
RICHARDS GROUP INC.
SECURITY BASED COMPENSATION PLAN
(DECEMBER 11, 2025)

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1. PURPOSE OF THIS PLAN

- 1.1 **Purpose of this Plan.** The purpose of this Plan is to promote the interests of the Corporation by:
- (a) furnishing certain directors, officers and Employees of the Corporation and its Affiliates with greater incentive to further develop and promote the business and financial success of the Corporation;
 - (b) furthering the identity of interests of persons to whom Awards may be granted with those of the shareholders of the Corporation through share ownership in the Corporation; and
 - (c) assisting the Corporation in attracting, retaining and motivating the directors, officers and Employees of the Corporation and its Affiliates.

The Corporation believes that these purposes may best be effected by granting Awards to Eligible Persons.

2. DEFINITIONS

- 2.1 **Definitions.** In this Plan, unless there is something in the subject matter or context inconsistent therewith, capitalized words and terms shall have the following meanings:
- (a) “**Affiliate**” means any entity that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Corporation (for the purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as used with respect to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, whether through the ownership of voting securities, by agreement or otherwise);
 - (b) “**Award**” means an award of Deferred Share Units, Options, Share Appreciation Rights, Restricted Share Units or Performance Share Units;
 - (c) “**Award Agreement**” means an agreement evidencing a Deferred Share Unit, Option, Share Appreciation Right, Restricted Share Unit or Performance Share Unit entered into by and between the Corporation and an Eligible Person in the form described in Section 5.2 hereof;
 - (d) “**Blackout Period**” means an interval of time during which trading in securities of the Corporation by officers, directors and Employees of the Corporation and its Affiliates is prohibited pursuant to the Corporation’s Insider Trading Policy;
 - (e) “**Board of Directors**” means the board of directors of the Corporation as constituted from time to time;

- (f) “**Canadian Person**” means a Participant who is subject to Canadian federal taxation on Awards granted pursuant to the Plan;
- (g) “**Cause**” in respect of any Participant will have the meaning set forth in the relevant Award Agreement or, if not set forth in such Award Agreement, Cause means:
- (i) if “cause” is defined in an employment agreement between such Participant and the Corporation or any Affiliate, the meaning of “cause” as provided for in such employment agreement; and
 - (ii) if cause is not so defined, a circumstance that would entitle the Corporation or an Affiliate to terminate the employment or services of such Participant at law without notice or compensation as a result of such termination;
- (h) “**Change in Control**” means:
- (i) the completion of an arrangement, merger or other form of reorganization of the Corporation where the holders of the outstanding voting securities or interests of the Corporation immediately prior to the completion of the arrangement, merger or other form of reorganization will hold 50% or less of the outstanding voting securities or interests of the continuing entity upon completion of the arrangement, merger or other form of reorganization;
 - (ii) any acquisition, directly or indirectly, by a person or related group of persons (other than an acquisition by the Corporation or a person that directly or indirectly controls, is controlled by, or is under common control with, the Corporation) of beneficial ownership of voting securities of the Corporation possessing more than fifty percent (50%) of the total combined voting power of the Corporation’s outstanding securities;
 - (iii) any sale, transfer or other disposition of all or substantially all of the assets of the Corporation otherwise than to an Affiliate of the Corporation; or
 - (iv) any transaction or series of transactions involving the Corporation or any of its Affiliates that the Board of Directors in its discretion deems to be a Change in Control;

provided however, that a Change in Control shall not be deemed to have occurred if such Change in Control results solely from the issuance, in connection with a *bona fide* financing or series of financings by the Corporation or any of its Affiliates, of voting securities of the Corporation or any of its Affiliates or any rights to acquire voting securities of the Corporation or any of its Affiliates which are convertible into voting securities; and provided further that, in respect of any Deferred Share Units or other Award, in each case granted to a U.S. Person, that is subject to Section 409A of the U.S. Internal Revenue Code, such Award will not be payable upon a Change in Control unless the relevant Change in Control event constitutes a “change in control event” within the meaning of Section 409A of the U.S. Internal Revenue Code;

- (i) “**Common Shares**” means the common shares in the capital of the Corporation, provided that if the rights of any Participant are adjusted pursuant to Article 20.2(f)

hereof, “Common Shares” thereafter means the shares or other securities or property which such Participant is entitled to acquire after giving effect to such adjustment;

- (j) “**Compensation Committee**” has the meaning ascribed thereto in Section 5.1 of this Plan;
- (k) “**Corporation**” means Richards Group Inc. and includes any successor corporation thereto;
- (l) “**Deferred Share Unit**” means a right granted to an Eligible Person in accordance with Article 11 hereof to receive, on a deferred payment basis, a cash payment or Common Shares, or a combination thereof, as determined by the Compensation Committee and on the terms and conditions contained in this Plan;
- (m) “**Director**” means a director of the Corporation or an Affiliate thereof who is not: (i) an officer of the Corporation (other than an individual who is an officer solely because he or she is the Chair or Vice-Chair of the Corporation) or an Affiliate thereof; or (ii) an Employee;
- (n) “**Effective Date**” has the meaning ascribed thereto by Section 3.1 of this Plan;
- (o) “**Eligible Person**” means a Director, officer or Employee of the Corporation or an Affiliate thereof, provided that: (i) a Director shall only be an Eligible Person with respect to an Award of Deferred Share Units or Restricted Share Units; and (ii) a Participant, other than a Director, shall not be an Eligible Person with respect to Deferred Share Units;
- (p) “**Employee**” means a full-time employee of the Corporation or an Affiliate thereof as determined by the Board of Directors or the Compensation Committee from time to time;
- (q) “**Exercise Price**” means the price per Common Share at which a Participant may purchase Common Shares pursuant to an Option, provided that if such price is adjusted pursuant to Section 21 hereof, “Exercise Price” thereafter means the price per Common Share at which such Participant may purchase Common Shares pursuant to such Option after giving effect to such adjustment;
- (r) “**Fair Market Value**” as it relates to Common Shares means:
 - (i) where the Common Shares are listed for trading on a Stock Exchange, the volume weighted average trading price of the Common Shares on such Stock Exchange, as determined by the Compensation Committee, for the last five (5) Trading Sessions ending on the day prior to the relevant time as it relates to an Award; or
 - (ii) where the Common Shares are not publicly traded, the value which is determined by the Board of Directors to be the fair market value of the Common Shares at the relevant time as it relates to an Award, taking into consideration all factors that the Board of Directors deems appropriate, including, without limitation, recent sale and offer prices of the Common Shares in private transactions negotiated at arm’s length, and provided that, with respect to

Options issued to U.S. Persons, the Fair Market Value will be the fair market price of the Common Shares as determined in good faith by the Board of Directors using the reasonable application of a reasonable valuation method within the meaning of Section 409A of the U.S. Internal Revenue Code, based on all available information material to the value of the Corporation at such time, or if applicable, the value as determined by an independent appraiser;

- (s) “**Filing Date**” has the meaning ascribed thereto by Section 11.6 of this Plan, as applicable;
- (t) “**In-The-Money Amount**” means the product of (i) the amount by which the Fair Market Value of a Common Share on the date an Option or Share Appreciation Right is exercised exceeds the Exercise Price under the Option or Option to which the Share Appreciation Right relates and (ii) the number of Common Shares under the Option or Option to which the Share Appreciation Right relates (or, if less than all Common Shares under the Option or Option to which the Share Appreciation Right relates are being exercised, the number of Common Shares under the Option or Option to which the Share Appreciation Right relates being exercised);
- (u) “**Income Tax Act**” means the *Income Tax Act* (Canada), and the regulations promulgated thereunder, each as amended from time to time;
- (v) “**Income Tax Regulations**” means the *Income Tax Regulations* (Canada), as amended from time to time;
- (w) “**Key Employee**” means a U.S. Person who is determined to be a “specified employee” within the meaning of Section 409A of the U.S. Internal Revenue Code;
- (x) “**Legal Representative**” has the meaning ascribed thereto by Section 15.1 of this Plan;
- (y) “**Non-Blackout Trading Day**” means a day on which a Trading Session occurs and no Blackout Period is in place;
- (z) “**Notice of Settlement**” means a notice delivered to the Corporation in the form prescribed by the Corporation from time to time or deemed to be delivered hereunder, or in absence of such form, a written notice delivered to the Corporation, indicating the Participant’s desire to receive the Participant’s Settlement Amount;
- (aa) “**Options**” means stock options granted hereunder to purchase Common Shares from treasury pursuant to the terms and conditions hereof and “**Option**” means any one of them;
- (bb) “**Outstanding Common Shares**” at the time of any share issuance or grant of Options means the number of Common Shares that are outstanding immediately prior to the share issuance or grant of Options in question, on a non-diluted basis, or such other number as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange;
- (cc) “**Participant**” means a person to whom an Award has been granted under this Plan;

- (dd) **“Performance Share Unit”** means a right granted to an Eligible Person in accordance with Article 10 hereof to receive, on a deferred payment basis, a cash payment or Common Shares, or a combination thereof, as determined by the Compensation Committee and on the terms and conditions contained in this Plan;
- (ee) **“Plan”** means this Security Based Compensation Plan, as the same may from time to time be supplemented or amended and in effect;
- (ff) **“Restricted Share Unit”** means a right granted to an Eligible Person in accordance with Article 9 hereof to receive, on a deferred payment basis, a cash payment or Common Shares, or a combination thereof, as determined by the Compensation Committee and on the terms and conditions contained in this Plan;
- (gg) **“Securities Act”** means the *Securities Act*, R.S.O. 1990, chapter S. 5., as amended from time to time;
- (hh) **“Settlement Amount”** means the consideration paid to the holder of Deferred Share Units as determined pursuant to Article 11 hereof;
- (ii) **“Share Appreciation Right”** means a right granted to an Eligible Person in accordance with Article 12 hereof, in connection with the grant of an Option, to receive a cash payment or Common Shares, or a combination thereof, as determined by the Compensation Committee and on the terms and conditions contained in this Plan, equal to the In-The-Money Amount;
- (jj) **“Stock Exchange”** means such stock exchange or other organized market on which the Common Shares are listed or posted for trading, provided that if the Common Shares are listed on more than one stock exchange or other organized market then one such market designated by the Compensation Committee (or, if no such designation is made, the market on which the Common Shares have traded the most over the prior applicable 12 month period);
- (kk) **“Terminated Service”** means that a Participant has ceased to be a Director, an officer or Employee of the Corporation or an Affiliate thereof, as the case may be, other than for Cause;
- (ll) **“Trading Session”** means a trading session on a day which the applicable Stock Exchange is open for trading;
- (mm) **“U.S. Internal Revenue Code”** means the Internal Revenue Code of 1986 of the United States, as amended from time to time;
- (nn) **“U.S. Securities Exchange Act”** means the U.S. Securities Exchange Act of 1934, as amended from time to time;
- (oo) **“U.S. Nonqualified Stock Option”** means an Option to purchase Common Shares other than a U.S. Qualified Incentive Stock Option;
- (pp) **“U.S. Optionee” or “U.S. Person”** means a Participant who is (a) subject to U.S. federal taxation on Awards granted pursuant to the Plan, or (b) resident in the United States; and

(qq) “**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

(rr) “**U.S. Qualified Incentive Stock Option**” means an Option to purchase Common Shares with the intention that it qualify as an “incentive stock Option” as that term is defined in Section 422 of the U.S. Internal Revenue Code, such intention being evidenced by the resolutions of the Compensation Committee at the time of grant and such Option being designated as a U.S. Qualified Incentive Stock Option in the related Award Agreement. If an Award Agreement is silent as to whether an Option is a U.S. Nonqualified Stock Option or a U.S. Qualified Incentive Stock Option, then the Option will be a U.S. Nonqualified Stock Option.

3. **Effective Date of this Plan.**

3.1 The effective date (the “**Effective Date**”) of this Plan shall be December 11, 2025.

4. **COMMON SHARES SUBJECT TO THIS PLAN**

4.1 **Common Shares Subject to this Plan.** Subject to Section 21, the aggregate number of Common Shares reserved for issuance in respect of which Awards may be granted shall not exceed 570,900.

4.2 **Computation of Available Shares.** For the purposes of computing the number of Common Shares reserved for issuance and which are available for grant under this Plan, Common Shares subject to any Award (or any portion thereof) that have expired or are forfeited, surrendered, cancelled or otherwise terminated prior to the issuance or transfer of such Common Shares shall again be available for grant under this Plan.

4.3 **Reservation of Shares.** The Board of Directors shall reserve for allotment from time to time out of the authorized but unissued Common Shares sufficient Common Shares to provide for issuance of all Common Shares that are issuable under all outstanding Awards.

4.4 **No Fractional Shares.** No fractional Common Shares may be purchased or issued under this Plan. If a Participant would become entitled to a fractional Common Share upon the exercise or settlement of an Award, or from an adjustment permitted by the terms of this Plan, such Participant shall only have the right to purchase or receive, as the case may be, the next lowest whole number of Common Shares, and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

4.5 **Use of an Administrative Agent and Trustee.** The Board of Directors may, in its discretion, appoint from time to time one or more entities to act as administrative agent or trustee to administer the Awards granted under this Plan, including for the purposes of making open market purchases of Common Shares for delivery on settlement of an Award, if applicable, and to act as trustee to hold and administer the assets that may be held in respect of Awards granted under this Plan, the whole in accordance with the terms and conditions determined by the Board, in its discretion. The Corporation and the administrative agent or trustee will maintain records showing the number of Awards granted to each Participant under this Plan.

4.6 **Settlement of Awards.** Subject to the terms and limitations of this Plan, payments or transfers to be made upon the exercise or settlement of an Award, other than an Option, may be made in such form or forms as the Board of Directors shall determine (including, without

limitation, cash, Common Shares or a combination thereof), and payment or transfers made in whole or in part in Common Shares may, in the discretion of the Board of Directors, be issued from treasury or purchased in the open market (including by a trustee or administrative agent appointed pursuant to Subsection 4.5). For greater certainty, payments to be made to Participants upon the exercise of Options may only be made by the issuance of Common Shares from treasury.

4.7 **Insider Participation Limit.** The number of Common Shares:

- (a) issuable, at any time, to Participants that are insiders; and
- (b) issued, within any one-year period, to Participants that are insiders,

pursuant to this Plan (including, for greater certainty, Common Shares issuable to Participants pursuant to Options, Restricted Share Units or Deferred Share Units), or when combined with all of the Corporation's other security-based compensation arrangements, shall not, in aggregate, exceed 10% of the total number of Outstanding Common Shares. For the purposes of the foregoing, the term "insider" shall mean those who are "reporting insiders" of the Corporation as defined in *National Instrument 55-104 - Insider Reporting Requirements and Exemptions* of the Canadian Securities Administrators.

4.8 **Outside Director Limit.** This Plan, when combined with all of the Corporation's other security-based compensation arrangements, shall not at any time result in a number of Common Shares issuable to any one non-executive director pursuant to Awards granted within a one-year period exceeding an Award value of \$150,000 per such non-executive director, provided that Deferred Share Units and Restricted Share Units granted in lieu of director fees payable on account of a director's service as a member of the Board of Directors shall be excluded for purposes of such limit.

5. ADMINISTRATION OF THIS PLAN

5.1 **Administration of this Plan.** The Board of Directors may at any time appoint a committee (the "**Compensation Committee**") to, among other things, interpret, administer and implement this Plan on behalf of the Board of Directors in accordance with such terms and conditions as the Board of Directors may prescribe, consistent with this Plan (provided that if at any such time such a committee has not been appointed by the Board of Directors, this Plan shall be administered by the Board of Directors, and in such event references herein to the Compensation Committee shall be construed to be a reference to the Board of Directors). The Board of Directors shall take such steps which in its opinion are required to ensure that the Compensation Committee has the necessary authority to fulfil its functions under this Plan.

5.2 **Award Agreements.** Each Award shall be evidenced by an Award Agreement that is subject to the applicable terms and conditions of this Plan and which incorporates such further terms and conditions as the Compensation Committee in its discretion deems appropriate and consistent with the provisions of this Plan (and the execution and delivery by the Corporation of an Award Agreement with an Eligible Person shall be conclusive evidence that such Award Agreement incorporates terms and conditions approved by the Compensation Committee and is consistent with the provisions of this Plan). Each Award Agreement shall be executed by the Eligible Person to whom the Award is granted and on behalf of the Corporation by any member of the Compensation Committee or any officer of the Corporation or such other person as the Compensation Committee may designate for such purpose.

5.3

Powers of Compensation Committee. Subject to the provisions hereof and any guidelines established by the Board of Directors, the Compensation Committee is authorized, subject to the provisions of this Plan, to establish from time to time such rules and regulations, make such determinations and to take such steps in connection with this Plan as in the opinion of the Compensation Committee are necessary or desirable for the proper administration of this Plan. For greater certainty, without limiting the generality of the foregoing, the Compensation Committee shall have the power, where consistent with the general purpose and intent of this Plan and subject to the specific provisions of this Plan and any approval of the Stock Exchange, if applicable:

- (a) to interpret and construe this Plan and any Award Agreement and to determine all questions arising out of this Plan and any Award Agreement, and any such interpretation, construction or determination made by the Compensation Committee shall be final, binding and conclusive for all purposes;
- (b) to determine to which Awards are granted, and to grant, Awards;
- (c) to determine the number of Common Shares issuable pursuant to each Award;
- (d) to determine the Exercise Price for each Option;
- (e) to determine the time or times when Awards shall be granted, vest and be exercisable, as applicable;
- (f) to determine the vesting terms of Awards, which may be based upon the passage of time, continued employment or service, on the basis of corporate or personal performance objectives, or a combination of the foregoing as determined by the Compensation Committee;
- (g) to determine any acceleration of vesting as expressly contemplated herein;
- (h) to determine if the Common Shares that are subject to an Award shall be subject to any restrictions or repurchase rights upon the exercise or settlement of such Award including, where applicable, the endorsement of a legend on any certificate representing Common Shares acquired on the exercise or settlement of any Award to the effect that such Common Shares may not be offered, sold or delivered except in compliance with the applicable securities laws and regulations of Canada, the United States or any other country and if any rights or restrictions exist they shall be described in the applicable Award Agreement;
- (i) to determine the expiration date for each Award and to extend the period of time for which any Award is to remain exercisable or may be settled in appropriate circumstances (subject to the provisions of Subsection 13.1(e)), including, without limitation, in the event of the Participant's cessation of employment or service, provided that such date may not be later than the earlier of (A) the latest date permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange, (B) in the case of an Option, the date which is the tenth anniversary of the date on which such Option is granted and (C) the latest date upon which the Option could have expired by its original terms under any circumstances;

- (j) to prescribe the form of the instruments relating to the grant, exercise, or settlement, as applicable, and other terms of Awards;
- (k) to enter into an Award Agreement evidencing each Award which shall incorporate such terms as the Compensation Committee in its discretion deems consistent with this Plan;
- (l) to take such steps and require such documentation from Eligible Persons which in its opinion are necessary or desirable to ensure compliance with the rules and regulations of the Stock Exchange and all applicable laws;
- (m) to adopt such modifications, procedures and subplans as may be necessary or desirable to comply with the provisions of the laws of Canada, the United States and other countries in which the Corporation or its Affiliates may operate to ensure the viability and maximization of the benefits from the Awards granted to Participants residing in such countries and to meet the objectives of this Plan; and
- (n) to determine such other matters as provided for herein.

5.4 Compensation Committee Governance if U.S. Registrant. If and so long as the Common Shares are registered under Section 12(b) or 12(g) of the U.S. Securities Exchange Act, the Board of Directors shall consider in selecting the members of the Compensation Committee, with respect to any persons subject or likely to become subject to Section 16 of the U.S. Securities Exchange Act, the provisions regarding "non-employee directors" as contemplated by Rule 16b-3 under the U.S. Securities Exchange Act.

6. GRANT OF OPTIONS

The Compensation Committee or the Board of Directors, as applicable, may from time to time grant to an Eligible Person one or more Options. Notwithstanding the foregoing, with respect to Awards of Options to U.S. Persons, a Participant must be employed or engaged by the Corporation or a corporation or entity in which the Corporation has a direct or indirect controlling interest, as determined in accordance with U.S. Treasury Regulation Section 1.409A-1(b)(5)(iii).

6.1 **Date Option Granted.** The date on which an Option shall be deemed to have been granted under this Plan shall be the date on which the Compensation Committee or the Board of Directors, as applicable, authorizes the grant of such Option or such other date as may be specified by the Compensation Committee or the Board of Directors, as applicable, at the time of such authorization. The date of grant will not be earlier than the date on which the Corporation completes the action necessary to create a legally binding right to the Award. For purposes of the immediately preceding sentence, the corporate action creating the legally binding right constituting the Option will not be considered complete until the date on which the maximum number of Common Shares that can be purchased under the Option and the minimum Exercise Price are fixed and determinable, and the identity of the Participant is designated.

6.2 **Exercise Price.** The Exercise Price per Common Share under each Option shall be determined by the Compensation Committee, in its sole discretion, but shall in no event be less than the Fair Market Value at the date of the grant, except that the Exercise Price of an Option may be less than the Fair Market Value of a Common Share as of the date the Option is granted where the Option is being granted in substitution or replacement for a prior option in connection with a merger, consolidation, acquisition of property or stock, or reorganization and the

substitution or replacement complies with subsection 7(1.4) of the Income Tax Act or Sections 409A and 424 of the U.S. Internal Revenue Code, as applicable.

- 6.3 **No Dividends.** Options granted to Eligible Persons shall not entitle such persons to any rights in respect of dividends or other distributions that may be declared by the Board of Directors in respect of Common Shares.

7. U.S. QUALIFIED INCENTIVE STOCK OPTION PROVISIONS

To the extent required by Section 422 of the U.S. Internal Revenue Code, U.S. Qualified Incentive Stock Options shall be subject to the following additional terms and conditions and if there is any conflict between the terms of this Article and other provisions under this Plan, the provisions under this Article shall prevail.

- 7.1 **Eligible Employees.** All classes of Employees of the Corporation or one of its subsidiary corporations may be granted U.S. Qualified Incentive Stock Options. U.S. Qualified Incentive Stock Options shall only be granted to U.S. Optionees who are, at the time of grant, officers, Employees or directors of the Corporation or one of its subsidiary corporations (provided, for purposes of this Article 7 only, such directors are then also officers or Employees of the Corporation or one of its subsidiary corporations). For purposes of this Article 7, “subsidiary corporation” shall have the meaning attributed to that term for the purposes of Section 422 of the U.S. Internal Revenue Code.

- 7.2 **Dollar Limitation.** To the extent the aggregate fair market value (determined as of the grant date) of Common Shares with respect to which U.S. Qualified Incentive Stock Options are exercisable for the first time by an Optionee during any calendar year (under this Plan and all other stock option plans of the Corporation and any subsidiary corporation) exceeds U.S. \$100,000 (or such higher value as may be permitted under Section 422 of the U.S. Internal Revenue Code), such portion in excess of U.S. \$100,000 shall be treated as a U.S. Nonqualified Stock Option. In the event the Optionee holds two or more such Options that become exercisable for the first time in the same calendar year, such limitation shall be applied on the basis of the order in which such Options are granted.

- 7.3 **10% Shareholders.** If any Optionee to whom an U.S. Qualified Incentive Stock Option is to be granted under this Plan at the time of the grant of such U.S. Qualified Incentive Stock Option is the owner of shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Corporation or any subsidiary corporation, then the following special provisions shall be applicable to the U.S. Qualified Incentive Stock Option granted to such individual:

- (i) the Exercise Price (per Common Share) subject to such U.S. Qualified Incentive Stock Option shall not be less than one hundred ten percent (110%) of the Fair Market Value of one Common Share at the time of grant; and
- (ii) for the purposes of this Article 7 only, the option exercise period shall not exceed five (5) years from the date of grant.

The determination of 10% ownership shall be made in accordance with Section 422 of the U.S. Internal Revenue Code.

- 7.4 **Exercisability.** To qualify for U.S. Qualified Incentive Stock Option tax treatment, an Option designated as a U.S. Qualified Incentive Stock Option must be exercised within three months after termination of employment for reasons other than death, except that, in the case of termination of employment due to total disability, such Option must be exercised within one year after such termination. Employment shall not be deemed to continue beyond the first three (3) months of a military leave, sick leave or other bona fide leave of absence unless the U.S. Optionee's reemployment rights are guaranteed by statute or contract. For purposes of this Section 7.4, "total disability" shall mean a mental or physical impairment of the U.S. Optionee which is expected to result in death or which has lasted or is expected to last for a continuous period of 12 months or more and which causes the U.S. Optionee to be unable, in the opinion of the Board, to perform his or her duties for the Corporation and to be engaged in any substantial gainful activity. Total disability shall be deemed to have occurred on the first day after the Board has furnished its opinion of total disability to the Compensation Committee.
- 7.5 **Taxation of U.S. Qualified Incentive Stock Options.** In order to obtain certain tax benefits afforded to U.S. Qualified Incentive Stock Options under Section 422 of the U.S. Internal Revenue Code, the U.S. Optionee must hold the Common Shares issued upon the exercise of a U.S. Qualified Incentive Stock Option for two years after the date of grant of the U.S. Qualified Incentive Stock Option and one year from the date of exercise. A U.S. Optionee may be subject to U.S. alternative minimum tax at the time of exercise of a U.S. Qualified Incentive Stock Option. The Compensation Committee may require a U.S. Optionee to give the Corporation prompt notice of any disposition of shares acquired by the exercise of a U.S. Qualified Incentive Stock Option prior to the expiration of such holding periods.
- 7.6 **Transferability.** No U.S. Qualified Incentive Stock Option granted under this Plan may be assigned or transferred by the U.S. Optionee other than by will or by the laws of descent and distribution, and during the U.S. Optionee's lifetime, such U.S. Qualified Incentive Stock Option may be exercised only by the U.S. Optionee.
- 7.7 **Exercise Price.** Notwithstanding Section 6.2 hereof, no U.S. Qualified Incentive Stock Option granted under this Plan shall have an Exercise Price less than the Fair Market Value of the underlying Common Shares at the date of grant of such Option, as determined at such time in good faith by the Board of Directors or the Compensation Committee, as the case may be, except that the Exercise Price of a U.S. Qualified Incentive Stock Option may be less than the Fair Market Value of a Common Share as of the date of the Option is granted where the Option is being granted in substitution or replacement for a prior option in connection with a merger, consolidation, acquisition of property or stock, or reorganization and the substitution or replacement complies with Section 424 of the U.S. Internal Revenue Code.
- 7.8 **Approval by Shareholders.** No U.S. Qualified Incentive Stock Option granted to a U.S. Optionee under this Plan shall become exercisable unless and until this Plan shall have been approved by the shareholders of the Corporation within 12 months of approval by the Board of Directors of the Corporation.
- 7.9 **Option Grant.** No U.S. Qualified Incentive Option may be granted under this Plan after the date that is ten years from the date that is the earlier of the adoption of this Plan or the date this Plan is approved by the shareholders of the Corporation.
- 7.10 **Limit on U.S. Qualified Incentive Stock Options.** Of the aggregate number of Common Shares specified in Section 4.1 hereof, the maximum aggregate number of Common Shares in

respect of which U.S. Qualified Incentive Stock Options may be granted under this Plan shall not exceed 570,900.

8. VESTING AND EXERCISE OF OPTIONS

8.1 **Vesting and Exercise of Options.** Subject to the terms and conditions of this Plan, the Compensation Committee may impose such limitations or conditions (including performance-based conditions) on the exercise or vesting of any Option as the Compensation Committee in its discretion deems appropriate, including, limiting the number of Common Shares for which any Option may be exercised during any period as may be specified by the Compensation Committee and the number of Common Shares for which such Option may be exercised in any period, which limitations and conditions shall be specified in the Award Agreement with respect to such Option. Each Award Agreement shall provide that the Option granted thereunder may be exercised only by notice signed by the Participant or the Legal Representative of the Participant and accompanied by full payment for the Common Shares being purchased, subject to the provisions of this Plan. Payment of the Exercise Price may be made by one or more of the following methods (or any combination thereof):

- (a) in cash, by bank draft, certified cheque, or by wire transfer of immediately available funds, or other instrument acceptable to the Compensation Committee; or
- (b) if permitted by the Compensation Committee and subject to the rules and policies of the Stock Exchange, by a “cashless exercise” arrangement (with a full deduction from the number of Common Shares available for issuance under the Plan), whereby the Participant shall elect to receive either: (i) an amount in cash per Option equal to the cash proceeds realized upon the sale of the Common Shares by a securities dealer in the capital markets, less the applicable Exercise Price and any withholding taxes due as a result of the exercise of the Option in accordance with Article 18 hereof; or (ii) the net number of Common Shares remaining after the sale of such number of Common Shares by a securities dealer in the capital markets as required to realize cash proceeds equal to the applicable Exercise Price and any withholding taxes due as a result of the exercise of the Option in accordance with Article 18 hereof; provided that the transfer cost incurred to sell the Common Shares will be deducted from the net proceeds payable to the Participant.

As soon as practicable after any exercise of an Option, a certificate, certificates, or direct registration system advice representing the Common Shares in respect of which such Option is exercised shall be delivered by the Corporation to the Participant or as the Participant may direct, or a Participant and the Corporation may agree upon a different means of delivery.

8.2 **Conditions.** Notwithstanding any of the provisions contained in this Plan or in any Award Agreement, the Corporation’s obligation to issue Common Shares to a Participant pursuant to the exercise of an Option shall be subject to, if applicable:

- (a) completion of such registration or other qualification of such Common Shares or obtaining approval of such governmental authority as the Corporation determines is necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the receipt from the Participant of such representations, agreements and undertakings, including as to future dealings in such Common Shares, as the Corporation or its counsel determines to be necessary or advisable in order to safeguard against the

violation of the securities laws of any jurisdiction and confirm compliance by the Participant with the Corporation's Insider Trading Policy; and

- (c) payment or other satisfaction of all related withholding obligations in accordance with Article 18 hereof and administrative costs with respect to such exercise.

9. RESTRICTED SHARE UNITS

9.1 **Grant of Restricted Share Units.** The Compensation Committee or the Board of Directors, as applicable, may from time to time grant Restricted Share Units to Eligible Persons pursuant to the terms of this Plan. The date on which any Restricted Share Unit shall be deemed to have been granted shall be the date on which the Compensation Committee or the Board of Directors, as applicable, authorizes the grant of such Award.

9.2 **Vesting Terms.** Subject to Sections 13.4 and 21.2, Restricted Share Units shall become vested on such terms and conditions as may be determined by the Compensation Committee and specified in the applicable Award Agreement. Notwithstanding the foregoing, all Restricted Share Units issued to Eligible Persons shall vest (to the extent applicable terms and conditions have been satisfied) prior to December 31st of the third calendar year following the year of service to which the Restricted Share Unit Award relates.

9.3 **Determination of Restricted Share Units.** Restricted Share Units awarded pursuant to this Plan shall be credited to an account maintained for each Participant by the Corporation as and when awards are made. The number of Restricted Share Units to be credited to a Participant shall be determined on the date on which the Compensation Committee or the Board of Directors, as applicable, authorizes the grant of such Award, on a one Restricted Share Unit per Common Share basis.

9.4 **Settlement of Restricted Share Units.** Restricted Share Units shall be settled upon, or as soon as reasonably practicable following, the vesting thereof, subject to payment or other satisfaction of all related withholding obligations in accordance with Article 18 hereof and administrative costs, and in any event (to the extent applicable terms and conditions have been satisfied) no later than December 31st of the third calendar year following the year of service to which the Restricted Share Unit Award relates. Notwithstanding the foregoing, Restricted Share Units issued to U.S. Persons will be settled no later than March 15th of the year following the end of the year in which the Restricted Share Units vest, and (subject to vesting) in any event no later than December 31st of the third calendar year following the year of service to which the Restricted Share Unit Award relates. Settlement shall be made by a cash payment, Common Shares, or a combination thereof, as determined by the Compensation Committee in its sole discretion, and settlement:

- (a) made in Common Shares shall be made by delivery of one Common Share, either issued from treasury or purchased in the open market (including by a trustee or administrative agent appointed pursuant to Subsection 4.5), for each such Restricted Share Unit then being settled;
- (b) made by a cash payment shall be an aggregate amount equal to the product of the Fair Market Value of the Common Shares on the applicable settlement date as specified by the Compensation Committee, multiplied by the number of Restricted Share Units then being settled; and

(c) made by a combination of a cash payment and Common Shares shall be equivalent to the value derived by Subsections 9.4(a) and 9.4(b).

9.5 **Dividends.** Restricted Share Units granted to Eligible Persons shall not entitle such persons to any rights in respect of dividends or other distributions that may be declared by the Board of Directors in respect of Common Shares.

10. PERFORMANCE SHARE UNITS

10.1 **Grant of Performance Share Units.** The Compensation Committee or the Board of Directors, as applicable, may from time to time grant Performance Share Units to Eligible Persons pursuant to the terms of this Plan. The date on which any Performance Share Unit shall be deemed to have been granted shall be the date on which the Compensation Committee or the Board of Directors, as applicable, authorizes the grant of such Award.

10.2 **Vesting Terms.** Performance Share Units shall become vested subject to such terms and conditions as may be determined by the Compensation Committee and specified in the applicable Award Agreement, including, but not limited to:

- (a) the performance cycle applicable to each Performance Share Unit, which shall be the period of time between the grant date of such Performance Share Unit and the date on which the performance criteria specified in Section 10.2(b) must be satisfied before the Performance Share Unit is fully vested and may be settled by the Participant, before being subject to forfeiture or termination, which in no case shall be later than December 31st of the third calendar year following the year of service to which the Performance Share Unit Award relates;
- (b) the performance criteria, which may include criteria based on the Participant's personal performance and/or the performance of the Corporation and/or its subsidiaries, that shall be used to determine the vesting of the Performance Share Units; and
- (c) such other terms and conditions, not inconsistent with the Plan, as the Compensation Committee shall determine, including customary representations, warranties and covenants with respect to securities law matters.

10.3 **Determination of Performance Share Units.** Performance Share Units awarded pursuant to this Plan shall be credited to an account maintained for each Participant by the Corporation as and when Awards are made. The number of Performance Share Units to be credited to a Participant shall be determined on the date on which the Compensation Committee or the Board of Directors, as applicable, authorizes the grant of such Award, on a one Performance Share Unit per Common Share basis.

10.4 **Settlement of Performance Share Units.** Performance Share Units shall be settled upon, or as soon as reasonably practicable following, the vesting thereof, subject to payment or other satisfaction of all related withholding obligations in accordance with Article 18 hereof and administrative costs, and in any event (to the extent applicable terms and conditions have been satisfied) no later than December 31st of the third calendar year following the year of service to which the Performance Share Unit Award relates. Notwithstanding the foregoing, Performance Share Units issued to U.S. Persons will be settled no later than March 15th of the year following the end of the year in which the Performance Share Units vest, and (subject to vesting) in any event no later than December 31st of the third calendar year following the year of service to which

the Performance Share Unit Award relates. Settlement shall be made by a cash payment, Common Shares, or a combination thereof, as determined by the Compensation Committee in its sole discretion, and settlement:

- (a) made in Common Shares shall be made by delivery of one Common Share, either issued from treasury or purchased in the open market (including by a trustee or administrative agent appointed pursuant to Subsection 4.5), for each such Performance Share Unit then being settled;
- (b) made by a cash payment shall be an aggregate amount equal to the product of the Fair Market Value of the Common Shares on the applicable settlement date as specified by the Compensation Committee, multiplied by the number of Performance Share Units then being settled; and
- (c) made by a combination of a cash payment and Common Shares shall be equivalent to the value derived by Subsections 10.4(a) and 10.4(b).

10.5 **Dividends.** Performance Share Units granted to Eligible Persons shall not entitle such persons to any rights in respect of dividends or other distributions that may be declared by the Board of Directors in respect of Common Shares.

11. DEFERRED SHARE UNITS

11.1 **Grant of Deferred Share Units.** The Compensation Committee or the Board of Directors, as applicable, may from time to time grant Deferred Share Units to Eligible Persons pursuant to the terms of this Plan. The date on which any Deferred Share Unit shall be deemed to have been granted shall be the date on which the Compensation Committee or the Board of Directors, as applicable, authorizes the grant of such Award. Any elections made by an Eligible Person who is also a U.S. Person, to receive a portion, if not all, his or her compensation in the form of Deferred Share Units must be made in accordance with Section 1.409-2(a)(3) of the Treasury Regulation to the U.S. Internal Revenue Code. In particular, such election must be made before the first date of the calendar year of services for which the Deferred Share Units are granted. Any elections made by an Eligible Person, who is not a U.S. Person, to receive a portion, if not all, his or her compensation in the form of Deferred Share Units must be made prior to the date in which the compensation is otherwise payable.

11.2 **Vesting Terms.** Deferred Share Units shall become vested at such times and subject to such terms and conditions as may be determined by the Compensation Committee and specified in the applicable Award Agreement.

11.3 **Determination of Deferred Share Units.** Deferred Share Units awarded pursuant to this Plan shall be credited to an account maintained for each Participant by the Corporation as and when awards are made. The number of Deferred Share Units to be credited to a Participant shall be determined on the date on which the Compensation Committee or the Board of Directors, as applicable, authorizes the grant of such Award, on a one Deferred Share Unit per Common Share basis.

11.4 **Settlement of Deferred Share Units.** Vested Deferred Share Units shall be settled pursuant to the terms and conditions of Section 11.6 and subject to payment or other satisfaction of all related withholding obligations in accordance with Article 18 hereof and administrative costs. Settlement Amounts in respect of Deferred Share Units shall be settled by a cash payment,

Common Shares or a combination thereof, as determined by the Compensation Committee in its sole discretion, and settlement:

- (a) made in Common Shares shall be made by delivery of one Common Share, either issued from treasury or purchased in the open market (including by a trustee or administrative agent appointed pursuant to Subsection 4.5), for each such Deferred Share Unit then being settled in respect of the Filing Date (as determined in accordance with Section 11.6 below);
- (b) made by a cash payment shall be an aggregate amount equal to the product of the Fair Market Value of the Common Shares as at the Filing Date, multiplied by the number of Deferred Share Units then being settled; and
- (c) made by a combination of a cash payment and Common Shares shall be equivalent to the value derived by Subsections 11.4(a) and 11.4(b).

11.5 **Dividends.** In the event that any cash dividend or return of capital is declared and paid on the Common Shares, the bookkeeping accounts maintained by the Corporation in respect of the Deferred Share Units granted to Eligible Persons shall be credited with additional Deferred Share Units. The number of such additional Deferred Share Units shall be calculated by dividing the total amount of the dividends or return of capital that would have been paid to such Eligible Persons if the Deferred Share Units credited to the Eligible Persons' accounts on the dividend or return of capital record date had been Common Shares, by the Fair Market Value on the date on which the cash dividends or return of capital were paid on the Common Shares.

11.6 **Payment of Settlement Amount.**

- (a) Non-U.S. Persons
 - (i) A Participant who is not a U.S. Person, who has Terminated Service and is entitled to receive a Settlement Amount may receive the Participant's Settlement Amount by filing a Notice of Settlement on or before November 1st of the first calendar year commencing after the date of the Participant's Terminated Service. If the Participant fails to file such notice on or before that November 1st, the Participant shall be deemed to have filed the Notice of Settlement on that November 1st. For the purposes of this Subsection 11.6(a)(i), the Filing Date shall be the date on which the Notice of Settlement is filed or deemed to have been filed by the Participant.
 - (ii) Subject to Article 19 hereof, the Corporation shall make payment of the Settlement Amount as soon as reasonably possible following the Filing Date and in any event no later than December 31st of the first calendar year commencing after the date of the Participant's Terminated Service.
 - (iii) In the event of the death of a Participant who is not a U.S. Person and is entitled to receive a Settlement Amount, the Corporation shall, subject to Article 19 hereof, make payment of the Settlement Amount within two months of the Participant's death and in any event no later than December 31st of the first calendar year commencing after the date of the Participant's death to or for the benefit of the Legal Representative of the deceased Participant. For the purposes of this subsection, the Filing Date shall be the date of the Participant's death.

(iv) If a Participant who is not a U.S. Person and is entitled to receive a Settlement Amount dies after the Participant has Terminated Service but before filing a Notice of Settlement, Paragraph 11.6(a)(iii) shall apply.

(b) U.S. Persons

(i) In the event that a Participant who is a U.S. Person and not a Key Employee has Terminated Service and is entitled to receive a Settlement Amount, the Corporation shall, subject to Article 19 hereof, make payment of the Settlement Amount in a single lump sum payment as soon as reasonably possible but no later than 90 days following such Participant's Terminated Service. For the purposes of this subsection, the Filing Date shall be the date of such Participant's Terminated Service.

(ii) In the event that a Participant who is a U.S. Person and a Key Employee has Terminated Service and is entitled to receive a Settlement Amount, the Corporation shall, subject to Article 19 hereof, make payment of the Settlement Amount in a single lump sum payment on the first business day following the date that is six months after the date that such Participant Terminated Service. For the purposes of this paragraph, the Filing Date shall be the date which is six months after the date of such Participant's Terminated Service. In the event of death of such a Participant during the six month period following the date of the Participant's Terminated Service, the rules under Paragraph 11.6(b)(iii) shall then apply.

(iii) In the event of the death of a Participant who is a U.S. Person prior to the Filing Date under paragraphs 11.6(b)(i) or (ii) and who is entitled to receive a Settlement Amount, the Corporation shall, subject to Article 19 hereof, make payment of the Settlement Amount in a single lump sum payment within two months of the Participant's death to or for the benefit of the Legal Representative of the deceased Participant. For the purposes of this paragraph, the Filing Date shall be the date of the Participant's death.

(iv) To the extent necessary to comply with Section 409A of the U.S. Internal Revenue Code, a Participant who is a U.S. Person will not be deemed to have Terminated Service for purposes of this Section 11.6(b) unless the termination of service is a "separation from service" within the meaning of Section 409A of the U.S. Internal Revenue Code.

(c) U.S. Persons and Canadian Persons

(i) In the event a Participant is both a U.S. Person and Canadian Person, a Participant will not be deemed to have Terminated Service unless the termination of service is both a "separation from service" within the meaning of Section 409A of the U.S. Internal Revenue Code and a "loss of office or employment" within the meaning of Section 6801(d) of the Income Tax Regulations.

(ii) If a Participant described in Section 11.6(c)(i) (i) incurs a "separation from service" within the meaning of Section 409A of the U.S. Internal Revenue Code that does not otherwise result in a "loss of office or employment" within the meaning of Section 6801(d) of the Income Tax Regulations, or (ii) a "loss of

office or employment” within the meaning of Section 6801(d) of the Income Tax Regulations that does not otherwise result in a “separation from service” within the meaning of Section 409A of the U.S. Internal Revenue Code, then such Participant shall resign from the Board and cease to hold a board position (and shall be deemed to have resigned from the Board and to cease to hold a board position) effective no later than the 30th day immediately following such “separation from services” or “loss of office or employment”, as applicable.

- (iii) If a Participant described in Section 11.6(c)(i) would not have a “separation from service” within the meaning of Section 409A of the U.S. Internal Revenue Code because of the existence at that time of any non-employment contractual arrangement pursuant to which the Participant provides (or agrees to provide) services to the Corporation (or any of its subsidiaries) (a “**Services Arrangement**”), including a consulting or similar arrangement, then such Services Arrangement shall terminate on the 30th day immediately following the date that there would have otherwise been such a separation from services. The Participant shall not enter into a Services Arrangement or other arrangement with the Corporation (or any of its subsidiaries) on or following the date of Terminated Service of the Participant if the Corporation determines in its sole discretion that doing so could reasonably be expected to defer the occurrence of the Participant’s “separation from service” within the meaning of Section 409A of the U.S. Internal Revenue Code.

12. SHARE APPRECIATION RIGHTS

- 12.1 **Grant of Share Appreciation Rights.** The Compensation Committee or the Board of Directors, as applicable, may from time to time grant to a Participant a Share Appreciation Right in connection with the grant of an Option to the same Participant either at the date of grant of the Option or any date after that date but before the expiry of the Option.
- 12.2 **Vesting and Expiry.** A Share Appreciation Right granted in connection with an Option shall be subject to the same terms with respect to vesting and expiry as the related Option.
- 12.3 **Exercise of Share Appreciation Rights.** Subject to the terms of this Plan and the applicable Award Agreement, a Participant may exercise Share Appreciation Rights only at the same time and to the same extent as the related Options are exercisable (including in respect of any Blackout Period). The exercise of a Share Appreciation Right will result in the automatic cancellation of the corresponding Option. Concurrently with the exercise of a Share Appreciation Right, the Participant must surrender the related Option to the Corporation for cancellation.
- 12.4 **Settlement of Share Appreciation Rights.** Upon the exercise of a Share Appreciation Right under Section 12.3, settlement shall be made by a cash payment, Common Shares, or a combination thereof, as determined by the Compensation Committee in its sole discretion, and settlement:
- (a) made in Common Shares shall be made by delivery to the Participant that number of Common Shares equal to the In-The-Money Amount divided by the Fair Market Value of a Common Share at the time of payment, subject to satisfaction of any obligations in respect of applicable withholding taxes in accordance with Article 18 hereof;

- (b) made by a cash payment shall be equal to the In-The-Money Amount, less any withholding taxes in accordance with Article 18 hereof; and
- (c) made by a combination of a cash payment and Common Shares shall be equivalent to the value derived by Subsections 12.4(a) and 12.4(b),

in each case, in full settlement of the Participant's rights in respect of the Share Appreciation Right (and the consequential cancellation of the corresponding Option). Notwithstanding the foregoing, a Canadian Person holding a Share Appreciation Right may require the Corporation to settle the Share Appreciation Right in accordance with Subsection 12.4(a).

12.5 **No Dividends.** Share Appreciation Rights granted to Participants shall not entitle such persons to any rights in respect of dividends or other distributions that may be declared by the Board of Directors in respect of Common Shares.

12.6 **Stock Option Deduction.** If a Canadian Person exercises Share Appreciation Rights and consequentially surrenders Options pursuant to Section 12.3, to the extent that such Participant would be entitled to a deduction under paragraph 110(1)(d) of the Income Tax Act in respect of such surrender if the election described in subsection 110(1.1) of the Income Tax Act were made and filed (and the other procedures described therein were undertaken) on a timely basis after such surrender, the Corporation will cause such election (and any analogous Canadian provincial or territorial election) to be so made and filed (and such other procedures to be so undertaken).

13. TERM OF AWARDS

13.1 **Term of Options.** Unless otherwise determined by the Compensation Committee, each Option and any associated Share Appreciation Right granted pursuant to this Plan shall, subject to the provisions of this Plan, expire automatically on the earliest of:

- (a) the date determined by the Compensation Committee and specified in the Award Agreement pursuant to which such Option is granted, provided that such date may not be, subject to Article 18 hereof, later than the earlier of (A) the date which is the tenth anniversary of the date on which such Option is granted, and (B) the latest date permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange;
- (b) in the event the Participant ceases to be an Eligible Person for any reason, other than the death of the Participant or the termination of the Participant for Cause, 60 days after the date on which the Participant ceases to be an Eligible Person, or such other period of time as may be specified in the applicable Award Agreement, which date shall not exceed 90 days following the termination of the Participant's service with the Corporation;
- (c) in the event of the death of a Participant, the date which is one year after the date of death of such Participant;
- (d) in the event of the termination of the Participant as a Director, officer or Employee of the Corporation or an Affiliate thereof, for Cause, the date of such termination; and

- (e) notwithstanding the foregoing provisions of subparagraphs (b), (c) and (d) of this Section 13.1, the Compensation Committee may, subject to Article 20 hereof and to regulatory approval, if required, at any time prior to expiry of an Option, extend the period of time within which an Option may be exercised by a Participant who has ceased to be an Eligible Person, but such an extension shall not be granted beyond the original expiry date of the Option as provided for in Subsection 13.1(a) above.
- 13.2 **Options and Share Appreciation Rights Cease to Vest.** Notwithstanding the foregoing, except as expressly permitted by the Compensation Committee, all Options and Share Appreciation Rights shall cease to vest as at the date upon which the Participant ceases to be an Eligible Person.
- 13.3 **Term of Restricted Share Units and Performance Share Units.** Unless otherwise determined by the Compensation Committee, in the event a Participant ceases to be an Eligible Person, any then outstanding Restricted Share Units and Performance Share Units that have not become vested and settled prior to the Participant ceasing to be an Eligible Person shall immediately be forfeited and cancelled.
- 13.4 **Restricted Share Unit and Performance Share Unit Cease to Vest.** Unless otherwise determined by the Compensation Committee, all Restricted Share Units and Performance Share Units shall cease to vest as at the date upon which the Participant ceases to be an Eligible Person.
- 13.5 **Certain Determinations as to Dates.** For greater certainty, for the purposes of this Article 13, the date on which an Eligible Person ceases to be a Director, or be employed by or be an officer of the Corporation or an Affiliate thereof, shall be such person's last day of active employment or service, as the case may be, and shall not include any period of statutory, reasonable or contractual notice or any period of deemed employment or salary continuation.
- 14. CHANGE IN STATUS**
- 14.1 A change in the status, office, position or duties of a Participant from the status, office, position or duties held by such Participant on the date on which the Award was granted to such Participant shall not result in the termination of the Award granted to such Participant provided that such Participant remains a Director, officer or Employee of the Corporation or an Affiliate thereof. Notwithstanding the foregoing, if an Award held by a U.S. Person represents a nonqualified deferred compensation plan subject to Section 409A of the U.S. Internal Revenue Code that is payable upon "separation from service" within the meaning of Section 409A of the U.S. Internal Revenue Code, and a change in a Participant's status represents a separation from service, then such change in status will be treated as a separation from service for purposes of the Plan.
- 15. NON-TRANSFERABILITY OF AWARDS**
- 15.1 Each Award Agreement shall provide that the Award granted thereunder is not transferable or assignable and may be exercised or settled, as the case may be, only by the Participant or, in the event of the death of the Participant or the appointment of a committee or duly appointed attorney of the Participant on the grounds that the Participant is incapable, by reason of physical or mental infirmity, of managing the Participant's affairs, the legal representative of the estate of the Participant or such committee or attorney, as the case may be (the "**Legal Representative**").

16. REPRESENTATIONS AND COVENANTS OF PARTICIPANTS

16.1 Each Award Agreement shall contain representations and covenants of the Participant that:

- (a) the Participant is a Director, officer or Employee of the Corporation or an Affiliate; the Participant has not been induced to enter into such Award Agreement by expectation of employment or continued employment with the Corporation or an Affiliate;
- (b) the Participant is aware that the grant of the Award and the issuance by the Corporation of Common Shares thereunder are exempt from the obligation under applicable securities laws to file a prospectus or other registration document qualifying the distribution of the Awards or the Common Shares to be distributed thereunder under applicable securities laws;
- (c) upon each exercise or settlement of an Award, the Participant, or the Legal Representative of the Participant, as the case may be, shall, if requested by the Corporation, represent and agree in writing that the Participant is or was, as applicable, a Director, officer or Employee of the Corporation or an Affiliate thereof, and has not been induced to purchase the Common Shares by expectation of employment or continued employment with the Corporation or an Affiliate thereof, and that such person is not aware of any commission or other remuneration having been paid or given to others in respect of the trade in the Common Shares; and
- (d) if the Participant or the Legal Representative of the Participant exercises or settles the Award, the Participant or the Legal Representative, as the case may be, shall prior to and upon any sale or disposition of any Common Shares received pursuant to the exercise or settlement of the Award, comply with all applicable securities laws and all applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange, and shall not offer, sell or deliver any of such Common Shares, directly or indirectly, in the United States or to any citizen or resident of, or any corporation, partnership or other entity created or organized in or under the laws of, the United States, or any estate or trust the income of which is subject to United States federal income taxation regardless of its source, except in compliance with the securities laws of the United States.

17. PROVISIONS RELATED TO SHARE ISSUANCES

17.1 Each Award Agreement shall contain such provisions as in the opinion of the Compensation Committee are required to ensure that no Common Shares are issued on the exercise or settlement of an Award unless the Compensation Committee is satisfied that the issuance of such Common Shares shall be exempt from all registration or qualification requirements of applicable securities laws and shall be permitted under the applicable rules and regulations of all regulatory authorities to which the Corporation is subject, including the Stock Exchange. In particular, if required by any regulatory authority to which the Corporation is subject, including the Stock Exchange, an Award Agreement may provide that shareholder approval to the grant of an Award must be obtained prior to the exercise or settlement of the Award or to the amendment of the Award Agreement.

18. WITHHOLDING TAX

- 18.1 The Participant shall be solely responsible for paying any applicable withholding taxes arising from the grant, vesting, exercise or settlement of any Award and payment is to be made in a manner satisfactory to the Corporation. Notwithstanding the foregoing, the Corporation (or an Affiliate thereof) shall have the right to withhold from any Award or any Common Shares issuable pursuant to an Award or from any cash amounts otherwise due or to become due from the Corporation to the Participant, an amount equal to any such taxes; provided that, with respect to an Option, such right can only be exercised by the Corporation (or an Affiliate thereof) after the Participant has first been given the opportunity to pay any applicable withholding taxes.

19. EXERCISE AND SETTLEMENT OF AWARDS DURING BLACKOUT PERIODS

- 19.1 **Adjustment for Exercise of Awards during Blackout Periods.** Where the expiry date of an Option and any associated Share Appreciation Right occurs during a Blackout Period or within ten Non-Blackout Trading Days following the end of a Blackout Period, except as provided in Section 7.3 hereof, the expiry date for such Option and associate Share Appreciation Right, if applicable, shall be the date which is ten Non-Blackout Trading Days following the end of such Blackout Period, provided that no U.S. Qualified Incentive Stock Option will be extended beyond the date that is ten years following the date of grant.

- 19.2 **Extension for Settlement during Blackout Periods.** Where the date for the settlement of Restricted Share Units or Performance Share Units or the payment of a Settlement Amount occurs during a Blackout Period, the Corporation shall make such settlement or pay such Settlement Amount to the holder of such an Award within ten Non-Blackout Trading Days following the end of such Blackout Period and in any event, in respect of settlement of Restricted Share Units and Performance Share Units, no later than December 31st of the third calendar year following the year of service to which the applicable Award relates.

20. SUSPENSION, AMENDMENT OR TERMINATION OF THIS PLAN

- 20.1 **Suspension, Amendment or Termination of this Plan.** Subject to Section 20.2 hereof, the Compensation Committee or the Board of Directors, as applicable, shall have the right, at any time, and without shareholder approval, to suspend, amend or terminate this Plan and to amend any Award Agreement, including, without limitation, making the following amendments to this Plan and any Award Agreement:

- (a) amendments of a “housekeeping” or ministerial nature including, without limiting the generality of the foregoing, any amendment for the purpose of curing any ambiguity, error or omission in this Plan or to correct or supplement any provision of this Plan that is inconsistent with any other provision of this Plan;
- (b) amendments to reflect any requirements of, or to comply with, any regulatory authorities to which the Corporation is subject, including the Stock Exchange;
- (c) such changes as may be required to comply with applicable provisions of the Income Tax Act or the U.S. Internal Revenue Code or to enable Awards to qualify for favourable treatment under such or other applicable taxation laws; and
- (d) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law.

20.2 **Limitations.** Notwithstanding the provisions of Section 20.1 hereof, the Compensation Committee or the Board of Directors, as applicable, shall not have the right, without shareholder approval, to amend this Plan or any Award to:

- (a) increase the number of Common Shares issuable under this Plan;
- (b) amend this Article 20;
- (c) remove or exceed the “insider participation limit” set out in Section 4.7 of this Plan;
- (d) extend the term of any Award beyond its original expiry date, reduce the Exercise Price or other purchase price of an Award, or provide for the cancellation and reissue of any Award, except as otherwise permitted by this Plan;
- (e) amend any method or formula for calculating prices, values or amounts that may result in a benefit to a Participant, including but not limited to, the formula for calculating the appreciation of a Share Appreciation Right;
- (f) revise Section 2.1(o) with respect to the Awards Directors, as Eligible Persons, are permitted to received under this Plan;
- (g) revise Section 4.8 with respect to the limit on Awards granted to non-executive directors; or
- (h) permit Awards to be transferable or assignable, except as provided for in Article 15 hereof.

21. ADJUSTMENTS

21.1 **Adjustments.** Appropriate adjustments in the number of Common Shares subject to this Plan, Awards granted or to be granted, the Exercise Price of an Option, the number of Common Shares to be issued or cash payments to be made in respect of the settlement of any Award, or in respect of any other matter, shall (subject to the approval of the Stock Exchange) be conclusively determined by the Compensation Committee to give effect to adjustments in the number of Common Shares resulting from subdivisions, consolidations, substitutions, or reclassifications of the Common Shares, the payment of stock dividends by the Corporation or other relevant changes in the capital of the Corporation. Any dispute that arises at any time with respect to any such adjustment shall be conclusively determined by the Compensation Committee, and any such determination shall be binding on the Corporation, the Participant and all other affected parties.

21.2 **Change in Control.** In the event of a Change in Control or proposed Change in Control, the Board of Directors, at its option, may do any of the following:

- (a) determine the manner in which all unexercised Options or unsettled Awards granted under this Plan shall be treated including, without limitation, requiring the acceleration of the time for the exercise or settlement of Awards by the Participants, the time for the fulfilment of any conditions or restrictions, including vesting, on such exercise or settlement, and the time for the expiry of such rights; or

- (b) if the agreements effecting the Change in Control do not provide for the assumption or substitution of all Awards granted under this Plan, then with respect to any Award granted under this Plan that is not so assumed or substituted, unilaterally commute for or into any other security, property or cash on a fair and equitable basis, any Award (other than a Deferred Share Unit) that is still capable of being exercised or settled, upon giving to the Participant to whom such Award has been granted at least 30 days written notice of its intention to commute such Award, and during such period of notice, the Award, to the extent it has not been exercised or settled, may be exercised or settled by the Participant; and on the expiry of such period of notice, the unexercised or unsettled portion of the Award shall lapse and be cancelled.

Section 21.1 hereof and subsections (a) and (b) of this Section 21.2 are intended to be permissive and may be utilized independently or successively in combination or otherwise, and nothing therein contained shall be construed as limiting or affecting the ability of the Board of Directors to deal with Awards in any other manner. All determinations by the Board of Directors under this Article 20.2(f) shall be final, binding and conclusive for all purposes.

- 21.3 **Adjustment of Awards to U.S. Persons.** Notwithstanding anything else in Sections 21.1 or 21.2, for Awards issued to U.S. Persons, any actions taken under Sections 21.1 or 21.2 must comply, to the extent applicable, with the requirements of Sections 424 and 409A of the U.S. Internal Revenue Code where necessary to prevent adverse tax consequences.
- 21.4 **Limitations.** The grant of Awards under this Plan shall in no way affect the Corporation's right to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, amalgamate, reorganize, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets or engage in any like transaction.
- 21.5 **No Fractional Shares.** No adjustment or substitution provided for in this Article 20.2(f) shall require the Corporation to issue a fractional share in respect of any Award and the total substitution or adjustment with respect to each Award shall be limited accordingly.

22. U.S. PARTICIPANTS

- 22.1 the Awards and any Common Shares that may be issued in respect of such Awards made to a Participant that is a U.S. Person (a "**U.S. Participant**") pursuant to the Plan (collectively, the "**Securities**") have not been and will not be registered under the U.S. Securities Act, and will constitute "restricted securities" as such term is defined in Rule 144 under the U.S. Securities Act.
- 22.2 It is the intention of the Corporation that unless the Common Shares become publicly traded in the United States, the Plan and all Awards issued to U.S. Participants thereunder comply and are administered in accordance with Rule 701 of the U.S. Securities Act.
- 22.3 any Common Shares issued to a U.S. Participant under the Plan will be issued in certificated form and will be subject to certain restrictions on resale, assignment and transfer under applicable securities laws (including Rule 144 of the U.S. Securities Act) and, accordingly, by accepting an Award, each U.S. Participant agrees that if it decides to offer, sell, pledge or otherwise transfer any of the Common Shares, such U.S. Participant will not offer, sell, pledge or otherwise transfer any of such Securities, directly or indirectly, unless the transfer is:
- (a) to the Corporation, or a subsidiary thereof (though the Corporation or its subsidiaries are under no obligation to purchase any such Securities);

- (b) made outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act (“**Regulation S**”) through the facilities of a Canadian stock exchange or otherwise in an “offshore transaction” and in compliance with applicable local laws and regulations;
- (c) made in compliance with the exemption from registration under the U.S. Securities Act provided by Rule 144 under the U.S. Securities Act, if available, and provided that such U.S. Participant has furnished to the Corporation an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation to such effect;
- (d) in another transaction that does not require registration under the U.S. Securities Act, and the U.S. Participant has furnished to the Corporation an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Corporation to such effect; or
- (e) pursuant to an effective registration statement under the U.S. Securities Act, and in each case in compliance with any applicable state securities laws in the United States.

22.4 Any Award that is made to a U.S. Participant in California will be subject to the additional requirements set forth in Appendix A.

22.5 So long as the Common Shares continue to qualify as “restricted securities” under Rule 144 of the U.S. Securities Act, all certificates representing the Common Shares will be endorsed with the following restrictive legend:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, (THE “U.S. SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE CORPORATION, THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT; (C) IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF CLAUSE (C) OR (D), THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT “GOOD DELIVERY” OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE

23. GENERAL

23.1 **No Rights as Shareholder.** Nothing herein or otherwise shall be construed so as to confer on any Participant any rights as a shareholder of the Corporation with respect to any Common Shares reserved for the purpose of any Award, including without limitation, voting

rights, dividend entitlements (except as regards to Restricted Share Units, Performance Share Unit and Deferred Share Units in accordance with Sections 9.5, 10.5, and 11.5, respectively) or rights on liquidation.

- 23.2 **No Effect on Employment.** Nothing in this Plan or any Award Agreement shall confer upon any Participant any right to continue in the employ of or remain under contract with the Corporation or an Affiliate thereof or affect in any way the right of the Corporation or any such Affiliate to terminate a Participant's employment or service at any time; nor shall anything in this Plan or any Award Agreement be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any such Affiliate to extend the employment or service of any Participant beyond the time that the Participant would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or an Affiliate thereof or any present or future retirement policy of the Corporation or an Affiliate thereof, or beyond the time at which the Participant would otherwise be retired pursuant to the provisions of any contract of employment or service with the Corporation or an Affiliate thereof. Neither any period of notice nor any payment in lieu thereof upon termination of employment or service shall be considered as extending the period of employment or service for the purposes of this Plan.
- 23.3 **No Fettering of Directors' Discretion.** Nothing contained in this Plan shall restrict or limit or be deemed to restrict or limit the right or power of the Board of Directors in connection with any allotment and issuance of Common Shares which are not allotted and issued under this Plan including, without limitation, with respect to other compensation arrangements.
- 23.4 **Section 409A Compliance and Liability Limitation.** All Awards granted under this Plan to U.S. Persons are intended to comply with or to be exempt from Section 409A of the U.S. Internal Revenue Code and will be construed accordingly. However, the Corporation and its Affiliates will not be liable to any Participant or beneficiary with respect to any adverse tax consequences arising under Section 409A or other provision of the U.S. Internal Revenue Code. With respect to Awards made to U.S. Persons, all terms of this Plan that are undefined or ambiguous must be interpreted in a manner that is consistent with Section 409A of the U.S. Internal Revenue Code if necessary to comply with Section 409A of the U.S. Internal Revenue Code. Notwithstanding any other provision of the Plan, if it is determined that a Participant is a Key Employee and that any amount payable under the Plan (i) is subject to Section 409A of the U.S. Internal Revenue Code and (ii) is payable solely because the Participant has incurred a "separation from service" within the meaning of Section 409A of the U.S. Internal Revenue Code, then such amount will not be paid (or begin to be paid) prior to the date that is six months after the date on which the Participant incurred the separation from service (or, if earlier, the date of the Participant's death). In no event will the Corporation, the Board of Directors (or any member thereof), the Compensation Committee (or any member thereof), or any Affiliate be liable to any Participant or any other person for any adverse tax consequences under Section 409A of the U.S. Internal Revenue Code or any other applicable tax laws.
- 23.5 **Salary Deferral Arrangement Rules.** No Award granted to Canadian Persons under this Plan is intended to constitute a "salary deferral arrangement" for purposes of the Income Tax Act and this Plan and the Awards will be construed accordingly. However, the Corporation and its Affiliates will not be liable to any Participant or beneficiary with respect to any adverse tax consequences arising under the Income Tax Act or any other taxing statute. With respect to Awards made to Canadian Persons, all terms of this Plan that are undefined or ambiguous must be interpreted in a manner that is consistent with the Income Tax Act if necessary to avoid an Award constituting a "salary deferral arrangement" for purposes of the Income Tax Act.

- 23.6 **Applicable Law.** This Plan and any Award Agreement granted hereunder shall be governed, construed and administered in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- 23.7 **Interpretation.** References herein to any gender include all genders and to the plural includes the singular and vice versa. The division of this Plan into Sections and Articles and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan.

Appendix A

(California Participants)

Prior to the date, if ever, on which the Common Shares become publicly traded in the United States and/or the Corporation is subject to the reporting requirements of the U.S. Securities Exchange Act, the terms set forth herein shall apply to Awards issued to California Participants. "California Participant" means a U.S. Participant whose Awards are issued in reliance on Section 25102(o) of the California Corporations Code. All capitalized terms used herein but not otherwise defined shall have the respective meanings set forth in the Plan.

1. The following rules shall apply to any Award of Options in the event of termination of the Participant's service to the Corporation or an Affiliate:

(a) If such termination was for reasons other than death, "Permanent Disability" (as defined below), or Cause, the Participant shall have at least 30 days after the date of such termination to exercise his or her Option to the extent the Participant is entitled to exercise on his or her termination date, provided that in no event shall the Option be exercisable after the expiration of the term as set forth in the applicable Award Agreement.

(b) If such termination was due to death or Permanent Disability, the Participant shall have at least six months after the date of such termination to exercise his or her Option to the extent the Participant is entitled to exercise on his or her termination date, provided that in no event shall the Option be exercisable after the expiration of the term as set forth in the applicable Award Agreement.

"Permanent Disability" for purposes of this Appendix A shall mean the inability of the Participant, in the opinion of a qualified physician acceptable to the Corporation, to perform the major duties of the Participant's position with the Corporation or any Affiliate because of the sickness or injury of the Participant.

2. Notwithstanding anything to the contrary in the Plan, the Compensation Committee or the Board of Directors shall in any event make such adjustments as may be required by Section 25102(o) of the California Corporations Code.

3. Notwithstanding anything stated herein to the contrary, no Option shall be exercisable on or after the 10th anniversary of the date of grant and any Award Agreement shall terminate on or before the 10th anniversary of the date of grant.

4. Any increase in the maximum aggregate number of Common Shares issuable under the Plan as provided in Section 4.1 (the "Authorized Shares") shall be approved by a majority of the outstanding securities of the Corporation entitled to vote by the later of (a) a period beginning twelve (12) months before and ending twelve (12) months after the date of adoption thereof by the Board of Directors or (b) the first issuance of any Award pursuant to the Plan in the State of California (within the meaning of Section 25008 of the California Corporations Code). Awards granted prior to security holder approval of the Plan or in excess of the Authorized Shares previously approved by the security holders shall become exercisable no earlier than the date of shareholder approval of the Plan or such increase in the Authorized Shares, as the case may be, and such Awards shall be rescinded if such security holder approval is not received in the manner described in the preceding sentence.