

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES BY MANAGEMENT

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation by management of X-Terra Resources Inc. (the “Corporation”) of proxies to be used at the Annual and Special Meeting of shareholders of the Corporation (the “Meeting”) to be held at the time and place and for the purposes set forth in the Notice of Meeting. It is expected that the solicitation will be made primarily by mail. However, officers and employees of the Corporation may also solicit proxies by telephone, telecopier, e-mail or in person. The total cost of solicitation of proxies will be borne by the Corporation. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy-related materials to beneficial owners of the shares. See “Appointment and Revocation of Proxies – Notice to Beneficial Shareholders of Shares” below.

INTERNET AVAILABILITY OF PROXY-RELATED MATERIALS

Notice-and-Access

Rules adopted by the Canadian securities administrators, known as the “notice and access” (“**Notice-and-Access**”) distribution option, allow companies to send to shareholders who do not hold shares of the Corporation in their own names (referred to herein as “**Beneficial Shareholders**”) a notice to the effect that proxy materials are available via the internet, rather than mailing full sets of proxy materials to them. This year, the Corporation chose to mail full sets of proxy materials to shareholders. “**Proxy-Related Materials**” refers to this Circular, the Notice of Meeting and a voting instruction form (for Beneficial Shareholders) or a form of proxy (for shareholders that hold their shares directly or indirectly in their respective names (referred to herein as “**Registered Shareholders**”).

In the future, the Corporation may take advantage of the Notice-and-Access distribution option. If in the future the Corporation chooses to send such notices to shareholders, the notices will contain instructions on how shareholders can gain access to the Corporation’s notice of meeting and management proxy circular via the internet. The notices will also contain instructions on how shareholders can ask that proxy materials be delivered to them electronically or in printed form on a one-time or ongoing basis.

APPOINTMENT AND REVOCATION OF PROXIES

Appointment of Proxy

A Registered Shareholder who is unable to attend the Meeting in person is requested to complete and sign the enclosed form of proxy and to deliver it to Computershare Investor Services Inc. (i) by mail or hand delivery to Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or (ii) by facsimile to 416-263-9524 or 1-866-249-7775. A Registered Shareholder may also vote using the internet at www.investorvote.com or telephone at 1-866-732-8683. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 5:00 p.m. (eastern time) on August 29, 2022 or be deposited with the Secretary of the Corporation before the commencement of the Meeting or any adjournment thereof.

The document appointing a proxy must be in writing and executed by the Registered Shareholder or his attorney authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

A Registered Shareholder submitting a form of proxy has the right to appoint a person (who need not be a shareholder) to represent him or her at the Meeting other than the persons designated in the form of proxy furnished by the Corporation. To exercise that right, the name of the Registered Shareholder’s appointee should be legibly printed in the blank space provided. In addition, the Registered Shareholder should notify the appointee of his or her appointment, obtain his or her consent to act as appointee and instruct him or her on how the Registered Shareholder’s shares are to be voted.

Shareholders who are not Registered Shareholders should refer to “Notice to Beneficial Holders of Shares” below.

Revocation of Proxy

A Registered Shareholder who has submitted a form of proxy as directed hereunder may revoke it at any time prior to the exercise thereof. If a Registered Shareholder who has given a proxy personally attends the Meeting at which that proxy is to be voted, that Registered Shareholder may revoke the proxy and vote in person. In addition to the revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Registered Shareholder or his attorney or authorized agent and deposited with (i) Computershare Investor Services Inc. at any time up to 5:00 p.m. (eastern time) on August 29, 2022 by mail or by hand delivery to Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or by facsimile to 416-263-9524 or 1-866-249-7775, (ii) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or (iii) with the Secretary of the Corporation before the commencement of the Meeting, or any adjournment thereof, and upon any such deposit, the proxy will be revoked.

Notice to Beneficial Shareholders

The information set out in this section is of significant importance to many shareholders, as a substantial number of shareholders are Beneficial Shareholders and do not hold shares of the Corporation in their own names. Beneficial Shareholders should note that only proxies deposited by Registered Shareholders (shareholders whose names appear on the records of the Corporation as the registered holders of shares) can be recognized and acted upon at the Meeting or any adjournment(s) thereof. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of the Corporation. Those shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of those shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can be voted (for or against resolutions or withheld from voting) only upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. Subject to the following discussion in relation to NOBOs (as defined below), the Corporation does not know for whose benefit the shares of the Corporation registered in the name of CDS & Co., a broker or another nominee, are held.

There are two categories of Beneficial Shareholders for the purposes of applicable securities regulatory policy in relation to the mechanism of dissemination to Beneficial Shareholders of Proxy-Related Materials and other securityholder materials and the request for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners (“**NOBOs**”) are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Corporation, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. **Securities legislation restricts the use of that information to matters strictly relating to the affairs of the Corporation.** Objecting beneficial owners (“**OBOs**”) are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Corporation.

NI 54-101 permits the Corporation, in its discretion, to obtain a list of its NOBOs from intermediaries and use such NOBO list for the purpose of distributing the Proxy-Related Materials directly to, and seeking voting instructions directly from, such NOBOs. As a result, the Corporation is entitled to deliver the Proxy-Related Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs; or (b) indirectly to all Beneficial Shareholders through intermediaries. In accordance with the requirements of NI 54-101, the Corporation is sending the Proxy-Related Materials directly to NOBOs and indirectly through intermediaries to OBOs. The cost of the delivery of the Proxy-Related Materials by intermediaries to OBOs will be borne by the Corporation.

Applicable securities regulatory policy requires intermediaries, on receipt of Proxy-Related Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings on Form 54-101F7 (Request for Voting Instructions Made by Intermediary). Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting or any adjournment(s) thereof. Often, the form of request for voting instructions supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to Registered Shareholders; however, its purpose is limited to instructing the Registered Shareholder how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to attend at the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Circular.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). In forwarding the Proxy-Related Materials to Beneficial Shareholders, Broadridge typically includes a voting instruction form in lieu of the form of proxy that some intermediaries employ. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number to vote the shares held by them or access Broadridge’s dedicated voting website at <https://central-online.proxyvote.com> to deliver their voting instructions. Broadridge will then provide aggregate voting instructions to Computershare Investor Services Inc., the Corporation’s transfer agent and registrar, which tabulates the results and provides appropriate instructions respecting the voting of shares to be represented at the Meeting or any adjournment(s) thereof.

EXERCISE OF DISCRETION BY PROXIES

Shares represented by properly-executed proxies in favour of the persons designated in the enclosed form of proxy, in the absence of any direction to the contrary, will be voted FOR the: (i) election of directors; (ii) appointment of auditor; (iii) resolution approving the Corporation’s Omnibus Equity Incentive Plan (as defined herein); and (iv) special resolution authorizing an amendment to the Articles of the Corporation so as to, if deemed advisable by the Board of Directors of the Corporation, consolidate the issued and outstanding common shares of the Corporation on the basis of one (1) common share for a maximum of every ten (10) common shares issued and outstanding, as stated under such headings in this Circular. Instructions with respect to voting will be respected by the persons designated in the enclosed form of proxy. With respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, such shares will be voted by the persons so designated in their discretion. At the time of printing this Circular, management of the Corporation knows of no such amendments, variations or other matters.

VOTING SHARES

As at July 27, 2022, there were 99,451,719 issued and outstanding common shares of the Corporation. Each common share entitles the holder thereof to one vote. The Corporation has fixed July 27, 2022 as the record date (the “**Record Date**”) for the purpose of determining shareholders entitled to receive notice of the Meeting. Pursuant to the *Canada Business Corporations Act*, the Corporation is required to prepare, no later than ten days after the Record Date, an alphabetical list of shareholders entitled to vote as of the Record Date that shows the number of shares held by each shareholder. A shareholder whose name appears on the list referred to above is entitled to vote the shares shown opposite his or her name at the Meeting. A shareholder of record on the Record Date will be entitled to vote those shares included in the list of shareholders entitled to vote at the Meeting, even though the shareholder may subsequently dispose of his or her shares. No shareholder who has become a shareholder after the Record Date will be entitled to attend or vote at the Meeting or any adjournment(s) thereof. The list of shareholders is available for inspection during usual business hours at the registered office of the Corporation, 147 Avenue Quebec (back door), Rouyn-Noranda, Quebec, and at the Meeting.

PRINCIPAL SHAREHOLDERS

As at July 27, 2022 to the best knowledge of the Corporation, no person beneficially owned or exercised control or direction over, directly or indirectly, more than 10% of the issued and outstanding common shares of the Corporation.

PRESENTATION OF FINANCIAL STATEMENTS

The audited annual consolidated financial statements for the fiscal year of the Corporation ended December 31, 2021 will be placed before the Meeting. The audited annual financial statements of the Corporation are included in the Corporation’s 2021 Annual Report which was mailed to shareholders who requested the Annual Report and which is also available on SEDAR at www.sedar.com. Additional copies of the 2021 Annual Report may be obtained from the Corporation upon request and will be available at the Meeting.

ELECTION OF DIRECTORS

The Board of Directors currently consists of six directors. The persons named in the enclosed form of proxy intend to vote **FOR** the election of the five nominees whose names are set forth below. Mr. Kim Oishi, who has served on the Board of Directors of the Corporation since 2018, has advised the Corporation that he will not seek re-election as a director of the Corporation at the Meeting.

The Board of Directors has determined to nominate five of the current directors listed below for election as a director at Meeting.

Each director will hold office until the next annual meeting of shareholders or until the election of his successor, unless he resigns or his office becomes vacant by removal, death or other cause.

The following table sets out the name of each of the persons proposed to be nominated for election as director, all other positions and offices with the Corporation now held by such person, his municipality of residence and principal occupation, the year in which such person became a director of the Corporation, and the number of common shares of the Corporation that such person has advised are beneficially owned or over which control or direction is exercised by such person as at the date indicated below.

Name, municipality of residence and position with the Corporation	Principal occupation	First year as director	Number of shares to be beneficially owned or over which control will be exercised as at July 27, 2022
Michael F. Ferreira Rouyn-Noranda, Québec President, Chief Executive Officer and Chairman of the Board of Directors	President and Chief Executive Officer of the Corporation	2013	1,110,000
Sylvain Champagne ⁽¹⁾ Rouyn-Noranda, Québec Chief Financial Officer, Secretary and Director	Chief Financial Officer of the Corporation, Fokus Mining Corporation and Visible Gold Mines Inc. (exploration companies)	2013	588,000
Jean-François Madore ⁽¹⁾⁽²⁾ Rouyn-Noranda, Québec Director	Financial Planner Industrial Alliance, Assurance et Services Financiers Inc. (securities dealer)	2013	241,000
Sébastien Bellefleur ⁽¹⁾⁽²⁾ Montreal, Québec Director	Partner Fasken Martineau DuMoulin LLP (law firm)	2013	Nil
Jordan William Potts Kelowna, British Columbia Director	Businessman	2021	75,000

(1) Member of the Audit Committee.

(2) Member of the Corporate Governance and Nominating Committee.

The information as to shares beneficially owned or over which the above-named individuals exercise control or direction is not within the knowledge of the Corporation and has been furnished by the respective nominees individually.

Each of the nominees for election to the Board of Directors mentioned above has previously been elected a director of the Corporation at a shareholders' meeting for which an information circular was issued.

The information as to shares beneficially owned or over which the above-named individuals exercise control or direction is not within the knowledge of the Corporation and has been furnished by the respective nominees individually.

None of the foregoing nominees for election as director of the Corporation:

- (a) is, or within the last ten years has been, a director, chief executive officer or chief financial officer of any company that:
 - (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an "Order"), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or

- (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) is, or within the last ten years has been, a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the last ten years, 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 his assets.

None of the foregoing nominees for elections as director of the Corporation has been subject to:

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

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about the Corporation's executive compensation objectives and process and to discuss compensation relating to each person who acted as President and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") and the three most highly-compensated executive officers (or three most highly-compensated individuals acting in a similar capacity), other than the CEO and CFO, whose total compensation was more than \$150,000 in the Corporation's last financial year (each a "Named Executive Officer" or "NEO" and collectively the "Named Executive Officers"). For the fiscal year ended December 31, 2021 the Corporation had two Named Executive Officers, namely, the CEO (Michael F. Ferreira) and the CFO (Sylvain Champagne).

Compensation Philosophy and Objectives

In light of the Corporation's current stage of development, it does not have a formal compensation program. The Board of Directors meets to discuss and determine management compensation without reference to formal criteria. The general objective of the Corporation's compensation is to: (i) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (ii) align management's interests with the long-term interests of shareholders; (iii) provide a compensation package that is commensurate with other junior mining exploration companies in order to enable the Corporation to attract and retain talent; and (iv) ensure that the total compensation package is designed in a manner that takes into account the constraints under which the Corporation operates by virtue of the fact that it is a junior mining exploration company without a history of earnings.

Compensation Process

The Board of Directors does not have a Compensation Committee. The Board of Directors, as a whole, ensures that total compensation paid to all Named Executive Officers is fair and reasonable and accomplishes the following long-term objectives:

- produce long-term, positive results for the Corporation's shareholders;
- align executive compensation with corporate performance; and
- provide market-competitive compensation and benefits that will enable the Corporation to recruit, retain and motivate the executive talent necessary to be successful.

The Board of Directors also relies on the experience of its members as officers and directors with other junior mining exploration companies in assessing compensation levels.

Analysis of Elements

The compensation paid to Named Executive Officers is comprised of two main components: base salary and long-term incentives, comprised of stock options (“**Options**”) granted pursuant to the Corporation’s Stock Option Plan adopted by the Board of Directors on April 17, 2014, as amended on April 29, 2019 and August 21, 2020 (the “**Stock Option Plan**”) and subject to shareholder approval at the Meeting, other long-term incentive awards under the Omnibus Equity Incentive Plan, which will replace the Stock Option Plan. The following discussion describes the components of compensation and discusses how each component relates to the Corporation’s overall executive compensation objective. The Corporation believes that:

- base salaries provide an immediate cash incentive for the Corporation’s Named Executive Officers and should be at levels competitive with peer companies that compete with the Corporation for business opportunities and executive talent; and
- Options (and if the Omnibus Plan is approved, other long-term incentive awards) ensure that the Named Executive Officers are motivated to achieve long-term growth of the Corporation and continuing increases in shareholder value, and provide capital accumulation linked directly to the Corporation’s performance.

The Corporation places equal emphasis on base salary and Options (and if the Omnibus Plan is approved, other long-term incentive awards) as short-term and long-term incentives, respectively.

Base Salaries

The Named Executive Officers receive a base salary which is based primarily on the level of responsibility of the position, the qualifications and experience of the officer and market conditions. The base salary may be paid to the NEO or a company controlled by the NEO in the form of a consulting fee.

The base salaries of the Named Executive Officers are reviewed annually to ensure that they take into account the following factors: market and economic conditions, levels of responsibility and accountability of each NEO, skill and competencies of each individual, retention considerations, and level of demonstrated performance.

Base salaries, including that of the CEO, are reviewed by the Board of Directors on the basis of its opinion as to a fair and responsible compensation package, taking into account the contribution of the CEO to the Corporation’s long-term growth and the knowledge of the members of the Board of Directors with respect to remuneration practices in Canada.

Long-Term Incentive Plans and Stock Option Plan

The Corporation has no long-term incentive plans other than the Stock Option Plan. The Corporation provides long-term incentive compensation to its Named Executive Officers through the Stock Option Plan. The Board of Directors grants Options from time to time based on its assessment of the appropriateness of doing so in light of the long-term strategic objectives of the Corporation, its current stage of development, the need to retain or attract particular key personnel, the number of Options already outstanding and overall market conditions. The Board of Directors views the granting of Options as a means of promoting the success of the Corporation and higher returns to its shareholders. As such, the Board of Directors does not grant Options in excessively dilutive numbers or at exercise prices not reflective of the Corporation’s underlying value. During the fiscal year ended December 31, 2021, the Corporation granted 700,000 Options to its Named Executive Officers. These Options have an exercise price of \$0.08 per common share and have an expiry date of November 12, 2031.

Going forward, the Corporation proposes to adopt the Omnibus Equity Incentive Plan which will provide the Board with more flexibility to tailor awards to the particular circumstances and incentive structure. See Section “Approval of the Omnibus Plan” for a description of the Omnibus Equity Incentive Plan.

The following are the material terms and conditions of the Stock Option Plan:

- (a) the Board of Directors of the Corporation may grant Options to employees, officers and directors of, and consultants to, the Corporation and its subsidiaries;

- (b) the maximum number of common shares that may be issued under the Stock Option Plan must not exceed 10% of the total number of outstanding common shares of the Corporation at the date of the grant of options;
- (c) the total number of common shares reserved for issuance upon the exercise of options by any one person cannot exceed, during any twelve-month period, 5% of the number of outstanding common shares of the Corporation;
- (d) the total number of the common shares reserved for issuance upon the exercise of options by any one consultant cannot exceed, during any twelve-month period, 2% of the number of outstanding common shares of the Corporation;
- (e) the total number of the common shares reserved for issuance upon the exercise of options by any employee conducting investor-relation activities cannot exceed, during any twelve-month period, 2% of the number of outstanding common shares of the Corporation;
- (f) the aggregate number of options that can be granted to insiders of the Corporation, as a group, within a 12 month period, must not exceed 10% of the issued and outstanding common shares of the Corporation at the date an option is granted to any insider, unless the approval of the disinterested shareholders of the Corporation is obtained;
- (g) the exercise price of options is determined by the Board of Directors at the time options are granted, but cannot be less than the closing price of the common shares on the trading day immediately preceding the day on which an option is granted, less any applicable discounts permitted by the TSX Venture Exchange;
- (h) subject to the requirements of the TSX Venture Exchange, the Board of Directors of the Corporation has the discretion to set the terms of any vesting schedule for each option granted, including discretion to: (a) permit partial vesting in stated percentage amounts based on the length of time between the date on which an option is granted and the expiry date of such option; and (b) permit full vesting after a stated period of time has passed from the date on which an option is granted;
- (i) options expire a maximum of ten years after the date of grant, as determined by the Board of Directors of the Corporation;
- (j) if an optionee ceases to be eligible under the Stock Option Plan for cause, all options held by the optionee lapse on that date;
- (k) if an optionee dies, any option held by the optionee may be exercised at the latest on the date of expiry of the option or one year after the date of death, whichever occurs first, after which the option lapses;
- (l) if an optionee ceases to be eligible under the Stock Option Plan otherwise than for cause or death, any option held by the optionee may be exercised for a period of 90 days after the date of such ineligibility (30 days in the case of an optionee performing investor-relation activities), after which the option lapses;
- (m) the option exercise price is payable in full at the time an option is exercised;
- (n) options are not assignable, other than by the laws of succession, provided that, subject to prior approval of the Board of Directors of the Corporation and the TSX Venture Exchange, an option may be assigned to a corporation controlled by an optionee;
- (o) if the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to remit to any governmental authority an amount on account of tax on the value of any taxable benefit associated with the exercise of an option by an optionee, then the optionee shall, concurrently with the exercise of the option:
 - (i) pay to the Corporation, in addition to the exercise price for the options, sufficient cash as is determined by the Corporation, in its sole discretion, to be the amount necessary to fund the required tax remittance;

- (ii) authorize the Corporation, on behalf of the optionee, to sell in the market, on such terms and at such time or times as the Corporation determines, in its sole discretion, such portion of the common shares of the Corporation being issued upon exercise of the option as is required to realize cash proceeds in an amount necessary to fund the required tax remittance; or
- (iii) make other arrangements acceptable to the Corporation, in its sole discretion, to fund the required tax remittance; and
- (p) in the event that a bona fide offer for the common shares of the Corporation is made to shareholders generally, outstanding options may be exercised in whole or in part so as to permit the optionee to tender the common shares issued upon such exercise.

Group Benefits/Perquisites

The officers of the Corporation do not benefit from any life, medical, long-term disability or other insurance. None of the officers benefit from a retirement plan.

External Compensation Consultants

During the fiscal years ended December 31, 2021 and 2020, the Corporation did not retain the services of executive compensation consultants to assist the Board of Directors in determining compensation for any of the Corporation's Named Executive Officers or directors.

Assessment of Risks Associated with the Corporation's Compensation Policies and Practices

The Board of Directors has assessed the Corporation's compensation plans and programs for its executive officers to ensure alignment with the Corporation's business plan and to evaluate the potential risks associated with those plans and programs. The Board of Directors 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 Board of Directors considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs. If adopted, the Omnibus Equity Incentive Plan restricts recipients of awards 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 equity securities granted as compensation or held, directly or indirectly, by the executive officer or directors. To the knowledge of the Corporation, none of the Named Executive Officers or directors has purchased such financial instruments.

Summary of the Compensation of the Named Executive Officers and directors

The following table provides information for the fiscal years ended December 31, 2021 and 2020 regarding compensation paid to or earned by the Named Executive Officers and directors, excluding compensation securities.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Michael F. Ferreira President, Chief Executive Officer and Director	2021	152,250 ⁽¹⁾	—	—	—	—	152,250 ⁽¹⁾
	2020	122,000 ⁽¹⁾	—	—	—	—	122,000 ⁽¹⁾
Sylvain Champagne Chief Financial Officer and Director	2021	75,500 ⁽²⁾	—	—	—	—	75,500 ⁽²⁾
	2020	78,000 ⁽²⁾	—	—	—	—	78,000 ⁽²⁾
Jean-François Madore Director	2021	—	—	—	—	—	—
	2020	—	—	—	—	—	—
Sébastien Bellefleur Director	2021	—	—	—	—	—	—
	2020	—	—	—	—	—	—
Dr. Michael Byron ⁽³⁾ Director	2021	—	—	—	—	—	—
	2020	—	—	—	—	—	—
Kim Oishi Director	2021	56,000 ⁽⁴⁾	—	—	—	—	56,000 ⁽⁴⁾
	2020	40,000 ⁽⁴⁾	—	—	—	—	40,000 ⁽⁴⁾
Jordan Williams Potts ⁽⁵⁾ Director	2021	33,900 ⁽⁶⁾	—	—	—	—	33,900 ⁽⁶⁾

(1) Dr. Byron ceased to be a director of the Corporation on June 30, 2021.

(2) During the fiscal years ended December 31, 2021 and 2020, the Corporation retained the services of a company controlled by Mr. Ferreira to provide consulting services. For the fiscal years ended December 31, 2021 and 2020, the amounts paid to the company controlled by Mr. Ferreira for such services were \$150,000 and \$122,000, respectively.

(3) During the fiscal years ended December 31, 2021 and 2020, the Corporation retained the services of a company controlled by Mr. Champagne to provide financial and administrative consulting services. For the fiscal years ended December 31, 2021 and 2020, the amounts paid to the company controlled by Mr. Champagne for such services were \$75,500 and \$78,000, respectively.

(4) During the fiscal year ended December 31, 2021 and 2020, the Corporation retained the services of a company controlled by Mr. Oishi to provide consulting services. For the fiscal year ended December 31, 2021 and 2020, the amounts paid to the company controlled by Mr. Oishi for such services were \$40,000 and \$56,000 respectively.

(5) Mr. Potts was elected as a director of the Corporation on June 30, 2021.

(6) During the fiscal year ended December 31, 2021, the Corporation retained the services of a company controlled by Mr Potts to provide consulting services. For the fiscal year ended December 31, 2021, the amounts paid to the company controlled by Mr. Potts for such services were \$29,400.

Stock Options and Other Compensation Securities

The following table sets out the details of all compensation securities granted or issued to the Named Executive Officers and directors during the year ended December 31, 2021, the Corporation's most recently-completed financial year.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Michael F. Ferreira ⁽¹⁾ President, Chief Executive Officer and Director	Options	400,000 (6.1%)	November 12, 2021	0.08	0.045	0.03	November 12, 2031
Sylvain Champagne ⁽²⁾ Chief Financial Officer and Director	Options	300,000 (4.6%)	November 12, 2021	0.08	0.045	0.03	November 12, 2031
Jean-François Madore ⁽³⁾ Director	Options	100,000 (1.5%)	November 12, 2021	0.08	0.045	0.03	November 12, 2031
Sébastien Bellefleur ⁽³⁾ Director	Options	100,000 (1.5%)	November 12, 2021	0.08	0.045	0.03	November 12, 2031
Kim Oishi ⁽⁴⁾ Director	Options	100,000 (1.5%)	November 12, 2021	0.08	0.045	0.03	November 12, 2031
Jordan Williams Potts ⁽⁵⁾ Director	Options	300,000 (4.6%)	November 12, 2021	0.08	0.045	0.03	November 12, 2031

- (1) Mr. Ferreira held 1,815,000 Options with respect to 1,815,000 common shares of the Corporation on the last day of the most-recently completed financial year of the Corporation.
- (2) Mr. Champagne held 1,425,000 Options with respect to 1,425,000 common shares of the Corporation on the last day of the most-recently completed financial year of the Corporation.
- (3) Each of Messrs. Madore and Bellefleur held 465,000 Options with respect to 465,000 common shares of the Corporation on the last day of the most-recently completed financial year of the Corporation.
- (4) Mr. Oishi held 900,000 Options with respect to 900,000 common shares of the Corporation on the last day of the most-recently completed financial year of the Corporation.
- (5) Mr. Potts held 300,000 Options with respect to 300,000 common shares of the Corporation on the last day of the most-recently completed financial year of the Corporation.

The following table sets out, for each Named Executive Officer and director, the exercise of compensation securities during the year ended December 31, 2021, the Corporation's most recently-completed financial year.

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Michael F. Ferreira President, Chief Executive Officer and Director	—	—	—	—	—	—	—
Sylvain Champagne Chief Financial Officer and Director	—	—	—	—	—	—	—
Jean-François Madore Director	—	—	—	—	—	—	—
Sébastien Bellefleur Director	—	—	—	—	—	—	—
Dr. Michael Byron ⁽¹⁾ Director	—	—	—	—	—	—	—
Kim Oishi Director	—	—	—	—	—	—	—
Jordan Williams Potts ⁽²⁾ Director	—	—	—	—	—	—	—

(1) Dr. Byron ceased to be a director of the Corporation at the last annual meeting of shareholders held on June 30, 2021.

(2) Mr. Potts was elected as a director of the Corporation at the last annual meeting of shareholders held on June 30, 2021.

As of the date of this Circular, there is no other employment contract between the Corporation and an officer, and there is no plan or compensation mechanism in favor of an officer which could be triggered following a retirement, termination or a change of control.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at December 31, 2021, the end of the Corporation's last fiscal year, with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of shares remaining available for future issuance under the Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans previously approved by shareholders	6,585,000	\$0.14	2,910,171
Equity compensation plans not previously approved by shareholders	—	—	—

The options referred to in the table above were granted under the Stock Option Plan. See “Compensation of Executive Officers and Directors - Long-Term Incentive Plans and Stock Option Plan” above for the material terms and conditions of the Stock Option Plan.

INFORMATION ON THE AUDIT COMMITTEE

Charter of the Audit Committee

The Charter of the Audit Committee is annexed to this Circular as Schedule A.

Composition of the Audit Committee

The Audit Committee is composed of Jean-François Madore (Chair), Sébastien Bellefleur and Sylvain Champagne. Under National Instrument 52-110 *Audit Committees*, a director of an Audit Committee is “independent” if he has no direct or indirect material relationship with the issuer, that is, a relationship which could, in the view of the Board of Directors, reasonably be expected to interfere with the exercise of the member’s independent judgment. The Board of Directors has determined that Jean-François Madore and Sébastien Bellefleur are independent members of the Audit Committee. The Board of Directors considers that Sylvain Champagne is not an independent member of the Audit Committee within the meaning of National Instrument 52-110 *Audit Committees* in that Mr. Champagne is a senior officer of the Corporation.

The Board of Directors has determined that each of the three (3) members of the Audit Committee is “financially literate” within the meaning of section 1.6 of National Instrument 52-110 *Audit Committees*, that is, each member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

Education and Relevant Experience

The education and related experience of each of the members of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee is set out below.

Jean-François Madore – Director

Jean-François Madore is a financial planner and currently wealth-manager specialist with Industrial Alliance, Assurance et Services Financiers Inc. Mr. Madore has acquired 18 years of experience in the financial industry, with particular expertise in financial planning and risk management. He obtained a degree in financial planning in 2001 from the Institute of Canadian Bankers. He is a registered financial planner and financial security advisor. Mr. Madore is also involved in the industry as a member of the board of the “Institut Québécois de planification financière”.

Sébastien Bellefleur – Director

Sébastien Bellefleur is a partner in the Montreal office of Fasken Martineau DuMoulin LLP. Mr. Bellefleur specializes in business law, more specifically in securities, mergers, acquisitions, corporate governance and mining law. He also helps set up funding, whether in the form of loans or equity financings. He has implemented a number of complex transactions on behalf of public and private corporations, such as the purchase, sale, funding and restructuring of businesses throughout Canada and abroad. He has represented issuers and brokers in connection with initial public offerings and other distributions of equity securities and debt instruments, as well as securities investments such as prospectus offerings and private placements. He has played a role in several corporate reorganizations, restructurings, takeover bids and proxy solicitations for shareholders’ meetings. A major portion of his practice consists of advising public corporations of the obligations imposed on them by regulatory authorities, such as corporate governance, and assisting them in their interactions with the market and securities authorities. Over the course of his practice, he has also acquired specific expertise on legal issues relating to the mining industry. Mr. Bellefleur is regularly called upon to represent mining exploration companies, and advises them through the process of discovering deposits in Canada and elsewhere, as well as bringing them into production. He is a specialist in the legal issues with which mining exploration companies are often faced.

Sylvain Champagne – Chief Financial Officer and Director

Sylvain Champagne is Chief Financial Officer of the Corporation. Mr. Champagne holds a B.B.A. degree from the Université du Québec in Abitibi-Témiscamingue. During the last five years, Mr. Champagne's principal occupation has been financial consultant. Mr. Champagne has extensive experience in the mining exploration industry, serving as Chief Financial Officer of Visible Gold Mines Inc. and Fokus Mining Corporation (formerly Fieldex Exploration Inc.), companies listed on the TSX Venture Exchange. Mr. Champagne was the Chief Financial Officer and a director of X-Terra Resources Corporation (now Norvista Capital Corporation) from March 2008 to June 2014, a company which was also listed on the TSX Venture Exchange.

Pre-approval Policies and Procedures for Audit Services

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

External Auditor Fees

(a) **Audit Fees**

“Audit fees” consist of fees for professional services for the audit of the Corporation's annual financial statements, assistance with interim financial statements, and related matters. Raymond Chabot Grant Thornton LLP, Chartered Professional Accountants, the Corporation's external auditor since February 3, 2021, billed the Corporation \$35,526 in audit fees during the fiscal year ended December 31, 2021. PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, the Corporation's former external auditor, did not bill the Corporation for audit fees during the fiscal year ended December 31, 2021 and billed the Corporation \$42,696 in audit fees during the fiscal year ended December 31, 2020.

(b) **Audit-Related Fees**

“Audit-related fees” consist of fees for professional services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and which are not reported under “Audit Fees” above. Raymond Chabot Grant Thornton LLP, Chartered Professional Accountants, the Corporation's external auditors since February 3, 2021, did not bill the Corporation for audit-related fees during the fiscal year ended December 31, 2021. PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, the Corporation's former external auditor, did not bill the Corporation for audit-related fees during the fiscal years ended December 31, 2021 and 2020.

(c) **Tax Fees**

“Tax fees” consist of fees for professional services for tax compliance, tax advice and tax planning. Raymond Chabot Grant Thornton LLP, Chartered Professional Accountants, the Corporation's external auditors since February 3, 2021, did not bill the Corporation for tax fees during the fiscal year ended December 31, 2021. PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, the Corporation's former external auditor, did not bill the Corporation for tax fees during the fiscal years ended December 31, 2021 and 2020.

(d) **All Other Fees**

Raymond Chabot Grant Thornton LLP, Chartered Professional Accountants, the Corporation's external auditors since February 3, 2021, did not bill the Corporation for any fees for other services during the fiscal year ended December 31, 2021. PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, the Corporation's former external auditor, did not bill the Corporation any fees for other services during the fiscal years ended December 31, 2021 and 2020.

Reliance on Exemption

The Corporation is relying on the exemption set out in section 6.1 of National Instrument 52-110 *Audit Committees* with respect to certain reporting obligations.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No person who is, or who was at any time during the fiscal year ended December 31, 2021, a director, executive officer or senior officer of the Corporation or a subsidiary thereof, and no person who is a nominee for election as a director of the Corporation, and no associate of such persons, is, or was at any time since the beginning of the fiscal year ended December 31, 2021, indebted to the Corporation or a subsidiary of the Corporation, nor has any such person been indebted at any time since the beginning of the fiscal year ended December 31, 2021 to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or a subsidiary of the Corporation.

APPOINTMENT OF AUDITOR

Shareholders will be asked to approve and ratify the appointment of Raymond Chabot Grant Thornton LLP, as auditor of the Corporation at a remuneration to be fixed by the directors of the Corporation. Raymond Chabot Grant Thornton LLP has been the auditor of the Corporation since February 3, 2021.

Except where authorization to vote with respect to the appointment of the auditor is withheld, the persons named in the accompanying form of proxy intend to vote **FOR** the appointment of Raymond Chabot Grant Thornton LLP, Chartered Professional Accountants, as the auditor of the Corporation until the next annual meeting of shareholders of such remuneration as may be determined by the Board of Directors.

APPROVAL OF THE OMNIBUS PLAN

The Board of Directors adopted an omnibus equity incentive plan (the “**Omnibus Equity Incentive Plan**”) as of August 1, 2022. The adoption is subject to the approval of shareholders to be obtained at the Meeting which is intended to replace the Corporation’s current Stock Option Plan. The Board determined that it is desirable to have a wide range of incentive awards, including stock options (“**Options**”), restricted share units (“**RSUs**”), performance share units (“**PSUs**”), and deferred share units (“**DSUs**”) (collectively, the “**Awards**”) to attract, retain and motivate employees, directors, executive officers and consultants of the Corporation.

Please see Schedule C for a summary of the Omnibus Plan. In addition, the full text of the Omnibus Plan is attached to this Circular as Schedule C. Any capitalized undefined terms in this section shall have meaning ascribed to it in the Omnibus Plan.

The Omnibus Plan permits the grant of Options, Restricted Share Units, Performance Share Units and Deferred Share Units, (individually, or collectively, an “**Award**”) to eligible Participants (as defined in the Omnibus Plan). The Omnibus Plan, and any Awards issued thereunder, will be effective upon the ratification of the Omnibus Plan by shareholders of the Corporation. Thereafter, the Omnibus Plan will continue to be effective until the date it is terminated by the Board in accordance with the Omnibus Plan. The Omnibus Plan will replace the Stock Option Plan. Subject to compliance with the policies of the TSX Venture Exchange, all outstanding Options granted under the Stock Option Plan (the “**Predecessor Options**”) shall continue to be outstanding as awards granted under and subject to the terms of the Omnibus Plan, provided however that that all Options which have been granted under the Omnibus Plan remain in force in accordance with their existing terms.

The purpose of the Omnibus Plan is to: (i) provide the Corporation with a mechanism to attract, retain and motivate highly qualified directors, officers, employees and consultants of the Corporation and its affiliates; (ii) align the interests of Participants with that of other shareholders of the Corporation generally; and (iii) enable and encourage Participants to participate in the long-term growth of the Corporation through the acquisition of common shares of the Corporation as long-term investments.

Under the Omnibus Plan, the aggregate number of common shares reserved for issuance pursuant to Awards of Options granted under the Omnibus Plan (including the Options currently outstanding under the Stock Option Plan) shall not exceed 10% of the Corporation’s total issued and outstanding common shares from time to time.

The Omnibus Plan with respect to the Options is a “**rolling plan**” and as a result, any and all increases in the number of issued and outstanding common shares of the Corporation will result in an increase to the number of Options for issuance under the Omnibus Plan. To the extent any Awards of Options (or portion(s) thereof) under the Omnibus Plan have been exercised, expire, terminate or are cancelled for any reason prior to their exercise, then any common shares subject to such Awards (or portion(s) thereof) shall be added back to the number of common shares reserved for issuance under the Omnibus Plan and will again become available for issuance pursuant to the exercise of Awards of Options granted under the Omnibus Plan.

In respect of DSUs, RSUs or PSUs, the aggregate number of common shares reserved for issuance pursuant to Awards other than for Options granted under the Omnibus Plan shall not exceed 9,945,171 common shares. To the extent any Awards other than for Options (or portion(s) thereof) under the Omnibus Plan terminate or are cancelled for any reason prior to exercise, then any common shares subject to such Awards (or portion(s) thereof) shall be added back to the number of common shares reserved for issuance under the Omnibus Plan and will again become available for issuance pursuant to the exercise of Awards (other than for Options) granted under the Omnibus Plan. Common shares will not be deemed to have been issued pursuant to the Plan with respect to any portion of an Award (other than for Options) that is settled in cash.

For so long as the Corporation is listed on the TSX Venture Exchange:

- (a) the maximum number of common shares for which Awards may be issued to any one Insider (as defined by the TSX Venture Exchange) shall not exceed 10% of the outstanding common shares at any point in time, unless the Corporation obtains disinterested shareholder approval as required by the policies of the TSX Venture Exchange;
- (b) the maximum number of common shares for which Awards may be issued to Insiders as a group in any 12-month period shall not exceed 10% of the outstanding common shares, calculated on the date an Award is granted to the Participant, unless the Corporation obtains disinterested shareholder approval as required by the policies of the TSX Venture Exchange;
- (c) the maximum number of common shares for which Awards may be issued to any one Participant in any 12-month period shall not exceed 5% of the outstanding common shares, calculated on the date an Award is granted to the Participant, unless the Corporation obtains shareholder approval as required by the policies of the TSX Venture Exchange;
- (d) the aggregate number of common shares for which Awards may be issued to any one Consultant (as defined by the TSX Venture Exchange) within any 12-month period shall not exceed 2% of the outstanding common shares, calculated on the date an Award is granted to the Consultant;
- (e) the aggregate number of common shares for which Awards may be issued to Investor Relations Service Providers (as the term is defined in the Omnibus Equity Incentive Plan) as a group within any 12-month period shall not exceed 2% of the outstanding common shares, calculated on the date an Award is granted to the Consultant, and such Awards shall only include Options; and
- (f) Options granted to Investor Relations Service Providers shall be subject to the vesting requirements set out in TSX Venture Exchange Policy 4.4 - *Security Based Compensation* (“**Policy 4.4**”), and Awards granted to all other Participants shall be subject to the vesting requirements of the Policy 4.4.

The Omnibus Plan provides for customary adjustments or substitutions, as applicable, in the number of common shares that may be issued under the Omnibus Plan in the event of a merger, arrangement, amalgamation, consolidation, reorganization, recapitalization, separation, stock dividend, extraordinary dividend, stock split, reverse stock split, split up, spin-off or other distribution of stock or property of the Corporation, combination of securities, exchange of securities, dividend in kind, or other like change in capital structure or distribution (other than normal cash dividends) to the Corporation’s shareholders, or any similar corporate event or transaction. The Omnibus Plan also provides, with respect to DSUs, PSUs and RSUs, for the payment of dividend equivalents in the amount that a Participant would have received if DSUs, PSUs and RSUs had settled for common shares on the record date of dividends declared by the Corporation provided that if the number of securities issued as dividend equivalents, together with all of the Corporation’s other share-based compensation, would exceed 10% of the Corporation’s issued shares (or any of the other limits set forth in the Policy 4.4, including limits on grants with respect to individuals, Insiders, Consultants and Investor Relations Service Providers) then such dividend equivalents will be paid in cash.

Plan Administration

The Omnibus Plan will be administered by the Board of Directors, which may delegate its authority to any duly authorized committee of the Board of Directors (the “**Plan Administrator**”). The Plan Administrator has sole and complete authority, in its discretion, to:

- (a) determine the individuals (the “**Participants**”) to whom grants of Awards under the Omnibus Plan may be made;

- (b) make grants of Awards under the Omnibus Plan, whether relating to the issuance of Shares or otherwise (including any combination of Options, RSUs, PSUs, DSUs or Other Share-Based Awards), in such amounts, to such Participants and, subject to the provisions of the Omnibus 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;
 - (vii) establish the form or forms of Award Agreements (as defined in the Omnibus Plan);
 - (viii) cancel, amend, adjust or otherwise change any Award under such circumstances as the Plan Administrator may consider appropriate in accordance with the provisions of the Omnibus Plan;
 - (ix) construe and interpret the Omnibus Plan and all Award Agreements;
 - (x) adopt, amend, prescribe and rescind administrative guidelines and other rules and regulations relating to the Omnibus Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or for qualifying for favourable tax treatment under applicable foreign laws;
 - (xi) if an Award is to be granted to Employees, Consultants, or Management Company Employees, the Plan Administrator and the Participant to whom that Award is to be granted are responsible for ensuring and confirming that the Participant is a bona fide Employee, Consultant, or Management Company Employee; and
 - (xii) make all other determinations and take all other actions necessary or advisable for the implementation and administration of the Omnibus Plan.

Change in Control

If there is a Change in Control (as defined in the Omnibus Plan), the Plan Administrator may 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, 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 Change in Control, and, to the extent the Plan Administrator determines, terminate upon or immediately prior to the effectiveness of such 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 net of any exercise price payable by the Participant (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 net of any exercise price payable by the Participant, 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 in its sole discretion; or (v) any combination of the foregoing. Any such actions taken in connection with a Change in Control must comply with the policies of the TSX Venture Exchange

including, without limitation, the requirement that the acceleration of vesting of Options granted to Investor Relations Service Providers shall only occur with the prior written approval of TSX Venture Exchange.

Incentive Awards

Options

Subject to the terms and conditions of the Omnibus Plan and any policies of the TSX Venture Exchange, the Board may grant Options to Participants in such amounts and upon such terms (including the exercise price, duration of the Options, the number of common shares to which the Option pertains, and the conditions, if any, upon which an Option shall become vested and exercisable) as the Board shall determine.

The exercise price of the Options will be determined by the Board at the time any Option is granted. In no event will such exercise price be lower than the last closing price of the common shares on the TSX Venture Exchange. Except where a Participant elects for a Net Exercise (as defined below), such price upon exercise of any Option shall be payable to the Corporation in full in cash, certified cheque or wire transfer.

Subject to prior approval by the Board, a Participant may elect to surrender for cancellation to the Corporation any vested Options in accordance with the net exercise policies of the TSX Venture Exchange (a “**Net Exercise**”). In connection with a Net Exercise, the Corporation will issue to the Participant, as consideration of the Options, that number of Option Shares (as defined in the Omnibus Plan) determined on a net issuance basis in accordance with the following formula below:

$$X = \frac{Y (A - B)}{A}$$

where:

X = The number of Option Shares issuable to the Participant as consideration for respect of the exchange or surrender of an Option under Section 4.6 of the Omnibus Plan;

Y = The number of Option Shares issuable with respect to the vested portion of the Option to be exercised by the Participant (the “**Subject Options**”);

A = The VWAP of the Shares; and

B = The Exercise Price of the Subject Options.

Unless otherwise specified in an Award Agreement (as defined in the Omnibus Plan), and subject to any provisions of the Plan or the applicable Award Agreement relating to acceleration of vesting of Options, Options shall vest subject to TSX Venture Exchange policies (including TSX Venture Exchange Policies with respect to the vesting of Options granted to person performing Investor Relations Activities (as defined in the Omnibus Plan)), and the Board may, in its sole discretion, determine the time during which an Option shall vest and the method of vesting, or that no vesting restriction shall exist.

Subject to any requirements of the TSX Venture Exchange, the Board may determine the expiry date of each Option. Subject to a limited extension if an Option expires during a black-out period, Options may be exercised for a period of up to ten (10) years after the grant date, provided that: (i) upon a Participant’s termination for cause, all Options, whether vested or not, as at the date on which a Participant ceases to be eligible to participate under the Omnibus Plan (the “**Termination Date**”) as a result of termination of employment, will automatically and immediately expire and be forfeited; (ii) upon the death of a Participant, all unvested Options as at the Termination Date shall automatically and immediately vest, and all vested Options will continue to be subject to the Omnibus Plan and be exercisable until the earlier of the original expiry date of the award and 12 months after the Termination Date; (iii) in the case of the disability of a Participant, all Options shall remain and continue to vest (and are exercisable) in accordance with the terms of the Omnibus Plan for a period of 12 months after the Termination Date, provided that any Options that have not been exercised (whether vested or not) within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date; (iv) in the case of the retirement of a Participant, all Options shall remain and continue to vest (and are exercisable) in accordance with the terms of the Omnibus Plan for a period of 12 months after the Termination Date, provided that any Options that have not been exercised (whether vested or not) within 12 months after the Termination Date shall automatically and immediately expire and be forfeited on such date; and; (v) in all other cases where a Participant ceases to be eligible under the Omnibus Plan, including a termination without cause or a voluntary resignation, unless otherwise determined by the Board, all unvested Options shall automatically and immediately

expire and be forfeited as of the Termination Date, and all vested Options will continue to be subject to the Omnibus Plan and be exercisable for a period of 90 days after the Termination Date, provided that any Options that have not been exercised within 90 days after the Termination Date shall automatically and immediately expire and be forfeited on such date.

Share Units

The Board of Directors is authorized to grant RSUs, PSUs and DSUs evidencing the right to receive common shares (issued from treasury), cash based on the value of a Common Share or a combination thereof at some future time to eligible persons under the Omnibus Plan.

RSUs generally become vested, if at all, following a period of continuous employment. PSUs are similar to RSUs, but their vesting is, in whole or in part, conditioned on the attainment of specified performance metrics as may be determined by the Board. The terms and conditions of grants of RSUs and PSUs, including the quantity, type of award, grant date, vesting conditions, vesting periods, settlement date and other terms and conditions with respect to these Awards will be set out in the Participant's Award Agreement.

Subject to the achievement of the applicable vesting conditions, the payout of an RSU or PSU will generally occur on the settlement date. The payout of a DSU will generally occur upon or following the Participant ceasing to be a director, executive officer, employee or consultant of the Corporation, subject to satisfaction of any applicable conditions.

Shareholders Approval of the Omnibus Plan

The Omnibus Plan which is subject to the approval of disinterested shareholders; by excluding votes cast by insiders eligible to receive Awards pursuant to the Omnibus Plan and their associates. The text of the resolutions approving the Omnibus Plan (the "**Omnibus Plan Resolution**") is set out in Schedule B of this Circular. The Omnibus Plan Resolution must be approved by not less than a majority of the votes cast in respect thereof by shareholders other than insiders of the Corporation eligible to receive awards under the Omnibus Plan and their associates.

The TSX Venture Exchange has conditionally accepted the Omnibus Plan, subject to the approval of shareholders as described herein.

The Board has determined that the Omnibus Plan is in the best interests of the Corporation and its shareholders.

Except where authorization to vote with respect to the ratification and confirmation of the Omnibus Plan is withheld, the persons named in the accompanying form of proxy intend to vote **FOR** the Omnibus Plan.

APPROVAL OF SHARE CONSOLIDATION

As at July 27, 2022, there were 99,451,719 issued and outstanding common shares of the Corporation. The Corporation considers that without a share consolidation, it may be more difficult for the Corporation to effect future financings.

Accordingly, shareholders will be asked to approve a special resolution in the form annexed hereto as Schedule D (the "**Share Consolidation Resolution**"), authorizing, if deemed advisable by the Board of Directors, an amendment to the Articles of the Corporation so as to consolidate the issued and outstanding common shares of the Corporation on the basis of one (1) common share for a maximum of every ten (10) common shares issued and outstanding (the "**Share Consolidation**"). In order to be adopted, the Share Consolidation Resolution must be approved by at least two-thirds (2/3) of the votes cast by the holders of the common shares, either present in person or represented by proxy at the Meeting. Unless otherwise specified, the persons named in the accompanying form of proxy intend to vote **FOR** the Share Consolidation Resolution.

If the Share Consolidation Resolution is adopted by the shareholders, Articles of Amendment will be filed if and when deemed advisable by the Board of Directors in its discretion, but in no case later than twelve (12) months from the date of the Meeting. In such event, subject to the maximum referred to above, the determination of the basis for the consolidation will be at the discretion of the Board of Directors. Notwithstanding the foregoing, the Share Consolidation Resolution authorizes the Board of Directors to abandon the proposed amendment to the Articles of the Corporation without further approval from the shareholders. The Articles of Amendment will not have any effect on the operations of the Corporation.

If the Share Consolidation would result in a Registered Shareholder holding a fraction of a share, no fraction or fractional share or certificate will be issued. In the event that the Share Consolidation would result in a Registered Shareholder holding a

fraction of a common share, such fractional common share shall be rounded down to the nearest whole number of common shares and any fractional common share post-Share Consolidation will be cancelled without payment of any consideration. In all other respects, the post-consolidation common shares will have the same attributes as the existing common shares. The Share Consolidation will not change a shareholder's proportionate interest in the Corporation, even though such ownership will be represented by a smaller number of common shares.

The principal effect of the Share Consolidation will be that the number of common shares issued and outstanding will be reduced from 99,451,719 common shares as of July 27, 2022 to between 49,675,859 2:1 and 9,351,719 10:1 common shares, depending on the ratio selected by the Board of Directors. The following table sets out the percentage reduction in the number of outstanding common shares and the number of common shares that would be outstanding as a result of a consolidation at the ratios indicated:

Proposed Consolidation Ratio	Percentage Reduction in Number of Outstanding Common Shares	Number of Outstanding Common Shares Post-Consolidation
1 for 2	50%	49,775,859
1 for 5	80%	19,890,343
1 for 10	90%	9,945,171

In general, the Share Consolidation will not be considered to result in a disposition of common shares by shareholders for Canadian federal income tax purposes. The aggregate adjusted cost base to a shareholder for such purposes of all common shares held by the shareholder will not change as a result of the Share Consolidation; however, the shareholder's adjusted cost base per common share will increase proportionately.

There can be no assurance, however, that the total market capitalization of the Corporation (the aggregate value of all common shares at the market price then in effect) immediately after the Share Consolidation will be equal to or greater than the total market capitalization immediately before the Share Consolidation. In addition, there can be no assurance that the per-share market price of the common shares following the Share Consolidation will equal or exceed the direct arithmetical result of the Share Consolidation. In addition, a decline in the market price of the common shares after the Share Consolidation may result in a greater percentage decline than would occur in the absence of a Share Consolidation and the liquidity of the common shares could be adversely affected.

In addition to the issued and outstanding common shares, the common shares currently reserved for issuance by the Corporation will be adjusted to give effect to the Share Consolidation, such that the number of consolidated common shares issuable will equal the number obtained when the number of common shares issuable is divided by the conversion number and the exercise prices of outstanding option or other Awards that may be issued pursuant to Omnibus Equity Incentive Plan to purchase consolidated common shares will equal the price obtained by multiplying the existing exercise price by the conversion number. Outstanding common share purchase warrants will be adjusted to reflect the consolidation ratio in accordance with their respective terms.

If the Special Resolution is passed at the Meeting and the Board of Directors decides to proceed with the Share Consolidation, the Corporation will announce, by way of a press release, that it is proceeding with the Share Consolidation. Registered Shareholders should then, at that time, complete, sign and return the Letter of Transmittal that will be sent to such registered holders, along with the share certificate(s) representing their pre-consolidation common shares, to Computershare Investor Services Inc. at one of the addresses in the Letter of Transmittal. Upon receipt of a properly-completed and signed Letter of Transmittal and the share certificate(s) referred to in the Letter of Transmittal, the Corporation will arrange to have a new share certificate representing the appropriate number of post-consolidation common shares delivered in accordance with the instructions provided by the holder in the Letter of Transmittal. No delivery of a new certificate to a shareholder will be made until the shareholder has surrendered his current issued certificates. Until surrendered, each share certificate formerly representing old common shares shall be deemed for all purposes to represent the number of new common shares to which the holder is entitled as a result of the Share Consolidation.

If a shareholder's common shares are registered in the name of a nominee (e.g. a trust company, securities broker, or other financial institution), the shareholder will not receive a Letter of Transmittal and should contact its nominee to determine if the shareholder need to do anything to effect the consolidation of its common shares.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the directors or executive officers of the Corporation, none of the persons who have been directors or executive officers of the Corporation at any time since January 1, 2021, none of the proposed nominees for election as a director of the Corporation and none of the associates or affiliates of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter scheduled to be acted upon at the Meeting other than the election of directors and the ratification, confirmation and approval of the Stock Option Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No “informed person” of the Corporation, that is: (a) the directors and executive officers of the Corporation; (b) any person who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Corporation’s outstanding voting shares; (c) any director or executive officer of a person referred to in (b) above; or (d) any associate or affiliate of any “informed person” of the Corporation, has any material interest, direct or indirect, in any transaction since January 1, 2021 in any proposed transaction which has materially affected or could materially affect the Corporation, or in any matter to be acted upon at this Meeting, other than as follows:

During the fiscal year ended December 31, 2021:

- (a) the Corporation retained the services of a company controlled by Michael Ferreira to provide consulting services. For the fiscal year ended December 31, 2021, the total amount paid to the company for such services was \$150,000. Mr. Ferreira is the President and Chief Executive Officer of the Corporation;
- (b) the Corporation retained the services of a company controlled by Sylvain Champagne to provide financial and administrative consulting services. For the fiscal year ended December 31, 2021, the total amount paid to the company for such services was \$75,500. Mr. Champagne is the Chief Financial Officer of the Corporation;
- (c) the Corporation retained the services of a company controlled by Kim Oishi to provide consulting services. For the fiscal year ended December 31, 2021, the total amount paid to the company for such services was \$56,000. Mr. Oishi is a director of the Corporation; and
- (c) the Corporation retained the services of a company controlled by Jordan Williams Potts to provide consulting services. For the fiscal year ended December 31, 2021, the total amount paid to the company for such services was \$29,400. Mr. Potts is a director of the Corporation.

OTHER MATTERS

Management of the Corporation knows of no other matter to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

SHAREHOLDER PROPOSALS

The *Canada Business Corporations Act* provides, in effect, that a registered holder or beneficial owner of shares that is entitled to vote at an annual meeting of the Corporation may submit to the Corporation notice of any matter that the person proposes to raise at the meeting (referred to as a “**Proposal**”) and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. The *Canada Business Corporations Act* further provides, in effect, that the Corporation must set out the Proposal in its management information circular along with, if so requested by the person who makes the Proposal, a statement in support of the Proposal by such person. However, the Corporation will not be required to set out the Proposal in its management information circular or include a supporting statement if, among other things, the Proposal is not submitted to the Corporation at least 90 days before the anniversary date of the notice of meeting that was sent to the shareholders in connection with the previous annual meeting of shareholders of the Corporation. As the notice in connection with the Meeting is dated August 1, 2022, the deadline for submitting a proposal to the Corporation in connection with the next annual meeting of shareholders is May 4, 2023.

The foregoing is a summary only; shareholders should carefully review the provisions of the *Canada Business Corporations Act* relating to Proposals and consult with a legal advisor.

CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices* set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation's required annual disclosure of its corporate governance practices.

1. Board of Directors

Disclose how the board of directors facilitates its exercise of independent supervision over management, including:

- (a) *the identity of directors who are independent; and*
- (b) *the identity of directors who are not independent, and the basis for that determination.*

The Board of Directors considers that Jean-François Madore, Dr. Michael Byron, Kim Oishi and Sébastien Bellefleur are independent within the meaning of section 1.4 of National Instrument 52-110 *Audit Committees*.

The Board of Directors considers that Michael F. Ferreira and Sylvain Champagne are not independent within the meaning of section 1.4 of National Instrument 52-110 *Audit Committees* in that Messrs. Ferreira and Champagne are senior officers of the Corporation.

Four of the six directors are independent; the Board of Directors is thus composed of a majority of independent directors. Meetings of the Board of Directors are chaired by Michael F. Ferreira, the Chairman of the Board of Directors. If necessary, the independent members of the Board of Directors can meet without non-independent directors and members of management present. Important matters are discussed within the Audit Committee of the Board of Directors, which is comprised for the most part of independent directors. These factors allow the Board to preserve its independence with respect to management of the Corporation and to exercise its independent supervision over management.

2. Directorships

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

The following directors or proposed nominee for election as director are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

Name of Director	Issuer
Sylvain Champagne	Fokus Mining Corporation Visible Gold Mines Inc.
Sébastien Bellefleur	Visible Gold Mines Inc.
Kim Oishi	Datable Technology Corporation
Jordan Potts	Strathmore Plus Energy Corp. (Formerly Rockwealth Resources Corp.)

3. **Orientation and Continuing Education**

Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.

The Corporation does not currently have a formal orientation program for new directors. The Board of Directors has not taken any measures to provide continuing education for the directors.

4. **Ethical Business Conduct**

Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.

In light of the Corporation's stage of development and its limited number of employees, the Board of Directors has not taken formal steps to encourage and promote a culture of ethical business conduct. The Corporation does take measures to ensure that the directors do not trade in the Corporation's shares at a time when disclosure of material information is pending.

5. **Nomination of Directors**

Disclose what steps, if any, are taken to identify new candidates for board nomination, including:

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

The Corporate Governance and Nominating Committee ("CGNC") is responsible for recommending to the Board of Directors potential new directors and assessing the performance and contribution of directors.

The Board of Directors will consider new candidates for nomination, if deemed necessary. The Board of Directors considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board of Directors' duties effectively and to maintain a diversity of view and experience.

The Corporation has not adopted term limits for its directors or other mechanisms of Board of Directors renewal. The Corporation is aware of the positive impacts of bringing new perspectives to the Board of Directors, and therefore does occasionally add new members; however, it values continuity on the Board of Directors and the in-depth knowledge of the Corporation held by those members who have a long-standing relationship with the Corporation.

The Corporation does not currently have a written policy relating to the identification and nomination of women, Aboriginal peoples, persons with disabilities or members of visible minorities as directors. Historically, the Corporation has not felt that such a policy was needed. However, the Corporation is currently considering the adoption of such a policy.

When the Board of Directors selects candidates for executive or senior management positions or for director positions, it considers not only the qualifications, personal qualities, business background and experience of the candidates, it also considers the composition of the group of nominees, to best bring together a selection of candidates allowing the Corporation's management or Board of Directors, as the case may be to perform efficiently and act in the best interest of the Corporation and its shareholders. The Corporation is aware of the benefits of diversity at the executive and senior management levels and on the Board of Directors, and therefore the level of representation of women, Aboriginal peoples, persons with disabilities and members of visible minorities is one factor taken into consideration during the search process for executive and senior management positions or for directors.

The Corporation has not adopted a "target" number or percentage regarding women, Aboriginal peoples, persons with disabilities or members of visible minorities on the Board of Directors or in executive or senior management positions. The Corporation considers candidates based on their qualifications, personal qualities, business background and experience, and does not feel that targets necessarily result in the identification or selection of the best candidates. There are at present no women, Aboriginal people or person with disabilities or members of visible minorities acting

as executive officers of the Corporation. There are at present one member of the Board of Directors that belongs to a visible minority group (representing 16% of the Corporation's directors) and no woman, aboriginal peoples or persons with disabilities as members on its Board of Directors.

6. Compensation

Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:

- (i) *who determines compensation; and*

The compensation of the directors and Chief Executive Officer of the Corporation is determined by the Board of Directors. In determining the compensation of the directors and the Chief Executive Officer, the Board of Directors considers the size of the Corporation, its financial resources and the compensation received by individuals occupying similar functions in other comparable Canadian companies.

- (ii) *the process for determining compensation.*

The process by which the Corporation currently determines the compensation of the executive officers of the Corporation is described in the section entitled "Compensation of Executive Officers and Directors – Compensation Discussion and Analysis" above.

7. Other Board Committees

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Board of Directors does not have any standing committees other than the Audit Committee and the Corporate Governance and Nominating Committee.

Corporate Governance and Nominating Committee

The CGNC is expected to meet not less than twice a year and at such other times as required. The CGNC is responsible for determining, within the agreed terms of reference, the Corporation's policy on the remuneration packages of the Corporation's chief executive officer, chairman, executive and non-executive directors, the Corporation's secretary and other senior executives. The CGNC also has responsibility for:

- (i) recommending to the Board of Directors a compensation policy for directors and executives and monitoring its implementation; and
- (ii) approving and recommending to the Board of Directors, the total individual remuneration package of the chairman, each executive and non-executive director, the chief executive officer and all other senior executives (including bonuses, incentive payments and share options or other share awards). No individual may be involved in any discussions as to his or her own remuneration.

The CGNC also has the responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board of Directors and giving full consideration to succession planning. The CGNC also has the responsibility for recommending new appointments to the Board of Directors and to the other Board committees. It is responsible for identifying suitable candidates for board membership and for monitoring the performance and suitability of the current Board of Directors on an on-going basis.

The CGNC also has the responsibility for reviewing, approving and monitoring the Corporation's compliance with any rules, regulations or guidelines promulgated by regulatory authorities or other organizations, including those of the TSX Venture Exchange or any other exchanges on which its securities may be trading, deemed relevant by the CGNC relating to corporate governance.

8. Assessments

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

The Board of Directors is responsible for assessing the effectiveness of the Board of Directors, its committees and individual directors and the competence and qualifications that each director is required to bring to the Board of Directors. Although no formal process has been put in place for such assessment, the Board of Directors conducts informal assessments on an as-needed basis. In this regard, the Board of Directors from time-to-time examines and comments on its effectiveness and that of its committees, and makes adjustments when warranted.

ADDITIONAL INFORMATION

Financial information about the Corporation is contained in its consolidated financial statements and Management's Discussion and Analysis for the fiscal year ended December 31, 2021, and additional information about the Corporation is available on SEDAR at www.sedar.com.

If you would like to obtain, at no cost to you, a copy of any of the following documents:

- (a) the financial statements of the Corporation for the fiscal year ended December 31, 2021 together with the accompanying report of the auditor thereon and any interim financial reports of the Corporation for periods subsequent to December 31, 2021 and Management's Discussion and Analysis with respect thereto; and
- (b) this Circular,

please send your request to:

X-Terra Resources Inc.
147 Quebec Avenue (back door) P.O. Box 491
Rouyn-Noranda, Québec J9X 5C4

Telephone: (819) 762-4101
Telecopier: (819) 762-0097

AUTHORIZATION

The contents and the mailing of this Circular have been approved by the Board of Directors of the Corporation.

(signed) Michael Ferreira

Michael Ferreira
President and Chief Executive Officer

DATED at Rouyn-Noranda, Québec
August 1, 2022

**SCHEDULE A
CHARTER OF THE AUDIT COMMITTEE**

1. OVERALL PURPOSE / OBJECTIVES

The Audit Committee will provide independent review and oversight of the Corporation's financial reporting process and will manage the relationship between the Corporation and its external auditors, including overseeing the audit process and recommending to the Board of Directors the nomination and compensation of such external auditors. The Audit Committee will also assist the Board of Directors in fulfilling its responsibilities in reviewing the Corporation's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Audit Committee will maintain effective working relationships with the Board of Directors, management, and the external auditors of the Corporation and will monitor the independence of those auditors. The Audit Committee will also be responsible for reviewing the Corporation's financial strategies, its financing plans and its use of the equity and debt markets.

To perform his or her role effectively, each Audit Committee member will obtain an understanding of the responsibilities of committee membership as well as the Corporation's business, operations and risks.

2. AUTHORITY

The Board of Directors authorizes the Audit Committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to retain outside legal or professional counsel and other experts and to ensure the attendance of Corporation officers at meetings as appropriate.

3. ORGANIZATION

3.1 Membership

- (a) The Audit Committee will be comprised of at least three members, each of whom should meet the following independence and qualification requirements:
 - (i) An Audit Committee member may not, other than in his or her capacity as a member of the Audit Committee, Board of Directors or any other committee of the Board of Directors, accept directly or indirectly any consulting, advisory or other compensatory fee from the Corporation. The indirect acceptance of a consulting, advisory or other compensatory fee shall include acceptance of the fee by a spouse, minor child or stepchild, or child or stepchild sharing a home with the Audit Committee member, or by an entity in which such member is a partner, member or principal or occupies a similar position and which provides accounting, consulting, legal, investment banking, financial or other advisory services or any similar services to the Corporation.
 - (ii) An Audit Committee member may not have been employed by the Corporation or any of its affiliates in the current or past three years.
 - (iii) An Audit Committee member may not be an affiliate of the Corporation or any of its subsidiaries.
- (b) The Chairman of the Audit Committee will be nominated by the Audit Committee from time to time.
- (c) A quorum for any meeting of the Audit Committee will be two members.
- (d) The secretary of the Audit Committee will be such person as nominated by the Chairman.

3.2 Attendance at Meetings

- (a) The Audit Committee may invite such other persons (e.g. the Chief Financial Officers or Chief Executive Officer) to its meetings, as it deems appropriate.

- (b) The external auditors should be present at each quarterly Audit Committee meeting and be expected to comment on the financial statements in accordance with best practices.
- (c) Meetings shall be held not less than four times a year. Special meetings shall be convened as required. External auditors may convene a meeting if they consider that it is necessary.
- (d) The proceedings of all meetings will be minuted.

4. ROLES AND RESPONSIBILITIES

The Audit Committee will:

- 4.1 Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
- 4.2 Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- 4.3 Review the Corporation's strategic and financing plans to assist the Board of Directors' understanding of the underlying financial risks and the financing alternatives.
- 4.4 Review management's plans to access the equity and debt markets and to provide the Board of Directors with advice and commentary.
- 4.5 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- 4.6 Review any legal matters which could significantly impact the financial statements as reported on by the Corporation's legal counsel and meet with such counsel whenever deemed appropriate.
- 4.7 Review the annual and quarterly financial statements including Management's Discussion and Analysis and earnings press releases in respect thereof and determine whether they are complete and consistent with the information known to Audit Committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles, and, if appropriate, recommend to the Board of Directors for approval, before their release, that the annual and quarterly financial statements and related financial reporting, including the Management's Discussion and Analysis and earnings press releases.
- 4.8 Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.
- 4.9 Focus on judgmental areas, for example those areas involving valuation of assets and liabilities and other commitments and contingencies.
- 4.10 Review audit issues related to the Corporation's material associated and affiliated companies that may have a significant impact on the Corporation's equity investment.
- 4.11 Meet with management and the external auditors to review the annual financial statements and the results of the audit.
- 4.12 Assess the fairness of the interim financial statements and disclosures, and obtain explanations from management on whether:
 - (a) actual financial results for the interim period varied significantly from budgeted or projected results;
 - (b) generally accepted accounting principles have been consistently applied;
 - (c) there are any actual or proposed changes in accounting or financial reporting practices;

- (d) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.
- 4.13 Review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.
- 4.14 Review the performance of the external auditors and approve in advance provision of services other than auditing.
- 4.15 Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Corporation. The Audit Committee will obtain from the external auditors, on an annual basis, a formal written statement delineating all relationships between the external auditors and the Corporation.
- 4.16 Evaluate and, if and when appropriate, recommend to the Board of Directors selection, compensation or replacement of the external auditors.
- 4.17 Meet separately with the external auditors to discuss any matters that the Audit Committee or auditors believe should be discussed privately, including the results of the external auditors' review of the adequacy and effectiveness of the Corporation's accounting and financial controls.
- 4.18 Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
- 4.19 Obtain regular updates from management and the Corporation's legal counsel regarding compliance matters, as well as certificates from the Chief Financial Officer as to required statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance.
- 4.20 Ensure that the Board of Directors is aware of matters which may significantly impact the financial condition or affairs of the business.
- 4.21 Perform other functions as requested by the full Board of Directors.
- 4.22 If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
- 4.23 Review and update the charter; receive approval of changes from the Board of Directors.
- 4.24 Work with the Board of Directors to determine an appropriate annual budget for the Audit Committee and its required activities, including but not limited to the compensation of the external auditors and any outside counsel or other experts retained by the Audit Committee.
- 4.25 Create specific procedures for the receipt, retention and treatment of complaints regarding the Corporation's accounting, internal accounting controls and auditing matters. These procedures will include, among other things, provisions for the confidential treatment of complaints and anonymity for employees desiring to make submissions.

**SCHEDULE B
SHAREHOLDERS' RESOLUTION**

Ratification, Approbation and Confirmation of the Omnibus Equity Incentive Plan Resolution

BE AND IT IS HEREBY RESOLVED:

THAT the Corporation's omnibus equity incentive plan, adopted by the Corporation's Board of Directors on August 1, 2022, as described and included in the Management Information Circular dated August 1, 2022 be and it is hereby authorized, ratified, approved and confirmed; and

THAT any one or more of the directors or officers of the Corporation is authorized and directed, upon the Board of Directors resolving to give effect to this resolution, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to the resolution.

**SCHEDULE C
THE OMNIBUS PLAN**

(see attached)

X-TERRA RESOURCES INC.

OMNIBUS EQUITY INCENTIVE PLAN

APPROVED BY THE BOARD OF DIRECTORS ON AUGUST 1, 2022

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1 - PURPOSE	1
1.1 Purpose.....	1
1.2 Amendment to Predecessor Plan	1
ARTICLE 2 - INTERPRETATION	1
2.1 Definitions	1
2.2 Interpretation.....	11
ARTICLE 3 - ADMINISTRATION	11
3.1 Administration	11
3.2 Delegation to Committee	13
3.3 Determinations Binding.....	13
3.4 Eligibility	13
3.5 Plan Administrator Requirements.....	13
3.6 Total Shares Subject to Awards.....	14
3.7 Limits on Grants of Awards.....	14
3.8 Award Agreements	15
3.9 Non-transferability of Awards	16
ARTICLE 4 - OPTIONS	16
4.1 Granting of Options	16
4.2 Exercise Price	16
4.3 Term of Options.....	16
4.4 Vesting and Exercisability	16
4.5 Payment of Exercise Price	17
4.6 Cashless Exercise.....	17
4.7 Net Exercise of Options	17
ARTICLE 5 - DEFERRED SHARE UNITS	18
5.1 Granting of DSUs	18
5.2 DSU Account.....	19
5.3 Vesting of DSUs	19
5.4 Settlement of DSUs	20
ARTICLE 6 - RESTRICTED SHARE UNITS	20
6.1 Granting of RSUs.....	20

6.2	RSU Account	21
6.3	Vesting of RSUs	21
6.4	Settlement of RSUs.....	21
ARTICLE 7 - PERFORMANCE SHARE UNITS		21
7.1	Granting of PSUs.....	21
7.2	Terms of PSUs.....	22
7.3	Performance Goals.....	22
7.4	PSU Account.....	22
7.5	Vesting of PSUs.....	22
7.6	Settlement of PSUs	22
ARTICLE 8 - OTHER SHARE-BASED AWARDS.....		23
ARTICLE 9 - ADDITIONAL AWARD TERMS.....		23
9.1	Dividend Equivalents.....	23
9.2	Blackout Period.....	24
9.3	Withholding Taxes.....	24
9.4	Recoupment	25
ARTICLE 10 - TERMINATION OF EMPLOYMENT OR SERVICES.....		25
10.1	Termination of Employment, Services or Director	25
10.2	Discretion to Permit Acceleration.....	26
10.3	Participants' Entitlement.....	27
ARTICLE 11 - EVENTS AFFECTING THE CORPORATION		27
11.1	General.....	27
11.2	Change in Control.....	27
11.3	Reorganization of Corporation's Capital	28
11.4	Other Events Affecting the Corporation.....	29
11.5	Immediate Acceleration of Awards	29
11.6	Issue by Corporation of Additional Shares.....	29
11.7	Fractions.....	29
ARTICLE 12 - U.S. TAXPAYERS		29
12.1	Provisions for U.S. Taxpayers	29
12.2	ISOs	30
12.3	ISO Term and Exercise Price; Grants to 10% Shareholders	30
12.4	\$100,000 Per Year Limitation for ISOs.....	30
12.5	Disqualifying Dispositions	31

12.6	ISO Status Following Termination of Employment	31
12.7	Shareholder Approval for ISO Purposes	32
12.8	Section 409A of the Code	32
12.9	Section 83(b) Election	33
ARTICLE 13 - AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN		33
13.1	Amendment, Suspension, or Termination of the Plan	33
13.2	Shareholder Approval	34
13.3	Permitted Amendments.....	34
ARTICLE 14 - MISCELLANEOUS.....		35
14.1	Legal Requirement.....	35
14.2	No Other Benefit.....	35
14.3	Rights of Participant	35
14.4	Corporate Action.....	36
14.5	Conflict	36
14.6	Anti-Hedging Policy	36
14.7	Participant Information	36
14.8	Participation in the Plan.....	36
14.9	International Participants	36
14.10	No Representations or Warranties	37
14.11	Successors and Assigns	37
14.12	General Restrictions on Assignment.....	37
14.13	Severability	37
14.14	Notices	37
14.15	Effective Date	37
14.16	Governing Law	38
14.17	Submission to Jurisdiction.....	38
14.18	French Language.....	38

X-TERRA RESOURCES INC.

Omnibus 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, Officers, Employees, Management Company Employees and Consultants, to reward such of those Directors, Officers, Employees, Management Company 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, Officers, Employees, Management Company Employees and Consultants to acquire Shares as long term investments and proprietary interests in the Corporation.

1.2 Amendment to Predecessor Plan

This Plan constitutes an amendment to and restatement of the Corporation's stock option plan adopted on April 17, 2014, as amended on April 29, 2019 and August 21, 2020 (the "**Predecessor Plan**"). Subject to compliance with the policies of the Exchange, all outstanding Options granted under the Predecessor Plan (the "**Predecessor Options**") shall continue to be outstanding as awards granted under and subject to the terms of this Plan, provided however that that all Options which have been granted under the Predecessor Plan remain in force in accordance with their existing terms.

ARTICLE 2 - INTERPRETATION

2.1 Definitions

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

"**Affiliate**" means any entity that is an "affiliate" for the purposes of National Instrument 45-106 – *Prospectus Exemptions*, as amended from time to time;

"**Award**" means any Option, Deferred Share Unit, Restricted Share Unit, Performance Share Unit or Other Share-Based Award granted under this Plan, which may be denominated or settled in Shares, cash or in such other forms as provided for herein;

"**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, and evidencing the terms and conditions on which an Award has been granted under this Plan (including written or other applicable employment agreements) and which need not be identical to any other such agreements;

“**Board**” means the board of directors of the Corporation as it may be constituted from time to time;

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

“**Canadian Taxpayer**” means a Participant that is resident in Canada for purposes of the Tax Act;

“**Cash Fees**” has the meaning set forth in Subsection 5.1(a);

“**Cause**” means:

- (a) with respect to a particular Employee: (1) “cause” as such term is defined in the employment or other written agreement between the Corporation or a subsidiary of the Corporation and the Employee; (2) in the event there is no written or other applicable employment agreement between the Corporation or a subsidiary of the Corporation and the Employees or “cause” is not defined in such agreement, “cause” as such term is defined in the Award Agreement; or (3) in the event neither clause (1) nor (2) apply, then “cause” as such term is defined by applicable law or, if not so defined, then (A) with respect to an Award of an Employee that is not employed in the United States, such term shall refer to circumstances where an employer can terminate an individual’s employment without notice or pay in lieu thereof; and (B) with respect to an Award of an Employee that is employed in the United States (i) any breach of any written agreement between the Corporation and Employee; (ii) any failure to perform assigned job responsibilities in a competent and diligent manner that continues unremedied for a period of thirty (30) days after written notice to Employee by the Corporation and Employee shall only be entitled to such notice once per calendar year; (iii) the commission of a felony or misdemeanor or failure to contest prosecution for a felony or misdemeanor; (iv) the Corporation’s reasonable belief that Employee engaged in a violation of any statute, rule or regulation, any of which in the judgment of Employer is harmful to the Corporation’s business or reputation; or (v) the Corporation’s reasonable belief that Employee engaged in unethical practices, dishonesty or disloyalty;
- (b) in the case of a Consultant (1) the occurrence of any event which, under the written consulting contract with the Consultant or the common law or the laws of the jurisdiction in which the Consultant provides services, gives the Corporation or any of its Affiliates the right to immediately terminate the consulting contract; or (2) the termination of the consulting contract as a result of an order made by any Regulatory Authority having jurisdiction to so order;
- (c) in the case of a Director, ceasing to be a Director as a result of (1) ceasing to be qualified to act as a Director pursuant to the section 105(1) of the CBCA; (2) a resolution having been passed by the shareholders pursuant to section 106(3) of the CBCA, or (3) an order made by any Regulatory Authority having jurisdiction to so order; or

- (d) in the case of an Officer, (1) cause as such term is defined in the written employment agreement with the Officer or if there is no written employment agreement or cause is not defined therein, the usual meaning of just cause under the common law or the laws of the jurisdiction in which the Officer provides services; or (2) ceasing to be an Officer as a result of an order made by any Regulatory Authority having jurisdiction to so order.

“**CBCA**” means the *Canada Business Corporations Act*;

“**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 CBCA) 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 consolidated 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);
- (e) subject to the prior acceptance of the Exchange, any other event which the Board determines to constitute a change in control of the Corporation; or
- (f) 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 clauses (a), (b), (c) and (d) above, a Change in Control shall be deemed not to have occurred pursuant to clauses (a), (b), (c) or (d) above 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 (including, for greater certainty, the Person succeeding to assets of the Corporation in a transaction contemplated in clause (b) above) (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 required upon, or 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;

“**Company**” unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

“**Consultant**” means, in relation to the Corporation an individual (other than a Director, Officer or Employee of the Corporation or any of its subsidiaries) or Company that:

- (a) is engaged to provide on an ongoing *bona fide* basis, consulting, technical management or other services to the Corporation or to any of its subsidiaries, other than services provided in relation to a Distribution (as defined in the *Securities Act* (Québec));
- (b) provides the services under a written contract between the Corporation or any of its subsidiaries and the individual or the Company, as the case may be; and

- (c) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or a subsidiary of the Corporation;

“**Consultant Company**” means a Consultant that is a Company;

“**Control**” means:

- (a) when applied to the relationship between a Person and a corporation, the beneficial ownership by that Person, directly or indirectly, of voting securities or other interests in such corporation entitling the holder to exercise control and direction in fact over the activities of such corporation;
- (b) when applied to the relationship between a Person and a partnership, limited partnership, trust or joint venture, means the contractual right to direct the affairs of the partnership, limited partnership, trust or joint venture; and
- (c) when applied in relation to a trust, the beneficial ownership at the relevant time of more than 50% of the property settled under the trust, and

the words “**Controlled by**”, “**Controlling**” and similar words have corresponding meanings; provided that a Person who controls a corporation, partnership, limited partnership or joint venture will be deemed to Control a corporation, partnership, limited partnership, trust or joint venture which is Controlled by such Person and so on;

“**Corporation**” means X-Terra Resources Inc.;

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

“**Deferred Share Unit**” or “**DSU**” means any right granted under Article 5 of this Plan;

“**Director**” means a director of the Corporation who is not an Employee;

“**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, in respect of a Participant, suffering from a state of mental or physical disability, illness or disease that prevents the Participant from carrying out his or her normal duties as an Employee for a continuous period of six months or for any period of six months in any consecutive twelve month period, as certified by two medical doctors or as otherwise determined in accordance with procedures established by the Plan Administrator for purposes of this Plan;

“**Disinterested Shareholder Approval**” means approval in accordance with TSX Venture Exchange Policy 4.4 by the Corporation’s shareholders at a duly constituted shareholders meeting, excluding: (i) votes attached to the Shares beneficially owned by Insiders to

whom Awards may be granted under the Plan and their associates and affiliates; and (ii) such other excluded votes as described under TSX Venture Exchange Policy 4.4;

“**Effective Date**” means the effective date of this Plan, being August 1, 2022;

“**Elected Amount**” has the meaning set forth in Subsection 5.1(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 5.1(b);

“**Election Notice**” has the meaning set forth in Subsection 5.1(b);

“**Employee**” means:

- (a) an individual who is considered an employee of the Corporation or any of its subsidiaries under the *Income Tax Act* (Canada) and for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source;
- (b) an individual who works full-time for the Corporation or any of its subsidiaries providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiaries over the details and methods of work as an employee of the Corporation or of its subsidiaries, as the case may be, but for whom income tax deductions are not made at source; or
- (c) an individual who works for the Corporation or any of its subsidiaries on a continuing and regular basis for a minimum of five (5) hours per week, providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or its subsidiary over the details and methods of work as an employee of the Corporation or of its subsidiaries, as the case may be, but for whom income tax deductions are not made at source;

“**Exchange**” means, as applicable, the TSXV, the TSX, or 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;

“**Fair Market Value**” with respect to one Share as of any date shall mean (a) if the Shares are listed on the Exchange, the price of one Share at the close of the regular trading session

of such market or exchange on the last trading day prior to such date, and if no sale of Shares shall have occurred on such date, on the next preceding date on which there was a sale of Shares (subject to such price not being less than the Discounted Market Price (as defined in the policies of the Exchange)); (b) if the Shares are not so listed on an established stock exchange, the average of the closing “bid” and “asked” prices quoted by the OTC Markets, the National Quotation Bureau, or any comparable reporting service on such date or, if there are no quoted “bid” and “asked” prices on such date, on the next preceding date for which there are such quotes for a Share; or (c) if the Shares are not publicly traded as of such date, the per share value of one Share, as determined by the Board, or any duly authorized Committee of the Board, in its sole discretion, by applying principles of valuation with respect thereto, and with respect to Options awarded to U.S Taxpayers, such valuation principles will be in accordance with U.S. Treasury Regulation Section 1.409A-1(b)(5)(iv)(B)(1).

“**Insider**” has the meaning given to such term in the *Securities Act* (Québec);

“**Investor Relations Activities**” means any activities or oral or written communications, by or on behalf of the Corporation or shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:

- (a) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation:
 - (i) to promote the sale of products or services of the Corporation; or
 - (ii) to raise public awareness of the Corporation;

that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation;
- (b) activities or communications necessary to comply with the requirements of:
 - (i) applicable securities laws; and
 - (ii) Exchange requirements or the by-laws, rules or other regulatory instruments of any other self-regulatory body or Exchange having jurisdiction over the Corporation;
- (c) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
 - (i) the communication is only through the newspaper, magazine or publication; and
 - (ii) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or

(d) activities or communications that may be otherwise specified by an Exchange.

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

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

“Market Price” at any date in respect of the Shares shall be determined as follows

- (a) if the Shares are then listed on the Exchange, then the Market Price shall be the volume weighted average trading price on the Exchange for the ten trading days immediately preceding such date (subject to such price not being less than the Discounted Market Price (as defined in the policies of the Exchange); and
- (b) if the Shares are not listed on the Exchange, then the Market Price shall be, subject to the necessary approvals of the applicable Regulatory Authorities, the fair market value of the Shares on such date as determined by the Board in its discretion;

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

“Options” means a right granted to a Participant by the Corporation to acquire Shares of the Corporation at a specified price for a specified period of time;

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

“Other Share-Based Award” means any right granted under Article 8;

“Participant” means a Director, Officer, Employee, Management Company Employee or Consultant 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 subsidiary of the Corporation as is or, if the Participant has ceased to be employed by the Corporation or such subsidiary 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, a subsidiary of the Corporation, a division of the Corporation or a subsidiary of the Corporation, or an individual, or may be applied to the performance of the Corporation or a subsidiary 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 in its discretion;

“Performance Share Unit” or **“PSU”** means any right granted under Article 7 of this Plan;

“**Person**” means 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 Omnibus Equity Incentive Plan, as may be amended from time to time;

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

“**Predecessor Options**” has the meaning set forth in Subsection 1.2;

“**Predecessor Plan**” has the meaning set forth in Subsection 1.2;

“**Regulatory Authorities**” means all stock exchanges, inter-dealer quotation networks and other organized trading facilities on which the Shares are listed and all securities commissions or similar securities regulatory bodies having jurisdiction over the Corporation;

“**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 6;

“**Retirement**” means, unless otherwise defined in the Participant’s written or other applicable employment agreement or in the Award Agreement, the termination of the Participant’s working career at the age of 67 or such other retirement age, with consent of the Plan Administrator, if applicable;

“**Section 409A of the Code**” means Section 409A of the Code and all regulations, guidance, compliance programs, and other interpretive authority issued thereunder;

“**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, stock option plan, employee stock purchase plan or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares to Directors, Officers, Employees and/or service providers of the Corporation or any subsidiary of the Corporation;

“**Separation from Service**” has the meaning ascribed to it under Section 409A of the Code.

“**Share**” means one common share in the capital of the Corporation as constituted on the Effective Date, or any share or shares issued in replacement of such common share in compliance with Canadian law or other applicable law, and/or one share of any additional class of common shares in the capital of the Corporation as may exist from time to time,

or after an adjustment contemplated by Article 11, such other shares or securities to which the holder of an Award may be entitled as a result of such adjustment;

“**subsidiary**” means an issuer that is Controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary, or any other entity in which the Corporation has an equity interest and is designated by the Plan Administrator, from time to time, for purposes of this Plan to be a subsidiary, provided that, in the case of a Canadian Taxpayer, the issuer is related (for purposes of the Tax Act) to the Corporation;

“**Tax Act**” means the *Income Tax Act* (Canada);

“**Termination Date**” means:

- (a) in the case of an Employee whose employment with the Corporation or a subsidiary of the Corporation terminates: (i) the date designated by the Employee and the Corporation or a subsidiary of the Corporation in a written employment agreement, or other written agreement between the Employee and Corporation or a subsidiary of the Corporation, or (ii) if no written employment agreement exists, the date designated by the Corporation or a subsidiary of the Corporation, as the case may be, on which an Employee ceases to be an employee of the Corporation or the subsidiary of the Corporation, 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 subsidiary of the Corporation (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 subsidiary of the Corporation, as the case may be, terminates, the date that is designated by the Corporation or the subsidiary of the Corporation (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 subsidiary of the Corporation (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) notwithstanding the foregoing, in the case of a U.S. Taxpayer, a Participant’s “Termination Date” will be the date the Participant experiences a Separation from Service with the Corporation or a subsidiary of the Corporation.

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

“**TSXV**” means the TSX Venture Exchange;

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

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

“**VWAP**” means the volume weighted average trading price of the Shares on the Exchange calculated by dividing the total value by the total volume of such securities traded for the five trading days immediately preceding the exercise of the subject Options.

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 of Awards under the Plan may be made;
- (b) make grants of Awards under the Plan, whether relating to the issuance of Shares or otherwise (including any combination of Options, Deferred Share Units, Restricted Share Units, Performance Share Units or Other Share-Based Awards), 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 vesting and 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;
 - (g) if an Award is to be granted to Employees, Consultants, or Management Company Employees, the Plan Administrator and the Participant to whom that Award is to be granted are responsible for ensuring and confirming that the Participant is a bona fide Employee, Consultant, or Management Company Employee; and
 - (h) make all other determinations and take all other actions necessary or advisable for the implementation and administration of this Plan.

Notwithstanding the foregoing, the grant of any Other Share-Based Awards that are not Options, Deferred Share Units, Restricted Share Units or Performance Share Units will be subject to Exchange and shareholder approval (as applicable).

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 member(s) of the Committee or 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.

3.3 Determinations Binding

Except as may be otherwise set forth in any written employment agreement, Award Agreement or other written agreement between the Corporation or a subsidiary of the Corporation and the Participant, 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 and all subsidiaries of the Corporation, the affected Participant(s), their respective legal and personal representatives and all other Persons.

3.4 Eligibility

All Directors, Officers, Employees, Management Company Employees and Consultants are eligible to participate in the Plan, subject to Section 10.1(f). Only Directors are eligible to receive DSUs. Participation in the Plan is voluntary and eligibility to participate does not confer upon any Director, Officer, Employee, Management Company Employee or Consultant any right to receive any grant of an Award pursuant to the Plan. The extent to which any Director, Officer, Employee, Management Company Employee or Consultant is entitled to receive a grant of an Award pursuant to the Plan will be determined in the discretion of the Plan Administrator.

3.5 Plan Administrator 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, as applicable, in whole or in part unless such listing, registration, qualification, consent or approval shall have been effected or obtained on conditions acceptable to the Plan Administrator. 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) In respect of Options:
 - (i) Subject to adjustment as provided for in ARTICLE 11 and any subsequent amendment to this Plan, the aggregate number of Shares reserved for issuance pursuant to Awards of Options granted under this Plan (including the Predecessor Options) shall not exceed 10% of the Corporation's total issued and outstanding Shares from time to time.
 - (ii) To the extent any Awards of Options (or portion(s) thereof) under this Plan have been exercised, expire, terminate or are cancelled for any reason prior to their exercise, then any 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 of Options granted under this Plan.
- (b) In respect of Deferred Share Units, Restricted Share Units or Performance Share Units:
 - (i) Subject to adjustment as provided for in ARTICLE 11 and any subsequent amendment to this Plan, the aggregate number of Shares reserved for issuance pursuant to Awards other than for Options granted under this Plan shall not exceed 9,945,171 Shares.
 - (ii) To the extent any Awards other than for Options (or portion(s) thereof) under this Plan terminate or are cancelled for any reason prior to exercise, then any 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 (other than for Options) granted under this Plan. Shares will not be deemed to have been issued pursuant to the Plan with respect to any portion of an Award (other than for Options) that is settled in cash.
- (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 will 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) If the Corporation is subject to the policies of the TSXV, the number of grants which may be issuable under the Corporation's Security Based Compensation Arrangements in existence from time to time on and after the effective date of the Plan,;

- (i) to Insiders (as a group) shall be no more than 10% of the issued and outstanding share capital of the Corporation at any point in time, unless the Corporation has obtained Disinterested Shareholder Approval;
 - (ii) to Insiders (as a group) shall be no more than 10% of the issued and outstanding share capital of the Corporation within any 12 month period, calculated as at the date any Award is granted to any Insider, unless the Corporation has obtained Disinterested Shareholder Approval;
 - (iii) to any one Person, shall be no more than 5% of the issued and outstanding share capital of the Corporation within any 12 month period, calculated as at the date any Award is granted, with the exception of a Consultant who may not receive grants of more than 2% of the issued and outstanding share capital of the Corporation within any 12 month, calculated as at the date any Award is granted;
 - (iv) to all Investor Relations Service Providers, shall be no more than an aggregate of 2% of the number of issued and outstanding Shares in the capital of the Corporation within any 12 month period, calculated as at the date any Award is granted, and shall only include Awards of Options (and no other form of Award); and
 - (v) if the recipient of an Award is a Company, excluding Participants that are Consultant Companies, then such recipient must provide the TSXV with a completed *Certification and Undertaking Required from a Company Granted Security Based Compensation* in the form of Schedule “A” to Form 4G - *Summary Form – Security Based Compensation*.
- (b) If the Corporation is subject to the policies of the TSX then 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 Corporation’s total 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 Corporation’s total issued and outstanding Shares.

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, any Award Agreement to a Participant granted an Award pursuant to this Plan.

3.9 Non-transferability of Awards

Except as permitted by the Exchange, 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 or under this Plan 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 Granting 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 Fair Market Value 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 and the Plan Administrator will ensure that no Option shall be exercised beyond the date permitted by the Exchange.

4.4 Vesting and Exercisability

- (a) The Plan Administrator shall have the authority to determine the vesting terms applicable to grants of Options provided that for so long as the Corporation is listed on the TSXV: (i) Options granted to Investor Relations Service Providers shall be subject to the vesting requirements set out in TSX Venture Exchange Policy 4.4; and (ii) Awards granted to all other Participants shall be subject to the vesting requirements of TSX Venture Exchange Policy 4.4.
- (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, Award Agreement or other written agreement between the Corporation or a subsidiary of the Corporation and the Participant. Each vested 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, other than an Option granted to an Investor Relations Service Provider, 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 this Section 4.4, such as vesting conditions relating to the attainment of specified Performance Goals.

4.5 Payment of Exercise Price

- (a) Unless otherwise specified by the Plan Administrator at the time of granting an Option and set forth in the particular Award Agreement, the Exercise Notice must be accompanied by payment of the Exercise Price. The Exercise Price must be fully paid by wire transfer, 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) in the event that payment of the Exercise Price is occurring via cashless or net exercise in accordance with Sections 4.6 and 4.7 of this Plan, respectively, through an arrangement with a broker approved by the Corporation (or through an arrangement directly with the Corporation); or (ii) such other consideration and method of payment for the issuance of Shares to the extent permitted by the Exchange and Securities Laws, or any combination of the foregoing methods of payment.
- (b) No Shares will be issued or transferred until full payment therefor has been received by the Corporation.

4.6 Cashless Exercise

Subject to prior approval by the Board, where the Corporation has an arrangement with a brokerage firm pursuant to which the brokerage firm will loan money to a Participant to purchase the Shares underlying Options, the Participant may borrow money from such brokerage firm to exercise Options. The brokerage firm will then sell a sufficient number of Shares to cover the Exercise Price of such Option in order to repay the loan made to the Participant. The brokerage firm will receive an equivalent number of Shares from the exercise of such Options and the Participant will receive the balance of the Shares or the cash proceeds from the balance of such Shares.

4.7 Net Exercise of Options

Subject to prior approval by the Board, a Participant may elect to surrender for cancellation to the Corporation any vested Option. The Corporation will issue to the Participant, as consideration for the surrender of the Option, that number of Option Shares (rounded down to the nearest whole number) determined on a net issuance basis in accordance with the following formula below. The Corporation may elect to forego any deduction in accordance with subsection 110(1.1) of the Tax Act:

$$X = \frac{Y(A - B)}{A}$$

where:

X = The number of Option Shares issuable to the Participant as consideration in respect of the exchange or surrender of an Option under this Section 4.6;

Y = The number of Option Shares issuable with respect to the vested portion of the Option exercised by the Participant (the “**Subject Options**”);

A = The VWAP of the Shares; and

B = The Exercise Price of the Subject Options.

ARTICLE 5 - DEFERRED SHARE UNITS

5.1 Granting of DSUs

- (a) The Plan Administrator 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 may be given, subject to the conditions stated herein, the right to elect in accordance with Section 5.1(b) to participate in the grant of additional DSUs pursuant to this Article 5. An Electing Person who elects to participate in the grant of additional DSUs pursuant to this Article 5 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 31st in the year prior to the year in which the services giving rise to the compensation are performed (other than for Director Fees payable for the 2022 financial year to any Electing Person who is not a U.S. Taxpayer as of the date of this Plan, in which case such Electing Person 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 and who was not eligible to participate in the Predecessor Plan or in any other deferred compensation plan required to be aggregated with this Plan for purposes of Code Section 409A, 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 5.1(d), the election of an Electing Person under Subsection 5.1(b) shall be deemed to apply to all Cash Fees that would be 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 5.1(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 5, 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 5 prior to the delivery of a termination notice pursuant to Section 5.1(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 5 will be calculated by dividing (i) the amount of any compensation that is to be paid in DSUs (including Director Fees and any Elected Amount), as determined by the Plan Administrator, 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.

5.2 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.

5.3 Vesting of DSUs

Subject to TSX Venture Exchange Policy 4.4, the Plan Administrator shall have the authority to determine the vesting terms applicable to grants of DSUs.

5.4 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 a Participant's retirement, termination of employment or death, or in the case of a Participant that is a Canadian Participant, later than one (1) year following the date of the applicable Participant's retirement, termination of employment or directorship or death. If the Award Agreement does not establish a date for the settlement of the DSUs, then the settlement date shall be the date of the Participant's retirement, termination of employment, or death, subject to the delay that may be required under Section 12.8(d) below in the case of a U.S. Taxpayer. Subject to Section 12.8(d) below in the case of a U.S. Taxpayer, and except as otherwise provided in an Award Agreement, on the settlement date for any DSU, each vested DSU will be redeemed for:
- (i) one fully paid and non-assessable Share issued from treasury to the Participant or as the Participant may direct, or
 - (ii) a cash payment, or
 - (iii) a combination of Shares and cash as contemplated by paragraphs (i) and (ii) above,
- in each case as determined by the Plan Administrator in its discretion.
- (b) Any cash payments made under this Section 5.4 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 6 - RESTRICTED SHARE UNITS

6.1 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 in respect of services rendered in the year of grant. The terms and conditions of each RSU grant shall be evidenced by an Award Agreement.
- (b) The number of RSUs (including fractional RSUs) granted at any particular time pursuant to this Article 6 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.

6.2 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.

6.3 Vesting of RSUs

Subject to TSX Venture Exchange Policy 4.4, the Plan Administrator shall have the authority to determine the vesting terms applicable to grants of RSUs.

6.4 Settlement of RSUs

- (a) The Plan Administrator shall have the sole authority to determine the settlement terms, including time of settlement, applicable to the grant of RSUs and such terms will be set forth in the applicable Award Agreement. Subject to Section 12.8(d) below and except as otherwise provided in an Award Agreement, on the settlement date for any RSU, the each vested RSU will be redeemed for:
- (i) one fully paid and non-assessable Share issued from treasury to the Participant or as the Participant may direct, or
 - (ii) a cash payment, or
 - (iii) a combination of Shares and cash as contemplated by paragraphs (i) and (ii) above,
- in each case as determined by the Plan Administrator in its discretion.
- (b) Any cash payments made under this Section 6.4 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.
- (d) Subject to Section 12.8(d) below and except as otherwise provided in an Award Agreement, no settlement date for any RSU shall occur, and no Share shall be issued or cash payment shall be made in respect of any RSU, under this Section 6.4 any later than the final Business Day of the third calendar year following the year in which the RSU is granted.

ARTICLE 7 - PERFORMANCE SHARE UNITS

7.1 Granting of PSUs

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 PSUs to any Participant

in respect of services rendered in the year of grant. The terms and conditions of each PSU grant, including time of settlement, shall be evidenced by an Award Agreement. Each PSU will consist of a right to receive a Share, cash payment, or a combination thereof (as provided in Section 7.6(a)), upon the achievement of such Performance Goals during such performance periods as the Plan Administrator shall establish.

7.2 Terms of PSUs

The Performance Goals to be achieved during any performance period, the length of any performance period, the amount of any PSUs granted, the termination of a Participant's employment and the amount of any payment or transfer to be made pursuant to any PSU will be determined by the Plan Administrator and by the other terms and conditions of any PSU, all as set forth in the applicable Award Agreement.

7.3 Performance Goals

The Plan Administrator will issue Performance Goals prior to the Date of Grant to which such Performance Goals pertain. The Performance Goals may be based upon the achievement of corporate, divisional or individual goals, and may be applied relative to performance relative to an index or comparator group, or on any other basis determined by the Plan Administrator. The Plan Administrator may modify the Performance Goals as necessary to align them with the Corporation's corporate objectives, subject to any limitations set forth in an Award Agreement or an employment or other agreement with a Participant. The Performance Goals may include a threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payments will be made (or specified vesting will occur), and a maximum level of performance above which no additional payment will be made (or at which full vesting will occur), all as set forth in the applicable Award Agreement.

7.4 PSU Account

All PSUs 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.

7.5 Vesting of PSUs

Subject to TSX Venture Exchange Policy 4.4, the Plan Administrator shall have the authority to determine the vesting terms applicable to grants of PSUs.

7.6 Settlement of PSUs

- (a) The Plan Administrator shall have the authority to determine the settlement terms applicable to the grant of PSUs, which shall be set forth in the applicable Award Agreement. Subject to Section 12.8(d) below and except as otherwise provided in an Award Agreement, on the settlement date for any PSU, each vested PSU will be redeemed for:
 - (i) one fully paid and non-assessable Share issued from treasury to the Participant or as the Participant may direct, or

- (ii) a cash payment, or
- (iii) a combination of Shares and cash as contemplated by paragraphs (i) and (ii) above,

in each case as determined by the Plan Administrator in its discretion.

- (b) Any cash payments made under this Section 7.6 by the Corporation to a Participant in respect of PSUs to be redeemed for cash shall be calculated by multiplying the number of PSUs 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.
- (d) Subject to Section 12.8(d) below and except as otherwise provided in an Award Agreement, no settlement date for any PSU shall occur, and no Share shall be issued or cash payment shall be made in respect of any PSU, under this Section 7.6 any later than the final Business Day of the third calendar year following the year in which the PSU is granted.

ARTICLE 8 - OTHER SHARE-BASED AWARDS

Subject to prior acceptance of the Exchange, 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 Other Share-Based Awards to any Participant. The terms and conditions of each Other Share-Based Award grant shall be evidenced by an Award Agreement. Each Other Share-Based Award shall consist of a right (1) which is other than an Award or right described in Article 4, Article 5, Article 6, and Article 7 above, and (2) which is denominated or payable in, valued in whole or in part by reference to, or otherwise based on or related to, Shares (including, without limitation, securities convertible into Shares) as are deemed by the Plan Administrator to be consistent with the purposes of the Plan; provided, however, that such right will comply with applicable law. Subject to prior acceptance of the Exchange, the terms of this Plan, and any applicable Award Agreement, the Plan Administrator will determine the terms and conditions of Other Share-Based Awards. Shares or other securities delivered pursuant to a purchase right granted under this Article 8 will be purchased for such consideration, which may be paid by such method or methods and in such form or forms, including, without limitation, cash, Shares, other securities, other Awards, other property, or any combination thereof, as the Plan Administrator shall determine in its discretion.

ARTICLE 9 - ADDITIONAL AWARD TERMS

9.1 Dividend Equivalents

- (a) Unless otherwise determined by the Plan Administrator and set forth in the particular Award Agreement, and subject to the restrictions of the Exchange set out in Subsection 3.7(a) above (if the Corporation is subject to the policies of the TSXV), as part of a Participant's grant of DSUs, PSUs or RSUs (as applicable) and

in respect of the services provided by the Participant for such original grant, DSUs, PSUs and RSUs (as applicable) shall be credited with dividend equivalents in the form of additional DSUs, PSUs or RSUs, as applicable, as of each dividend payment date in respect of which normal cash dividends are paid on Shares. Such dividend equivalents shall be in the amount a Participant would have received if the DSUs, PSUs or RSUs had been settled for Shares on the record date of such dividend. Dividend equivalents credited to a Participant's account shall be subject to the same terms and conditions, including vesting and time of settlement, as the DSUs, PSUs or RSUs, as applicable, to which they relate. Notwithstanding any other terms of this Plan, if the number of securities issued as dividend equivalents, together with all of the Corporation's other share-based compensation would exceed any of the limits set forth in this Plan or TSX Venture Exchange Policy 4.4, then the Corporation may make payment for such dividend in cash to the extent that it does not have a sufficient number of Shares available under this Plan to satisfy its obligations in respect of such dividends.

- (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.

9.2 Blackout Period

In the event that an Award expires, at a time when an undisclosed material change or material fact in the affairs of the Corporation exists, subject to the requirements of TSX Venture Exchange Policy 4.4, the expiry of such Award will be extended to a date that is no later than 10 business days after the expiry of the blackout period formally imposed by the Corporation pursuant to its internal trading policies as a result of the undisclosed material change or material fact.

9.3 Withholding Taxes

Notwithstanding any other terms of this Plan, and subject to TSX Venture Exchange Policy 4.4, the granting, vesting or settlement 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, vesting or settlement, 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 withhold or remit to the relevant taxing authority in respect of the granting, vesting or settlement 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 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.

9.4 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 the relevant subsidiary of the Corporation and in effect at the Date of Grant of the Award, or as set out in the Participant's employment agreement, Award Agreement or other written agreement, 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 9.4 to any Participant or category of Participants.

ARTICLE 10 - TERMINATION OF EMPLOYMENT OR SERVICES

10.1 Termination of Employment, Services or Director

Subject to Section 10.2, unless otherwise determined by the Plan Administrator or as set forth in an employment agreement, Award Agreement or other written 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 subsidiary of the Corporation for Cause, then any Option or other Award held by the Participant that has not been exercised as of the Termination Date shall be 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 subsidiary of the Corporation 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 any unvested Options or other Awards held by the Participant as of the Termination Date shall be immediately forfeited and cancelled as of the Termination Date. Any vested Options held by the Participant as of the Termination Date may be exercised or surrendered to the Corporation by the Participant at any time during the period that terminates on the earlier of: (A) the Expiry Date of such Award; and (B) the date that is ninety (90) days after the Termination Date. Any Option that remains unexercised or has not been surrendered to the Corporation by the Participant shall be immediately forfeited upon the termination of such period;
- (c) where a Participant becomes Disabled, then any Option held by the Participant that has not vested as of the date of the Disability of such Participant shall continue to vest in accordance with its terms and may be exercised or surrendered to the Corporation by the Participant at any time during the period that terminates on the earlier of: (A) the Expiry Date of such Award; and (B) the first anniversary of the Participant's date of Disability. Any Option that remains unexercised or has not been surrendered to the Corporation by the Participant shall be immediately forfeited upon the termination of such period;

- (d) where a Participant's employment, consulting agreement or arrangement is terminated by reason of the death of the Participant, then any Option held by the Participant that has not vested as of the date of the death of such Participant shall vest on such date and may be exercised or surrendered to the Corporation by the Participant at any time during the period that terminates on the earlier of: (A) the Expiry Date of such Award; and (B) the first anniversary of the date of the death of such Participant. Any Option that remains unexercised or has not been surrendered to the Corporation by the Participant shall be immediately forfeited upon the termination of such period;
- (e) where a Participant's employment, consulting agreement or arrangement is terminated due to Retirement, then any Option held by the Participant that has not vested as of the date of such Retirement shall continue to vest in accordance with its terms and may be exercised or surrendered to the Corporation by the Participant at any time during the period that terminates on the earlier of: (A) the Expiry Date of such Award; and (B) the first anniversary of the Participant's date of Retirement. Any Option that remains unexercised or has not been surrendered to the Corporation by the Participant shall be immediately forfeited upon the termination of such period.
- (f) 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 subsidiary of the Corporation, as the case may be, provides the Participant with written notification that the Participant's employment, consulting agreement or arrangement is terminated, notwithstanding that such date may be prior to the Termination Date; or
 - (ii) the date of the death, Disability or Retirement of the Participant; and
- (g) notwithstanding Subsection 10.1(b), unless the Plan Administrator, in its discretion, otherwise determines, at any time and from time to time, Options or other Awards are not affected by a change of employment or consulting agreement or arrangement, or directorship within or among the Corporation or a subsidiary of the Corporation for so long as the Participant continues to be a Director, Officer Employee, Management Company Employee or Consultant, as applicable, of the Corporation or a subsidiary of the Corporation.

10.2 Discretion to Permit Acceleration

Notwithstanding the provisions of Section 10.1 but subject to compliance with the policies of the Exchange, 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, Award Agreement or other written agreement between the Corporation or a subsidiary of the Corporation and the Participant, permit the acceleration of vesting of any or all Awards or waive termination of any or all Awards, all in the manner and on the terms as may be authorized by the Plan Administrator and with respect to Awards to U.S. Taxpayers, in a manner that does not result in adverse tax consequences under

Section 409A of the Code. Notwithstanding the following, Options granted to Investor Relations Service Providers cannot be accelerated without the prior acceptance of the Exchange.

10.3 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 11 - EVENTS AFFECTING THE CORPORATION

11.1 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 11 would have an adverse effect on this Plan or on any Award granted hereunder.

11.2 Change in Control

- (a) The Plan Administrator may, without the consent of any Participant, take such steps as it deems necessary or desirable, including to cause: (i) subject to prior acceptance of Exchange, the conversion or exchange of any outstanding Awards into or for, rights or other securities of substantially equivalent 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 Change in Control, and, to the extent the Plan Administrator determines, terminate upon or immediately prior to the effectiveness of such Change in Control provided that such Participant ceases to be an eligible Participant under this Plan upon such Change of Control; (iii) subject to prior acceptance by the Exchange, the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise or settlement of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction net of any exercise price payable by the Participant (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 net of any exercise price payable by the Participant, then such Award may be terminated by the Corporation without payment); (iv) subject to prior acceptance by the Exchange, the

replacement of such Award with other rights or property selected by the Board in its sole discretion; or (v) subject to prior acceptance by the Exchange, any combination of the foregoing. In taking any of the actions permitted under this Subsection 11.2(a), the Plan Administrator will not be required to treat all Awards similarly in the transaction. Notwithstanding the foregoing, in the case of Options held by a Canadian Taxpayer, the Plan Administrator may not cause the Canadian Taxpayer to receive (pursuant to this Subsection 11.2(a)) any property in connection with a Change of Control other than rights to acquire shares of a corporation or units of a “mutual fund trust” (as defined in the Tax Act), of the Corporation or a “qualifying person” (as defined in the Tax Act) that does not deal at arm’s length (for purposes of the Tax Act) with the Corporation, as applicable, at the time such rights are issued or granted.

- (b) Notwithstanding Subsection 11.2(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 Awards granted under this Plan (other than Options held by Canadian Taxpayers) 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 Award equal to the fair market value of the Award held by such Participant as determined by the Plan Administrator, acting reasonably, or in the case of Options held by a Canadian Taxpayer by permitting the Canadian Taxpayer to surrender such Options to the Corporation for an amount for each such Option equal to the fair market value of such Option as determined by the Plan Administrator, acting reasonably, upon the completion of the Change in Control (following which such Options may be cancelled for no consideration).
- (c) It is intended that any actions taken under this Section 11.2, or under Sections 11.3 and 11.4, will comply with the requirements of Section 409A of the Code with respect to Awards granted to U.S. Taxpayers.
- (d) Any actions taken under this Section 11.2 will comply with the policies of the Exchange including, without limitation, the requirement that the acceleration of vesting of Options granted to Investor Relations Service Providers shall only occur with the prior written approval of the Exchange.

11.3 Reorganization of Corporation’s Capital

Subject to the prior approval of the Exchange, if applicable, 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, then the Plan Administrator in consultation with the Board will take such

steps as are required to preserve the proportionality of the rights and obligations of the Participants holding such Awards as it deems equitable and appropriate.

11.4 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.

11.5 Immediate Acceleration of Awards

In taking any of the steps provided in Sections 11.3 and 11.4, the Plan Administrator will not be required to treat all Awards similarly and where the Plan Administrator determines that the steps provided in Sections 11.3 and 11.4 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, other than any Options granted to an Investor Relations Service Provider.

11.6 Issue by Corporation of Additional Shares

Except as expressly provided in this Article 11, 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 or other entitlements of the Participants under such Awards.

11.7 Fractions

No fractional Shares will be issued pursuant to an Award. Accordingly, (whether as a result of any adjustment under this Article 11, a dividend equivalent or otherwise), 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 12 - U.S. TAXPAYERS

12.1 Provisions for U.S. Taxpayers

In the case of a Participant who is a U.S. Taxpayer, Options may only be awarded to such Participant to the extent the Participant performs direct services to (A) the Corporation or any entity (other than the Corporation), in an unbroken chain of corporations (or other entities) beginning with the Corporation, in which each of the corporations (or other entities) other than the last corporation or other entity in the unbroken chain owns, directly or indirectly, equity

representing at least 50% of the voting power of all classes of equity entitled to vote or at least 50% of the value of all classes of equity in one of the other corporations (or other entities) in such chain, or (B) to an entity that otherwise qualifies as an eligible issuer of service recipient stock pursuant to United States Treasury Regulation Section 1.409A-1(b)(5)(iii)(E)(1). Options 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 Option shall be designated in the Award Agreement as either an ISO or a non-qualified stock option, and if no designation is made, the Option will be a non-qualified stock option. The Corporation shall not be liable to any Participant or to any other Person if it is determined that an Option intended to be an ISO does not qualify as an ISO.

12.2 ISOs

Subject to any limitations in Section 3.6, the aggregate number of Shares reserved for issuance in respect of granted ISOs shall not exceed 19,890,342 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, or of a “parent corporation” or “subsidiary corporation”, as such terms are defined in Sections 424(e) and (f) of the Code. No ISOs may be granted more than ten (10) years after the earlier of (i) the date on which the Board adopts the most recent amendment and restatement of the Plan, or (ii) the date on which the shareholders of the Corporation approve such most recent amendment and restatement of the Plan. An ISO may be exercised during the Participant’s lifetime only by such the Participant. An ISO may not be transferred, assigned, pledged, hypothecated or otherwise disposed of by the Participant, except by will or by the laws of descent and distribution.

12.3 ISO Term and Exercise Price; Grants to 10% Shareholders

Notwithstanding anything to the contrary in this Plan, the term of an ISO shall not exceed ten (10) years, and the exercise price of an ISO shall be not less than one hundred percent (100%) of the Fair Market Value on the applicable grant date; *provided, however*, that 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 “parent corporation” or “subsidiary corporation”, as such terms are defined in Section 424(e) and (f) of the Code, on the Date of Grant, the term of the ISO shall not exceed five years from the time of grant of such ISO and the Exercise Price shall be at least 110% of the Fair Market Value of the Shares subject to the ISO.

12.4 \$100,000 Per Year Limitation for ISOs

To the extent the aggregate Fair Market Value 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.

12.5 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 or transfer of any Shares acquired pursuant to the exercise of such ISO if such disposition or transfer is made (a) within two years from the Date of Grant or (b) within one year after the date such person acquired the Shares. Such notice shall specify the date of such disposition or other transfer and the amount realized, in cash, other property, assumption of indebtedness or other consideration, by the person in such disposition or other transfer. 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 later of the periods described in (a) or (b) above, subject to complying with any instructions from such person as to the sale of such Shares.

12.6 ISO Status Following Termination of Employment

An ISO shall be exercisable in accordance with its terms under the Plan and the applicable Award Agreement or certificate awarding the ISO. However, in order to retain its treatment as an ISO for U.S. federal income tax purposes, the ISO must be exercised within the time periods set forth below. If an ISO is not exercised within the time periods below, but the Option otherwise would remain exercisable following such time periods pursuant to the terms of the Award Agreement, then, following the expiration of the time periods below without exercise the ISO will be converted to a non-qualified stock option.

- (a) If a Participant who has been granted an ISO ceases to be an employee for any reason other than the death or disability (within the meaning of Code Section 22(e)) of such Participant, such ISO must be exercised (to the extent such Incentive Stock Option was exercisable on the date of termination) by such Participant within three months following the date of termination (but in no event beyond the Expiry Date of such ISO).
- (b) If a Participant who has been granted an ISO ceases to be an employee due to the disability of such Participant (within the meaning of Code Section 22(e)), such ISO must be exercised (to the extent it is exercisable by its terms) by the date that is one year following the date of such disability, but in no event beyond the Expiry Date of such ISO.
- (c) For purposes of this Section 12.6, the employment of a Participant who has been granted an ISO will not be considered interrupted or terminated upon (a) sick leave, military leave or any other leave of absence approved by the Corporation that does not exceed ninety (90) days in the aggregate; provided, however, that if reemployment upon the expiration of any such leave is guaranteed by contract or applicable law, such ninety (90) day limitation will not apply, or (b) a transfer from one office of the Corporation (or of any parent or subsidiary of the Corporation as defined in Code Sections 424(e) and (f)) to another office of the Corporation (or of any such parent or subsidiary) or a transfer between the Corporation and any such parent or subsidiary.

12.7 Shareholder Approval for ISO Purposes

In the event the Plan is not approved by the shareholders of the Corporation in accordance with the requirements of Section 422 of the Code within twelve (12) months of the date of adoption of the Plan (or the date of any later restatement of the Plan that adds or changes ISO provisions requiring shareholder approval), Options otherwise designated as Incentive Stock Options will be non-qualified stock options.

12.8 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, it is intended that 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. In no event will the Corporation or any of its subsidiaries or Affiliates be liable for any tax, interest or penalties that may be imposed on a Participant under Section 409A of the Code or any damages for failing to comply with 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) Subject to compliance with the policies of the Exchange, 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 anything in the Plan or any Award Agreement to the contrary, to the extent that any amount or benefit that constitutes "deferred compensation" to a Participant under Section 409A and applicable guidance thereunder is otherwise payable or distributable to a Participant under the Plan or any Award Agreement solely by reason of the occurrence of a change in control or due to the Participant's disability or "separation from service" (as such term is defined under Section 409A), such amount or benefit will not be payable or distributable to the Participant by reason of such circumstance unless the Plan Administrator determines in good faith that (i) the circumstances giving rise to such change in control event, disability or separation from service meet the definition of a change in control event, disability, or separation from service, as the case may be, in Section 409A(a)(2)(A) of the Code and applicable proposed or final regulations, or (ii) the payment or distribution of such amount or benefit would be exempt from the application of Section 409A by reason of the short term deferral exemption or otherwise. In order

to comply with both Canadian and U.S. tax rules, RSUs and PSUs will be structured so that the designated settlement/payment date (the “Scheduled Payment Date”) for such Award will in all cases be no later than the final Business Day of the third calendar year following the year in which the Award is granted, and settlement will in fact occur by such final Business Day. Further, to the extent that any RSU or PSU is deferred compensation under Section 409A of the Code, then as to any Participant: (i) who is a U.S. Taxpayer, (ii) who is a “specified employee” within the meaning of Section 409A of the Code at the time of his separation from service, and (iii) whose RSU or PSU would by its terms be settled/paid pursuant earlier than the Scheduled Payment Date as a result of his or her Separation from Service, then settlement will occur on the earlier of the date that is six months and one day following the date of Separation from Service and the Scheduled Payment Date as permitted under Section 409A of the Code. With respect to DSUs of a U.S. Taxpayer, where settlement is to occur upon such Participant’s Separation from Service, if such Participant is a “specified employee” at the time of his or her separation from service, then settlement will occur on the date that is six months and one day following the date of Separation from Service, or, if earlier, as soon as practical following the date of the Participant’s death.

12.9 Section 83(b) Election

If a Participant makes an election pursuant to Section 83(b) of the Code with respect to an Award of Shares subject to vesting or other forfeiture conditions, the Participant shall be required to promptly file a copy of such election with the Corporation.

ARTICLE 13 - AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN

13.1 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;
- (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; and

- (c) any amendments to the Plan or to any Awards granted pursuant to the Plan are subject to Exchange approval (including such amendments that do not otherwise trigger approval of the holders of voting shares of the Corporation).

13.2 Shareholder Approval

Notwithstanding Section 13.1 and subject to any rules of the Exchange, approval of the holders of the Shares (including by way of Disinterested Shareholder Approval where required by the Exchange) 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 limitations set out in Subsection 3.7(a) or 3.7(b), as applicable;
- (c) allows for the grant to Insiders (as a group), within a 12 month period, an aggregate number of Awards exceeding 10% of the Corporation's issued Shares, calculated at the date the Award is granted to the Insider;
- (d) allows for the grant to any one Participant, within a 12 month period, an aggregate number of Awards exceeding 5% of the Corporation's issued Shares, calculated at the date the Award is granted to the Insider;
- (e) reduces the exercise price of an Award to an Insider (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);
- (f) 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);
- (g) increases or removes the limits on the participation of Directors;
- (h) permits Awards to be transferred to a Person;
- (i) changes the eligible participants of the Plan; or
- (j) deletes or reduces the range of amendments which require approval of shareholders under this Section 13.2.

13.3 Permitted Amendments

Without limiting the generality of Section 13.1, but subject to Section 13.2 and any rules of the Exchange, 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 10;
- (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 14 - MISCELLANEOUS

14.1 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 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.

14.2 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.

14.3 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 a Director, Officer, Employee, Management Company Employee or Consultant. 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.

14.4 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.

14.5 Conflict

Subject to compliance with the policies of the Exchange, in the event of any conflict between the provisions of this Plan and an Award Agreement, the provisions of the Plan shall govern. In the event of any conflict between or among the provisions of this Plan or any Award Agreement, on the one hand, and a Participant's employment agreement with the Corporation or a subsidiary of the Corporation, as the case may be, on the other hand, the provisions of the Plan shall prevail.

14.6 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.

14.7 Participant Information

Each Participant shall provide the Corporation with all information (including personal information) required by the Corporation in order to administer the Plan (including as to whether the circumstances described in Section 10.1(e) or 12.3 exist). 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.

14.8 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.

14.9 International Participants

Subject to compliance with the policies of the Exchange, with respect to Participants who reside or work outside Canada, the Plan Administrator may, in its 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.

14.10 No Representations or Warranties

The Corporation makes no representation or warranty as to the value of any Award granted or issued under this Plan or as to the future value of the any Shares issued pursuant to any Award.

14.11 Successors and Assigns

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

14.12 General Restrictions on 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.

14.13 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.

14.14 Notices

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

X-Terra Resources Inc.
147 Avenue Québec, C.P. 491
Rouyn-Noranda, Québec J9X 5C4

Attention: Chief Financial Officer

All notices to a 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; provided that in the event of any actual or imminent postal disruption, notices shall be delivered to the appropriate party and not sent by mail. Any notice given by either the Participant or the Corporation is not binding on the recipient thereof until received.

14.15 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.

14.16 Governing Law

This Plan and all matters to which reference is made herein shall be governed by and interpreted in accordance with the internal laws of the Province of Québec and the federal laws of Canada applicable therein, without reference to conflicts of law rules.

14.17 Submission to Jurisdiction

The Corporation and each Participant irrevocably submits to the exclusive jurisdiction of the courts of competent jurisdiction in the Province of Québec in respect of any action or proceeding relating in any way to the Plan, including, without limitation, with respect to the grant of Awards and any issuance of Shares made in accordance with the Plan.

14.18 French Language

Each Participant agrees with the Corporation that this Plan and all agreements, notices, declarations and documents accessory to the Plan be drafted in English only. *Chaque participant consent avec la société à ce que ce Régime ainsi que toutes conventions, avis, déclarations et documents afférents au Régime soient rédigés en anglais seulement.*

SCHEDULE A

**X-TERRA 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 5 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

**X-TERRA RESOURCES INC.
EQUITY INCENTIVE PLAN (THE "PLAN")**

**ELECTION TO TERMINATE RECEIPT OF ADDITIONAL DSUS (FOR
PARTICIPANTS WHO ARE NOT 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 date hereof shall be paid in DSUs in accordance with Article 5 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

**X-TERRA 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 5 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.

SCHEDULE D
SHAREHOLDERS' SPECIAL RESOLUTION

Share Consolidation

BE AND IT IS HEREBY RESOLVED:

THAT the Articles of the Corporation be amended so that the issued and outstanding common shares of the Corporation are consolidated on the basis of one (1) common share for a maximum of every ten (10) common shares then issued and outstanding;

THAT, subject to the maximum set out above, the determination of the basis for the consolidation shall be at the discretion of the Board of Directors of the Corporation;

THAT the officers and directors of the Corporation are hereby authorized to file Articles of Amendment with *Innovation, Science and Economic Development Canada — Corporations Canada* if and when deemed advisable by the Board of Directors of the Corporation in its discretion, but in no case later than twelve months from the date hereof, and do all other things necessary in order to give effect to the foregoing; and

THAT, notwithstanding that this resolution has been duly passed by the shareholders, the Board of Directors is hereby authorized and empowered, if it decides not to proceed with this resolution, to revoke this resolution in whole or in part at any time prior to it being given effect without further notice to, or approval of, the shareholders.