6.1(b);

“**Employee**” means an individual who:

- (a) is considered an employee of the Corporation or an Affiliate of the Corporation for purposes of source deductions under applicable tax or social welfare legislation; or
- (b) works full-time or part-time on a regular weekly basis for the Corporation or an Affiliate of the Corporation providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or an Affiliate of the Corporation over the details and methods of work as an employee of the Corporation.

“**Exchange**” means the TSX and any other exchange on which the Shares are or may be listed from time to time;

“**Exercise Notice**” means a notice in writing, signed by a Participant and stating the Participant’s intention to exercise a particular Option;

“**Exercise Price**” means the price at which an Option Share may be purchased pursuant to the exercise of an Option;

“**Expiry Date**” means the expiry date specified in the Award Agreement (which shall not be later than the tenth anniversary of the Date of Grant) or, if not so specified, means the tenth anniversary of the Date of Grant;

“**Insider**” means an “insider” as defined by the TSX from time to time in its rules and regulations governing Security Based Compensation Arrangements and other related matter;

“**Market Price**” at any date in respect of the Shares shall be the volume weighted average closing price of Shares on the TSX, for the five trading days immediately preceding the Date of Grant (or, if such Shares are not then listed and posted for trading on the TSX, on such stock exchange on which the Shares are listed and posted for trading as may be selected for such purpose by the Board). In the event that such Shares are not listed and posted for trading on any Exchange, the Market Price shall be the fair market value of such Shares as determined by the Board in its sole discretion.

“**NI 45-106**” means National Instrument 45-106 – *Prospectus Exemptions* of the Canadian Securities Administrators, as amended from time to time;

“**Option**” means a right to purchase Shares under this Plan that is non-assignable and non-transferable unless otherwise approved by the Plan Administrator;

“**Option Shares**” means Shares issuable by the Corporation upon the exercise of outstanding Options;

“**Participant**” means an Employee, Consultant or Director to whom an Award has been granted under this Plan;

**“Participant’s Employer”** means with respect to a Participant that is or was an Employee, the Corporation or such Affiliate of the Corporation as is or, if the Participant has ceased to be employed by the Corporation or such Affiliate of the Corporation, was the Participant’s Employer;

**“Performance Goals”** means performance goals expressed in terms of attaining a specified level of the particular criteria or the attainment of a percentage increase or decrease in the particular criteria, and may be applied to one or more of the Corporation, Affiliate of the Corporation, a division of the Corporation or Affiliate of the Corporation, or an individual, or may be applied to the performance of the Corporation or an Affiliate of the Corporation relative to a market index, a group of other companies or a combination thereof, or on any other basis, all as determined by the Plan Administrator;

**“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 may be amended from time to time;

**“Plan Administrator”** means the Board, or if the administration of this Plan has been delegated by the Board to the Committee pursuant to Section 3.2, the Committee;

**“Prior Plan”** means the Corporation’s 2006 Stock Option Plan, as amended;

**“Restricted Share Unit”** or **“RSU”** means a unit equivalent in value to a Share, credited by means of a bookkeeping entry in the books of the Corporation in accordance with Article 5;

**“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 govern or are applicable to the Corporation or to which it is subject;

**“Security Based Compensation Arrangement”** means an option to purchase Shares, or a plan in respect thereof, or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to Directors, Consultant or Employees of the Corporation or its subsidiaries including any Share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise;

**“Share”** means one common share in the capital of the Corporation as constituted on the Effective Date or after an adjustment contemplated by Article 9, such other shares or securities to which the holder of an Award may be entitled as a result of such adjustment;

**“Termination Date”** means:

- (a) in the case of an Employee whose employment with the Corporation or a Designated Affiliate terminates, (i) the date designated by the Employee and the Corporation or a Designated Affiliate in a written employment agreement, or other written agreement between the Employee and Corporation or a Designated



Affiliate, or (ii) if no written employment agreement exists, the date designated by the Corporation or a Designated Affiliate, as the case may be, on which an Employee ceases to be an employee of the Corporation or the Designated Affiliate, as the case may be, provided that, in the case of termination of employment by voluntary resignation by the Participant, such date shall not be earlier than the date notice of resignation was given, and “Termination Date” specifically does not mean the date of termination of any period of reasonable notice that the Corporation or the Designated Affiliate (as the case may be) may be required by law to provide to the Participant;

- (b) in the case of a Consultant whose consulting agreement or arrangement with the Corporation or a Designated Affiliate, as the case may be, terminates, the date that is designated by the Corporation or the Designated Affiliate (as the case may be), as the date on which the Participant’s consulting agreement or arrangement is terminated, provided that in the case of voluntary termination by the Participant of the Participant’s consulting agreement or other written arrangement, such date shall not be earlier than the date notice of voluntary termination was given, and “Termination Date” specifically does not mean the date on which any period of notice of termination that the Corporation or the Designated Affiliate (as the case may be) may be required to provide to the Participant under the terms of the consulting agreement or arrangement expires; or
- (c) in the case of a U.S. Taxpayer, a Participant’s “Termination Date” will be the date the Participant “separates from service” with the Corporation or a Designated Affiliate within the meaning of Section 409A of the Code;

“**TSX**” means the Toronto Stock Exchange;

“**U.S.**” means the United States of America; and

“**U.S. Taxpayer**” shall mean a Participant who, with respect to an Award, is subject to taxation under the applicable U.S. tax laws.

## **2.2 Interpretation**

- (a) Whenever the Plan Administrator exercises discretion in the administration of this Plan, the term “discretion” means the sole and absolute discretion of the Plan Administrator.
- (b) As used herein, the terms “Article”, “Section”, “Subsection” and “clause” mean and refer to the specified Article, Section, Subsection and clause of this Plan, respectively.
- (c) Words importing the singular include the plural and vice versa and words importing any gender include any other gender.
- (d) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period begins, including the day on which the period ends, and abridging the

period to the immediately preceding Business Day in the event that the last day of the period is not a Business Day. In the event an action is required to be taken or a payment is required to be made on a day which is not a Business Day such action shall be taken or such payment shall be made by the immediately preceding Business Day.

- (e) Unless otherwise specified, all references to money amounts are to Canadian currency.
- (f) The headings used herein are for convenience only and are not to affect the interpretation of this Plan.

### **ARTICLE 3 ADMINISTRATION**

#### **3.1 Administration**

This Plan will be administered by the Plan Administrator and the Plan Administrator has sole and complete authority, in its discretion, to:

- (a) determine the individuals to whom grants under the Plan may be made;
- (b) make grants of Awards under the Plan relating to the issuance of Shares (including any combination of Options, Restricted Share Units or Deferred Share Units) in such amounts, to such Persons and, subject to the provisions of this Plan, on such terms and conditions as it determines including without limitation:
  - (i) the time or times at which Awards may be granted;
  - (ii) the conditions under which:
    - (A) Awards may be granted to Participants; or
    - (B) Awards may be forfeited to the Corporation,including any conditions relating to the attainment of specified Performance Goals;
  - (iii) the number of Shares to be covered by any Award;
  - (iv) the price, if any, to be paid by a Participant in connection with the purchase of Shares covered by any Awards;
  - (v) whether restrictions or limitations are to be imposed on the Shares issuable pursuant to grants of any Award, and the nature of such restrictions or limitations, if any; and
  - (vi) any acceleration of exercisability or vesting, or waiver of termination regarding any Award, based on such factors as the Plan Administrator may determine;

- (c) establish the form or forms of Award Agreements;
- (d) cancel, amend, adjust or otherwise change any Award under such circumstances as the Plan Administrator may consider appropriate in accordance with the provisions of this Plan;
- (e) construe and interpret this Plan and all Award Agreements;
- (f) adopt, amend, prescribe and rescind administrative guidelines and other rules and regulations relating to this Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws; and
- (g) make all other determinations and take all other actions necessary or advisable for the implementation and administration of this Plan.

### **3.2 Delegation to Committee**

- (a) The initial Plan Administrator shall be the Board.
- (b) To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee of the Board (the “**Committee**”) all or any of the powers conferred on the Plan Administrator pursuant to this Plan, including the power to sub-delegate to any specified officer(s) of the Corporation or its subsidiaries all or any of the powers delegated by the Board. In such event, the Committee or any sub-delegate will exercise the powers delegated to it in the manner and on the terms authorized by the delegating party. Any decision made or action taken by the Committee or any sub-delegate arising out of or in connection with the administration or interpretation of this Plan in this context is final and conclusive and binding on the Corporation and all Affiliates of the Corporation, all Participants and all other Persons.

### **3.3 Determinations Binding**

Any decision made or action taken by the Board, the Committee or any sub-delegate to whom authority has been delegated pursuant to Section 3.2 arising out of or in connection with the administration or interpretation of this Plan is final, conclusive and binding on the Corporation, the affected Participant(s), their legal and personal representatives and all other Persons.

### **3.4 Eligibility**

All Employees, Consultants and Directors are eligible to participate in the Plan, subject to Section 8.1(d). Participation in the Plan is voluntary and eligibility to participate does not confer upon any Employee, Consultant or Director any right to receive any grant of an Award pursuant to the Plan. The extent to which any Employee, Consultant or Director is entitled to receive a grant of an Award pursuant to the Plan will be determined in the sole and absolute discretion of the Plan Administrator.

### **3.5 Board Requirements**

Any Award granted under this Plan shall be subject to the requirement that, if at any time the Corporation shall determine that the listing, registration or qualification of the Shares issuable pursuant to such Award upon any securities exchange or under any Securities Laws of any jurisdiction, or the consent or approval of the Exchange and any securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation is necessary as a condition of, or in connection with, the grant or exercise of such Award or the issuance or purchase of Shares thereunder, such Award may not be accepted or exercised in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Board. Nothing herein shall be deemed to require the Corporation to apply for or to obtain such listing, registration, qualification, consent or approval. Participants shall, to the extent applicable, cooperate with the Corporation in complying with such legislation, rules, regulations and policies.

### **3.6 Total Shares Subject to Awards**

- (a) Subject to adjustment as provided for in Article 9 and any subsequent amendment to the Plan, the aggregate number of Shares reserved for issuance pursuant to Awards granted under the Plan and the Prior Plan shall not exceed 10% of the Shares issued and outstanding from time to time. The Plan is considered an “evergreen” plan, since the shares covered by Awards which have been exercised or terminated shall be available for subsequent grants under the Plan and the number of Awards available to grant increases as the number of issued and outstanding units increases.
- (b) To the extent any (i) Awards (or portion(s) thereof) under the Plan or (ii) awards (or portion(s) thereof) under the Prior Plan terminate or are cancelled for any reason prior to exercise in full, or are surrendered to the Corporation by the Participant, except surrenders relating to the payment of the purchase price of any such award or the satisfaction of the tax withholding obligations related to any such award, the Shares subject to such awards (or portion(s) thereof) shall be added back to the number of Shares reserved for issuance under this Plan and will again become available for issuance pursuant to the exercise of Awards granted under this Plan.
- (c) Any Shares issued by the Corporation through the assumption or substitution of outstanding stock options or other equity-based awards from an acquired company shall not reduce the number of Shares available for issuance pursuant to the exercise of Awards granted under this Plan.

### **3.7 Limits on Grants of Awards**

Notwithstanding anything in this Plan:

- (a) the aggregate number of Shares:
  - (i) issuable to Insiders at any time, under all of the Corporation’s Security Based Compensation Arrangements, shall not exceed 10% of the issued and outstanding Shares; and

- (ii) issued to Insiders within any one year period, under all of the Corporation's Security Based Compensation Arrangements, shall not exceed 10% of the issued and outstanding Shares,

provided that the acquisition of Shares by the Corporation for cancellation shall not constitute non-compliance with this Section 3.7 for any Awards outstanding prior to such purchase of Shares for cancellation; and

- (b)
  - (i) the Plan Administrator shall not make grants of Awards to Directors if, after giving effect to such grants of Awards, the aggregate number of Shares issuable to Directors, at the time of such grant, under all of the Corporation's Security Based Compensation Arrangements exceeds 1% of the issued and outstanding Shares and
  - (ii) within any one financial year of the Corporation the aggregate fair value on the Date of Grant of all Awards granted to any one Director under all of the Corporation's Security Based Compensation Arrangements shall not exceed \$100,000; provided that such limits shall not apply to (i) grants of DSUs to Directors made in lieu of any cash retainer or meeting fees and such DSUs shall not be included in determining the limits where the aggregate accounting fair value on the Date of Grant of such DSUs is equal to the amount of the cash retainer or meeting fees in respect of which such DSUs were granted, or (ii) a one-time initial grant to a Director upon such Director joining the Board.

### **3.8 Award Agreements**

Each Award under this Plan will be evidenced by an Award Agreement. Each Award Agreement will be subject to the applicable provisions of this Plan and will contain such provisions as are required by this Plan and any other provisions that the Plan Administrator may direct. Any one officer of the Corporation is authorized and empowered to execute and deliver, for and on behalf of the Corporation, an Award Agreement to each Participant granted an Award pursuant to this Plan.

### **3.9 Non-transferability of Awards**

Except as permitted by the Plan Administrator, and to the extent that certain rights may pass to a beneficiary or legal representative upon death of a Participant, by will or as required by law, no assignment or transfer of Awards, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Awards whatsoever in any assignee or transferee and immediately upon any assignment or transfer, or any attempt to make the same, such Awards will terminate and be of no further force or effect.

## **ARTICLE 4 OPTIONS**

### **4.1 Grant of Options**

The Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant Options to any Participant. The terms and conditions of each Option grant shall be evidenced by an Award Agreement.

#### **4.2 Exercise Price**

The Plan Administrator will establish the Exercise Price at the time each Option is granted, which Exercise Price must in all cases be not less than the Market Price on the Date of Grant.

#### **4.3 Term of Options**

Subject to any accelerated termination as set forth in this Plan, each Option expires on its Expiry Date.

#### **4.4 Vesting and Exercisability**

- (a) The Plan Administrator shall have the authority to determine the vesting terms applicable to grants of Options.
- (b) Once an instalment becomes vested, it shall remain vested and shall be exercisable until expiration or termination of the Option, unless otherwise specified by the Plan Administrator, or as may be otherwise set forth in any written employment agreement, or other written agreement between the Corporation or a Designated Affiliate and the Participant. Each Option or instalment may be exercised at any time or from time to time, in whole or in part, for up to the total number of Option Shares with respect to which it is then exercisable. The Plan Administrator has the right to accelerate the date upon which any instalment of any Option becomes exercisable.
- (c) Subject to the provisions of this Plan and any Award Agreement, Options shall be exercised by means of a fully completed Exercise Notice delivered to the Corporation.
- (d) The Plan Administrator may provide at the time of granting an Option that the exercise of that Option is subject to restrictions, in addition to those specified in Section 4.4, such as performance-based vesting conditions.

#### **4.5 Payment of Exercise Price**

- (a) Unless otherwise specified by the Plan Administrator at the time of granting an Option, the Exercise Notice must be accompanied by payment in full of the purchase price for the Option Shares to be purchased. The Exercise Price must be fully paid by certified cheque, bank draft or money order payable to the Corporation or by such other means as might be specified from time to time by the Plan Administrator, which may include (i) through an arrangement with a broker approved by the Corporation (or through an arrangement directly with the Corporation) whereby payment of the exercise price is accomplished with the proceeds of the sale of Shares deliverable upon the exercise of the Option, (ii) through the cashless exercise process set out in Section 4.5(b), or (iii) such other consideration and method of payment for the issuance of Shares to the extent permitted by the Securities Laws, or any combination of the foregoing methods of payment.

- (b) Subject to the approval of the Plan Administrator, a Participant may elect to receive upon the exercise of an Option in accordance with the terms of this Plan (instead of payment of the exercise price and receipt of Shares issuable upon payment of the exercise price) the number of Shares equal to:
  - (i) the Market Price of the Shares issuable on the exercise of such Option (or portion thereof) as of the date such Option (or portion thereof) is exercised, less
  - (ii) the aggregate Exercise Price of the Option (or portion thereof) surrendered relating to such Shares, divided by
  - (iii) the Market Price per Share, as of the date such Option (or portion thereof) is exercised.
- (c) No Shares will be issued or transferred until full payment therefor has been received by the Corporation.

## **ARTICLE 5 RESTRICTED SHARE UNITS**

### **5.1 Granting of RSUs**

- (a) The Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant RSUs to any Participant.
- (b) The number of RSUs (including fractional RSUs) granted at any particular time pursuant to this Article 5 will be calculated by dividing (i) the amount of any compensation that is to be paid in RSUs, as determined by the Plan Administrator, by (ii) the Market Price of a Share on the Date of Grant.

### **5.2 RSU Account**

All RSUs received by a Participant shall be credited to an account maintained for the Participant on the books of the Corporation, as of the Date of Grant. The terms and conditions of each RSU grant shall be evidenced by an Award Agreement.

### **5.3 Vesting of RSUs**

The Plan Administrator shall have the authority to determine any vesting terms applicable to the grant of RSUs.

### **5.4 Settlement of RSUs**

- (a) The Plan Administrator shall have the authority to determine the settlement terms applicable to the grant of RSUs. Subject to Section 10.6(d) below, on the settlement date for any RSU, the Participant shall redeem each vested RSU for:

- (i) one fully paid and non-assessable Share issued from treasury to the Participant or as the Participant may direct; or
  - (ii) subject to the approval of the Plan Administrator, a cash payment.
- (b) Any cash payments made under this Section 5.4 by the Corporation to a Participant in respect of RSUs to be redeemed for cash shall be calculated by multiplying the number of RSUs to be redeemed for cash by the Market Price per Share as at the settlement date.
- (c) Payment of cash to Participants on the redemption of vested RSUs may be made through the Corporation's payroll in the pay period that the settlement date falls within.

## **ARTICLE 6 DEFERRED SHARE UNITS**

### **6.1 Granting of DSUs**

- (a) The Board may fix from time to time a portion of the Director Fees that is to be payable in the form of DSUs. In addition, each Electing Person is given, subject to the conditions stated herein, the right to elect in accordance with Section 6.1(b) to participate in the grant of additional DSUs pursuant to this Article 6. An Electing Person who elects to participate in the grant of additional DSUs pursuant to this Article 6 shall receive their Elected Amount (as that term is defined below) in the form of DSUs in lieu of cash. The "**Elected Amount**" shall be an amount, as elected by the Director, in accordance with applicable tax law, between 0% and 100% of any Director Fees that are otherwise intended to be paid in cash (the "**Cash Fees**").
- (b) Each Electing Person who elects to receive their Elected Amount in the form of DSUs in lieu of cash will be required to file a notice of election in the form of Schedule A hereto (the "**Election Notice**") with the Chief Financial Officer of the Corporation: (i) in the case of an existing Electing Person, by December 31<sup>st</sup> in the year prior to the year to which such election is to apply (other than for Director Fees payable for the 2016 financial year, in which case any Electing Person who is not a U.S. Taxpayer as of the date of this Plan shall file the Election Notice by the date that is 30 days from the effective date of the Plan with respect to compensation paid for services to be performed after such date); and (ii) in the case of a newly appointed Electing Person who is not a U.S. Taxpayer, within 30 days of such appointment with respect to compensation paid for services to be performed after such date. In the case of an existing Electing Person who is a U.S. Taxpayer as of the Effective Date of this Plan, an initial Election Notice may be filed by the date that is 30 days from the Effective Date only with respect to compensation paid for services to be performed after the Election Date; and, in the case of a newly appointed Electing Person who is a U.S. Taxpayer, an Election Notice may be filed within 30 days of such appointment only with respect to compensation paid for services to be performed after the Election Date. If no election is made within the foregoing time frames, the Electing Person shall be deemed to have elected to be paid the entire amount of his or her Cash Fees in cash.



- (c) Subject to Subsection 6.1(d), the election of an Electing Person under Subsection 6.1(b) shall be deemed to apply to all Cash Fees paid subsequent to the filing of the Election Notice, and such Electing Person is not required to file another Election Notice for subsequent calendar years
- (d) Each Electing Person who is not a U.S. Taxpayer is entitled once per calendar year to terminate his or her election to receive DSUs in lieu of Cash Fees by filing with the Chief Financial Officer of the Corporation a notice in the form of Schedule B hereto. Such termination shall be effective immediately upon receipt of such notice, provided that the Corporation has not imposed a “black-out” on trading. Thereafter, any portion of such Electing Person’s Cash Fees payable or paid in the same calendar year and, subject to complying with Subsection 6.1(b), all subsequent calendar years shall be paid in cash. For greater certainty, to the extent an Electing Person terminates his or her participation in the grant of DSUs pursuant to this Article 6, he or she shall not be entitled to elect to receive the Elected Amount, or any other amount of his or her Cash Fees in DSUs in lieu of cash again until the calendar year following the year in which the termination notice is delivered. An election by a U.S. Taxpayer to receive the Elected Amount in DSUs in lieu of cash for any calendar year is irrevocable for that calendar year after the expiration of the election period for that year and any termination of the election will not take effect until the first day of the calendar year following the calendar year in which the termination notice in the form of Schedule C is delivered.
- (e) Any DSUs granted pursuant to this Article 6 prior to the delivery of a termination notice pursuant to Section 6.1(d) shall remain in the Plan following such termination and will be redeemable only in accordance with the terms of the Plan.
- (f) The number of DSUs (including fractional DSUs) granted at any particular time pursuant to this Article 6 will be calculated by dividing (i) the amount of any Director Fees that are to be paid in DSUs (including any Elected Amount), by (ii) the Market Price of a Share on the Date of Grant.
- (g) In addition to the foregoing, the Plan Administrator may, from time to time, subject to the provisions of this Plan and such other terms and conditions as the Plan Administrator may prescribe, grant DSUs to any Participant.

## **6.2 DSU Account**

All DSUs received by a Participant (which, for greater certainty includes Electing Persons) shall be credited to an account maintained for the Participant on the books of the Corporation, as of the Date of Grant. The terms and conditions of each DSU grant shall be evidenced by an Award Agreement.

## **6.3 Vesting of DSUs**

Except as otherwise determined by the Plan Administrator, DSUs shall vest immediately upon grant.

#### **6.4 Settlement of DSUs**

- (a) DSUs shall be settled on the date established in the Award Agreement; provided, however that in no event shall a DSU Award be settled prior to, or, subject to the discretion of the Plan Administrator, later than one year following, the date of the applicable Participant's separation from service. In no event shall a DSU Award be settled later than three years following the date of the applicable Participant's separation from service. If the Award Agreement does not establish a date for the settlement of the DSUs, then the settlement date shall be the date of separation from service, subject to the delay that may be required under Section 10.6(d) below. Subject to 10.6(d) below, on the settlement date for any DSU, the Participant shall redeem each vested DSU for:
  - (i) one fully paid and non-assessable Share issued from treasury to the Participant or as the Participant may direct; or
  - (ii) subject to the approval of the Plan Administrator, a cash payment.
- (b) Any cash payments made under this Section 6.4 by the Corporation to a Participant in respect of DSUs to be redeemed for cash shall be calculated by multiplying the number of DSUs to be redeemed for cash by the Market Price per Share as at the settlement date.
- (c) Payment of cash to Participants on the redemption of vested DSUs may be made through the Corporation's payroll in the pay period that the settlement date falls within.

### **ARTICLE 7 ADDITIONAL AWARD TERMS**

#### **7.1 Dividend Equivalents**

- (a) Unless otherwise determined by the Plan Administrator and set forth in the particular Award Agreement, RSUs and DSUs shall be credited with dividend equivalents in the form of additional RSUs and DSUs, respectively, as of each dividend payment date in respect of which normal cash dividends are paid on Shares. Such dividend equivalents shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of RSUs and DSUs, as applicable, held by the Participant on the record date for the payment of such dividend, by (b) the Market Price at the close of the first business day immediately following the dividend record date, with fractions computed to three decimal places. Dividend equivalents credited to a Participant's accounts shall vest in proportion to the RSUs and DSUs to which they relate, and shall be settled in accordance with Subsections 5.4 and 6.4, respectively.
- (b) The foregoing does not obligate the Corporation to declare or pay dividends on Shares and nothing in this Plan shall be interpreted as creating such an obligation.

## **7.2 Black-out Period**

If an Award expires during, or within five business days after, a routine or special trading black-out period imposed by the Corporation to restrict trades in the Corporation's securities, then, notwithstanding any other provision of this Plan, unless the delayed expiration would result in tax penalties, the Award shall expire ten business days after the trading black-out period is lifted by the Corporation.

## **7.3 Withholding Taxes**

The granting or vesting of each Award under this Plan is subject to the condition that if at any time the Plan Administrator determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such grant or vesting, such action is not effective unless such withholding has been effected to the satisfaction of the Plan Administrator. In such circumstances, the Plan Administrator may require that a Participant pay to the Corporation the minimum amount as the Corporation or an Affiliate of the Corporation is obliged to remit to the relevant taxing authority in respect of the granting or vesting of the Award. Any such additional payment is due no later than the date on which such amount with respect to the Award is required to be remitted to the relevant tax authority by the Corporation or an Affiliate of the Corporation, as the case may be. Alternatively, and subject to any requirements or limitations under applicable law, the Corporation may (a) withhold such amount from any remuneration or other amount payable by the Corporation or any Designated Affiliate to the Participant, (b) require the sale of a number of Shares issued upon exercise, vesting, or settlement of such Award and the remittance to the Corporation of the net proceeds from such sale sufficient to satisfy such amount or (c) enter into any other suitable arrangements for the receipt of such amount.

## **7.4 Recoupment**

Notwithstanding any other terms of this Plan, Awards may be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of any clawback, recoupment or similar policy adopted by the Corporation or an Affiliate of the Corporation and in effect at the Date of Grant of the Award, or as otherwise required by law or the rules of the Exchange. The Plan Administrator may at any time waive the application of this Section 7.4 to any Participant or category of Participants.

# **ARTICLE 8 TERMINATION OF EMPLOYMENT OR SERVICES**

## **8.1 Termination of Employment, Services or Director**

Subject to Section 8.2, unless otherwise determined by the Plan Administrator or as set forth in an Award Agreement:

- (a) where a Participant's employment, consulting agreement or arrangement is terminated or the Participant ceases to hold office or his or her position, as applicable, by reason of voluntary resignation by the Participant or termination by the Corporation or a Designated Affiliate for Cause, then any Option or other Award held by the Participant that has not vested as of the Termination Date is immediately forfeited and cancelled as of the Termination Date;

- (b) where a Participant's employment, consulting agreement or arrangement is terminated by the Corporation or a Designated Affiliate without Cause (whether such termination occurs with or without any or adequate reasonable notice, or with or without any or adequate compensation in lieu of such reasonable notice); then:
  - (i) a portion of any Options or other Awards not yet vested shall immediately vest, such portion to be equal to the number of unvested Options or other Awards multiplied by a fraction the numerator of which is the number of days between the Date of Grant and the Termination Date and the denominator of which is the number of days between the Date of Grant and the date the unvested Options or other Awards were originally scheduled to vest. For clarity and by way of example, if a participant's employment is terminated 400 days following the Date of Grant and unvested Awards were originally scheduled to vest 600 days from the Date of Grant, two-thirds of the unvested Options or other Awards will immediately vest. In such a scenario the Plan Administrator reserves the right to defer settlement to the originally scheduled settlement date provided any related taxes can also be deferred and provided the timing of the settlement for U.S. Taxpayers complies with the requirements of Section 409A of the Code; and
  - (ii) subject to Subsection 8.1(b)(i), any Options or other Awards held by the Participant that are not yet vested at the Termination Date shall be immediately forfeited to the Corporation;
- (c) where a Participant's employment is terminated by reason of the death of the Participant or the Participant becomes Disabled, then each Option or other Award held by the Participant that has not vested as of the date of the death or Disability, as applicable, of such Participant shall vest on such date;
- (d) a Participant's eligibility to receive further grants of Options or other Awards under this Plan ceases as of:
  - (i) the date that the Corporation or a Designated Affiliate, as the case may be, provides the Participant with written notification that the Participant's employment, consulting agreement or arrangement is terminated in the circumstances contemplated by this Section 8.1, notwithstanding that such date may be prior to the Termination Date; or
  - (ii) the date of the death or Disability of the Participant; and
- (e) notwithstanding Subsection 8.1(b), unless the Plan Administrator, in its discretion, otherwise determines, at any time and from time to time, Options or Awards are not affected by a change of employment agreement or arrangement, or directorship within or among the Corporation or a Designated Affiliate for so long as the Participant continues to be a Director, Employee or Consultant, as applicable, of the Corporation or a Designated Affiliate.

## **8.2 Discretion to Permit Acceleration**

Notwithstanding the provisions of Section 8.1, the Plan Administrator may, in its discretion, at any time prior to, or following the events contemplated in such Section, or in an employment agreement or other written agreement between the Corporation or a Designated Affiliate and the Participant, permit the acceleration of vesting of any or all Awards, all in the manner and on the terms as may be authorized by the Plan Administrator.

## **8.3 Participants' Entitlement**

Except as otherwise provided in this Plan, Awards previously granted under this Plan are not affected by any change in the relationship between, or ownership of, the Corporation and an Affiliate of the Corporation. For greater certainty, all grants of Awards remain outstanding and are not affected by reason only that, at any time, an Affiliate of the Corporation ceases to be an Affiliate of the Corporation.

# **ARTICLE 9 EVENTS AFFECTING THE CORPORATION**

## **9.1 General**

The existence of any Awards does not affect in any way the right or power of the Corporation or its shareholders to make, authorize or determine any adjustment, recapitalization, reorganization or any other change in the Corporation's capital structure or its business, or any amalgamation, combination, arrangement, merger or consolidation involving the Corporation, to create or issue any bonds, debentures, Shares or other securities of the Corporation or to determine the rights and conditions attaching thereto, to effect the dissolution or liquidation of the Corporation or any sale or transfer of all or any part of its assets or business, or to effect any other corporate act or proceeding, whether of a similar character or otherwise, whether or not any such action referred to in this Article 9 would have an adverse effect on this Plan or on any Award granted hereunder.

## **9.2 Change in Control**

Except as may be set forth in an employment agreement, or other written agreement between the Corporation or a Designated Affiliate and the Participant:

- (a) Notwithstanding anything else in this Plan or any Award Agreement, the Plan Administrator may, without the consent of any Participant, take such steps as it deems necessary or desirable, including to cause (i) the conversion or exchange of any outstanding Awards into or for, rights or other securities of substantially equivalent value (or greater value), as determined by the Plan Administrator in its discretion, in any entity participating in or resulting from a Change in Control; (ii) outstanding Awards to vest and become exercisable, realizable, or payable, or restrictions applicable to an Award to lapse, in whole or in part prior to or upon consummation of such merger or Change in Control, and, to the extent the Plan Administrator determines, terminate upon or immediately prior to the effectiveness of such merger or Change in Control; (iii) 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 exercise or 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 Plan Administrator determines in good faith that no amount would have been attained upon the exercise or settlement of such Award or realization of the Participant's rights, then such Award may be terminated by the Corporation without payment); (iv) the replacement of such Award with other rights or property selected by the Board of Directors in its sole discretion; or (v) any combination of the foregoing. In taking any of the actions permitted under this subparagraph (a), the Plan Administrator will not be required to treat all Awards similarly in the transaction.

- (b) Notwithstanding Section 9.2(a), and unless otherwise determined by the Plan Administrator, if, as a result of a Change in Control, the Shares will cease trading on an Exchange, then the Corporation may terminate all of the Options granted under this Plan at the time of and subject to the completion of the Change in Control transaction by paying to each holder at or within a reasonable period of time following completion of such Change in Control transaction an amount for each Option equal to the fair market value of the Option held by such Participant as determined by the Plan Administrator, acting reasonably.
- (c) Notwithstanding Section 8.1, and except as otherwise provided in an employment agreement, consulting agreement or arrangement, or other written agreement between the Corporation or a Designated Affiliate and a Participant, if within 12 months following the completion of a transaction resulting in a Change in Control, an Participant's employment, consulting agreement or arrangement is terminated by the Corporation or a Designated Affiliate without Cause, without any action by the Plan Administrator, the vesting of all Awards held by such Employee shall immediately accelerate, and all Options shall be exercisable notwithstanding Section 4.4 until the earlier of: (i) the Expiry Date of such Award; and (ii) the date that is 90 days after the Termination Date.
- (d) It is intended that any actions taken under this Section 9.2 will comply with the requirements of Section 409A of the Code with respect to Awards granted to U.S. Taxpayers.

### **9.3 Reorganization of Corporation's Capital**

Should the Corporation effect a subdivision or consolidation of Shares or any similar capital reorganization or a payment of a stock dividend (other than a stock dividend that is in lieu of a cash dividend), or should any other change be made in the capitalization of the Corporation that does not constitute a Change in Control and that would warrant the amendment or replacement of any existing Awards in order to adjust the number of Shares that may be acquired on the vesting of outstanding Awards and/or the terms of any Award in order to preserve proportionately the rights and obligations of the Participants holding such Awards, the Plan Administrator will, subject to the prior approval of the Exchange, authorize such steps to be taken as it may consider to be equitable and appropriate to that end.

#### **9.4 Other Events Affecting the Corporation**

In the event of an amalgamation, combination, arrangement, merger or other transaction or reorganization involving the Corporation and occurring by exchange of Shares, by sale or lease of assets or otherwise, that does not constitute a Change in Control and that warrants the amendment or replacement of any existing Awards in order to adjust the number of Shares that may be acquired on the vesting of outstanding Awards and/or the terms of any Award in order to preserve proportionately the rights and obligations of the Participants holding such Awards, the Plan Administrator will, subject to the prior approval of the Exchange (if required), authorize such steps to be taken as it may consider to be equitable and appropriate to that end.

#### **9.5 Immediate Acceleration of Awards**

Where the Plan Administrator determines that the steps provided in Sections 9.3 and 9.4 would not preserve proportionately the rights, value and obligations of the Participants holding such Awards in the circumstances or otherwise determines that it is appropriate, the Plan Administrator may, but is not required, to permit the immediate vesting of any unvested Awards.

#### **9.6 Issue by Corporation of Additional Shares**

Except as expressly provided in this Article 9, neither the issue by the Corporation of shares of any class or securities convertible into or exchangeable for shares of any class, nor the conversion or exchange of such shares or securities, affects, and no adjustment by reason thereof is to be made with respect to the number of Shares that may be acquired as a result of a grant of Awards.

#### **9.7 Fractions**

No fractional Shares will be issued pursuant to an Award. Accordingly, if, as a result of any adjustment under this Article 9 or a dividend equivalent, a Participant would become entitled to a fractional Share, the Participant has the right to acquire only the adjusted number of full Shares and no payment or other adjustment will be made with respect to the fractional Shares, which shall be disregarded.

### **ARTICLE 10 U.S. TAXPAYERS**

#### **10.1 Provisions for U.S. Taxpayers**

Awards granted under this Plan to U.S. Taxpayers may be non-qualified stock options or incentive stock options qualifying under Section 422 of the Code (“**ISOs**”). Each Award shall be designated in the Award Agreement as either an ISO or a non-qualified stock option.

#### **10.2 ISOs**

Subject to any limitations in Section 3.6, the aggregate number of Shares reserved for issuance as an ISO shall not exceed 10,000,000 Shares, and the terms and conditions of any ISOs granted to a U.S. Taxpayer on the Date of Grant hereunder, including the eligible recipients of ISOs, shall be subject to the provisions of Section 422 of the Code, and the terms, conditions, limitations and administrative procedures established by the Plan Administrator from time to time in accordance with this Plan. At the discretion of the Plan Administrator, ISOs may be granted to any employee

of the Corporation, its parent or any subsidiary of the Corporation, as such terms are defined in Sections 424(e) and (f) of the Code.

### **10.3 ISO Grants to 10% Shareholders**

Notwithstanding anything to the contrary in this Plan, if an ISO is granted to a person who owns shares representing more than 10% of the voting power of all classes of shares of the Corporation or of a subsidiary or parent, as such terms are defined in Section 424(e) and (f) of the Code, on the Date of Grant, the term of the Option shall not exceed five years from the time of grant of such Option and the Exercise Price shall be at least 110% of the Market Price of the Shares subject to the Option.

### **10.4 \$100,000 Per Year Limitation for ISOs**

To the extent the aggregate Market Price as at the Date of Grant of the Shares for which ISOs are exercisable for the first time by any person during any calendar year (under all plans of the Corporation) exceeds \$100,000, such excess ISOs shall be treated as non-qualified stock options.

### **10.5 Disqualifying Dispositions**

Each person awarded an ISO under this Plan shall notify the Corporation in writing immediately after the date he or she makes a disposition of any Shares acquired pursuant to the exercise of such ISO. The Corporation may, if determined by the Plan Administrator and in accordance with procedures established by it, retain possession of any Shares acquired pursuant to the exercise of an ISO as agent for the applicable person until the end of the period described in the preceding sentence, subject to complying with any instructions from such person as to the sale of such Share.

### **10.6 Section 409A of the Code**

- (a) This Plan will be construed and interpreted to be exempt from, or where not so exempt, to comply with Section 409A of the Code to the extent required to preserve the intended tax consequences of this Plan. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Section 409A of the Code, the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Section 409A of the Code, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A of the Code. The Corporation reserves the right to amend this Plan to the extent it reasonably determines is necessary in order to preserve the intended tax consequences of this Plan in light of Section 409A of the Code and any regulations or guidance under that section. In no event will the Corporation be responsible if Awards under this Plan result in adverse tax consequences to a U.S. Taxpayer under Section 409A of the Code.
- (b) All terms of the Plan that are undefined or ambiguous must be interpreted in a manner that complies with Section 409A of the Code if necessary to comply with Section 409A of the Code.
- (c) The Plan Administrator, in its sole discretion, may permit the acceleration of the time or schedule of payment of a U.S. Taxpayer's vested Awards in the Plan under



circumstances that constitute permissible acceleration events under Section 409A of the Code.

- (d) Notwithstanding any provisions of the Plan to the contrary, in the case of any “specified employee” within the meaning of Section 409A of the Code who is a U.S. Taxpayer, distributions of non-qualified deferred compensation under Section 409A of the Code made in connection with a “separation from service” within the meaning set forth in Section 409A of the Code may not be made prior to the date which is 6 months after the date of separation from service (or, if earlier, the date of death of the U.S. Taxpayer). Any amounts subject to a delay in payment pursuant to the preceding sentence shall be paid as soon practicable following such 6-month anniversary of such separation from service.

## **ARTICLE 11 AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN**

### **11.1 Amendment, Suspension, or Termination of the Plan**

The Plan Administrator may from time to time, without notice and without approval of the holders of voting shares of the Corporation, amend, modify, change, suspend or terminate the Plan or any Awards granted pursuant to the Plan as it, in its discretion determines appropriate, provided, however, that:

- (a) no such amendment, modification, change, suspension or termination of the Plan or any Awards granted hereunder may materially impair any rights of a Participant or materially increase any obligations of a Participant under the Plan without the consent of the Participant, unless the Plan Administrator determines such adjustment is required or desirable in order to comply with any applicable Securities Laws or Exchange requirements; and
- (b) any amendment that would cause an Award held by a U.S. Taxpayer be subject to the additional tax penalty under Section 409A(1)(b)(i)(II) of the Code shall be null and void *ab initio* with respect to the U.S. Taxpayer unless the consent of the U.S. Taxpayer is obtained.

### **11.2 Shareholder Approval**

Notwithstanding Section 11.1 and subject to any rules of the Exchange, approval of the holders of the Shares shall be required for any amendment, modification or change that:

- (a) increases the percentage of Shares reserved for issuance under the Plan, except pursuant to the provisions in the Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Corporation or its capital;
- (b) increases or removes the 10% limits on Shares issuable or issued to insiders as set forth in Subsection 3.7(a);
- (c) reduces the exercise price of an Award (for this purpose, a cancellation or termination of an Award of a Participant prior to its Expiry Date for the purpose of

reissuing an Award to the same Participant with a lower exercise price shall be treated as an amendment to reduce the exercise price of an Award) except pursuant to the provisions in the Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Corporation or its capital;

- (d) extends the term of an Award beyond the original Expiry Date (except where an Expiry Date would have fallen within a blackout period applicable to the Participant or within 5 business days following the expiry of such a blackout period);
- (e) permits an Award to be exercisable beyond 10 years from its Date of Grant (except where an Expiry Date would have fallen within a blackout period of the Corporation);
- (f) increases or removes the limits on the participation of Directors;
- (g) permits Awards to be transferred to a Person; or
- (h) deletes or reduces the range of amendments which require approval of shareholders under this Section 11.2.

### **11.3 Permitted Amendments**

Without limiting the generality of Section 11.1, but subject to Section 11.2, the Plan Administrator may, without shareholder approval, at any time or from time to time, amend the Plan for the purposes of:

- (a) making any amendments to the general vesting provisions of each Award;
- (b) making any amendments to the provisions set out in Article 8;
- (c) making any amendments to add covenants of the Corporation for the protection of Participants, as the case may be, provided that the Plan Administrator shall be of the good faith opinion that such additions will not be prejudicial to the rights or interests of the Participants, as the case may be;
- (d) making any amendments not inconsistent with the Plan as may be necessary or desirable with respect to matters or questions which, in the good faith opinion of the Plan Administrator, having in mind the best interests of the Participants, it may be expedient to make, including amendments that are desirable as a result of changes in law in any jurisdiction where a Participant resides, provided that the Plan Administrator shall be of the opinion that such amendments and modifications will not be prejudicial to the interests of the Participants and Directors; or
- (e) making such changes or corrections which, on the advice of counsel to the Corporation, are required for the purpose of curing or correcting any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error, provided that the Plan Administrator shall be of the opinion that such changes or corrections will not be prejudicial to the rights and interests of the Participants.

## **ARTICLE 12 MISCELLANEOUS**

### **12.1 Legal Requirement**

The Corporation is not obligated to grant any Awards, issue any Shares or other securities, make any payments or take any other action if, in the opinion of the Plan Administrator, in its sole discretion, such action would constitute a violation by a Participant or the Corporation of any provision of any applicable statutory or regulatory enactment of any government or government agency or the requirements of any Exchange upon which the Shares may then be listed.

### **12.2 No Other Benefit**

No amount will be paid to, or in respect of, a Participant under the Plan to compensate for a downward fluctuation in the price of a Share, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

### **12.3 Rights of Participant**

No Participant has any claim or right to be granted an Award and the granting of any Award is not to be construed as giving a Participant a right to remain as an employee, consultant or director of the Corporation or an Affiliate of the Corporation. No Participant has any rights as a shareholder of the Corporation in respect of Shares issuable pursuant to any Award until the allotment and issuance to such Participant, or as such Participant may direct, of certificates representing such Shares.

### **12.4 Corporate Action**

Nothing contained in this Plan or in an Award shall be construed so as to prevent the Corporation from taking corporate action which is deemed by the Corporation to be appropriate or in its best interest, whether or not such action would have an adverse effect on this Plan or any Award.

### **12.5 Conflict**

In the event of any conflict between the provisions of this Plan and an Award Agreement, the provisions of this Plan shall govern. In the event of any conflict between or among the provisions of this Plan, an Award Agreement and (i) an employment agreement or other written agreement between the Corporation or a Designated Affiliate and a Participant which has been approved by the Chief Executive Officer of the Corporation (or where the Participant is the Chief Executive Officer, approved by a Director), the provisions of the employment agreement or other written agreement shall govern and (ii) any other employment agreement or other written agreement between the Corporation or a Designated Affiliate and a Participant, the provisions of this Plan shall govern.

### **12.6 Anti-Hedging Policy**

By accepting the Option or Award each Participant acknowledges that he or she is restricted from purchasing financial instruments such as prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of Options or Awards.

## **12.7 Participant Information**

Each Participant shall provide the Corporation with all information (including personal information) required by the Corporation in order to administer to the Plan. Each Participant acknowledges that information required by the

Corporation in order to administer the Plan may be disclosed to any custodian appointed in respect of the Plan and other third parties, and may be disclosed to such persons (including persons located in jurisdictions other than the Participant's jurisdiction of residence), in connection with the administration of the Plan. Each Participant consents to such disclosure and authorizes the Corporation to make such disclosure on the Participant's behalf.

## **12.8 Participation in the Plan**

The participation of any Participant in the Plan is entirely voluntary and not obligatory and shall not be interpreted as conferring upon such Participant any rights or privileges other than those rights and privileges expressly provided in the Plan. In particular, participation in the Plan does not constitute a condition of employment or engagement nor a commitment on the part of the Corporation to ensure the continued employment or engagement of such Participant. The Plan does not provide any guarantee against any loss which may result from fluctuations in the market value of the Shares. The Corporation does not assume responsibility for the income or other tax consequences for the Participants and Directors and they are advised to consult with their own tax advisors.

## **12.9 International Participants**

With respect to Participants who reside or work outside Canada and the United States, the Plan Administrator may, in its sole discretion, amend, or otherwise modify, without shareholder approval, the terms of the Plan or Awards with respect to such Participants in order to conform such terms with the provisions of local law, and the Plan Administrator may, where appropriate, establish one or more sub-plans to reflect such amended or otherwise modified provisions.

## **12.10 Successors and Assigns**

The Plan shall be binding on all successors and assigns of the Corporation and its Designated Affiliates.

## **12.11 General Restrictions and Assignment**

Except as required by law, the rights of a Participant under the Plan are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant unless otherwise approved by the Plan Administrator.

## **12.12 Severability**

The invalidity or unenforceability of any provision of the Plan shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from the Plan.

### **12.13 Notices**

All written notices to be given by the Participant to the Corporation shall be delivered personally, e-mail or mail, postage prepaid, addressed as follows:

Aquila Resources Inc.  
141 Adelaide Street West, Suite 520  
Toronto, ON  
M5H 3L5

Attention: Chief Financial Officer

All notices to the Participant will be addressed to the principal address of the Participant on file with the Corporation. Either the Corporation or the Participant may designate a different address by written notice to the other. Such notices are deemed to be received, if delivered personally or by e-mail, on the date of delivery, and if sent by mail, on the fifth business day following the date of mailing. Any notice given by either the Participant or the Corporation is not binding on the recipient thereof until received.

### **12.14 Effective Date**

This Plan becomes effective on a date to be determined by the Plan Administrator, subject to the approval of the shareholders of the Corporation.

### **12.15 Governing Law**

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

### **12.16 Submission to Jurisdiction**

The Corporation and each Participant irrevocably submits to the exclusive jurisdiction of the courts of competent jurisdiction in the Province of Ontario in respect of any action or proceeding relating in any way to the Plan, including with respect to the grant of Awards and any issuance of Shares made in accordance with the Plan.

**SCHEDULE A**

**AQUILA RESOURCES INC.  
EQUITY INCENTIVE PLAN (THE "PLAN")**

**ELECTION NOTICE**

All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

Pursuant to the Plan, I hereby elect to participate in the grant of DSUs pursuant to Article 6 of the Plan and to receive \_\_\_\_% of my Cash Fees in the form of DSUs in lieu of cash.

I confirm that:

- (a) I have received and reviewed a copy of the terms of the Plan and agreed to be bound by them.
- (b) I recognize that when DSUs credited pursuant to this election are redeemed in accordance with the terms of the Plan, income tax and other withholdings as required will arise at that time. Upon redemption of the DSUs, the Corporation will make all appropriate withholdings as required by law at that time.
- (c) The value of DSUs is based on the value of the Shares of the Corporation and therefore is not guaranteed.
- (d) To the extent I am a U.S. taxpayer, I understand that this election is irrevocable for the calendar year to which it applies and that any revocation or termination of this election after the expiration of the election period will not take effect until the first day of the calendar year following the year in which I file the revocation or termination notice with the Corporation.

The foregoing is only a brief outline of certain key provisions of the Plan. For more complete information, reference should be made to the Plan's text.

Date: \_\_\_\_\_

\_\_\_\_\_  
(Name of Participant)

\_\_\_\_\_  
(Signature of Participant)

**SCHEDULE B**

**AQUILA RESOURCES INC.  
EQUITY INCENTIVE PLAN (THE "PLAN")**

**ELECTION TO TERMINATE RECEIPT OF ADDITIONAL DSUs**

All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

Notwithstanding my previous election in the form of Schedule A to the Plan, I hereby elect that no portion of the Cash Fees accrued after the date hereof shall be paid in DSUs in accordance with Article 6 of the Plan.

I understand that the DSUs already granted under the Plan cannot be redeemed except in accordance with the Plan.

I confirm that I have received and reviewed a copy of the terms of the Plan and agree to be bound by them.

Date: \_\_\_\_\_

\_\_\_\_\_  
(Name of Participant)

\_\_\_\_\_  
(Signature of Participant)

**Note:** An election to terminate receipt of additional DSUs can only be made by a Participant once in a calendar year.

**SCHEDULE C**

**AQUILA RESOURCES INC.  
EQUITY INCENTIVE PLAN (THE "PLAN")**

**ELECTION TO TERMINATE RECEIPT OF ADDITIONAL DSUs  
(U.S. TAXPAYERS)**

All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

Notwithstanding my previous election in the form of Schedule A to the Plan, I hereby elect that no portion of the Cash Fees accrued after the effective date of this termination notice shall be paid in DSUs in accordance with Article 6 of the Plan.

I understand that this election to terminate receipt of additional DSUs will not take effect until the first day of the calendar year following the year in which I file this termination notice with the Corporation.

I understand that the DSUs already granted under the Plan cannot be redeemed except in accordance with the Plan.

I confirm that I have received and reviewed a copy of the terms of the Plan and agree to be bound by them.

Date: \_\_\_\_\_

\_\_\_\_\_  
(Name of Participant)

\_\_\_\_\_  
(Signature of Participant)

**Note:** An election to terminate receipt of additional DSUs can only be made by a Participant once in a calendar year.