



ScoZinc Mining Ltd.

**NOTICE OF MEETING
AND
MANAGEMENT INFORMATION CIRCULAR
WITH RESPECT TO
THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON SEPTEMBER 14, 2018**

Meeting Date and Time: Friday, September 14, 2018
at 2:00 p.m. (Eastern Daylight Time)

Place: 82 Richmond Street East
Toronto, Ontario
M5C 1P1, Canada

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NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual and special meeting (the "**Meeting**") of the shareholders (the "**Shareholders**") of ScoZinc Mining Ltd. ("**ScoZinc**" or the "**Corporation**") will be held on Friday, September 14, 2018, at 2:00 p.m. (Eastern Daylight Time), at 82 Richmond Street East, Toronto, Ontario, M5C 1P1, Canada, for the following purposes:

1. to receive and consider the consolidated financial statements of the Corporation for the financial year ended December 31, 2017, together with the auditors' report thereon;
2. to elect the directors of the Corporation for the ensuing year;
3. to appoint KPMG LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix their remuneration;
4. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to approve, for the ensuing year, the Corporation's incentive stock option plan; and
5. To transact such further and other business as may be properly brought before the Meeting or any and all adjournments or postponements thereof.

The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof is August 14, 2018 (the "**Record Date**"). Shareholders whose names have been entered in the register of Shareholders at the close of business on the Record Date will be entitled to receive notice of, and to vote, at the Meeting or any adjournments or postponements thereof. This notice is accompanied by a form of proxy or voting instruction form (which includes reply card for use by Shareholders who wish to receive the Corporation's financial statements) and a management information circular (the "**Circular**"). The nature of the business to be transacted at the Meeting is described in further detail in the attached Circular of the Corporation.

All Shareholders are invited to attend the Meeting and may attend in person or may be represented by proxy. A "Beneficial" or "Non-registered" Shareholder will not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of their broker; however, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the common shares in that capacity. Only Shareholders as of the Record Date are entitled to receive notice of and vote at the Meeting. Shareholders who are unable to attend the Meeting in person, or any adjournments or postponements thereof, are requested to complete, date and sign the enclosed form of proxy (registered holders) or voting instruction form (beneficial holders) and return it in the envelope

provided, so that as large a representation as possible may be had at the Meeting.

To be effective, the enclosed form of proxy or voting instruction form must be mailed or faxed so as to reach or be deposited with Computershare Investor Services Inc., by mail: 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1; or by fax: 1.866.249.7775, not later than 2:00 p.m. (Eastern Daylight Time) on September 12, 2018 or 48 hours (other than a Saturday, Sunday or holiday) prior to the time to which the Meeting may be adjourned. Notwithstanding the foregoing, the Chair of the Meeting has the discretion to accept proxies received after such deadline. Alternatively, Shareholders may vote online at: www.investorvote.com using the control number found on the enclosed proxy.

DATED this 14th day of August, 2018 at Toronto, Ontario

**BY ORDER OF THE BOARD OF DIRECTORS OF
SCOZINC MINING LTD.**

"Joseph P. Ringwald"

Joseph P. Ringwald, P.Eng., FCIM
President and Chief Executive Officer



**#15601 Highway 224, Cooks Brook, Nova Scotia B0N 1Y0
tel: 902.758.1010, fax: 416.361.0923**

info@scozinc.com

www.scozinc.com

MANAGEMENT INFORMATION CIRCULAR

as at August 14, 2018 (except as otherwise indicated)

This management information circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of ScoZinc Mining Ltd. ("ScoZinc" or the "Corporation") for use at the annual and special meeting of its shareholders (the "Shareholders") to be held on September 14, 2018, or any adjournment thereof (the "Meeting") at the time and place and for the purposes set forth in the accompanying Notice of the Meeting.

In this Circular, references to the "Corporation" "ScoZinc" "we" and "our" refer to ScoZinc Mining Ltd. "Common Shares" or "Shares" means common shares without par value in the capital of the Corporation. "Beneficial Shareholders" means Shareholders who do not hold Common Shares in their own name and "intermediaries" refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

GENERAL PROXY INFORMATION

Solicitation of Proxies

The solicitation of proxies by the management of the Corporation for use at the Meeting will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Corporation. The Corporation will bear all costs of this solicitation.

The proxy materials are sent to our registered Shareholders through the Corporation's transfer agent, Computershare Investor Services Inc. ("**Computershare**"). The Corporation does not send the Circular and related proxy materials directly to non-registered Shareholders, and instead the Corporation uses the services of Broadridge Investor Communication Corporation ("**Broadridge**") who acts on behalf of intermediaries to send proxy materials. The Corporation intends to pay intermediaries to send proxy-related materials and voting instruction forms to objecting non-registered Shareholders.

Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the “**Proxy**”) are directors or officers of the Corporation (the “**Management Nominees**”). **If you are a Shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than Management Nominees, who need not be a Shareholder, to attend, act and vote for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

In either case, the completed proxy must be delivered to the offices of Computershare, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time fixed for the Meeting or any adjournment thereof at which the proxy is to be used.

Failure to properly complete or deposit a proxy may result in its invalidation. Late proxies may be accepted or rejected by the Chairman of the Meeting in his or her discretion; however, the Chairman is under no obligation to accept or reject any particular late proxy. The time limit for the deposit of proxies may be waived by the Chairman of the Meeting at his discretion, without notice.

Voting by Proxyholder

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy when properly completed, executed and deposited and not revoked confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter listed on the Proxy for which a choice is not specified in the Proxy, the Management Nominees will vote the Common Shares represented by the Proxy “IN FAVOUR OF” such matter.

Registered Shareholders

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by:

- (a) completing, dating and signing the enclosed Proxy and returning it to Computershare, by fax within North America at 1.866.249.7775, outside

North America at 416.263.9524, or by mail to 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9; or

- (b) using a touch-tone phone to transmit voting choices to a toll free number. Registered Shareholders must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll free number, the holder's control number and the proxy access number; or
- (c) using the internet through the website of the Corporation's transfer agent at www.investorvote.com. Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed Proxy for the holder's control number and the proxy access number;

in all cases ensuring that the proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting at which the proxy is to be used or the adjournment thereof.

Beneficial Shareholders

The following information is of significant importance to Shareholders who do not hold Common Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered Shareholders (those whose names appear on the records of the Corporation as the registered holders of Common Shares) or by an intermediary on behalf of a Beneficial Shareholder as set out below.

If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Corporation and the holder would be considered a "Beneficial Shareholder". Such Common Shares will more likely be registered under the names of the Shareholder's intermediary. In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Corporation (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders on whose behalf they hold Shares in advance of voting those Shares at any meeting of Shareholders. Every intermediary has its own procedures and provides its own return instructions to clients to seek voting instructions.

Beneficial Shareholders should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting.

The form of voting instructions form ("**VIF**") supplied to you by your broker will be similar to the Proxy provided to Registered Shareholders by the Corporation. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers now delegate responsibility for

obtaining instructions from Beneficial Shareholders to Broadridge in the United States and in Canada. Broadridge mails a VIF in lieu of a Proxy provided by the Corporation. The VIF will name the same persons as the Corporation's proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Corporation), other than any of the persons designated in the VIF, to represent you at the Meeting. You may appoint yourself on your VIF to attend and vote your Shares at the Meeting. To exercise this right, you should insert the name of the desired representative (which may be yourself) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting and the appointment of any Shareholder's representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted or to have an alternate representative duly appointed to attend and to vote your Common Shares at the Meeting.**

Notice to Shareholders in the United States

The solicitation of proxies involve securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act of 1934*, as amended, are not applicable to the Corporation or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Corporation is incorporated under the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), as amended, certain of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign Corporation or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign Corporation and its officers and directors to subject themselves to a judgment by a United States court.

Revocation of Proxies

In addition to revocation in any other manner permitted by law, a registered Shareholder who has given a proxy may revoke it by:

- (a) executing a Proxy bearing a later date and depositing it as provided above;
- (b) executing a valid notice of revocation, and delivering it to the address of the registered office of the Corporation at #15601 Highway 224, Cooks

Brook, Nova Scotia, BON 1Y0, at any time up to and including the last business day that precedes the day of the Meeting, or to the chairman of the Meeting on the day of the Meeting;

- (c) personally attending the Meeting and voting the registered Shareholder's Common Shares; or
- (d) in any other manner provided by law.

Beneficial Shareholders who wish to change their vote must arrange for their respective intermediaries to revoke a proxy on their behalf. A revocation of a proxy will not affect a matter on which a vote has already been taken before the revocation.

FORWARD LOOKING STATEMENTS

This Circular includes certain "forward-looking statements". All statements other than statements of historical fact included in this Circular, including without limitation statements regarding the future plans and objectives of the Corporation, are forward-looking statements that involve various risks and uncertainties. These forward-looking statements include, but are not limited to other information that is based on forecasts of future operational or financial results, estimates of amounts not yet determinable and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking statements." Forward-looking statements are subject to a variety of risks and uncertainties that could cause actual events or results to differ from those reflected in the forward-looking statements.

There can be no assurance that forward-looking statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Corporation's expectations include, among others, risks related to international operations, the actual results of current exploration activities, conclusions of economic evaluations and changes in project parameters as plans continue to be refined as well as future prices of gold and silver.

Although the Corporation has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, Shareholders should not place undue reliance on forward-looking statements. The Corporation does not undertake to update any forward-looking statements, except as, and to the extent required by, applicable securities laws. For more information about the risks

and challenges of ScoZinc's business, Shareholders should review this Circular, ScoZinc's annual filings for the year ended December 31, 2017, and its management's discussion and analysis available at www.sedar.com.

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

No director or executive officer of the Corporation, or any person who has held such a position since the beginning of the last completed financial year end of the Corporation, nor any nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors or the appointment of auditors.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors of the Corporation (the "**Board**" or "**Board of Directors**") has fixed August 14, 2018, as the record date (the "**Record Date**") for determination of persons entitled to receive notice of and to vote at the Meeting. Only Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a Proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting. A quorum for the Meeting is two persons who are, or who represent by proxy, Shareholders who, in the aggregate, hold at least 5% of the issued Common Shares entitled to be voted at the Meeting.

The Common Shares are listed for trading on the TSX Venture Exchange ("**TSXV**"). The Corporation is authorized to issue an unlimited number of Common Shares without par value. As of the Record Date, there were 5,266,045 Common Shares issued and outstanding, each carrying the right to one vote. The Corporation is also authorized to issue an unlimited number of non-voting Class "A" Preferred Shares without par value, of which none are outstanding, and an unlimited number of non-voting Class "B" Preferred Shares with a par value of C\$10.00 each, of which none are outstanding.

To the knowledge of the directors and executive officers of the Corporation, the only persons or corporations that beneficially own, or control or direct, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all outstanding Common Shares as at the Record Date are:

Shareholder Name	Number of Common Shares Held ⁽¹⁾	Percentage of Issued Common Shares
Neil S. Subin ⁽²⁾	742,000	14.1%

Notes:

- (1) The information as to Common Shares beneficially owned, controlled or directed, not being within the knowledge of the Corporation, has been obtained by the Corporation from publicly disclosed information and/or furnished by the Shareholder listed above.
- (2) Mr. Subin controls such Common Shares through a number of trusts, partnerships and other entities.

VOTES NECESSARY TO PASS RESOLUTIONS

At the Meeting, Shareholders will be asked to pass the resolutions described herein. A simple majority of affirmative votes cast at the Meeting in person or by proxy is required to pass the resolutions described herein. If there are more nominees for election as directors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

RECEIPT OF FINANCIAL STATEMENTS

The consolidated financial statements of the Corporation for the financial year ended December 31, 2017, and the accompanying auditors' report thereon will be presented at the Meeting. Copies of the consolidated financial statements and the accompanying auditors' report have been mailed to the Shareholders who have requested these documents.

Copies are also available online at www.sedar.com or upon request, without charge and will be available at the Meeting.

ELECTION OF DIRECTORS

Election of Directors

At the Meeting, the following four (4) persons named hereunder will be proposed for election as directors of the Corporation. Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve. Each director elected will hold office until the close of the next annual meeting of Shareholders of the Corporation, or until his successor is duly elected unless prior thereto he resigns or his office becomes vacant by reason of death or other cause.

Shareholders have the option to (i) vote for all of the directors of the Corporation listed in the table below; (ii) vote for some of the directors and withhold for others; or (iii) withhold for all of the directors. Unless the Shareholder has specifically instructed in the form of proxy or voting instruction form that the Common Shares represented by such proxy or voting instruction form are to be withheld or voted otherwise, the persons named in the proxy or voting instruction form will vote FOR the election of each of the proposed nominees set forth below as directors of the Corporation.

The following table, among other things, sets forth the name of all persons proposed to be nominated for election as directors, their place of residence, position held, and periods of service with, the Corporation, or any of its affiliates, their principal occupations and the approximate number of Common Shares of the Corporation beneficially owned, controlled or directed, directly or indirectly, by them, as at the Record Date:

Name of Nominee, Current Position with the Corporation and Province and Country of Residence	Present Principal Occupation and/or Positions Held During the Preceding Five Years ⁽¹⁾	Director of the Corporation Since	Common Shares of the Corporation or Voting Securities of any of its Subsidiaries Beneficially Owned, Controlled or Directed
Victor Lazarovici ⁽²⁾ ⁽³⁾ South Carolina, USA – Director and Chairman	Retired, former Director of Abacus Mining & Exploration Corporation (TSXV); former Director of Minera Andes; former Director of Jaguar Financial Corp.	June 17, 2013	50,000
Louis Montpellier ⁽¹⁾ ⁽²⁾ British Columbia, Canada – Director	Retired Mining Lawyer; formerly director and senior officer of Extorre Gold Mines Limited and Exeter Resource Corporation; Partner, Gowling WLG	August 25, 2015	0
Christopher Hopkins ⁽¹⁾ ⁽²⁾ Toronto, Ontario – Director	Chief Financial Officer of Cobalt Power Group Inc. (TSXV) Chief Financial Officer of ChroMedX Corp (CSE) Former President & CEO Takara Resources Inc. (TSXV) Former Chief Financial Officer Kerr Mines Inc., & US Silver Corporation (TSX)	June 14, 2017	0
Michael Surratt ⁽¹⁾ ⁽³⁾ Nevada, USA – Director	Retired former President, CEO and Director of Mercator Minerals; former Vice President Operations and Director of Miramar Mining; former Vice President of Santa Fe Mining	June 14, 2017	6,000

Notes: The information as to principal occupation, business or employment and Common Shares and voting securities of any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, is not within the knowledge of the management of the

Corporation and has been furnished by the respective nominees.

- (1) Member of the Audit Committee.
- (2) Member of the Corporate Governance, Compensation and Nomination Committee.
- (3) Member of the Technical Committee.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No individual set forth in the above table is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

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

No individual set forth in the above table (or any personal holding company of any such individual) is, as of the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while such individual 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.

No individual as set forth in the above table (or any personal holding company of any such individual) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such individual.

No individual set forth in the above table (or any personal holding company of any such individual) 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 investor in making an investment decision.

APPOINTMENT OF AUDITORS AND REMUNERATION

KPMG LLP, Chartered Accountants (“KPMG”) are the independent registered certified auditors of the Corporation.

Unless the Shareholder has specifically instructed in the form of proxy or voting instruction form that the Common Shares represented by such proxy or voting instruction form are to be withheld or voted otherwise, the persons named in the proxy or voting instruction form will vote FOR the appointment of KPMG as auditors of the Corporation to hold office until the next annual meeting of Shareholders or until a successor is appointed and to authorize the Board of Directors to fix the remuneration of the auditors.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITORS

National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators (“NI 52-110”) requires the Corporation, as a venture issuer, to disclose annually in its Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditors.

The Audit Committee’s Charter

The Corporation’s Audit Committee is governed by an Audit Committee Charter, a copy of which is attached as Schedule “A” to this Circular.

Composition of the Audit Committee

The Corporation’s current Audit Committee is comprised of three directors: Christopher Hopkins (Chairperson), Michael Surratt, and Louis Montpellier. All directors on the Audit Committee are “independent” and “financially literate,” as such terms are defined in NI 52-110.

The Audit Committee has been established to fulfil applicable reporting issuer obligations respecting audit committees and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting. The Audit Committee’s responsibilities include, but are not limited to, overseeing the integrity of the Corporation’s financial statements and financial reporting process, including the audit

process and the Corporation's internal accounting controls and procedures and compliance with related legal and regulatory requirements, overseeing the qualifications and independence of the external auditors, overseeing the work of the Corporation's financial management and external auditors in these areas, and providing an open avenue of communication between the external auditors, the Board and senior officers.

Relevant Education and Experience

Each Audit Committee member has the education and experience that is relevant to the performance of his responsibilities as an Audit Committee member. Their education and experience are set forth below:

(a) Louis Montpellier

Mr. Montpellier is a lawyer by training and worked primarily in the capital markets as counsel to emerging issuers and listed public companies engaged in mineral exploration and mining. Mr. Montpellier has assisted a wide range of businesses in the entire spectrum of corporate finance activities, from accessing seed capital for private companies through to IPOs and subsequent public and private financings and has worked extensively in the field of mergers and acquisitions, hostile and friendly take-over bids, proxy contests, corporate reorganizations, and arrangements. Mr. Montpellier also has experience in debt and project financing for mineral projects, acting both for lenders and borrowers. He served as Vice-President, Corporate Development and General Counsel for Extorre Gold Mines Limited from its creation in 2010 until its acquisition by Yamana Gold Inc. in 2012.

(b) Christopher Hopkins

Mr. Hopkins has broad junior resource experience in the areas of corporate finance, capital markets, mergers and acquisitions, investor relations, financial and management reporting. He has a Bachelor of Commerce from the University of Toronto, and a Chartered Accountant designation and MBA from the Schulich School of Business at York University. He currently serves as the Chief Financial Officer of Cobalt Power Group Inc. and as Chief Financial Officer of ChroMedX Corp. Mr. Hopkins is the former President & CEO Takara Resources Inc. and the former Chief Financial Officer of Kerr Mines Inc. & US Silver Corporation.

(c) Michael Surratt

Mr. Surratt is a geologist and holds a B.Sc. Geology from Sul Ross State University in Texas. He is a retired former President, CEO and Director of Mercator Minerals Ltd. He served as Vice President Operations and Director of Miramar Mining Corporation from November 1992 to October 1996, where he was responsible for all operations at the Con Mine. Mr. Surratt also served as Vice President Operations for the Rabbit Creek Mine owned by Santa Fe Gold Corp.

Audit Committee Oversight

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

Reliance on Certain Exemptions

Since the effective date of NI 52-110, the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditors, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditors in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

Pre-Approval Policies and Procedures

The Audit Committee must pre-approve any engagement of the external auditors for any non-audit services to the Corporation in accordance with applicable law and policies and procedures to be approved by the Board. The engagement of non-audit services will be considered by the Board on a case-by-case basis.

External Auditor Service Fees (By Category)

In the following table, "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Corporation's financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services if required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits. "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation. "Tax Fees" includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice may include assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities. "All Other Fees" are all other non-audit services.

The fees paid by the Corporation to its auditors in each of the last two fiscal years, by category, are as follows:

<u>Financial Year</u> <u>Ending</u>	<u>Audit Fees</u>	<u>Audit-Related⁽¹⁾</u> <u>Fees</u>	<u>Tax Fees⁽²⁾</u>	<u>All Other Fees</u>
December 31, 2017	C\$28,500	C\$2,565	C\$8,750	Nil
December 31, 2016	C\$28,500	C\$2,565	Nil	Nil

Notes:

- (1) Fees are for services in connection with the review of the Corporation's unaudited condensed interim consolidated financial statements.
- (2) Fees are for tax advisory and compliance services.

Exemption

The Corporation is relying on the exemption provided by section 6.1 of NI 52-110, which provides that the Corporation, as a venture issuer, is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

CORPORATE GOVERNANCE

General

National Instrument 58-101 *Corporate Governance Practices* ("**NI 58-101**") sets out required disclosure of corporate governance practices for a Corporation. Corporate governance refers to the policies and structure of the Board, whose members are elected by and are accountable to Shareholders of the Corporation. Corporate governance encourages establishing a reasonable degree of independence of the Board from executive management and the adoption of policies to ensure the Board recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of Shareholders and help to contribute to effective and efficient decision-making.

The Corporation is a "venture issuer" within the meaning of NI 58-101. A discussion of the Corporation's governance practices within the context of NI 58-101 is set out below:

Board of Directors

The Board is currently comprised of four directors, none of whom is an employee or executive officer of the Corporation nor is any of them a party, either directly or indirectly, to any material contract with the Corporation, and none of them receives remuneration from the Corporation in excess of directors' fees and grants of stock options and awards of Common Shares or have any business with the Corporation. The Board believes that there are no relationships that would interfere with their

independent judgment as directors of the Corporation and that all directors are “independent directors” within the meaning of NI 58-101 and as such are free from any interest and any business or other relationship which could reasonably be perceived to materially interfere with their ability to act independently from management or to act as a director with a view to the best interests of the Corporation, other than interests and relationships arising from shareholdings. These directors are considered as “independent” as such term is defined under NI 52-110.

Directorships

The following director is also a director of another reporting issuer, the details of which are as follows:

Name of Director	Name of Reporting Issuer
Louis Montpellier	InZinc Mining Ltd. (TSXV) Independence Gold Corp. (TSXV)
Christopher Hopkins	Pedro Resources Ltd. (TSXV) CellCube Energy Storage Systems Inc. (CSE) Cobalt Power Group Inc. (TSXV) Gold Rush Cariboo Corp. (formerly Cava Resources Inc.) (TSXV) SBD Capital Corp. (formerly White Pine Resources Inc.) (CSE)

Orientation and Continuing Education

The Corporation’s Board Mandate and Corporate Governance Guidelines provide that the Chief Financial Officer (“CFO”) of the Corporation is responsible for providing new directors with orientation material and for periodically providing materials for all directors on subjects relevant to their duties as directors. Director’s orientation and ongoing training includes presentations by senior management to familiarize directors with the Corporation’s strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Conduct and Ethics and other Corporation policies, its principal officers and its independent auditors.

Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Corporation’s governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director’s participation in decisions of the Board in which the director has an interest, as well as a number of codes and policies adopted by the Board from time to time, have been sufficient to ensure that the Board operates ethically, independently of management and in the best interests of the Corporation.

In addition, the Board has instructed the Corporation to circulate the Corporation's Corporate Disclosure Policy, Insider Trading Policy, Whistleblower Policy and the Code of Business Conduct and Ethics to all directors, officers and employees of the Corporation.

Nomination of Directors

The Corporate Governance, Compensation and Nomination Committee is responsible for identifying new candidates for Board nomination. It currently consists of three independent directors, namely: Christopher Hopkins, Victor Lazarovici and Louis Montpellier, with Mr. Montpellier serving as Chairman.

With respect to its nominating function, the Corporate Governance, Compensation and Nomination Committee is to, amongst other things:

- establish, subject to approval by the full Board and review on an annual basis, criteria and personal qualifications to be used in making selections of candidates for the Board. Such criteria and qualifications may include business and financial experience and acumen, integrity, willingness to devote the necessary time and energy to fulfil the duties and responsibilities of a Director, independence and such other criteria and qualifications as the Corporate Governance, Compensation and Nomination Committee determines to be appropriate under the circumstances;
- identify individuals qualified as candidates to serve on the Board consistent with the criteria approved by the Board, for recommendation to the Board; and
- review the composition and performance of all Directors annually and recommend to the Board a slate of Directors for submission to the Shareholders at the Corporation's annual general meeting. Such slate may or may not include nominees who are current members of the Board.

The Board 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's duties effectively and to maintain a diversity of views and experience.

The Corporation maintains a directors' and officers' liability insurance policy. The policy provides coverage for costs incurred to defend and settle claims against directors and officers of the Corporation to an annual limit of C\$5,000,000 with a C\$25,000 deductible per claim. The annual cost of coverage for the current policy is C\$11,000. The Corporation also offers its directors and senior officers indemnification against any liability that may be incurred by reason of his being or having been a director or officer. The indemnification, in compliance with the BCBCA, is intended to protect the indemnitees from corporate litigation risks. The Corporation concluded that to attract and retain competent and experienced individuals to serve as directors or officers of the Corporation, it was reasonable and prudent to document the indemnitees' right to indemnification for serving the Corporation.

Compensation

Compensation of the directors and Chief Executive Officer of the Corporation (the "CEO") is reviewed on an annual basis by the Compensation, Governance and Nomination Committee, which makes recommendations to the Board.

The function of the Compensation, Governance and Nomination Committee in determining the CEO's compensation is to, amongst other things, annually:

- review and approve corporate goals and objectives relating to CEO compensation, evaluate the performance of the CEO in light of those goals and review and establish the CEO's annual compensation and incentive or equity plan participation levels and bases of participation. In determining the long-term incentive component of CEO compensation, the Compensation, Governance and Nomination Committee is to consider the Corporation's performance and relative Shareholder return, the values of similar incentive awards to chief executive officers at comparable companies and the awards given to the CEO in past years;
- based upon input and recommendations from the CEO, review and approve on an annual basis the evaluation process and compensation structure for the Corporation's senior officers. The Corporate Governance, Compensation and Nomination Committee is to evaluate the performance of the Corporation's senior officers and approve the annual compensation, including salary, bonus, incentive and equity compensation, for such executive officers. The Corporate Governance, Compensation and Nomination Committee will also provide oversight of management's decisions concerning the performance and compensation of other Corporation employees; and
- based upon input and recommendations from the CEO, review the Corporation's incentive compensation and other stock-based plans and recommend changes in such plans to the Board of Directors as needed and to review and submit to the Board of Directors recommendations concerning new executive compensation or stock-based plans.

Details regarding the CEO and directors' compensation is described in the section "[Executive Compensation](#)" below.

Other Board Committees

The Board also has a Technical Committee and is comprised of two directors and one executive officer: Victor Lazarovici, Michael Surratt and Joseph Ringwald, and chaired by Mr. Surratt. The Committee has been established to ensure that the Corporation's management has an effective reporting system in place to fully report to the Board on a regular basis on all aspects of the Corporation's exploration, development and mining programs and plans. The Committee is authorized to retain, and to set and pay the compensation of independent legal, engineering, geological and other advisors as appropriate.

Assessment

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its committees. This function is carried out by the Corporate Governance, Compensation and Nomination Committee.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis outlines the Corporation's compensation programs and the approach to the compensation provided to the President and CEO, and the Chief Financial Officer of the Corporation ("CFO"). These executive officers are referred to in this Compensation Discussion and Analysis as the "Named Executive Officers" ("NEOs").

This section discloses information with respect to all direct and indirect compensation awarded to, earned by, paid to, or payable to each director and NEO, in any capacity with respect to the Corporation, for, or in connection with, services they have provided to the Corporation or a subsidiary of the Corporation.

Financial information in this Executive Compensation section is, unless otherwise indicated, presented in Canadian dollars.

Compensation Objectives and Elements

The Corporation's compensation programs are broadly designed to achieve the following objectives:

- to employ, motivate and retain executive officers of sufficiently high calibre to achieve corporate objectives; and
- to maintain the Corporation as a leader among its peer companies by a combination of exploration success, property development, strategic property acquisitions and working in cooperation with its strategic partner to advance its major project, thereby creating increasing value over time for Shareholders.

Therefore the Corporation's compensation programs are aimed at increasing Shareholders' value over time while rewarding efforts to both individuals and teams in achieving the Corporation's objectives.

The overall level of compensation comprises the following three elements that are used by the Corporation to employ, motivate and retain its NEOs:

Elements of Compensation	Objective
Annual base salary / services fees	To provide a market related competitive base level of pay related to the executives' responsibilities.

Annual performance bonus (discretionary)	To reward the executive for extra effort and/or achievement of objectives.
Option grants (discretionary)	To bring the interests of executives and Shareholders into alignment and to retain the services of executives over time.

How Executive Compensation is Established

In setting the total compensation package for the NEOs, the Corporate Governance, Compensation and Nomination Committee advises the Board as to what levels of compensation would be appropriate. In so doing, the Committee assists the Board in providing oversight relating to the compensation of the NEOs and other senior management. Specifically, the Corporate Governance, Compensation and Nomination Committee, in accordance with its written charter, has the following mandated duties and responsibilities amongst others relating to the remuneration and compensation of executives:

- review and approve corporate goals and objectives relating to the NEOs' compensation, evaluate the performance of the NEO in light of those goals and review and establish the NEOs' annual compensation;
- based upon input and recommendations from the CEO, to review and approve the evaluation process and compensation structure for the Corporation's senior officers. The Committee will evaluate the performance of the Corporation's senior officers and will approve the annual compensation of such executive officers;
- based upon input and recommendations from the CEO, to review the Corporation's incentive compensation and other stock-based plans and recommend changes in such plans to the Board of Directors as needed; and
- prepare and publish an annual Compensation, Governance and Nomination Committee Report for inclusion in the Corporation's Circular.

Risks Associated With Compensation Practices

The Compensation, Governance and Nomination Committee and the Board of Directors endeavour to avoid risks which might arise from the Corporation's compensation practices in the following manner.

The Board of Directors would not approve levels and forms of compensation which in its opinion would contribute to the undertaking of excessive risk in the pursuit of the Corporation's strategic objectives. In so doing the Board of Directors recognizes that by its nature undertaking mineral exploration and development has a high degree of inherent risk.

The Corporation endeavours to provide a competitive compensation structure which, while designed to instill an entrepreneurial culture within the Corporation, is tempered by the need to maintain risk levels within the risk appetite of the Corporation. In establishing levels and forms of compensation within the Corporation,

compensation levels, forms of compensation and compensation policies prevailing amongst peer companies in the junior mining and exploration sector are reviewed for comparison purposes.

As a result, the Compensation, Governance and Nomination Committee and the Board of Directors are unaware of any material risks arising from the Corporation's compensation practices which would be reasonably likely to have a material adverse effect on the Corporation.

At present, the Board is satisfied that the current Board and executive officer compensation arrangements, being comprised of yearly or hourly fees, as appropriate, share purchase options for directors and salary, bonus and share purchase options for executive officers, adequately reflect the responsibilities and risks involved in being a director or an executive officer of the Corporation.

Trading Restrictions

The Corporation does not have a policy preventing an NEO or a director from engaging in the purchasing of financial instruments designed to offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. Equity securities granted by the Corporation are stock options which are governed by the rules of the Option Plan (as hereinafter defined). Under the rules of Option Plan, the options granted cannot be assigned or transferred.

In accordance with current corporate practice, directors, NEO's and other employees of the Corporation who have access to undisclosed material information relating to the Corporation or its business, are subject to blackout periods during which they are prohibited from trading in securities of the Corporation, including the exercise of stock options. Trading by individuals subject to the blackout period should not commence until at least twenty-four hours after material information is disclosed by news release. The Corporation announces the beginning and end of each blackout period to the individuals concerned.

As an added precaution with respect to trading by directors, NEOs or employees, the Corporation's policy is that no trading in securities of the Corporation shall take place without first checking with the CEO or the CFO to see if a blackout period is in effect.

Compensation Governance

The components of the directors' and executive officers' compensation are the same as those applied to the NEOs, namely annual base salary, annual performance bonus and option grants. The general compensation philosophy of the Corporation for directors and executive officers is to provide a level of compensation that is competitive within the North American marketplace and that will attract and retain individuals with the experience and qualifications necessary for the Corporation to be successful, and to provide long-term incentive compensation which aligns the interest of executives with those of the Shareholders and provide long-term incentives to members of senior management whose actions have a direct and identifiable impact

on the performance of the Corporation and who have had a material responsibility for long-range strategy development and implementation.

The Compensation, Governance and Nomination Committee

The Corporation has established a Compensation, Governance and Nomination Committee consisting of Victor Lazarovici, Louis Montpellier (Chair) and Christopher Hopkins, all of whom are independent directors.

The role of the Compensation, Governance and Nomination Committee is primarily to administer the Option Plan, to make recommendations to the Board on the remuneration of senior officers and directors of the Corporation and to evaluate the CEO and CEO succession planning. A detailed description of the function of the Compensation, Governance and Nomination Committee is provided in "Executive Compensation - How Executive Compensation is Established" above.

In accordance with its charter, the Compensation, Governance and Nomination Committee reviewed and recommended to the Board the following items during 2017 and up to the date of this Circular:

- the salary levels of senior management;
- the level of bonus to be paid to senior management in relation to management performance;
- the level of share options to be granted to senior management;
- the level of incentive plan shares to be granted to directors; and
- the acceptance of this report of the Compensation, Governance and Nomination Committee.

Independent Compensation Consultants

The Compensation, Governance and Nomination Committee is authorized to engage external compensation advisors to assist the Committee in performing its mandated responsibilities.

Prior to the change in management and directors on June 17, 2013, the primary external basis of comparison of compensation paid was a review of executive compensation completed in 2010 by Lane Caputo Compensation Inc. of Calgary, Alberta. The methodology employed by Lane Caputo Compensation Inc. in comparing compensation practices for the senior executives with practices prevailing in similar companies in the junior mining exploration industry was to select a group of peer companies in similar stages of development, with a focus on base metals, operating in similar geographical regions and with similar market capitalization and compare compensation data for these reference companies to compensation levels in the Corporation. External compensation advisers were not retained during 2015 and 2016 and no fees were paid to them, in order to conserve working capital.

Salary levels of senior management in 2017, on an annualized basis, compared to those which prevailed in 2016, were as follows:

Executive	Title	Salary		
		2017	2016	Change
Joseph Ringwald ⁽¹⁾	President and CEO	\$117,713	\$59,099	\$58,614
Robert Suttie ⁽²⁾	Chief Financial Officer	\$36,510	\$42,520	(\$6,010)

Notes:

- (1) Mr. Ringwald was hired on January 1, 2011. On September 23, 2013, Mr. Ringwald was appointed Interim President and CEO, on a part time basis at a rate of \$150 per hour, and appointed President and CEO on August 25, 2015.
- (2) Mr. Suttie was appointed CFO on September 20, 2013, and is retained through an executive services agreement with Marrelli Support Services Inc. with fees of \$36,510 levied for the year ended December 31, 2017 (2016 - \$42,520).

Compensation Risk Considerations

The Compensation, Governance and Nomination Committee is responsible for considering, establishing and reviewing executive compensation programs, and whether the programs encourage unnecessary or excessive risk taking. The Corporation believes the programs are balanced and do not motivate unnecessary or excessive risk taking. The Corporation does not currently have a policy that restricts directors or NEOs from purchasing financial instruments, including, for greater certainty, 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. However, to the knowledge of the Corporation, as of the date of hereof, no director or NEO of the Corporation has participated in the purchase of such financial instruments. Base salaries are fixed in amount thus do not encourage risk taking. While annual incentive awards focus on the achievement of short term or annual goals and short term goals may encourage the taking of short-term risks at the expense of long term results, the Corporation's annual incentive award program represents a small percentage of employee's compensation opportunities. Annual incentive awards are based on various personal and company-wide achievements. Such performance goals are subjective and include achieving individual and/or corporate targets and objectives, as well as general performance in day-to-day corporate activities which would trigger the award of a bonus payment to the NEO. The determination as to whether a target has been met is ultimately made by the Board (after receiving recommendations of the Compensation, Governance and Nomination Committee) and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate. Funding of the annual incentive awards is capped at the company level and the distribution of funds to the executive officers is at the discretion of the Compensation Committee. Stock option awards are important to further align employees' interests with those of the Shareholders. The ultimate value of the awards is tied to the Corporation's stock price and since awards are staggered and subject to long-term vesting schedules, they help ensure that NEOs have significant value tied in long-term stock price performance.

Share-Based and Option-Based Awards

At the annual general meeting held on June 28, 2011, Shareholders approved an equity incentive plan (the “**Equity Incentive Plan**”) proposed by the Board, under which deferred share awards could be made. The Equity Incentive Plan was administered by the Compensation, Governance and Nomination Committee and allowed the Corporation to issue fully paid deferred Common Shares to employees, officers and directors in consideration of services rendered to the Corporation. Deferred shares were granted to independent directors prior to September 9, 2012 and no deferred Common Shares were granted to the NEOs or employees. The Board authorized the termination of the Equity Incentive Plan effective March 22, 2013, and the Corporation currently does not have a plan for share-based awards in place.

The Corporation uses the same process to grant option-based award to executive officers and NEOs. This process is described under “Executive Compensation - How Executive Compensation is Established” above. There were 207,000 options granted during 2017.

NEO Summary Compensation Table

The compensation paid to the NEOs during the Corporation’s three most recently completed financial years is as set out below:

Name and Principal Position	Year Ended Dec 31	Salary (\$) ⁽¹⁾	Share-based Awards (\$) ⁽²⁾	Option-based Awards (\$) ⁽³⁾	Non-equity Incentive Plan Compensation (\$)		Pension Value (\$) ⁽⁴⁾	All Other Compensation (\$)	Total Compensation (\$) ⁽⁵⁾
					Annual Incentive Plans	Long-term Incentive Plans ⁽³⁾			
Joseph Ringwald President and Chief Executive Officer ⁽⁶⁾	2017	117,713	N/A	31,413	Nil	N/A	N/A	Nil	149,126
	2016	59,099	N/A	Nil	Nil	N/A	N/A	Nil	59,099
	2015	115,158	N/A	50,530 ⁽⁸⁾	Nil	N/A	N/A	Nil	165,688
Robert D.B. Suttie Chief Financial Officer ⁽⁷⁾	2017	36,510	N/A	9,519	Nil	N/A	N/A	Nil	46,029
	2016	42,520	N/A	Nil	Nil	N/A	N/A	Nil	42,520
	2015	42,000	N/A	50,530 ⁽⁸⁾	Nil	N/A	N/A	Nil	92,530

Notes:

- (1) Includes the dollar value of cash and non-cash base salary earned during the financial year covered.
- (2) The Board authorized the termination of the Equity Incentive Plan effective March 22, 2013, and the Corporation does not have a plan for share-based awards in place since then.
- (3) The Corporation does not have a non-equity long-term incentive plan.

- (4) The Corporation does not provide pension benefits to its NEOs.
- (5) These amounts include all amounts for each NEO.
- (6) Mr. Ringwald was hired on January 1, 2011. On September 23, 2013, Mr. Ringwald was appointed Interim President and CEO of the Corporation upon the termination of Mr. Harlan Meade. Mr. Ringwald was engaged on a part time basis at a rate of \$150 per hour.
- (7) Mr. Suttie was appointed Chief Financial Officer on September 20, 2013.
- (8) On February 19, 2015, the Corporation granted an aggregate of 198,000 stock options to directors and senior officers with an expiry date of February 19, 2020 and an exercise price of \$2.01. The stock options were valued at the grant date at \$303,178, using the Black-Scholes option pricing model, based on a risk-free rate of 0.75%, an expected life of 5 years, an expected volatility of 104.46% and an expected dividend yield of 0%. The options vest at a rate 50% upon grant and 25% every six months thereafter.

NEO Incentive Plan Awards

Outstanding Share-based Awards and Option-based Awards

The following table sets out all share-based awards and option-based awards outstanding as at December 31, 2017, for each NEO, including awards granted before the most recently completed financial year:

Name	Option-based Awards				Share-based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$) ⁽¹⁾	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-based Awards that have not	Market or Payout Value of Vested Share-based Awards not paid out or distributed
Joseph Ringwald - President & Chief Executive Officer	33,000 33,000	\$2.01 \$1.10	Feb 19 2020 Jul 13 2022	N/A 13,200	N/A N/A	N/A N/A	N/A N/A
Robert D.B. Suttie - Chief Financial Officer	33,000 10,000	\$2.01 \$1.10	Feb 19 2020 Jul 13 2022	N/A 4,000	N/A N/A	N/A N/A	N/A N/A

Note:

- (1) Aggregate dollar amount of in-the-money unexercised options held as at December 31, 2017. This figure is computed based on the difference between the market value of the Common Shares on the TSX Venture Exchange as at December 31, 2017 and

the exercise price of the option. The closing price of the Common Shares on the TSX Venture Exchange on December 31, 2017 was \$1.50.

Incentive Plan Awards - Value Vested or Earned During the Year

The following table sets out the value of all share-based awards and option-based awards vested or earned during the year December 31, 2017, for each NEO:

Name	Option-based Awards - Value Vested During the Year (\$)⁽¹⁾	Share-based Awards - Value Vested During the Year (\$)	Non-equity Incentive Plan Compensation - Value Earned During the Year (\$)
Joseph Ringwald President and Chief Executive Officer	660	N/A	N/A
Robert D.B. Suttie Chief Financial Officer	200	N/A	N/A

Note:

- (1) Aggregate dollar value that would have been realized if the options had been exercised on the vesting date (computed based on the difference between the market price of the Common Shares at exercise and the exercise price of the options on the vesting date).

Pension Plan Benefits

The Corporation has no pension plan benefits (including defined benefit plan, defined contribution plan or deferred compensation plan) for its officers, employees or directors.

Termination and Change of Control Benefits

The Corporation has no contracts, agreements, plans or arrangements that provide for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Corporation or a change in an NEO's responsibilities.

DIRECTOR COMPENSATION

Directors' compensation is set at a level to be competitive with comparable companies in industry taking into account the amount of work required from each director in discharging his duties as Chairman of the Corporation, director, board committee member or chairman of a board committee.

Board of Directors

Directors were paid a flat annual stipend of \$25,000 per director. Additional fees are not paid for serving on committees.

Audit Committee

Christopher Hopkins (Chair)
 Michael Surratt
 Louis Montpellier

Governance, Compensation & Nomination Committee

Louis Montpellier (Chair)
 Christopher Hopkins
 Victor Lazarovici

Technical, Environmental, Health & Safety Committee

Michael Surratt (Chair)
 Victor Lazarovici
 Joseph Ringwald

In addition, directors who serve on an ad hoc committee formed for a specific purpose and to be dissolved when the specific purpose has been achieved or the committee is no longer required, may receive an additional fee established by the Compensation, Governance & Nomination Committee.

Director Compensation Table

The compensation provided to the directors, for the Corporation's most recently completed financial year of December 31, 2017, is as set out below:

Name	Fees Earned⁽¹⁾ (\$)	Share-Based Awards⁽²⁾ (\$)	Option-Based Awards (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$)⁽³⁾	All Other Compensation (\$)	Total (\$)
Victor Lazarovici	25,000	Nil	31,413	Nil	Nil	Nil	56,413
Jad Fakhry ⁽⁴⁾	11,401	Nil	Nil	Nil	Nil	Nil	11,401
Jeremy Link ⁽⁴⁾	11,401	Nil	Nil	Nil	Nil	Nil	11,401
Louis Montpellier	25,000	Nil	31,413	Nil	Nil	Nil	56,413
Christopher Hopkins ⁽⁴⁾	13,599	Nil	31,413	Nil	Nil	Nil	45,012
Michael Surratt	13,599	Nil	31,413	Nil	Nil	Nil	45,012

Notes:

- (1) Includes all fees awarded, earned, paid or payable in cash for services as a director, including annual retainer fees, committee, chair, and meeting fees.
- (2) The Board authorized the termination of the Equity Incentive Plan effective March 22, 2013, and the Corporation does not have a plan for share-based awards in place since then.
- (3) The Corporation does not provide pension benefits to its directors.
- (4) At the Annual and Special Meeting of Shareholders of the Corporation on June 14th, 2017, Messrs. Fakhry and Link resigned as Directors of the Corporation, creating two (2) vacancies on the Board, and Messrs. Hopkins and Surratt were elected to the Board of Directors to fill the vacancies.

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

The following table sets forth particulars of all awards outstanding for each director who is not a NEO of the Corporation as at the end of the financial year ended December 31, 2017, including awards granted before the most recently completed financial year:

Name	Option-based Awards				Share-based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$) ⁽¹⁾	Number of Shares or Units of Shares that Have Not Vested (#)	Market or Payout Value of Share-based Awards that Have Not Vested (\$)	Market or Payout Value of Vested Share-based Awards Not Paid out or Distributed (\$)
Victor Lazarovici	33,000	1.10	Jul 13 2022	13,200	Nil	Nil	Nil
Christopher Hopkins	33,000	2.01	Feb 19 2020	Nil	Nil	Nil	Nil
Louis Montpellier	33,000	1.10	Jul 13, 2022	13,200	Nil	Nil	Nil
Louis Montpellier	33,000	1.35	Jul 13 2022	4,950	Nil	Nil	Nil
Michael Surratt	33,000	1.10	Aug 25, 2020	13,200	Nil	Nil	Nil

Note:

- (1) Aggregate dollar amount of in-the-money unexercised options held as at December 31, 2017. This figure is computed based on the difference between the market value of the Common Shares on the TSX Venture Exchange as at December 31, 2017 and the exercise price of the option. The closing price of the Common Shares on the TSX Venture Exchange on December 31, 2017 was \$1.50.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Corporation has an option plan which was initially approved by the Shareholders on May 12, 2008. Subsequent amendments were approved by the Board and Shareholders. Shareholders approved the last amendment on June 14, 2017. For further disclosure on the Option Plan, see "Continuation of the Stock Option Plan".

The following table sets out equity compensation plan information as at the Corporation's financial year end of December 31, 2017:

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (A)	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (B)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding securities Reflected in Column A) (C)
Equity compensation plans approved by securityholders ⁽¹⁾	339,000	\$1.40	55,105
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	339,000	\$1.40	55,105

Note:

(1) An aggregate of 10% of the Corporation's issued Common Shares is available on a rolling basis for grants of options under the Option Plan.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No current or former director, executive officer or employee, or any proposed management nominee for election as a director of the Corporation, nor any of their respective associates or affiliates, is, or has been at any time since the beginning of the last completed financial year of the Corporation, indebted to the Corporation or any of its subsidiary, nor has any such person been indebted to any other entity where such indebtedness is a subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the purposes of this Circular "informed person" means:

- (a) a director or executive officer of the Corporation;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation;
- (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation other than voting securities held by the person or company as underwriter in the course of a distribution; and

- (d) the Corporation, if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Other than as set out in this Circular, no informed person, no proposed director of the Corporation and no associate or affiliate of any such informed person or proposed director, has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

MANAGEMENT CONTRACTS

Except as set out herein, there are no management functions of the Corporation or any of its subsidiaries, which are to any substantial degree performed by a person or company other than the directors or executive officers of the Corporation or its subsidiary.

CONTINUATION OF THE OPTION PLAN

General Description

The Corporation has an option plan which was initially approved by the Shareholders on May 12, 2008. Subsequent amendments were approved by the Board and Shareholders. Shareholders approved the last amendment on June 14, 2017 (the "**Plan**"). The Plan is the Corporation's only equity compensation plan. As of the date of this Circular, the Corporation has 339,000 options outstanding to purchase Common Shares.

The Plan provides for the acquisition of Common Shares by directors, officers, employees or consultants of the Corporation, or any affiliated entity of the Corporation, for the purpose of advancing the interests of the Corporation through the motivation, attraction and retention of key employees and directors and to secure for the Corporation and the Shareholders the benefits inherent in the ownership of Common Shares by key employees and directors, it being generally recognized that stock option plans can aid in attracting, retaining and encouraging employees and directors due to the opportunity offered to them to acquire a proprietary interest in such company.

Stock Option Plan Approval

The TSX-V requires all listed companies with a 10% rolling stock option plan to obtain annual shareholder approval of such a plan. Shareholders will be asked at the Meeting to vote on a resolution to approve, for the ensuing year, the Plan.

The Plan provides that the Board of Directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase common shares. The Plan provides for a floating maximum limit of 10% of the outstanding

Common Shares as permitted by the policies of the TSX-V. As at the date hereof, this represents 526,605 options to purchase Common Shares available under the Plan.

Outstanding options to purchase a total of 339,000 Common Shares have been issued to directors, officers, employees and consultants of the Corporation and remain outstanding. As at the date hereof, the number of options to purchase Common Shares remaining available for issuance under the Plan is 187,605.

The full text of the Plan is attached hereto as Schedule "B".

Shareholder Approval for the Plan

Shareholders will be asked to consider and, if deemed advisable, to pass an ordinary resolution approving the Plan (the "**Stock Option Plan Resolution**"), which, to be effective, must be passed by not less than a majority of the votes cast by the holders of Common Shares present in person, or represented by proxy, at the Meeting.

The Board recommends that Shareholders vote FOR the Stock Option Plan Resolution. Unless the Shareholder has specifically instructed in the form of proxy or voting instruction form that the Common Shares represented by such proxy or voting instruction form are to be voted against the Stock Option Plan Resolution, the persons named in the proxy or voting instruction form will vote FOR the Stock Option Plan Resolution.

ADDITIONAL INFORMATION

Additional information concerning the Corporation is available online at www.sedar.com. Financial information concerning the Corporation is provided in the Corporation's comparative financial statements and auditors' report thereon, and Management's Discussion & Analysis for the financial year ended December 31, 2016. Copies of these documents may be obtained from SEDAR at www.sedar.com under the Corporation's profile and upon request from the Corporation at the above noted address and contact numbers on the first page of this Circular, attention Mr. Joseph Ringwald. Copies of documents may be obtained free of charge by Shareholders of the Corporation.

OTHER MATTERS

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Circular.

The contents of this Circular and its distribution to Shareholders have been approved by the Board of the Corporation.

DATED this 14th day of August, 2018, at Toronto, Ontario

**BY ORDER OF THE BOARD OF DIRECTORS
OF SCOZINC MINING LTD.**

"Joseph P. Ringwald"

Joseph P. Ringwald, P.Eng, FCIM
President & Chief Executive Officer

Schedule "A"

AUDIT COMMITTEE CHARTER

Role and Objective

The Audit Committee (the "Committee") is a committee of the board of directors (the "Board") of ScoZinc Mining Ltd. (the "Corporation" or the "Company") to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management's reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information. The primary objectives of the Committee are as follows:

1. To assist directors to meet their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
2. To provide better communication between directors and external auditors;
3. To enhance the external auditor's independence;
4. To increase the credibility and objectivity of financial reports; and
5. To strengthen the role of the outside directors by facilitating in-depth discussions between directors on the Committee, management and external auditors.

Membership of Committee

1. Provided the Corporation is not a Venture Issuer, the Committee shall be comprised of at least three (3) directors of the Corporation, none of whom are members of management of the Company and all of whom are "unrelated directors" (as such term is used in the Report of the Toronto Stock Exchange on Corporate Governance in Canada) and "independent" (as such term is used in National Instrument 52-110 — Audit Committees ("NI 52-110")).
2. Unless otherwise designated by the Board, the members of the Committee shall elect a Chairman from among the members and the Chair shall preside at all meetings of the Committee.
3. Provided the Company is not a Venture Issuer, all of the members of the Committee shall be "financially literate." The Board has adopted the definition for "financial literacy" used in NI 52-110.

Mandate and Responsibilities of Committee

1. It is the responsibility of the Committee to oversee the work of the external auditors, including resolution of disagreements between management and the

external auditors regarding financial reporting.

2. It is the responsibility of the Committee to satisfy itself on behalf of the Board with respect to the adequacy of the Company's Internal Control Systems for:
 - identifying, monitoring and mitigating business risks; and
 - ensuring compliance with legal, ethical and regulatory requirements.
3. It is a primary responsibility of the Committee to review the annual and interim financial statements of the Company and related management's discussion and analysis ("MD&A") prior to their submission to the Board for approval. The process should include but not be limited to:
 - reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
 - reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
 - reviewing any "related party" transactions, with related party having the meaning ascribed to it by Canadian securities regulations;
 - reviewing accounting treatment of unusual or non-recurring transactions;
 - ascertaining compliance with covenants under loan agreements;
 - reviewing disclosure requirements for commitments and contingencies;
 - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
 - reviewing unresolved differences between management and the external auditors; and
 - obtaining explanations of significant variances with comparative reporting periods.
4. The Committee is to review the financial statements, prospectuses, MD&A, annual information forms ("AIF") and all public disclosure documents containing audited or unaudited financial information (including, without limitation, any press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of the Company's disclosure of all other financial information and shall periodically assess the accuracy of those procedures.
5. With respect to the appointment of external auditors by the Board, the Committee shall:
 - recommend to the Board the appointment of the external auditors;
 - recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors shall communicate directly to the Committee;
 - on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to

- determine the auditors' independence;
 - when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
 - review and approve any non-audit services to be provided to the Company or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more members the authority to approve non-audit services, provided that the member report to the Committee at the next scheduled meeting such preapproval and the member comply with such other procedures as may be established by the Committee from time to time.
6. Review with external auditors (and internal auditor if one is appointed by the Company) their assessment of the internal controls of the Company, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the external auditors their audit plan and, upon completion of the audit, their reports upon the financial statements of the Company and its subsidiaries.
 7. The Committee shall review risk management policies and procedures of the Company (i.e., hedging, litigation and insurance).
 8. The Committee shall establish a procedure for:
 - the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
 - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
 9. The Committee may engage independent counsel and other advisors as it determines necessary to carry out its duties. The Committee has the authority to set, and have the Company pay, the compensation for any advisors engaged by the Committee. The Committee shall review and approve the Company's hiring policies regarding employees and former employees of the present and former external auditors of the Company.
 10. The Committee shall have the authority to investigate any financial activity of the Company. All employees of the Company are to cooperate as requested by the Committee.
 11. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at the expense of the Company without any further approval of the Board.

Meetings and Administrative Matters

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall not be entitled to a second or casting vote.
2. The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the members present the Chair for purposes of the meeting.
3. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee shall be taken. The Chief Financial Officer shall attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chairman.
5. The Committee shall meet with the external auditor at least once per year (in connection with the preparation of the year end financial statements) and at such other times as the external auditor and the Committee consider appropriate.
6. Agendas, approved by the Chair, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
7. The Committee may invite such officers, directors and employees of the Corporation as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee.
8. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
9. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Company.
10. Any members of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise

all its powers so long as a quorum remains. Subject to the foregoing, each member of the Committee shall hold such office until the close of the next annual meeting of shareholders following appointment as a member of the Committee.

Schedule “B”

SCOZINC MINING LTD.

(the “Corporation”)

STOCK OPTION PLAN

Dated for reference May 12, 2008 as amended and restated on August 14, 2018

1. INTERPRETATION

1.1 Defined Terms - For the purposes of this Plan, the following terms shall have the following meanings:

- (a) **“Associate”** shall have the meaning ascribed to such term in the British Columbia *Securities Act*, as amended from time to time;
- (b) **“Blackout Period”** means a period during which an Eligible Person is restricted from trading in securities of the Corporation pursuant to the terms of Section 3.5 of the Corporation's Corporate Disclosure Policy;
- (c) **“Board”** means the Board of Directors of the Corporation;
- (d) **“Change in Control”** means:
 - (i) a takeover bid (as defined in the British Columbia Securities Act, which is successful in acquiring Shares of the Corporation);
 - (ii) the change of control of the Board resulting from the election by the members of the Corporation of less than a majority of the persons nominated for election by management of the Corporation;
 - (iii) the sale of all or substantially all the assets of the Corporation;
 - (iv) the sale, exchange or other disposition of a majority of the outstanding Shares of the Corporation in a single or series of related transactions;
 - (v) the dissolution of the Corporation's business or the liquidation of its assets;
 - (vi) a merger, amalgamation or arrangement of the Corporation in a transaction or series of transactions in which the Corporation's shareholders receive less than 51 % of the outstanding shares of the new or continuing Corporation; or

- (vii) the acquisition, directly or indirectly, through one transaction or a series of transactions, by any Person, of an aggregate of more than 50% of the outstanding Shares.
- (e) **“Committee”** means a committee of the Board appointed in accordance with this Plan, or if no such committee is appointed, the Board itself;
- (f) **“Consultant”** means an individual or Consultant Company, other than an Employee or director of the Corporation, that:
 - (i) is engaged to provide on a bona fide basis, consulting, technical, management or other services to the Corporation or a Related Company, other than services provided in relation to a distribution;
 - (ii) provides the services under a written contract between the Corporation or a Related Company and the individual or the Consultant Company;
 - (iii) 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 Related Company; and
 - (iv) has a relationship with the Corporation or a Related Company that enables the individual to be knowledgeable about the business and affairs of the Corporation.
- (g) **“Consultant Company”** means for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (h) **“Corporation”** means ScoZinc Mining Ltd., a company incorporated under the laws of British Columbia;
- (i) **“Date of Grant”** means the date on which a grant of an Option is effective;
- (j) **“Disability”** means a medically determinable physical or mental impairment expected to last for a continuous period of not less than 12 months which causes an individual to be unable to engage in any substantial gainful activity;
- (k) **“Disinterested Shareholder Approval”** means an ordinary resolution approved by a majority of the votes cast by all shareholders of the Corporation at a shareholders' meeting, excluding votes attaching to the Shares beneficially owned by Insiders to whom Options may be issued under the Plan and Associates of those persons;

- (l) **“Effective Date”** means the effective date of this Plan, which is the day of its approval by the shareholders of the Corporation;
- (m) **“Eligible Persons”** means:
 - (i) an Employee, senior officer or director of the Corporation or any Related Company,
 - (ii) a Management Company Employee;
 - (iii) a Consultant or a Consultant Company, or
 - (iv) an issuer, all of the voting securities of which are beneficially owned by one or more of the persons referred to in (i) above.
- (n) **“Employee”** means:
 - (i) an individual who is considered an employee under the Income Tax Act (i.e. for whom income tax, employment insurance and CPP deductions must be made at source),
 - (ii) an individual who works full-time for the Corporation or a Related Company, providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or a Related Company over the details and methods of work as an employee of the Corporation or a Related Company, but for whom income tax deductions are not made at source,
 - (iii) an individual who works for the Corporation or Related Company, on a continuing and regular basis for a minimum amount of time per week, providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or a Related Company over the details and methods of work as an employee of the Corporation or Related Company, but for whom income tax deductions are not made at source.
- (o) **“Exchange Act”** means the United States Securities Exchange Act of 1934, as amended;
- (p) **“Fair Market Value”** means where the Shares are listed for trading on a stock exchange or over the counter market, the last closing price of the Shares before the Date of Grant on the stock exchange or over the counter market which is the principal trading market for the Shares, as may be determined for such purpose by the Committee, provided that, so long as the Shares are listed only on the TSX

Venture Exchange the “fair market value” shall not be lower than the last closing price of the Shares before the Date of Grant less the maximum discount, if any, permitted under the policies of the TSX Venture Exchange;

- (q) **“Former Plan”** means any stock option plan previously adopted by the Corporation;
- (r) **“Guardian”** means the guardian, if any, appointed for an Optionee;
- (s) **“Insider”** shall have the meaning ascribed to such term in the British Columbia Securities Act, as amended from time to time;
- (t) **“Investor Relations Activities”** means any activities or oral 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:
 - (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation:
 - (A) to promote the sale of products or services of the Corporation, or
 - (B) to raise public awareness of the Corporation,
 - (ii) activities or communications necessary to comply with the requirements of
 - (A) applicable securities laws,
 - (B) rules and policies of the TSX Venture Exchange or the by-laws, rules or other regulatory instruments of any other self regulatory body or exchange having jurisdiction over the Corporation;
 - (iii) 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
 - (A) the communication is only through the newspaper, magazine or publication and

- (B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or
- (iv) activities or communications that may be otherwise specified by the TSX Venture Exchange;
- (u) **“Management Company Employee”** means an individual employed by a Person providing management services to the Corporation, including, but not limited to an employee of Expatriate Resources Ltd. or its successors, if the individual is not induced to purchase by expectation of employment or continued employment with either the Corporation or the Person providing the management services, which management services are required for the ongoing successful operation of the business enterprise of the Corporation but excluding a person or company engaged in Investor Relations Activities;
- (v) **“Option”** means an option to purchase Shares granted pursuant to the terms of this Plan;
- (w) **“Option Price”** means the exercise per Share for an Option which shall be expressed in Canadian funds or in the United States dollar equivalent thereof;
- (x) **“Optionee”** means a person to whom an Option has been granted;
- (y) **“Person”** means a natural person, company, government, or political subdivision or agency of a government; and where two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such syndicate or group shall be deemed to be a Person;
- (z) **“Plan”** means this Stock Option Plan of the Corporation;
- (aa) **“Qualified Successor”** means a person who is entitled to ownership of an Option upon the death of an Optionee, pursuant to a will or the applicable laws of descent and distribution upon death;
- (bb) **“Related Company”** shall mean a company which is an affiliate of the Corporation as the term “affiliate” is defined in Section I (2) of the British Columbia Securities Act, as amended from time to time;
- (cc) **“Service Provider”** means a Person who is a bona fide director, Employee, Management Company Employee, Consultant or Consultant Company, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;
- (dd) **“Shares”** means the common shares in the capital of the Corporation;

(ee) “**Stock Option Certificate**” means a written certificate from the Corporation to an Optionee, specifying the terms of the Option being granted to the Optionee under the Plan; and

(ff) “**Term**” means the period of time during which an Option may be exercised.

2. STATEMENT OF PURPOSE

2.1 Principal Purposes - The principal purposes of the Plan are to provide the Corporation with the advantages of the incentive inherent in share ownership on the part of employees, officers, directors, and consultants responsible for the continued success of the Corporation; to create in such individuals a proprietary interest in, and a greater concern for, the welfare and success of the Corporation; to encourage such individuals to remain with the Corporation; and to attract new employees, officers, directors and consultants to the Corporation.

2.2 Benefit to Shareholders - The Plan is expected to benefit shareholders by enabling the Corporation to attract and retain personnel of the highest caliber by offering such personnel an opportunity to share in any increase in value of the Shares resulting from their efforts.

3. ADMINISTRATION

3.1 Board or Committee - The Plan shall be administered by the Board or by a Committee appointed in accordance with Section 3.2 below.

3.2 Appointment of Committee - The Board may at any time appoint a Committee, consisting of not less than three of its members, to administer the Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan. Once appointed, the Committee shall continue to serve until otherwise directed by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and appoint new members in their place, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan. In the absence of the appointment of a Committee by the Board, then the Board shall administer the Plan.

3.3 Quorum and Voting - A majority of the members of the Committee shall constitute a quorum, and, subject to the limitations in this Part 3, all actions of the Committee shall require the affirmative vote of members who constitute a majority of such quorum. No member of the Committee who is a director to whom an Option may be granted may participate in the decision to grant such Option (but any such member may be counted in determining the existence of a quorum at any meeting of the Committee in which action is taken with respect to the granting of an Option to him).

3.4 Powers of Committee - Any Committee appointed under Section 3.2 above shall have the authority to review the following matters in relation to the Plan and to make recommendations thereon to the Board:

- (a) administration of the Plan in accordance with its terms;
- (b) determination of all questions arising in connection with the administration, interpretation, and application of the Plan, including all questions relating to the value of the Shares;
- (c) correction of any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (d) prescription, amendment and rescission of the rules and regulations relating to the administration of the Plan;
- (e) determination of the duration and purpose of leaves of absence from employment which may be granted to Optionees without constituting a termination of employment for purposes of the Plan;
- (f) with respect to the granting of Options:
 - (i) determination of the Eligible Persons to whom Options shall be granted, based on the eligibility criteria set out in this Plan,
 - (ii) determination of the terms and provisions of the Stock Option Certificate which shall be entered into with each Optionee (which need not be identical with the terms of any other Stock Option Certificate),
 - (iii) amendment of the terms and provisions of an Stock Option Certificate, provided the Board obtains:
 - (A) the consent of the Optionee; and
 - (B) the approval of any stock exchange on which the Corporation is listed,
 - (iv) determination of when Options shall be granted,
 - (v) determination of the number of Shares subject to each Option, and, where applicable, whether or not to grant Options for the issuance of flow-through Shares,

- (vi) determination of the vesting schedule, if any, for the exercise of such Option, and
- (g) other determinations necessary or advisable for administration of the Plan.

3.5 Obtain Approvals - The Board will obtain any regulatory or shareholder approvals which may be required pursuant to applicable securities laws or the rules of any stock exchange or over the counter market on which the Shares are listed.

3.6 Administration by Committee - The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan. In addition, the Committee's administration of the Plan shall in all respects be consistent with the policies and rules of any stock exchange or over the counter market on which the Shares are listed.

4. ELIGIBILITY

4.1 Eligibility for Options - Options may be granted to any Eligible Person. In accordance with the policies of the TSX Venture Exchange in effect as at the date of establishment of the Plan by the Board, the grant of Options under the Plan is subject to the following limitations:

- (a) the Options granted under the Plan shall not result at any time in:
 - i. The number of Shares reserved for issuance pursuant to Options granted to Insiders exceeding 10% of the issued and outstanding Shares; or
 - ii. The grant to Insiders within a 12-month period, of a number of Options exceeding 10% of the Shares,unless the Corporation has obtained Disinterested Shareholder Approval in connection therewith.
- (b) the aggregate number of Shares reserved for issuance pursuant to the Plan, shall not exceed 5% of the issued Shares (determined at the Date of Grant of an Option) to any one Eligible Person in a 12 month period, unless the Corporation has obtained the requisite Disinterested Shareholder Approval;
- (c) the aggregate number of Options which may be granted to any one Consultant in any 12 month period shall not exceed 2% of the issued Shares at the Date of Grant of the Option to such Consultant; and
- (d) the aggregate number of Options which may be granted to persons employed to provide Investor Relations Activities shall not exceed 2% of the issued Shares at the Date of Grant of such Option.

4.2 Insider Eligibility for Options - Notwithstanding Section 4.1 hereof, grants of Options to Insiders shall be subject to the policies of the TSX Venture Exchange.

4.3 No Violation of Securities Laws - No Option shall be granted to any Optionee unless the Committee has determined that the grant of such Option and the exercise thereof by the Optionee will not violate the securities law of the jurisdiction in which the Optionee resides.

5. SHARES SUBJECT TO THE PLAN

5.1 Number of Shares - The maximum number of Shares issuable under the Plan is that number which is equal to 10% of the issued Shares on a non-diluted basis as at the Date of Grant of any Option, on a rolling basis, less the number of Shares that have been allocated to any other share compensation arrangement of the Corporation. The Committee, from time to time, may grant Options to purchase Shares under the Plan to be made available from authorized, but unissued, Shares. The maximum number of Shares issuable under the Plan shall be adjusted, where necessary, to take account of the events referred to in Part 10 hereof.

5.2 Expiry of Option - If an Option expires or terminates for any reason without having been exercised in full, the unpurchased Shares subject thereto shall again be available for the purposes of the Plan.

5.3 Reservation of Shares - The Corporation will at all times reserve for issuance and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

6. OPTION TERMS

6.1 Stock Option Certificate - With respect to each Option to be granted to an Optionee, the Board shall specify the following terms in the Stock Option Certificate issued by the Corporation to the Optionee:

- (a) the number of Shares subject to option pursuant to such Option;
- (b) the Date of Grant;
- (c) the Term, provided that the length of the Term shall in no event be greater than ten years following the Date of Grant;
- (d) the Option Price, provided that the Option Price shall not be less than the Fair Market Value of the Shares on the Date of Grant;
- (e) subject to Section 6.2 below, any vesting schedule upon which the exercise of an Option is contingent;

- (f) if the Optionee is an Employee, Consultant or Management Company Employee, a representation by the Corporation and the Optionee that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be, of the Corporation or a Related Company; and
- (g) such other terms and conditions as the Committee deems advisable and are consistent with the purposes of this Plan.

6.2 Vesting of Options - The Board, as applicable, shall have complete discretion to set the terms of any vesting schedule for each Option granted, including, without limitation, discretion to:

- (a) permit partial vesting in stated percentage amounts based on the Term of such Option; and
- (b) permit full vesting after a stated period of time has passed from the Date of Grant;

provided that, with respect to Options issued to Consultants performing Investor Relations Activities, such Options must vest in stages of no less than over a 12 month period from the Date of Grant with no more than one quarter of the Options vesting in any three month period.

6.3 Amendments to Options - Amendments to the terms of previously granted Options are subject to regulatory approval, if required. If required by the TSX Venture Exchange, Disinterested Shareholder Approval shall be required for any reduction in the Option Price of a previously granted Option if the Optionee is an Insider of the Corporation at the time of the proposed reduction in the Option Price.

6.4 Uniformity - Except as expressly provided herein, nothing contained in this Plan shall require that the terms and conditions of Options granted under the Plan be uniform.

7. EXERCISE OF OPTION

7.1 Method of Exercise - Subject to any limitations or conditions imposed upon an Optionee pursuant to the Stock Option Certificate or Part 6 hereof, an Optionee may exercise an Option by giving written notice thereof to the Corporation at its principal place of business.

7.2 Compliance with U.S. Securities Laws - As a condition to the exercise of an Option, the Board or Committee may require the Optionee to represent and warrant in writing at the time of such exercise that the Shares are being purchased only for investment and without any then-present intention to sell or distribute such Shares. At the option of the Board or Committee, a stop-transfer order against such Shares may be placed on the stock books and records of the Corporation, and a legend indicating that the stock may not be pledged, sold or otherwise transferred unless an opinion of counsel is provided stating that such transfer is not in violation of any applicable law or regulation, may be stamped on the certificates representing such Shares in order to assure an exemption from registration. The Board or Committee also

may require such other documentation as may from time to time be necessary to comply with United States' federal and state securities laws. The Corporation has no obligation to undertake registration of Options or the Shares issuable upon the exercise of the Options.

7.3 Payment of Option Price - The notice described in Section 7.1 shall be accompanied by full payment of the aggregate Option Price to the extent the Option is so exercised. Such payment shall be in lawful money (Canadian funds) by cheque, wire transfer or bank order.

7.4 Issuance of Share Certificates - Not later than the third business day after exercise of an Option in accordance with Sections 7.1 and 7.3 hereof, the Corporation shall issue and deliver to the Optionee a certificate or certificates evidencing the Shares with respect to which the Option has been exercised. Until the issuance of such certificate or certificates, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the certificate is issued, except as provided by Part 10 hereof.

7.5 Tax Withholding and Procedures - Notwithstanding anything else contained in this Plan, the Corporation may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Optionee who wishes to exercise an Option must, in addition to following the procedures set out in this Part 7 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Corporation for the amount determined by the Corporation to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Corporation (if at all) in its sole and unfettered discretion, that the amount will be securely funded;

and must in all other respects follow any related procedures and conditions imposed by the Corporation.

8. TRANSFERABILITY OF OPTIONS

8.1 Non-Transferable - Except as provided otherwise in this Part 8, Options are non-assignable and non-transferable.

8.2 Death of Optionee - Subject to Section 8.3, if the employment of an Optionee as an Employee of, or the services of a Consultant providing services to, the Corporation or any Related Company, or the employment of an Optionee as a Management Company Employee, or the position of the Optionee as a director or senior officer of the Corporation or any Related

Company, terminates as a result of his or her death, any Options held by such Optionee shall pass to the Qualified Successor of the Optionee, and shall be exercisable by the Qualified Successor until the earlier of a period of one year following the date of such death and the expiry of the Term of the Option.

8.3 Disability of Optionee - If the employment of an Optionee as an Employee of, or the services of a Consultant providing services to, the Corporation or any Related Company, or the employment of an Optionee as a Management Company Employee, or the position of the Optionee as a director or senior officer of the Corporation or any Related Company, is terminated by reason of such Optionee's Disability, any Option held by such Optionee that could have been exercised immediately prior to such termination of service shall be exercisable by such Optionee, or by his Guardian, for a period of 90 days following the termination of service of such Optionee except where the Optionee is engaged in Investor Relations Activities, in which case it shall be for a period of 30 days following the termination of service of such Optionee providing Investor Relations Activities. If such Optionee dies within that 90 or 30 day period (as applicable), any Option held by such Optionee that could have been exercised immediately prior to his or her death shall pass to the Qualified Successor of such Optionee, and shall be exercisable by the Qualified Successor until the earlier of a period of one year following the death of such Optionee and the expiry of the Term of the Option.

8.4 Vesting - Options held by a Qualified Successor or exercisable by a Guardian shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

8.5 Deemed Non-Interruption of Employment - Employment shall be deemed to continue intact during any military or sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Optionee's right to reemployment with the Corporation or any Related Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Optionee's reemployment is not so guaranteed, then his or her employment shall be deemed to have terminated on the ninety-first day of such leave.

9. TERMINATION OF OPTIONS

9.1 Termination of Options - To the extent not earlier exercised or terminated in accordance with section 8 above, an Option shall terminate at the earliest of the following dates:

- (a) subject to Section 10.7, the termination date specified for such Option in the Stock Option Certificate;
- (b) where the Optionee's position as an Employee, a Consultant, a director or a senior officer of the Corporation or any Related Company or as a Management Company Employee is terminated for just cause, the date of such termination for just cause;

- (c) an Option granted to any Service Provider will expire 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the Date of Grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option) after the date the Optionee ceases to be employed by or provide services to the Corporation, and only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Corporation; and
- (d) the date of any sale, transfer, assignment or hypothecation, or any attempted sale, transfer, assignment or hypothecation, of such Option in violation of Section 8.1 above.

9.2 Lapsed or Cancelled Options - If Options are cancelled, surrendered, terminated or have expired without being exercised in whole or in part, new Options may be granted under the Plan covering the Shares not purchased under such lapsed Options. If an Option has been cancelled and, within one year, the Corporation grants a new Option to the same Optionee, the granting of the new Option is subject to the terms and conditions of the policies of the TSX Venture Exchange relating to the amendment of stock options.

10. ADJUSTMENTS TO OPTIONS

10.1 Alteration in Capital Structure - If there is any change in the Shares through or by means of a declaration of stock dividends of the Shares or consolidations, subdivisions or reclassifications of the Shares, or otherwise, the number of Shares available under the Plan, the Shares subject to any Option and the Option Price therefor shall be adjusted proportionately by the Board and, if required, approved by the TSX Venture Exchange or any other stock exchange having authority over the Corporation or the Plan, and such adjustment shall be effective and binding for all purposes of the Plan.

10.2 Effect of Amalgamation, Merger or Arrangement - If the Corporation amalgamates, merges or enters into a plan of arrangement with or into another corporation, any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Optionee would have received upon such amalgamation, merger or arrangement if the Optionee had exercised his Option immediately prior to the record date applicable to such amalgamation, merger or arrangement, and the exercise price shall be adjusted proportionately by the Board and such adjustment shall be binding for all purposes of the Plan.

10.3 Acceleration on Change of Control - Upon a Change in Control, subject to the approval by the TSX Venture Exchange or any other stock exchange having authority over the Corporation or the Plan, all Options shall become immediately exercisable, notwithstanding any contingent vesting provisions to which such Options may have otherwise been subject.

10.4 Acceleration of Date of Exercise - Subject to the approval by the TSX Venture Exchange or any other stock exchange having authority over the Corporation or the Plan, the

Board shall have the right to accelerate the date of vesting of any portion of any Option which remains unvested.

10.5 Determinations to be Made By Board - Adjustments and determinations under this Part 10 shall be made by the Board, whose decisions as to the adjustments or determination which shall be made, and the extent thereof, shall be final, binding, and conclusive.

10.6 Effect of a Take-over - If a bona fide offer (the “Offer”) for Shares is made to an Optionee or to shareholders generally or to a class of shareholders which includes the Optionee, which Offer constitutes a take-over bid within the meaning of section 92 of the British Columbia Securities Act, as amended from time to time, the Corporation shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon any Option held by an Optionee may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Shares received upon such exercise (the “Optioned Shares”) to the Offer. If:

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Optioned Shares tendered by the Optionee pursuant to the Offer are not taken up and paid for by the offeror pursuant thereto;

the Optioned Shares or, in the case of clause (b) above, the Optioned Shares that are not taken up and paid for, may be returned by the Optionee to the Corporation and reinstated as authorized but unissued shares and with respect to such returned Optioned Shares, the Option shall be reinstated as if it had not been exercised. If any Optioned Shares are returned to the Corporation under this Part, the Corporation shall refund the exercise price to the Optionee for such Optioned Shares.

10.7 Expiry of An Option During a Blackout Period - If the term of an Option ends during a Blackout Period or other trading restriction imposed by the Corporation, then the expiry date of the Option shall be automatically extended to the tenth (10th) business day following the date of the relevant Blackout Period or other trading restriction imposed by the Corporation is lifted, terminated or removed.

11. TERMINATION AND AMENDMENT OF PLAN

11.1 Power of Board to Terminate or Amend Plan - Subject to the acceptance of the TSX Venture Exchange, the Board may terminate, suspend or amend the terms of the Plan; provided, however, that, except as provided in Part 10, the Board may not do any of the following without obtaining, within 12 months either before or after the Board's adoption of a resolution authorizing such action, approval by the affirmative votes of the holders of a majority of the voting securities of the Corporation present, or represented, and entitled to vote at a meeting duly held in accordance with the applicable corporate laws, and, where required, by way of Disinterested Shareholder Approval, or by the written consent of the holders of a majority of the securities of the Corporation entitled to vote:

- (a) increase the aggregate number of Shares which may be issued under the Plan;
- (b) materially modify the requirements as to eligibility for participation in the Plan; or
- (c) materially increase the benefits accruing to participants under the Plan,

however, the Board may amend the terms of the Plan to comply with the requirements of any applicable regulatory authority, or as a result in the changes in the policies of the TSX Venture Exchange relating to incentive stock options, without obtaining the approval of the Corporation's shareholders.

11.2 No Grant During Suspension of Plan - No Option may be granted during any suspension, or after termination, of the Plan. Amendment, suspension or termination of the Plan shall not, without the consent of the Optionee, alter or impair any rights or obligations under any Option previously granted.

11.3 Annual Approval by Shareholders - This Plan is subject to approval by the shareholders of the Corporation at each annual general meeting of the Corporation. If the Plan is not approved by the shareholders at any annual general meeting of the Corporation, then the Plan shall continue with respect to all Options then outstanding, however, the Committee shall not grant any new Options under the Plan until such time as the Plan is approved by the shareholders.

12. CONDITIONS PRECEDENT TO ISSUANCE OF SHARES

12.1 Compliance with Laws - Shares shall not be issued with respect to an Option unless the exercise of such Option and the issuance and delivery of such shares shall comply with all relevant provisions of law, including, without limitation, any applicable United States' state securities laws, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations thereunder and the requirements of any stock exchange or automated interdealer quotation system of a registered national securities association upon which such Shares may then be listed, and such issuance shall be further subject to the approval of counsel for the Corporation with respect to such compliance, including the availability of an exemption from registration for the issuance and sale of such shares. The inability of the Corporation to obtain from any regulatory body the authority deemed by the Corporation to be necessary for the lawful issuance and sale of any Shares under this Plan, or the unavailability of an exemption from registration for the issuance and sale of any Shares under this Plan, shall relieve the Corporation of any liability with respect to the non-issuance or sale of such Shares.

13. HOLD PERIODS

13.1 Hold Period Legends – If required by the TSX Venture Exchange policies or applicable securities laws, Options and any Shares issued under Options will be legended with the appropriate hold period.

13.2 TSX Venture Exchange Hold Period – In addition to any resale restrictions under applicable securities laws and any other circumstance for which the TSX Venture Exchange hold period may apply, when Options are granted to Insiders all such Options and any Shares issued under the Options exercised prior to the expiry of the TSX Venture Exchange hold period will be legended with the appropriate hold period pursuant to the wording set out in Policy 3.2 – *Filing Requirements and Continuous Disclosure* commencing on the Date of Grant of an Option.

14. USE OF PROCEEDS

14.1 Use of Proceeds - Proceeds from the sale of Shares pursuant to the Options granted and exercised under the Plan shall constitute general funds of the Corporation and shall be used for general corporate purposes, or as the Board otherwise determines.

15. NOTICES

15.1 Notices - All notices, requests, demands and other communications required or permitted to be given under this Plan and the Options granted under this Plan shall be in writing and shall be either served personally on the party to whom notice is to be given, in which case notice shall be deemed to have been duly given on the date of such service; telefaxed, in which case notice shall be deemed to have been duly given on the date the telefax is sent; or mailed to the party to whom notice is to be given, by first class mail, registered or certified, return receipt requested, postage prepaid, and addressed to the party at his or its most recent known address, in which case such notice shall be deemed to have been duly given on the tenth postal delivery day following the date of such mailing.

16. MISCELLANEOUS PROVISIONS

16.1 No Obligation to Exercise - Optionees shall be under no obligation to exercise Options granted under this Plan.

16.2 No Obligation to Retain Optionee - Nothing contained in this Plan shall obligate the Corporation or any Related Company to retain an Optionee as an employee, officer, director, or consultant for any period, nor shall this Plan interfere in any way with the right of the Corporation or any Related Company to reduce such Optionee's compensation.

16.3 Binding Agreement - The provisions of this Plan and each Stock Option Certificate with an Optionee shall be binding upon such Optionee and the Qualified Successor or Guardian of such Optionee.

16.4 Use of Terms - Where the context so requires, references herein to the singular shall include the plural, and vice versa, and references to a particular gender shall include either or both genders.

16.5 Headings - The headings used in this Plan are for convenience of reference only and shall not in any way affect or be used in interpreting any of the provisions of this Plan.

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

17. EFFECTIVE DATE OF PLAN

17.1 Effective Date of Plan - This Plan shall be effective the day of its approval by the shareholders of the Corporation. On that date the stock options granted under the Former Plan shall be deemed to be subject to the terms and conditions of this Plan and the Former Plan shall be superseded by the Plan.