

**WINSTON RESOURCES INC.**  
800 – 1199 West Hastings Street  
Vancouver, British Columbia Canada V6E 3T5  
Tel: 604-630-3838 / Fax: 1-888-241-5996

## **INFORMATION CIRCULAR**

as at March 15, 2019  
(except as otherwise indicated)

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Winston Resources Inc. (the “Company”) for use at the annual general meeting (the “Meeting”) of its shareholders to be held on Friday, May 10, 2019 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.**

In this Information Circular, references to the “Company”, “Winston”, “we” and “our” refer to **Winston Resources Inc.** “Common Shares” means common shares without par value in the capital of the Company. “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 will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

#### **Appointment of Proxyholders**

The individuals named in the accompanying form of proxy (the “**Proxy**”) are directors and/or officers of the Company. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act 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.**

#### **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 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 for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval 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 may choose one of the following options to submit their proxy:

- (a) complete, date and sign the Proxy and return it to the Company’s transfer agent, Computershare Investor Services Inc. (“Computershare”), by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia Canada V6C 3B9;

- (b) use 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 account number and the control number; or
- (c) use the internet through the website of the Company's transfer agent at [www.investorvote.com](http://www.investorvote.com). Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's account number and the control number.

In all cases the Registered Shareholder must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.

### **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 Company as the registered holders of Common Shares) or as set out in the following disclosure.

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 Company. Such Common Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker (an "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 Company (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 in advance of meetings of shareholders. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial owners - those who object to their name being made known to the issuers of securities which they own (called "OBOs" for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (called "NOBOs" for Non-Objecting Beneficial Owners).

The Company is taking advantage of the provisions of National Instrument 54-101 "Communication with Beneficial Owners of Securities of a Reporting Issuer" that permit it to directly deliver proxy-related materials to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form ("VIF") from our transfer agent, Computershare. These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile. In addition, Computershare provides both telephone voting and internet voting as described on the VIF itself which contain complete instructions. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

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

By choosing to send these materials to you directly, the Company (and not the intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in your request for voting instructions.

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

The form of proxy supplied to you by your broker will be similar to the proxy provided to registered shareholders by the Company. 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 clients to Broadridge Financial Solutions, Inc. ("Broadridge") in the United States and in Canada. Broadridge mails a VIF in lieu of a proxy provided by the Company. The VIF will name the same persons as the Company's Proxy to represent your Common Shares at the Meeting. You have

the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than any of the persons designated in the VIF, to represent your Common Shares at the Meeting and that person may be you. 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 at the Meeting or to have an alternate representative duly appointed to attend the Meeting and to vote your Common Shares at the Meeting.**

#### **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 or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare or to the Company at 800 – 1199 West Hastings Street, Vancouver, BC V6E 3T5, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting the registered shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

#### **Notice to Shareholders in the United States**

The solicitation of proxies involves 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 Company 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 Company is incorporated under the *Business Corporations Act* (British Columbia) ("BCA"), 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 company 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 company and its officers and directors to subject themselves to a judgment by a United States court.

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

No director or executive officer of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any nominee for election as a director of the Company, 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 and the approval of the Company's stock option plan, described herein.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The board of directors (the "**Board**") of the Company has fixed March 15, 2019 as the record date (the "**Record Date**") for determination of persons entitled to receive notice of 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 form of 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.

The Common Shares of the Company are listed for trading on the Canadian Securities Exchange.

The authorized share structure capital of the Company is an unlimited number of Common Shares each carrying the right to one vote. As of March 15, 2019, there were 25,133,840 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

The Company also has an unlimited number of non-voting preferred shares without special rights and restrictions attached. As at Record Date, a total of 671,844 preferred shares are issued and outstanding.

Effective February 1, 2017, the Company Common Shares were consolidated on the basis of one post-consolidation share for each three pre-consolidated common shares. All references to share capital have been retroactively restated to reflect the share consolidation.

To the knowledge of the directors and executive officers of the Company, no person or corporation beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding of the Company as at March 15, 2019.

### FINANCIAL STATEMENTS

The Company's consolidated audited financial statements of the Company for the fiscal years ended July 31, 2018 and July 31, 2017, the report of the auditor thereon and the management discussion and analysis over the period ending July 31, 2018 were filed under the Company's SEDAR profile on November 29, 2018 and can be located at [www.sedar.com](http://www.sedar.com). These audited financial statements and management's discussion and analysis re being mailed to the shareholders with this Information Circular, and will be tabled at the Meeting.

The Company's consolidated audited financial statements of the Company for the fiscal years ended July 31, 2017 and July 31, 2016, the report of the auditor thereon and the management discussion and analysis over the period ending July 31, 2018 were filed under the Company's SEDAR profile on November 29, 2017 and can be located at [www.sedar.com](http://www.sedar.com) and will be tabled at the Meeting

### ELECTION OF DIRECTORS

The Board presently consists of three directors and it is proposed that the number of directors of Winston for the ensuing year be fixed at five. Therefore, at the Meeting shareholders will be asked to fix the number of directors at five. The term of office of each of the current directors will end immediately before the election or appointment of directors at the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia), each director elected will hold office until immediately before the election or appointment of directors at the Meeting, or if no directors are then elected, until a successor is elected.

The following disclosure sets out the names of management's four nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment of each director nominee, the period of time during which each nominee has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at March 15, 2019.

Name of Nominee; Current Position with the Company and Province or State and Country of Residence	Occupation, Business or Employment	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled <sup>(1)</sup>
Quinn Field-Dyde <sup>(2)(3)</sup> CEO, CFO, Corporate Secretary and Director British Columbia	Co-founder of Embassy Interactive Games, worked at Electronic Arts Inc. (EA Games) from 2004 to 2010. Mr. Field- Dyde currently sits on the board of multiple publicly traded companies. Former investment advisor and consultant to Raytec Development Corp.	Since December 30, 2016	Nil

Name of Nominee; Current Position with the Company and Province or State and Country of Residence	Occupation, Business or Employment	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled <sup>(1)</sup>
Suzette Ramcharan <sup>(3)</sup> Director Ontario	An investor relations professional with over 16 years of experience in the mining industry. Previously held IR roles with publicly traded companies including Kirkland Lake Gold Inc., Gold Eagle Mines Ltd. (acquired by Goldcorp Inc.) and European Goldfields Ltd. (acquired by Eldorado Gold Inc.)	Since February 27, 2017	Nil
Richard Grieve Nominee Director British Columbia	Refer to <i>New Nominee Director Biographies</i> below	Nominee Director	Nil
Natasha Emami Nominee Director British Columbia	Refer to <i>New Nominee Director Biographies</i> below	Nominee Director	Nil
David Whitney Nominee Director British Columbia •	Refer to <i>New Nominee Director Biographies</i> below	Nominee Director	•Nil

*Notes:*

- (1) The number of Common Shares beneficially owned, directly or indirectly, by the director nominees is based on information furnished by the nominees.
- (2) Mr. Field-Dyde was appointed as a director of the Company on December 30, 2016, appointed as CEO of the Company on March 30, 2017 appointed as Interim CFO and Corporate Secretary of the Company on February 7, 2019.
- (3) Member of Audit Committee.

None of the proposed nominees for election as a director of the Company are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Company acting solely in such capacity.

***New Nominee Director Biographies***

Richard Grieve

Richard Grieve currently holds a senior vice president position and is an executive producer in Bardel Entertainment Inc., a multi-national media and entertainment company located in Vancouver, Canada. During his tenure, Richard has closed over 200 million dollars in transactions.

Richard began his career in public accounting in the Media & Entertainment Division of Ernst & Young LLP and holds board of director positions with numerous companies. He holds a bachelor of commerce degree from the University of Victoria.

Natasha Emami

Natasha Emami primarily provides services within the sales and marketing industry. Ms. Emami currently is involved in operational and administrative projects with private and public corporations. Ms. Emami has previous experience within a management role primarily dealing with customer service and sales.

David Whitney

David Whitney brings a varied knowledge of finance, accounting, auditing, tax and public markets. Mr. Whitney has held the position of Controller/VP Finance for numerous publicly listed companies including Ten Peaks Coffee Company Inc. (TSX: TPK), the largest and only publicly traded coffee decaffeinator in the world, and DHX Media (TSX: DHX), one of Canada's largest animation studios. Mr. Whitney has been directly involved in corporate transactions (which include mergers, acquisitions and financings) for most of his career in the public sector.

Mr. Whitney holds a Bachelor of Business and Administration from the British Columbia Institute of Technology and is a Chartered Accountant (articled at Ernst & Young LLP).

**Unless otherwise directed, the persons named in the enclosed form of Proxy intend to vote “FOR” the election of the four nominees.**

**THE BOARD UNANIMOUSLY RECOMMENDS THAT THE NUMBER OF DIRECTORS BE FIXED AT FOUR AND EACH SHAREHOLDER VOTE “FOR” THE ELECTION OF THE ABOVE FOUR NOMINEES AS DIRECTORS.**

#### **APPOINTMENT OF AUDITOR**

Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants of 1500 – 1140 West Pender Street, Vancouver, BC V6E 4G1 will be nominated at the Meeting for re-appointment as auditor of the Company.

DMCL Chartered Professional Accountants were appointed auditor of the Company at the Company’s annual general meeting held on August 1, 2017.

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” THE APPOINTMENT OF DMCL CHARTERED PROFESSIONAL ACCOUNTANTS AS THE COMPANY’S AUDITORS.**

#### **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators (“**NI 52-110**”) requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below:

##### **The Audit Committee’s Charter**

The Company’s Audit Committee Charter is attached as Schedule A to this Information Circular.

##### **Composition of the Audit Committee**

The members of the Company’s Audit Committee are currently comprised of Quinn Field-Dyde and Suzette Ramcharan. Suzette Ramcharan is an independent member of the Audit Committee. Quinn Field-Dyde is a non-independent member of this Committee due to his being an Officer of the Company. Each of these members of the Audit Committee are considered to be “financially literate” as that term is defined in NI 52-110. Subsequent to the Meeting, the composition of the Audit Committee will be re-evaluated by the Board to ensure that a majority of the audit committee will be independent.

##### **Relevant Education and Experience**

**Quinn Field-Dyde** – Mr. Field-Dyde has over nine years of experience in the financial services industry having served from 1996 to 2004 as an investment adviser and later as a consultant to Raytec Development Corp. From 2004 to 2010, he was involved in the interactive entertainment industry, working at Electronic Arts Inc. (EA Games) and co-founding Embassy Interactive Games before returning to the financial industry in 2010. Mr. Field-Dyde currently sits on the board of multiple publicly traded companies.

**Suzette Ramcharan** – Ms. Ramcharan is a seasoned investor relations professional with over sixteen years of experience in the mining industry. Held IR roles with publicly traded companies including Kirkland Lake Gold Inc, Gold Eagle Mines Ltd. (acquired by Goldcorp Inc.) and European Goldfields Ltd. (acquired by Eldorado Gold Inc.).

##### **Audit Committee Oversight**

Since the commencement of the Company’s most recently completed financial year, the Audit Committee has not made a recommendation to the Board to nominate or compensate an external auditor that has not been adopted by the Board.

##### **Reliance on Certain Exemptions**

Since the commencement of the Company’s most recently completed financial year, the Company’s auditors, DMCL Chartered Professional Accountants, have not provided any material non-audit services, therefore the Company has not relied on any exemption in s. 2.4 of NI 52-110.

### Pre-Approval Policies and Procedures

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable by the Audit Committee, on a case by case basis.

### External Auditor Service Fees (By Category)

The Audit Committee has reviewed the nature and amount of the non-audited services provided to the Company to ensure auditor independence. Fees incurred with Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants for audit and non-audit services in the fiscal years ended July 31, 2018 and July 31, 2017 are outlined in the following table.

Nature of Services	Fees Paid in Year Ended July 31, 2018	Fees Paid in Year Ended July 31, 2017
Audit Fees <sup>(1)</sup>	\$27,540.00	\$18,870.00
Audit-Related Fees <sup>(2)</sup>	\$Nil	\$Nil
Tax Fees <sup>(3)</sup>	\$Nil	\$Nil
All Other Fees <sup>(4)</sup>	\$Nil	\$Nil
	<b>\$27,540.00</b>	<b>\$18,870.00</b>

*Notes:*

- (1) “**Audit Fees**” include fees necessary to perform the annual audit and quarterly reviews of the Company’s consolidated 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 required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) “**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.
- (3) “**Tax Fees**” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “**All Other Fees**” include all other non-audit services.

### Exemption

The Company is a “venture issuer” as defined in NI 52-110 and is relying upon the exemption in s. 6.1 of NI 52-110 concerning Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

## CORPORATE GOVERNANCE

### General

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

### Board of Directors

The Board is comprised of three directors, Quinn Field-Dyte, Suzette Ramcharan and Crystal-Anne Walden. Quinn Field-Dyte is an executive officer of the Company and is considered by the Board to be “non-independent”. Suzette Ramcharan and Crystal-Anne Walden are considered by the Board to be “independent” within the meaning of NI 58-101. The Board facilitates its exercise of independent supervision over the Company’s management through frequent discussions with management and regular meetings of the Board.

## Directorships

The following directors are currently serving on boards of the following other reporting companies (or equivalent) as set out below:

Name of Director	Name of Reporting Issuer	Listed Exchange
Quinn Field-Dyde	Fire River Gold Corp.	NEX Board
	Fort St. James Nickel Corp.	TSXV/Frankfurt
	GGX Gold Copr. (formerly Revolver Resources Inc.)	TSXV
	Great Atlantic Resources Corp.	TSXV
	Quantum Cobalt Corp. (formerly Bravura Ventures Corp.)	CSE/Frankfurt/OTC
	Vantex Resources Ltd.	TSXV
Suzette Ramcharan	Global Health Clinics Ltd. (formerly Leo Resources Inc.)	CSE
	Nighthawk Gold Corp.	TSX

## Orientation and Continuing Education

While the Company does not have formal orientation and training programs, new directors are provided with access to publicly filed documents of the Company, technical reports, internal financial information, and management and technical experts and consultants.

## Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company'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 have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company. Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, and disclose to the Board the nature and extent of any interest of the director in any material contract or material transaction, whether made or proposed, if the director is a party to the contract or transaction, is a director or officer (or an individual acting in a similar capacity) of a party to the contract or transaction or has a material interest in a party to the contract or transaction.

## Nomination of Directors

The Board is responsible for identifying individuals believed to be qualified to become board members, consistent with criteria approved by the Board, and to nominate to stand for election at the Company's annual meeting of shareholders or, if applicable, at a special meeting of the shareholders. In case of vacancy in the office of a director (including a vacancy created by an increase in the size of the Board), the Board shall fill each such vacancy either through appointment by the Board or through election by shareholders. In recommending candidates, the Board shall take into consideration the opinions of management of the Company, the criteria approved by the Board and such other factors as it deems appropriate. These factors shall include judgment, skill, integrity, independence, diversity, experience with business and organizations of comparable size, the interplay of a candidate's experience with the experience of other Board members, willingness to commit the necessary time and energy to serve as director, and a genuine interest in the Company's business, and the extent to which a candidate would be a desirable addition to the Board or any committees of the Board.

## Compensation

The Board provide an annual review of director and executive compensation to ensure development of a compensation strategy that properly aligns the interests of directors and executives with the long-term interests of the Company and its shareholders.

## Other Board Committees

The Board has established an Audit Committee. The primary function of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to the following areas: (i) the Company's external audit function; (ii) internal control and management information systems; (iii) the Company's accounting and financial reporting requirements; (iv) the Company's compliance with law and regulatory requirements; (v) the Company's risks and risk management policies; and (vi) such other functions as are delegated to it by the Board. Specifically, with respect to the Company's external audit function, the Audit Committee assists the Board in fulfilling its oversight responsibilities relating to: (i) the quality and integrity of the Company's financial statements; (ii) the independent auditors' qualifications; and (iii) the performance of the Company's independent auditors.

The Audit Committee's primary duties and responsibilities are to:

- (a) serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements;
- (b) review and appraise the performance of the Company's external auditors; and
- (c) provide an open avenue of communication among the Company's auditors, financial and senior management and the Board.

The Audit Committee reports its deliberations and discussions regularly to the Board and submits to the Board the minutes of its meetings.

## Assessments

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.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

### Equity Compensation Plan Information

The following table sets out equity compensation plan information as at the July 31, 2018 fiscal year end:

	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	Nil	Nil	2,513,384
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>2,513,384</b>

## STATEMENT OF EXECUTIVE COMPENSATION

### General

For the purposes of this Information Circular:

“**compensation securities**” includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;

“**NEO**” or “**named executive officer**” means each of the following individuals:

- (a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer (“CEO”), including an individual performing functions similar to a CEO;
- (b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer (“CFO”), including an individual performing functions similar to a CFO;
- (c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, for that financial year;
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year.

### DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

#### Director and NEO Compensation Excluding Options and Compensation Securities

The following compensation table, excluding options and compensation securities, provides a summary of the compensation paid by the Company to NEOs and members of the Board for the two completed financial years ended July 31, 2018 and July 31, 2017. Options and compensation securities are disclosed under the heading “**Stock Options and Other Compensation Securities**” below.

During the financial year ended July 31, 2018, based on the definition above, Quinn Field-Dyte, CEO and director was an NEO of the Company for the purposes of the following disclosure. The directors of the Company who were not NEOs during the financial year ended July 31, 2018 were: Michael Young, Suzette Ramcharan and Crystal-Anne Walden. Michael Young resigned as a director on September 16, 2017.

During the financial year ended July 31, 2017, based on the definition above: Quinn Field-Dyte, CEO and director, Daniel Wettreich, former Chairman, CEO and CFO and former director, and Sean Bromley, former CEO and former director, were NEOs of the Company for the purposes of the following disclosure. The directors of the Company who were not NEOs during the financial year ended July 31, 2017 were: Scott Fulton White, Mark David Wettreich, Peter David Wanner, Anthony Jackson and Suzette Ramcharan. Daniel Wettreich resigned as an officer and director of the Company on December 30, 2016, Sean Bromley resigned as an officer and director of the Company on March 30, 2017, and directors, Scott Fulton White resigned as a director on December 30, 2016, Mark David Wettreich resigned as a director on December 30, 2016, Peter David Wanner resigned as a director on December 30, 2016, and Anthony Jackson resigned as a director on February 27, 2017, Quinn Field-Dyte was appointed a director of the Company on December 30, 2016 and was appointed CEO of the Company on August 1, 2017. Suzanne Ramcharan was appointed a director on February 27, 2017.

**Table of Compensation, Excluding Compensation Securities in Financial Years ended  
July 31, 2018 and July 31, 2017**

The compensation paid to the NEOs during the Company's two completed financial years of July 31, 2018 and July 31, 2017 is as set out below and expressed in Canadian dollars unless otherwise noted:

<b>Table of compensation excluding compensation securities</b>							
<b>Name and position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
Quinn Field-Dyde, CEO and Director <sup>(1)</sup>	2018	33,500	Nil	Nil	Nil	Nil	33,500
	2017	4,000	Nil	Nil	Nil	Nil	4,000
Daniel Wettreich, former Chairman, CEO, and Director <sup>(2)</sup>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Sean Bromley, former CEO and Director <sup>(3)</sup>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Suzette Ramcharan, Director <sup>(4)</sup>	2018	10,000	Nil	Nil	Nil	Nil	10,000
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Crystal-Anne Walden, Director <sup>(5)</sup>	2018	Nil	•Nil	•Nil	•Nil	•Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Michael Young, former Director <sup>(6)</sup>	2018	8,000	Nil	Nil	Nil	Nil	8,000
	2017	12,000	Nil	Nil	Nil	Nil	12,000
Scott Fulton White former Director <sup>(7)</sup>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Mark David Wettreich, former Director <sup>(8)</sup>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Peter David Wanner, former Director <sup>(9)</sup>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Anthony Jackson, former Director <sup>(10)</sup>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	64,000	Nil	Nil	Nil	Nil	64,000

*Notes:*

- (1) Quinn Field-Dyde was appointed a director of the Company on December 30, 2016 and was appointed CEO of the Company on August 1, 2017
- (2) Daniel Wettreich served as Chairman and CEO and CFO and director of the Company from June 22, 2012 to December 30, 2016.
- (3) Sean Bromley served as CEO and director of the Company from December 30, 2016 to March 30, 2017.
- (4) Suzette Ramcharan was appointed a director of the Company on February 27, 2017.
- (5) Crystal-Anne Walden was appointed a director of the Company on August 1, 2017. Ms. Walden will not be standing for re-election at the Meeting.
- (6) Michael Young served as director of the Company from March 3, 2017 to September 16, 2017. Fees were paid to Gold Medal Performance Corp., a private company owned by Michael Young.
- (7) Scott Fulton White served as director of the Company from June 22, 2012 to December 30, 2016.
- (8) Mark David Wettreich served as director of the Company from June 22, 2012 to December 30, 2016.
- (9) Peter David Wanner served as director of the Company from January 18, 2013 to December 30, 2016.
- (10) Anthony Jackson served as director of the Company from December 30, 2016 to February 27, 2017. Fees were paid to Bridgemark Financial, a private company owned by Anthony Jackson.

During the year ended July 31, 2018, the Company incurred and paid consulting fees of \$33,500 (2017 - \$nil) and management fees of \$nil (2017 - \$4,000) to the CEO of the Company.

During the year ended July 31, 2018, the Company incurred transfer agent fees of \$nil (2017 - \$29,824) to Reliable Stock Transfer Inc. for the provision of share transfer services.

The following transactions occurred between related parties during the years July 31, 2018 and July 31, 2017:

	2018	2017
	\$	
Management fees paid to Quinn Field-Dyde, CEO and director	---	4,000
Consulting fees paid to Quinn Field-Dye, CEO and director	53,263	---
Consulting fees paid to former director Michael Young	8,000	72,000
Share issuance costs paid to a company controlled by Bridgemark, a private company owned by Anthony Jackson, a former director,	---	100,000
Professional fees paid to a company controlled by Jackson & Company, Chartered Professional Accountants (former director, Anthony Jackson)	---	18,742
	\$	
	<b>61,263</b>	<b>194,742</b>

#### Loan Receivable

As at July 31, 2018, the Company had a loan receivable of \$500 from Quinn Field-Dyde, CEO and director of the Company. The loan has no set terms of repayment, is interest free, and is due on demand.

### **Stock Options and Other Compensation Securities**

#### *Stock Option Plan (Option-Based Awards)*

The Company has a 10% “rolling” stock option plan dated for reference May 27, 2016 in place (“Stock Option Plan”), which provides that the number of Common Shares issuable under the Stock Option Plan may not exceed 10% of the total number of issued and outstanding Common Shares. The Stock Option Plan was last approved by shareholders of the Company at the Company’s annual general meeting held on August 1, 2017 and was established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the Board and provides that the terms of the options and the option price may be fixed by the directors subject to the price restrictions and other Canadian Securities Exchange policy requirements. Pursuant to the Stock Option Plan, the Board may grant Options to acquire Common Shares of the Company to qualified directors, officers, employees and other service providers. The Options vest according to the provisions of the individual option agreements approved by the directors’ resolutions and have a maximum life of ten years. The Stock Option Plan allows for the issuance of up to 10% of the number of issued and outstanding Common Shares of the Company at any time on a non-diluted basis.

The following is a summary of material terms of the Stock Option Plan:

- (a) The Board may at any time and from time to time designate those Optionees who are to be granted an Option pursuant to the Stock Option Plan and grant an Option to such Optionee. No Option will be granted to any person except upon recommendation of the Board. Subject to CSE policies, the Company will represent that the Optionee is a bona fide Employee, Consultant, or Management Company Employee in respect of Options granted to such Optionees.
- (b) Participation in the Stock Option Plan is entirely voluntary and any decision not to participate will not affect an Optionee’s relationship or employment with the Company.
- (c) The number of Common Shares which may be made the subject of options cannot exceed 10% of the issued and outstanding Common Shares on a non-diluted basis at any time.
- (d) The number of authorized but unissued Common Shares that may be issued upon the exercise of Options granted under the Stock Option Plan at any time plus the number of Common Shares reserved for issuance under outstanding incentive Options otherwise granted by the Company shall not exceed 10% of the issued and outstanding Common Shares on a non-diluted basis at any time, and such aggregate number of Common Shares shall automatically increase or decrease as the number of issued and outstanding Common Shares changes.

- (e) The Options granted under the Stock Option Plan together with all of the Company's other previously established plans or grants, shall not result at any time in:
- (i) the number of Common Shares reserved for issuance pursuant to Options granted to Insiders exceeding 10% of the issued and outstanding Common Shares;
  - (ii) the grant to Insiders within a 12 month period, of a number of Options exceeding 10% of the outstanding Common Shares;
  - (iii) the grant to any one Optionee within a 12-month period, of a number of Options exceeding 5% of the issued and outstanding Common Shares unless the Company obtains the requisite disinterested shareholder approval;
  - (iv) the grant to all persons engaged by the Company to provide Investor Relations Activities, within any twelve-month period, of Options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the Company's issued and outstanding Common Shares; or
  - (v) the grant to any one Consultant, in any twelve-month period, of Options reserving for issuance a number of Common Shares exceeding in the aggregate 2% of the Company's issued and outstanding Common Shares.
- (f) A written agreement will be entered into between the Company and each Optionee to whom an Option is granted, which agreement will set out the number of Common Shares subject to option, the exercise price, and any other terms and conditions approved by the Board, all in accordance with the provisions of the Stock Option Plan.
- (g) Each Option and all rights will expire on the date set out in the stock option agreement, which will be the date of the expiry of the option period.
- (h) The Board determines the price per Common Share and the number of Common Shares that may be allotted to each eligible person and all other terms and conditions of the options, subject to the rules of the CSE, provided however that price per share set by the Board must be at least equal to the Discounted Market Price of the Common Shares. **"Discounted Market Price"** means the last per share closing price for the Common Shares on the Exchange before the date of grant of an Option, less any applicable discount under Exchange Policies.
- (i) In addition to any resale restrictions under Securities Laws, any Option granted under the Stock Option Plan and any Common Shares issued upon the due exercise of any such Option so granted will be subject to a four-month hold period commencing from the date of grant of the Option, if the exercise price of the Option is granted at less than the Market Price. **"Market Price"** means the closing price of the Common Shares on any Exchange (and if listed on more than one Exchange, then the highest of such closing prices) on the last business day prior to the date of grant. In the event that such Common Shares did not trade on such business day, the Market Price shall be the average of the bid and asked prices in respect of such Common Shares at the close of trading on such date.
- (j) The term of an option shall be not more than 10 years from the date the Option is granted.
- (k) If an Optionee ceases to be a director, officer, employee or consultant of the Corporation or its subsidiaries for any reason other than death, the Optionee may, but only within ninety (90) days after the Optionee's ceasing to be a director, officer, employee or consultant (or 30 days in the case of an Optionee engaged in investor relations activities) or prior to the expiry of the exercise period, whichever is earlier, exercise any Option held by the Optionee, but only to the extent that the Optionee was entitled to exercise the Option at the date of such cessation.
- (l) In the event of the death of an Optionee, the Option previously granted to him shall be exercisable within one (1) year following the date of the death of the Optionee or prior to the expiry of the Option Period, whichever is earlier, and then only: (a) by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or the laws of descent and distribution, or by the Optionee's legal personal representative; and (b) to the extent that the Optionee was entitled to exercise the Option at the date of the Optionee's death.
- (m) In the event of (a) any disposition of all or substantially all of the assets of the Company, or the dissolution, merger, amalgamation or consolidation of the Company with or into any other corporation or of such corporation into the

Company, or (b) any change in control of the Company, the Stock Option Plan gives the Company the power to make such arrangements as it shall deem appropriate for the exercise of outstanding Options or continuance of outstanding Options, including to amend any stock option agreement to permit the exercise of any or all of the remaining Options prior to the completion of any such transaction.

- (n) Subject to any required approvals under applicable securities legislation or stock exchange rules, the Company may amend or modify the Stock Option Plan or the terms of any option as the Board deems necessary or advisable provided that no such amendment shall adversely affect any accrued and vested rights of an Optionee or alter or impair any option previously granted to that Optionee, without the consent of the Optionee (provided such a change would materially prejudice the Optionee's rights under the Stock Option Plan).

There were no incentive stock options (option-based awards) pursuant to the Company's Stock Option Plan granted to each director and named executive officer by the Company during financial years ended July 31, 2018 and July 31, 2017. There were no share-based awards granted during financial years ended July 31, 2018 and July 31, 2017.

Refer to heading "**PARTICULARS OF MATTERS TO BE ACTED UPON – A. New form Stock Option Plan**" below.

#### **Exercise of Compensation Securities by NEOs and Directors**

There were no stock options exercised by a NEO or a director of the Company during the financial years ended July 31, 2018 and July 31, 2017.

#### **Employment, Consulting and Management Agreements**

The Company entered into a consulting agreement dated May 1, 2017 (the "**Agreement**") with Gold Medal Performance Corp. ("**Gold Medal**"), pursuant to which Gold Medal will provide the services of Mr. Michael Young to perform certain corporate development and administrative functions to the Company. The term of the Agreement is for a period of three years until April 30, 2020. In consideration for the services, the Company will pay Gold Medal a consulting fee of \$4,000 per month. Gold Medal is also eligible to receive stock options and/or incentive bonuses at any time during the term of the Agreement, as determined by the Board from time to time. Upon Board approval, the Company may increase the consulting fee by a minimum of 5% per annum with the first increase commencing on May 1, 2018. Mr. Young resigned as a director of the Company on September 16, 2017. The Agreement was terminated on September 16, 2017.

Other than as set out above, there are presently no management contracts with the Company.

#### **Oversight and Description of Director and Named Executive Officer Compensation**

The Board is responsible for approving compensation, including long-term incentives in the form of stock options, to be granted to the CEO, the CFO and the directors.

The Company's executive compensation program is comprised of the following components: base salary, discretionary annual incentive and long-term incentives. Together, these components support the Company's long-term growth strategy and the following objectives:

- to align executive compensation with shareholders' interests;
- to attract and retain highly qualified management; and
- to focus performance by linking incentive compensation to the achievement of business objectives and financial results.

The compensation program is designed to reward for performance. Employees, including senior executives, are rewarded for the achievement of annual operating and financial goals, progress in executing the Company's long-term growth strategy and delivering strong total shareholder return performance.

The Company reviews industry compensation information and compares its level of overall compensation with those of comparable sized resource companies involved in the business of resource exploration and business development. Generally, the Company targets base salaries at levels approximating those holding similar positions in comparably sized companies in the mining and oil and gas industry and hopes to achieve comparable total compensation levels through the fixed and variable components.

The Company's total compensation mix places a significant portion of the executive's compensation at risk. The design takes into account individual and corporate performance. Compensation practices, including the mix of base salary, short-term

incentives and long-term incentives, are regularly assessed to ensure they are competitive, take account of the external market trends, and support the Company's long-term growth strategies.

Base salary is compensation for discharging job responsibilities and reflects the level of skills and capabilities demonstrated by the executive. Annual salary adjustments take into account the market value of the role and the executive's demonstration of capability during the year.

Annual incentives, in the form of cash bonus payments, are designed to add a variable component of compensation based on overall corporate performance and the executive's individual performance.

### **Compensation Review Process**

The Company does not have a Compensation Committee.

The Board is responsible for the compensation policies and guidelines for the Company and for implementing and overseeing compensation policies.

The Board reviews on an annual basis the cash compensation, performance and overall compensation package of each executive officer, including the NEOs. The Board makes decisions with respect to basic salary and participation in share compensation arrangements for each executive officer. In considering executive officers other than the CEO, this Board takes into account the recommendation of the CEO.

The Company does not have a formal compensation program with set benchmarks, however, the Company does have a compensation program which seeks to reward an executive officer's current and future expected performance. Individual performance in connection with the achievement of corporate milestones and objectives is also reviewed for all executive officers.

This Board has not proceeded to a formal evaluation of the implications of risks associated with the Company's compensation policies and practices. The Board intends to review the risks at least once annually, if any, associated with the Company's compensation policies and practices at such time.

Executive compensation is comprised of short-term compensation in the form of a base salary and long-term ownership through the Company's Stock Option Plan. This structure ensures that a significant portion of executive compensation (Options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long-term shareholder value. As the benefits of such compensation, if any, are not realized by officers until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their compensation at the expense of the Company and the shareholders is extremely limited. Furthermore, the short-term component of the executive compensation (base salary) represents a relatively small part of the total compensation. As a result, it is unlikely that an officer would take inappropriate or excessive risks at the expense of the Company or the shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

Due to the small size of the Company and the current level of the Company's activity, the Board is able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular meetings of the Board during which financial and other information of the Company are reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Executive compensation is based upon the need to provide a compensation package that will allow the Company to attract and retain qualified and experienced executives, balanced with a pay-for-performance philosophy. Executive compensation is designed to reward activities and achievements that are aligned with the long-term interests of the Company's shareholders.

The Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management. The Board reviews the compensation of senior management on an annual basis taking into account compensation paid by other issuers of similar size and activity.

### **Elements of Executive Compensation Program**

The Company's compensation program consists of the following elements:

- (a) Base salary or consulting fees;
- (b) Bonus payments; and
- (c) Equity participation through the Company's Stock Option Plan.

### **Base Salary or Consulting Fees**

In the Board's view, paying base salaries which are reasonable in relation to the level of service expected while remaining competitive in the markets in which the Company operates is a first step to attracting and retaining qualified and effective executives.

Base salary ranges for executive officers were initially determined upon a review of companies, which were of the same size as the Company, at the same stage of development as the Company and considered comparable to the Company.

In determining the base salary of an executive officer, the Board considers the following factors:

- (a) the particular responsibilities related to the position;
- (b) salaries paid by other companies in the mining and oil and gas industry which were similar in size as the Company;
- (c) the experience level of the executive officer;
- (d) the amount of time and commitment which the executive officer devotes to the Company; and
- (e) the executive officer's overall performance and performance in relation to the achievement of corporate milestones and objectives.

### **Bonus Payments**

Each of the executive officers, as well as all employees, is eligible for an annual bonus, payable in cash or through stock-based compensation. The amount paid is based on the Board's assessment of the Company's performance for the year. Factors considered in determining bonus amounts include individual performance, financial criteria (such as cash flow and share price performance) and operational criteria (such as significant mineral property acquisitions, resource growth and the attainment of corporate milestones).

The Company did not award any bonuses for the last two financial years ended July 31, 2018 and July 31, 2017.

### **Director Compensation**

Other than incentive stock options, directors of the Company do not receive any compensation for attending meetings of the Board or a committee of the Board.

### **Equity Participation**

Equity participation is accomplished through the Company's Stock Option Plan. The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Company's stock option plan. Options are granted to executives and employees taking into account a number of factors, including the amount and term of options previously granted, base salary and bonuses and competitive factors. The amounts and terms of options granted are determined by the compensation committee based on recommendations put forward by the CEO. Due to the Company's limited financial resources, the Company emphasizes the provisions of option grants to maintain executive motivation.

### **Option-based Awards**

The Board is responsible for administering compensation policies related to the Company's executive management, including with respect to option-based awards.

As indicated above, the Company has in place, a 10% rolling stock option plan pursuant to which the Board can grant Options to directors, officers, employees, management and others who provide services to the Company. The Stock Option Plan provides compensation to participants and an additional incentive to work toward long-term Company performance.

The Stock Option Plan was implemented to grant Options in consideration of the level of responsibility as well as optionee impact and/or contribution to the longer-term operating performance of the Company. In determining the number of share options to be granted, the Company's Board takes into account the number of Options, if any, previously granted, and the exercise price of any outstanding Options to ensure that such grants are in accordance with the policies of the CSE, and closely align the interests of the executive officers with the interests of the Company's shareholders.

The Board has not proceeded with a formal evaluation of the implications of the risks associated with the Company's compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation program, and the Board does not believe that the Company's compensation program results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

The Company has not established a policy on whether or not an NEO or director is permitted to purchase 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 securities granted as compensation or held,

directly or indirectly, by the NEO or director. During the financial years ended July 31, 2018 and July 31, 2017, the Company did not use any financial hedges.

### **Risks Associated with the Company's Compensation Practices**

The Board has assessed the Company's compensation plans and programs for its executive officers to ensure alignment with the Company's business plan and to evaluate the potential risks associated with those plans and programs. The Board has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Company. The Board considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The Company has not adopted a policy restricting its executive officers or directors from purchasing financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its executive officers or directors. To the knowledge of the Company, none of the executive officers or directors have purchased such financial instruments.

### Benefits and Perquisites

The Company does not, as of the date of this Information Circular, offer any benefits or perquisites to its NEOs other than potential grants of incentive stock options as otherwise disclosed and discussed herein.

### Hedging by Named Executive Officers or Directors

The Company has not, to date, adopted a policy restricting its executive officers and directors from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, which are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by executive officers or directors.

### **Pension Disclosure**

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

Other than as set out in this Information Circular, no directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end of the financial years end July 31, 2018 and July 31, 2017 or as at the date hereof.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than set out in this Information Circular, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during financial years ended July 31, 2018 and July 31, 2017, or has an interest in any material transaction during the Company's financial years ended July 31, 2018 and July 31, 2017.

## **MANAGEMENT CONTRACTS**

Other than as set out in this Information Circular, there are no management functions of the Company which are to any substantial degree performed by a person or company other than the directors or NEOs of the Company.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **A. New Form Stock Option Plan**

Management of the Company is seeking shareholder approval at the Meeting to the implementation a new form 10% "rolling" stock option plan (the "**New Plan**") which is attached as Schedule C to this Information Circular . The New Plan is substantially similar to the Company's current 10% "rolling" stock option plan dated May 26, 2017 which is attached as

Schedule A to the Information Circular to the Company's August 1, 2017 annual general meeting (the "**Existing Plan**"), but contains current Canadian Securities Exchange policy updates and further changes of an administrative nature.

The purpose of the New Plan is to provide the Company with a share related mechanism to enable the Company to attract, retain and motivate qualified directors, officers, employees and other service providers, to reward directors, officers, employees and other service providers for their contribution toward the long term goals of the Company and to enable and encourage such individuals to acquire shares of the Company as long term investments.

In order to continue to be fully compliant with Canadian Securities Exchange on which the Common Shares of the Company are listed for trading from time to time, the Company wishes to terminate its Existing Plan and replace it with the New Plan. The following information is intended to be a brief description of the New Plan and is qualified in its entirety by the full text of the New Plan:

- the Stock Option Plan provides that up to 10% of the issued and outstanding common shares from time to time may be reserved for issue, less any common shares reserved for issuance under any other share compensation arrangement. The options are non-assignable and may be granted for a term not exceeding ten years.
- the exercise price shall not be lower than the greater of the closing market price of the common shares on (a) the trading day prior to the date of grant of the stock options; and (b) the date of grant of the stock options.
- the terms of an option may not be amended once issued. If an option is cancelled prior to its expiry date, the Company shall not grant new options to the same person until 30 days have elapsed from the date of cancellation.
- the maximum number of options which may be granted to any one option holder under the Stock Option Plan within any 12 month period shall be 5% of the outstanding issue on the date of grant (unless the Company has obtained disinterested shareholder approval, if required by Regulatory Rules);
- if required by Regulatory Rules, disinterested shareholder approval is required to the grant to Insiders, within a 12 month period, of a number of options which, when added to the number of outstanding incentive stock options granted to Insiders within the previous 12 months, exceed 10% of the issued shares;
- the maximum number of options which may be granted to any one consultant within any 12 month period must not exceed 2% of the outstanding Issue; and
- the maximum number of options which may be granted within any 12 month period to employees or consultants engaged in investor relations activities must not exceed 2% of the outstanding Issue and such options must vest in stages over 12 months with no more than 25% of the options vesting in any three month period.

Pursuant to the Board's authority to govern the implementation and administration of the New Plan, all previously granted and outstanding stock options shall be governed by the provisions of the New Plan.

#### *Shareholder Approval*

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, to pass an ordinary resolution to ratify and approve the New Plan, a copy of which is attached as Schedule B to this Information Circular, with or without variation, as follows:

**"RESOLVED** as an ordinary resolution, that:

- (a) the Company's new form 10% "rolling stock option plan (the "**New Plan**") be hereby approved, subject to acceptance by the Canadian Securities Exchange, if required;
- (b) the number of Common Shares of the Company reserved for issuance under the New Plan shall not exceed 10% of the Company's issued and outstanding share capital at the time any stock option is granted and all outstanding options be rolled into the New Plan;
- (c) subject to the approval of the shareholders of the Company of the New Plan, at the Company's May 10, 2019 Annual General and Special Meeting, the Company's 10% "rolling" share option plan dated for reference May 27, 2016, be and is hereby terminated, except with respect to options currently outstanding thereunder, which will be to the extent allowable, deemed to have been granted under the New Plan;
- (d) to the extent permitted by law, the Company be authorized to abandon all or any part of the New Plan if the Board deems it appropriate and in the best interest of the Company to do so; and

- (e) any one or more of the director or officers of the Company be authorized to perform all such acts, deeds, and things and execute, under the corporate seal of the Company or otherwise, all such documents as may be required to give effect to this resolution.”

This ordinary resolution requires a majority of the votes cast at the Meeting of the Company’s shareholders, in person or represented by proxy.

Should the resolution not pass to approve the New Plan, the Company will continue to utilize its May 27, 2016 10% “rolling” stock option plan.

**Proxies received in favour of management will be voted in favour of the New Plan Resolution unless the Shareholder has specified in the Proxy that his or her Shares are to be voted against such resolution.**

A copy of the Stock Option Plan will also be available for inspection at the Meeting.

## **B. New Articles**

The Articles of a company, among other things, set out rules for the conduct of its business and affairs. The Company’s current Articles can be accessed at [www.sedar.com](http://www.sedar.com) (the “**Current Articles**”). Due to clarifications required to the Current Articles, management of the Company wishes to adopt new Articles (“**New Articles**”). Shareholders are being asked to pass an ordinary resolution to approve the adoption of new form of Company *Business Corporations Act* (British Columbia) Articles.

The primary deletions and/or additions to the Company’s New Articles from that of the Company’s Current Articles are set out below:

### **Advance Notice Provision**

#### **INTRODUCTION**

The directors of the Company are proposing that the New Articles of the Company include an advance notice provision (the “**Advance Notice Provision**”), which will:

- (i) facilitate orderly and efficient annual general or, where the need arises, special, meetings;
- (ii) ensure that all shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and
- (iii) allow shareholders to register an informed vote.

#### **PURPOSE OF THE ADVANCE NOTICE PROVISION**

The purpose of the Advance Notice Provision is to foster a variety of interests of the shareholders and the Company by ensuring that all shareholders - including those participating in a meeting by proxy rather than in person - receive adequate notice of the nominations to be considered at a meeting and can thereby exercise their voting rights in an informed manner. The Advance Notice Provision is the framework by which the Company seeks to fix a deadline by which holders of record of Common shares of the Company must submit director nominations to the Company prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to the Company for the notice to be in proper written form.

The full text of the Advance Notice Provision is set out in Schedule C to this Information Circular.

The New Articles also refine a number of “housekeeping” provisions not contained in the Current Articles. The primary deletions and/or additions to the New Articles from that of the Current Articles are set out below:

#### *The Use of Uncertificated Securities*

As a result of the proclamation of the Securities Transfer Act (“STA”), the STA permits the use of electronic record-keeping and uncertificated securities. The Company has also added certain sections to its New Articles to ensure that confirmation is sent to each holder of an uncertificated share by written notice to the shareholder pursuant to the current provisions of the *Business Corporations Act* (British Columbia). The amendments are intended to modernize the Company’s corporate charter to more readily permit the use of uncertificated shares and electronic trading and to ensure that the Company’s corporate charter facilitates the use of uncertificated Shares and electronic record keeping systems currently in use worldwide.

The material concerns arising from the amendments to the Business Corporations Act (British Columbia) and which are reflected in the New Articles as to the use of uncertificated securities, include the following:

1. If the shares of which a shareholder is the registered owner are not uncertificated shares, such shareholders will be entitled either to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name; or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate. Shareholders holding uncertificated shares will receive written notice of any issue or transfer of those shares.
2. In electronic delivery, in certain circumstances where transfers are effected by brokers on behalf of their clients, a signed instrument of transfer is not provided to the Company. The amendments reflected in the New Articles permit the transfer of shares to occur upon receipt by the Company or its transfer agent of a written instrument of transfer.
3. The Current Articles provide that the instrument of transfer must be in the form approved by the directors. The New Articles make the acceptance of the form of instrument of transfer by providing that the instrument of transfer be in a form either approved by the directors or by the transfer agent or registrar of the Company.

### **Legending of Uncertificated Securities**

Any shareholder whose certificate is entered into a book-entry system, will be notified of any legend(s) that will be applicable to their book-entry certificate(s).

#### *Elimination of Fractional Shares*

The New Articles permit the Company to acquire for fair value any outstanding fractions of shares by delivering notice and funds to the holder of such fractional share. A shareholder whose fractional share is so purchased will have the right to apply to the court to determine the fair value of such shares. The Current Articles does not contain a fractional share provisions;

#### *Alterations*

The New Articles contains a provision that the Company may by ordinary resolution (or a resolution of directors) subdivide or consolidate all or any of its unissued, or fully paid issued shares;

#### *Change of Name*

The New Articles indicate that the Company may by directors resolution authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that name.

#### *Quorum at Shareholders' Meetings*

Under the New Articles, subject to the special rights or restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, one or more shareholders who, in the aggregate hold at least five percent of the issued shares entitled to be voted at the meeting. Quorum in the Current Articles, is described as being one shareholder present in person (or, being a corporation, partnership, trust or other non-individual legal entity represented in accordance with the provisions of the *Business Corporations Act*, or by proxy holding not less than one voting share of the Corporation entitled to be voted at the meeting.;

#### *Appointment of Proxy Holders*

Under the New Articles, every shareholder of the Company, entitled to vote at a meeting of shareholders may, by proxy, appoint one or more (but not more than two) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

#### *Proxyholder*

Under the New Articles, a proxy holder need not be a shareholder of the Company;

*Deposit of Proxy*

Under the New Articles, a proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages, including through Internet or telephone voting or by email, if permitted by the notice calling the meeting or the information circular for the meeting;

*Removal of Directors by Shareholders*

Under the New Articles the Company may remove any director before the expiration of his or her term of office by special resolution.

*Indemnification of Other Persons*

Under the New Articles, subject to any restrictions in the *Business Corporations Act* (British Columbia), the Company may agree to indemnify and may indemnify any person (including an eligible party) against eligible penalties and pay expenses incurred in connection with the performance of services by that person for the Company.

*Authority to Advance Expenses*

Under the New Articles the Company may advance expenses to an eligible party to the extent permitted by and in accordance with the *Business Corporations Act* (British Columbia).

*Prohibitions*

Removed as the Company is a reporting company.

Accordingly, the Company's shareholders will be asked to consider and, if thought advisable, to pass, with or without amendment, an ordinary resolution to adopt the New Articles:

**Shareholder vote to the adoption of New Articles of the Company**

The adoption of the Company's New Articles requires a majority of the votes cast at the Meeting of the Company's shareholders, in person or represented by proxy, and the filing of the resolution in the Company's records office. Accordingly, the Company's shareholders will be asked to consider and, if thought advisable, to pass, with or without amendment, an ordinary resolution to ratify and approve the adoption of the New Articles, the text of which is as follows:

**“RESOLVED**, as an ordinary resolution, to ratify and approve the adoption of New Articles of the Company as follows:

**Articles**

The Current Articles of the Company are cancelled and that the form of Articles attached as Schedule A to this resolution are adopted as the New Articles of the Company.

**Condition for New Articles**

It is a condition of this resolution that the New Articles of the Company referred to above do not take effect until the date and time that this resolution is received and stamped for deposit at the Company's records office.

**Execution of Documents**

Any director or officer of the Company be authorized to execute and deliver under the seal of the Company or otherwise, all such documents and to do all such other acts or things as such director or officer may determine to be necessary or advisable in connection with such transition, the execution of any such document or the doing of any such other act or thing by any director or officer of the Company being conclusive evidence of such determination.

**Revocation of Resolution**

Pursuant to section 139 of the *Business Corporations Act* (British Columbia), the directors have the right to revoke the above ordinary resolutions before they are acted on.”

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

The above ordinary resolution, if passed, will become effective immediately upon the New Articles together with the signed Minutes approving the New Articles have been received for deposit at the Company's records office.

The Board has reviewed and considered all material facts relating to the replacement of the Current Articles by the New

Articles which it has considered to be relevant to shareholders. **It is the recommendation of the Board that shareholders vote in favour of the ordinary resolution. In the absence of a contrary instruction, the persons named in the enclosed form of proxy intend to vote in favour of the ordinary resolution.**

The proposed new form of Articles are available for inspection during regular business hours for the period before the Meeting at the Company's registered and records office at Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia, Canada V6E 4N7. The New Form Articles will be available at the Meeting.

Upon receipt of approval to the New Articles, a complete set may be accessed on SEDAR located at [www.sedar.com](http://www.sedar.com).

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company can be found in the Company's audited consolidated financial statements for fiscal years ended July 31, 2018 and July 31, 2017, the reports of the auditor and the related management's discussion and analysis thereon, may be obtained from SEDAR at [www.sedar.com](http://www.sedar.com) and upon request from the Company at 800 – 1199 West Hastings Street, Vancouver, British Columbia, Canada V6E 3T5 Tel.: 604-630-3838/Fax.: 1-888-241-5996. Copies of documents will be provided free of charge to security holders of the Company. The Company may require the payment of a reasonable charge from any person or company who is not a security holder of the Company, who requests a copy of any such document.

#### **OTHER MATTERS**

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

**DATED** at Vancouver, British Columbia, April 10, 2019.

**ON BEHALF OF THE BOARD**

*s/Quinn Field-Dyte*

**Quinn Field-Dyte**  
**Chief Executive Officer**

**Schedule A**  
**WINSTON RESOURCES INC.**  
**(the “Corporation”)**

**AUDIT COMMITTEE CHARTER**

**Schedule A**  
**WINSTON RESOURCES INC.**  
**(the “Corporation”)**

**AUDIT COMMITTEE CHARTER**

**Mandate**

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation’s systems of internal controls regarding finance and accounting, and the Corporation’s auditing, accounting and financial reporting processes. Consistent with this function, the Audit Committee will encourage continuous improvement of, and should foster adherence to, the Corporation’s policies, procedures and practices at all levels. The Audit Committee’s primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Corporation’s financial reporting and internal control systems and review the Corporation’s financial statements;
- review and appraise the performance of the Corporation’s external auditors; and
- provide an open avenue of communication among the Corporation’s auditors, financial and senior management and the Board of Directors.

**Composition**

The Audit Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would reasonably interfere with the exercise of his or her independent judgment as a member of the Audit Committee. At least one member of the Audit Committee shall have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Audit Committee’s Charter, the definition of “financially literate” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation’s financial statements. The members of the Audit Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders’ meeting.

**Meetings**

The Audit Committee shall meet frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee will meet at least annually with the external auditors.

**Responsibilities and Duties**

To fulfill its responsibilities and duties, the Audit Committee shall:

**Documents/Reports Review**

1. Review and update this Charter annually.
2. Review the Corporation’s financial statements, MD&A and any annual and interim earnings, press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.
3. Confirm that adequate procedures are in place for the review of the Corporation’s public disclosure of financial information extracted or derived from the Corporation’s financial statements.

**External Auditors**

1. Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Audit Committee as representatives of the shareholders of the Corporation.
2. Obtain annually, a formal written statement of the external auditors setting forth all relationships between the external auditors and the Corporation, consistent with the Independence Standards Board Standard 1.
3. Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
4. Take, or recommend that the full Board of Directors, take appropriate action to oversee the independence of the external auditors.
5. Recommend to the Board of Directors the selection and compensation and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
6. At each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements.
7. Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
8. Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
9. Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (a) the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than five percent of the total amount of fees paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
  - (b) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
  - (c) such services are promptly brought to the attention of the Audit Committee by the Corporation and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Audit Committee. Provided the pre-approval of the non-audit services is presented to the Audit Committee's first scheduled meeting following such approval, such authority may be delegated by the Audit Committee to one or more independent members of the Audit Committee.

**Financial Reporting Processes**

1. In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.
2. Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
3. Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.
4. Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.

5. Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
6. Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
7. Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
8. Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
9. Review certification process.
10. Establish a procedure for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

**Other**

Review any related-party transactions.

**Schedule B**  
**Winston Resources Inc. New form 10% “rolling” stock option plan**

**WINSTON RESOURCES INC.**  
**STOCK OPTION PLAN**

**Effective May 10, 2019**

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## STOCK OPTION PLAN

### SECTION 1 DEFINITIONS AND INTERPRETATION

#### 1.1 Definitions

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set forth below:

- (a) “Administrator” means such Executive or Employee of the Company as may be designated as Administrator by the Committee from time to time, or, if no such person is appointed, the Committee itself.
- (b) “Associate” means, where used to indicate a relationship with any person:
  - (i) any relative, including the spouse of that person or a relative of that person's spouse, where the relative has the same home as the person;
  - (ii) any partner, other than a limited partner, of that person;
  - (iii) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity; and
  - (iv) any corporation of which such person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the corporation.
- (c) “Black-Out” means a restriction imposed by the Company on all or any of its directors, officers, employees, insiders or persons in a special relationship whereby they are to refrain from trading in the Company's securities until the restriction has been lifted by the Company.
- (d) “Board” means the board of directors of the Company.
- (e) “Change of Control” means an occurrence when either:
  - (i) a Person or Entity, other than the current “control person” of the Company (as that term is defined in the Securities Act), becomes a “control person” of the Company; or
  - (ii) a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Company are not individuals nominated by the Company's then-incumbent Board.
- (f) “Committee” means a committee of the Board to which the responsibility of approving the grant of stock options has been delegated, or if no such committee is appointed, the Board itself.
- (g) “Company” means Winston Resources Inc.
- (h) “Consultant” means an individual who:
  - (i) is engaged to provide, on an ongoing bona fide basis, consulting, technical, management or other services to the Company or any Subsidiary other than services provided in relation to a “distribution” (as that term is described in the Securities Act);

- (ii) provides the services under a written contract between the Company or any Subsidiary and the individual or a Consultant Entity (as defined in clause (h)(v) below);
- (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or any Subsidiary; and
- (iv) has a relationship with the Company or any Subsidiary that enables the individual to be knowledgeable about the business and affairs of the Company or is otherwise permitted by applicable Regulatory Rules to be granted Options as a Consultant or as an equivalent thereof,

and includes:

- (i) a corporation of which the individual is an employee or shareholder or a partnership of which the individual is an employee or partner (a “**Consultant Entity**”); or
  - (ii) an RRSP or RRIF established by or for the individual under which he or she is the beneficiary.
  - (iii) “Disability” means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, and which causes an individual to be unable to engage in any substantial gainful activity, or any other condition of impairment that the Committee, acting reasonably, determines constitutes a disability.
- (a) “Employee” means:
- (i) an individual who works full-time or part-time for the Company or any Subsidiary and such other individual as may, from time to time, be permitted by applicable Regulatory Rules to be granted Options as an employee or as an equivalent thereto; or
  - (ii) an individual who works for the Company or any Subsidiary either full-time or 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 Company or any Subsidiary over the details and methods of work as an employee of the Company or any Subsidiary, but for whom income tax deductions are not made at source,

and includes:

- (i) a corporation wholly-owned by such individual; and
  - (ii) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (b) “Exchange” means the stock exchange upon which the Company’s shares principally trade.
- (c) “Executive” means an individual who is a director or officer of the Company or a Subsidiary, and includes:
- (i) a corporation wholly-owned by such individual; and
  - (ii) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.

- (d) “Exercise Notice” means the written notice of the exercise of an Option, in the form set out as Schedule B hereto, or by written notice in the case of uncertificated Shares, duly executed by the Option Holder.
- (e) “Exercise Period” means the period during which a particular Option may be exercised and is the period from and including the Grant Date through to and including the Expiry Time on the Expiry Date provided, however, that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (f) “Exercise Price” means the price at which an Option is exercisable as determined in accordance with section 5.3.
- (g) “Expiry Date” means the date the Option expires as set out in the Option Certificate or as otherwise determined in accordance with sections 5.4, 6.2, 6.3, 6.4 or 11.4.
- (h) “Expiry Time” means the time the Option expires on the Expiry Date, which is 4:00 p.m. local time in Vancouver, British Columbia on the Expiry Date.
- (i) “Grant Date” means the date on which the Committee grants a particular Option, which is the date the Option comes into effect provided however that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (j) “Insider” means an insider as that term is defined in the *Securities Act*.
- (k) “Market Value” means the market value of the Shares as determined in accordance with section 5.3.
- (l) “Option” means an incentive share purchase option granted pursuant to this Plan entitling the Option Holder to purchase Shares of the Company.
- (m) “Option Certificate” means the certificate, in substantially the form set out as Schedule A hereto, evidencing the Option.
- (n) “Option Holder” means a Person or Entity who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
- (o) “Outstanding Issue” means the number of Shares that are outstanding (on a non-diluted basis) immediately prior to the Share issuance or grant of Option in question.
- (p) “Person or Entity” means an individual, natural person, corporation, 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 partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity.
- (q) “Personal Representative” means:
  - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
  - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder.
- (r) “Plan” means this stock option plan as from time to time amended.

- (s) “Pre-Existing Options” has the meaning ascribed thereto in section 4.1.
- (t) “Regulatory Approvals” means any necessary approvals of the Regulatory Authorities as may be required from time to time for the implementation, operation or amendment of this Plan or for the Options granted from time to time hereunder.
- (u) “Regulatory Authorities” means all organized trading facilities on which the Shares are listed, and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company, this Plan or the Options granted from time to time hereunder.
- (v) “Regulatory Rules” means all corporate and securities laws, regulations, rules, policies, notices, instruments and other orders of any kind whatsoever which may, from time to time, apply to the implementation, operation or amendment of this Plan or the Options granted from time to time hereunder including, without limitation, those of the applicable Regulatory Authorities.
- (w) “*Securities Act*” means the *Securities Act* (British Columbia), RSBC 1996, c.418 as from time to time amended.
- (x) “Share” or “Shares” means, as the case may be, one or more common shares without par value in the capital stock of the Company.
- (y) “Subsidiary” means a wholly-owned or controlled subsidiary corporation of the Company.
- (z) “Triggering Event” means:
  - (i) the proposed dissolution, liquidation or wind-up of the Company;
  - (ii) a proposed merger, amalgamation, arrangement or reorganization of the Company with one or more corporations as a result of which, immediately following such event, the shareholders of the Company as a group, as they were immediately prior to such event, are expected to hold less than a majority of the outstanding capital stock of the surviving corporation;
  - (iii) the proposed acquisition of all or substantially all of the issued and outstanding shares of the Company by one or more Persons or Entities;
  - (iv) a proposed Change of Control of the Company;
  - (v) the proposed sale or other disposition of all or substantially all of the assets of the Company; or
  - (vi) a proposed material alteration of the capital structure of the Company which, in the opinion of the Committee, is of such a nature that it is not practical or feasible to make adjustments to this Plan or to the Options granted hereunder to permit the Plan and Options granted hereunder to stay in effect.
- (aa) “Vest” or “Vesting” means that a portion of the Option granted to the Option Holder which is available to be exercised by the Option Holder at any time and from time to time.

## 1.2 **Choice of Law**

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed solely in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein without giving effect to the conflicts of laws principles thereof and without reference to the laws of any other jurisdiction. The Company and each Option Holder hereby attorn to the jurisdiction of the Courts of British Columbia.

### 1.3 **Headings**

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

## **SECTION 2 GRANT OF OPTIONS**

### 2.1 **Grant of Options**

The Committee shall, from time to time in its sole discretion, grant Options to such Persons or Entities and on such terms and conditions as are permitted under this Plan.

### 2.2 **Record of Option Grants**

The Committee shall be responsible to maintain a record of all Options granted under this Plan and such record shall contain, in respect of each Option:

- (a) the name and address of the Option Holder;
- (b) the category (Executive, Employee or Consultant) under which the Option was granted to him, her or it;
- (c) the Grant Date and Expiry Date of the Option;
- (d) the number of Shares which may be acquired on the exercise of the Option and the Exercise Price of the Option;
- (e) the vesting and other additional terms, if any, attached to the Option; and
- (f) the particulars of each and every time the Option is exercised.

### 2.3 **Effect of Plan**

All Options granted pursuant to the Plan shall be subject to the terms and conditions of the Plan notwithstanding the fact that the Option Certificates issued in respect thereof do not expressly contain such terms and conditions but instead incorporate them by reference to the Plan. The Option Certificates will be issued for convenience only and in the case of a dispute with regard to any matter in respect thereof, the provisions of the Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

### 2.4 **Hold Period**

Pursuant to Exchange Policies, where a hold period is applicable, the Option Certificate will include a legend stipulating that the Option is and the Shares upon the exercise of the Option are subject to a four-month hold period commencing on the date of distribution of the Option.

### **SECTION 3 PURPOSE AND PARTICIPATION**

#### **3.1 Purpose of Plan**

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Executives, Employees and Consultants to contribute toward the long term goals of the Company, and to encourage such individuals to acquire Shares of the Company as long term investments.

#### **3.2 Participation in Plan**

The Committee shall, from time to time and in its sole discretion, determine those Executives, Employees and Consultants to whom Options are to be granted.

#### **3.3 Limits on Option Grants**

The following limitations shall apply to the Plan and all Options thereunder:

- (a) the maximum number of Options which may be granted to any one Option Holder under the Plan within any 12 month period shall be 5% of the Outstanding Issue (unless the Company has obtained disinterested shareholder approval if required by Regulatory Rules);
- (b) if required by Regulatory Rules, disinterested shareholder approval is required to the grant to Insiders, within a 12 month period, of a number of Options which, when added to the number of outstanding incentive stock options granted to Insiders within the previous 12 months, exceed 10% of the issued Shares;
- (c) with respect to section 5.1, the Expiry Date of an Option shall be no later than the tenth anniversary of the Grant Date of such Option;
- (d) the maximum number of Options which may be granted to any one Consultant within any 12 month period must not exceed 2% of the Outstanding Issue; and
- (e) the maximum number of Options which may be granted within any 12 month period to Employees or Consultants engaged in investor relations activities must not exceed 2% of the Outstanding Issue and such options must vest in stages over 12 months with no more than 25% of the Options vesting in any three month period, and such limitation will not be an amendment to this Plan requiring the Option Holders consent under section 9.2 of this Plan.

#### **3.4 Notification of Grant**

Following the granting of an Option, the Administrator shall, within a reasonable period of time, notify the Option Holder in writing of the grant and shall enclose with such notice the Option Certificate representing the Option so granted. In no case will the Company be required to deliver an Option Certificate to an Option Holder until such time as the Company has obtained all necessary Regulatory Approvals for the grant of the Option.

#### **3.5 Copy of Plan**

Each Option Holder, concurrently with the notice of the grant of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

### 3.6 **Limitation on Service**

The Plan does not give any Option Holder that is an Executive the right to serve or continue to serve as an Executive of the Company or any Subsidiary, nor does it give any Option Holder that is an Employee or Consultant the right to be or to continue to be employed or engaged by the Company or any Subsidiary.

### 3.7 **No Obligation to Exercise**

Option Holders shall be under no obligation to exercise Options.

### 3.8 **Agreement**

The Company and every Option Holder granted an Option hereunder shall be bound by and subject to the terms and conditions of this Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Company to be bound by the terms and conditions of this Plan. In the event that the Option Holder receives his, her or its Options pursuant to an oral or written agreement with the Company or a Subsidiary, whether such agreement is an employment agreement, consulting agreement or any other kind of agreement of any kind whatsoever, the Option Holder acknowledges that in the event of any inconsistency between the terms relating to the grant of such Options in that agreement and the terms attaching to the Options as provided for in this Plan, the terms provided for in this Plan shall prevail and the other agreement shall be deemed to have been amended accordingly.

### 3.9 **Notice**

Any notice, delivery or other correspondence of any kind whatsoever to be provided by the Company to an Option Holder will be deemed to have been provided if provided to the last home address, fax number or email address of the Option Holder in the records of the Company and the Company shall be under no obligation to confirm receipt or delivery.

### 3.10 **Representation**

As a condition precedent to the issuance of an Option, the Company must be able to represent to the Exchange as of the Grant Date that the Option Holder is a *bona fide* Executive, Employee or Consultant of the Company or any Subsidiary.

## SECTION 4 NUMBER OF SHARES UNDER PLAN

### 4.1 **Board to Approve Issuance of Shares**

The Committee shall approve by resolution the issuance of all Shares to be issued to Option Holders upon the exercise of Options, such authorization to be deemed effective as of the Grant Date of such Options regardless of when it is actually done. The Committee shall be entitled to approve the issuance of Shares in advance of the Grant Date, retroactively after the Grant Date, or by a general approval of this Plan.

### 4.2 **Number of Shares**

Subject to adjustment as provided for herein, the number of Shares which will be available for purchase pursuant to Options granted pursuant to this Plan, plus any other outstanding incentive stock options of the Company granted pursuant to a previous stock option plan or agreement, will not exceed 10% of the Outstanding Issue. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of such expired or terminated Option shall again be available for the purposes of granting Options pursuant to this Plan.

### 4.3 **Fractional Shares**

No fractional shares shall be issued upon the exercise of any Option and, if as a result of any adjustment, an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made for the fractional interest.

## **SECTION 5 TERMS AND CONDITIONS OF OPTIONS**

### 5.1 **Exercise Period of Option**

Subject to sections 5.4, 6.2, 6.3, 6.4 and 11.4, the Grant Date and the Expiry Date of an Option shall be the dates fixed by the Committee at the time the Option is granted and shall be set out in the Option Certificate issued in respect of such Option.

### 5.2 **Number of Shares Under Option**

The number of Shares which may be purchased pursuant to an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option.

### 5.3 **Exercise Price of Option**

The Exercise Price at which an Option Holder may purchase a Share upon the exercise of an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Exercise Price shall not be less than the Market Value of the Shares as of the Grant Date. The Market Value of the Shares for a particular Grant Date shall be determined as follows:

- (a) for each organized trading facility on which the Shares are listed, Market Value will be the closing trading price of the Shares on the day immediately preceding the Grant Date, and may be less than this price if it is within the discounts permitted by the applicable Regulatory Authorities;
- (b) if the Company's Shares are listed on more than one organized trading facility, the Market Value shall be the Market Value as determined in accordance with subparagraph (a) above for the primary organized trading facility on which the Shares are listed, as determined by the Committee, subject to any adjustments as may be required to secure all necessary Regulatory Approvals;
- (c) if the Company's Shares are listed on one or more organized trading facilities but have not traded during the ten trading days immediately preceding the Grant Date, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee; and
- (d) if the Company's Shares are not listed on any organized trading facility, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee to be the fair value of the Shares, taking into consideration all factors that the Committee deems appropriate, including, without limitation, recent sale and offer prices of the Shares in private transactions negotiated at arms' length. Notwithstanding anything else contained herein, in no case will the Market Value be less than the minimum prescribed by each of the organized trading facilities that would apply to the Company on the Grant Date in question.

#### 5.4 **Termination of Option**

Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of the Expiry Time on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Committee at the time the Option is granted as set out in the Option Certificate and the date established, if applicable, in paragraphs (a) or (b) below or sections 6.2, 6.3, 6.4, or 11.4 of this Plan:

- (a) *Ceasing to Hold Office* - In the event that the Option Holder holds his or her Option as an Executive and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee and expressly provided for in the Option Certificate, the 30th day following the date the Option Holder ceases to hold such position unless the Option Holder ceases to hold such position as a result of:
- (i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Company;
  - (ii) a special resolution having been passed by the shareholders of the Company removing the Option Holder as a director of the Company or any Subsidiary; or
  - (iii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date shall be the date the Option Holder ceases to hold such position; OR

- (b) *Ceasing to be Employed or Engaged* - In the event that the Option Holder holds his or her Option as an Employee or Consultant and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee and expressly provided for in the Option Certificate, the 30th day following the date the Option Holder ceases to hold such position, unless the Option Holder ceases to hold such position as a result of:
- (i) termination for cause;
  - (ii) resigning his or her position; or
  - (iii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date shall be the date the Option Holder ceases to hold such position.

In the event that the Option Holder ceases to hold the position of Executive, Employee or Consultant for which the Option was originally granted, but comes to hold a different position as an Executive, Employee or Consultant prior to the expiry of the Option, the Committee may, in its sole discretion, choose to permit the Option to stay in place for that Option Holder with such Option then to be treated as being held by that Option Holder in his or her new position and such will not be considered to be an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan. Notwithstanding anything else contained herein, in no case will an Option be exercisable later than the Expiry Date of the Option.

#### 5.5 **Vesting of Option and Acceleration**

The vesting schedule for an Option, if any, shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Committee may elect, at any time, to accelerate the vesting schedule of one or more Options including, without limitation, on a Triggering Event, and such acceleration will not be

considered an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan.

#### 5.6 **Additional Terms**

Subject to all applicable Regulatory Rules and all necessary Regulatory Approvals, the Committee may attach additional terms and conditions to the grant of a particular Option, such terms and conditions to be set out in a schedule attached to the Option Certificate. The Option Certificates will be issued for convenience only, and in the case of a dispute with regard to any matter in respect thereof, the provisions of this Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

### SECTION 6 TRANSFERABILITY OF OPTIONS

#### 6.1 **Non-transferable**

Except as provided otherwise in this section 6, Options are non-assignable and non-transferable.

#### 6.2 **Death of Option Holder**

In the event of the Option Holder's death, any Options held by such Option Holder shall pass to the Personal Representative of the Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the date of death and the applicable Expiry Date.

#### 6.3 **Disability of Option Holder**

If the employment or engagement of an Option Holder as an Employee or Consultant or the position of an Option Holder as a director or officer of the Company or a Subsidiary is terminated by the Company by reason of such Option Holder's Disability, any Options held by such Option Holder shall be exercisable by such Option Holder or by the Personal Representative on or before the date which is the earlier of one year following the termination of employment, engagement or appointment as a director or officer and the applicable Expiry Date.

#### 6.4 **Disability and Death of Option Holder**

If an Option Holder has ceased to be employed, engaged or appointed as a director or officer of the Company or a Subsidiary by reason of such Option Holder's Disability and such Option Holder dies within one year after the termination of such engagement, any Options held by such Option Holder that could have been exercised immediately prior to his or her death shall pass to the Personal Representative of such Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the death of such Option Holder and the applicable Expiry Date.

#### 6.5 **Vesting**

Unless the Committee determines otherwise, Options held by or exercisable by a Personal Representative shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

## 6.6 Deemed Non-Interruption of Engagement

Employment or engagement by the Company 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 Option Holder's right to re-employment or re-engagement by the Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Option Holder's re-employment or re-engagement is not so guaranteed, then his or her employment or engagement shall be deemed to have terminated on the ninety-first day of such leave.

## SECTION 7 EXERCISE OF OPTION

### 7.1 Exercise of Option

An Option may be exercised only by the Option Holder or the Personal Representative of any Option Holder. An Option Holder or the Personal Representative of any Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period up to the Expiry Time on the Expiry Date by delivering to the Administrator the required Exercise Notice, or by written notice in the case of uncertificated Shares, the applicable Option Certificate and a certified cheque or bank draft or wire transfer payable to the Company or its legal counsel in an amount equal to the aggregate Exercise Price of the Shares then being purchased pursuant to the exercise of the Option. Notwithstanding anything else contained herein, Options may not be exercised during a Black-Out unless the Committee determines otherwise.

### 7.2 Issue of Share Certificates

As soon as reasonably practicable following the receipt of the notice of exercise as described in section 7.1 and payment in full for the Optioned Shares being acquired, the Administrator will direct its transfer agent to issue to the Option Holder the appropriate number of Shares in either certificate form or at the election of the Option Holder, on an uncertificated basis pursuant to the instructions given by the Option Holder to the Administrator. If the number of Shares so purchased is less than the number of Shares subject to the Option Certificate surrendered, the Administrator shall also provide a new Option Certificate for the balance of Shares available under the Option to the Option Holder concurrent with delivery of the Shares.

### 7.3 No Rights as Shareholder

Until the date of the issuance of the certificate for the Shares purchased pursuant to the exercise of an Option, 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, unless the Committee determines otherwise. In the event of any dispute over the date of the issuance of the Shares, the decision of the Committee shall be final, conclusive and binding.

### 7.4 Tax Withholding and Procedures

Notwithstanding anything else contained in this Plan, the Company 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 Option Holder who wishes to exercise an Option must, in addition to following the procedures set out in section 7.1 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts; or

- (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded;
- (c) and must in all other respects follow any related procedures and conditions imposed by the Company.

## **SECTION 8 ADMINISTRATION**

### **8.1 Board or Committee**

The Plan shall be administered by the Administrator with oversight by the Committee.

### **8.2 Powers of Committee**

The Committee shall have the authority to do the following:

- (a) oversee the administration of the Plan in accordance with its terms;
- (b) appoint or replace the Administrator from time to time;
- (c) determine all questions arising in connection with the administration, interpretation and application of the Plan, including all questions relating to the Market Value;
- (d) correct 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;
- (e) prescribe, amend, and rescind rules and regulations relating to the administration of the Plan;
- (f) determine the duration and purposes of leaves of absence from employment or engagement by the Company which may be granted to Option Holders without constituting a termination of employment or engagement for purposes of the Plan;
- (g) do the following with respect to the granting of Options:
  - (i) determine the Executives, Employees or Consultants to whom Options shall be granted, based on the eligibility criteria set out in this Plan;
  - (ii) determine the terms of the Option to be granted to an Option Holder including, without limitation, the Grant Date, Expiry Date, Exercise Price and vesting schedule (which need not be identical with the terms of any other Option);
  - (iii) subject to any necessary Regulatory Approvals and section 9.2, amend the terms of any Options;
  - (iv) determine when Options shall be granted; and
  - (v) determine the number of Shares subject to each Option;
- (h) accelerate the vesting schedule of any Option previously granted; and
- (i) make all other determinations necessary or advisable, in its sole discretion, for the administration of the Plan.

### 8.3 Administration by Committee

All determinations made by the Committee in good faith shall be final, conclusive and binding upon all persons. The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan.

### 8.4 Interpretation

The interpretation by the Committee of any of the provisions of the Plan and any determination by it pursuant thereto shall be final, conclusive and binding and shall not be subject to dispute by any Option Holder. No member of the Committee or any person acting pursuant to authority delegated by it hereunder shall be personally liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Committee and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

## SECTION 9 APPROVALS AND AMENDMENT

### 9.1 Shareholder Approval of Plan

If required by a Regulatory Authority or by the Committee, this Plan may be made subject to the approval of the shareholders of the Company as prescribed by the Regulatory Authority. If shareholder approval is required, any Options granted under this Plan prior to such time will not be exercisable or binding on the Company unless and until such shareholder approval is obtained.

### 9.2 Amendment of Option or Plan

Subject to any required Regulatory Approvals, the Committee may from time to time amend any existing Option or the Plan or the terms and conditions of any Option thereafter to be granted provided that where such amendment relates to an existing Option and it would:

- (a) materially decrease the rights or benefits accruing to an Option Holder; or
- (b) materially increase the obligations of an Option Holder; then, unless otherwise excepted out by a provision of this Plan, the Committee must also obtain the written consent of the Option Holder in question to such amendment. If at the time the Exercise Price of an Option is reduced the Option Holder is an Insider of the Company, the Insider must not exercise the option at the reduced Exercise Price until the reduction in Exercise Price has been approved by the disinterested shareholders of the Company, if required by the Exchange.

## SECTION 10 CONDITIONS PRECEDENT TO ISSUANCE OF OPTIONS AND SHARES

### 10.1 Compliance with Laws

An Option shall not be granted or exercised, and Shares shall not be issued pursuant to the exercise of any Option, unless the grant and exercise of such Option and the issuance and delivery of such Shares comply with all applicable Regulatory Rules, and such Options and Shares will be subject to all applicable trading restrictions in effect pursuant to such Regulatory Rules and the Company shall be entitled to legend the Option Certificates and the certificates for the Shares or the written notice in the case of uncertificated Shares representing such Shares accordingly.

## 10.2 Regulatory Approvals

In administering this Plan, the Committee will seek any Regulatory Approvals which may be required. The Committee will not permit any Options to be granted without first obtaining the necessary Regulatory Approvals unless such Options are granted conditional upon such Regulatory Approvals being obtained. The Committee will make all filings required with the Regulatory Authorities in respect of the Plan and each grant of Options hereunder. No Option granted will be exercisable or binding on the Company unless and until all necessary Regulatory Approvals have been obtained. The Committee shall be entitled to amend this Plan and the Options granted hereunder in order to secure any necessary Regulatory Approvals and such amendments will not require the consent of the Option Holders under section 9.2 of this Plan.

## 10.3 Inability to Obtain Regulatory Approvals

The Company's inability to obtain Regulatory Approval from any applicable Regulatory Authority, which Regulatory Approval is deemed by the Committee to be necessary to complete the grant of Options hereunder, the exercise of those Options or the lawful issuance and sale of any Shares pursuant to such Options, shall relieve the Company of any liability with respect to the failure to complete such transaction.

## SECTION 11 ADJUSTMENTS AND TERMINATION

### 11.1 Termination of Plan

Subject to any necessary Regulatory Approvals, the Committee may terminate or suspend the Plan. Unless earlier terminated as provided in this section 11, the Plan shall terminate on, and no more Options shall be granted under the Plan after, the tenth anniversary of the date of the Exchange's acceptance of the Plan.

### 11.2 No Grant During Suspension of Plan

No Option may be granted during any suspension, or after termination, of the Plan. Suspension or termination of the Plan shall not, without the consent of the Option Holder, alter or impair any rights or obligations under any Option previously granted.

### 11.3 Alteration in Capital Structure

If there is a material alteration in the capital structure of the Company and the Shares are consolidated, subdivided, converted, exchanged, reclassified or in any way substituted for, the Committee shall make such adjustments to this Plan and to the Options then outstanding under this Plan as the Committee determines to be appropriate and equitable under the circumstances, so that the proportionate interest of each Option Holder shall, to the extent practicable, be maintained as before the occurrence of such event. Such adjustments may include, without limitation:

- (a) a change in the number or kind of shares of the Company covered by such Options; and
- (b) a change in the Exercise Price payable per Share provided, however, that the aggregate Exercise Price applicable to the unexercised portion of existing Options shall not be altered, it being intended that any adjustments made with respect to such Options shall apply only to the Exercise Price per Share and the number of Shares subject thereto.

For purposes of this section 11.3, and without limitation, neither:

- (c) the issuance of additional securities of the Company in exchange for adequate consideration (including services); nor

- (d) the conversion of outstanding securities of the Company into Shares shall be deemed to be material alterations of the capital structure of the Company. Any adjustment made to any Options pursuant to this section 11.3 shall not be considered an amendment requiring the Option Holder's consent for the purposes of section 9.2 of this Plan.

#### 11.4 **Triggering Events**

Subject to the Company complying with section 11.5 and any necessary Regulatory Approvals and notwithstanding any other provisions of this Plan or any Option Certificate, the Committee may, without the consent of the Option Holder or Holders in question:

- (a) cause all or a portion of any of the Options granted under the Plan to terminate upon the occurrence of a Triggering Event; or
- (b) cause all or a portion of any of the Options granted under the Plan to be exchanged for incentive stock options of another corporation upon the occurrence of a Triggering Event in such ratio and at such exercise price as the Committee deems appropriate, acting reasonably.

Such termination or exchange shall not be considered an amendment requiring the Option Holder's consent for the purpose of section 9.2 of the Plan.

#### 11.5 **Notice of Termination by Triggering Event**

In the event that the Committee wishes to cause all or a portion of any of the Options granted under this Plan to terminate on the occurrence of a Triggering Event, it must give written notice to the Option Holders in question not less than 10 days prior to the consummation of a Triggering Event so as to permit the Option Holder the opportunity to exercise the vested portion of the Options prior to such termination. Upon the giving of such notice and subject to any necessary Regulatory Approvals, all Options or portions thereof granted under the Plan which the Company proposes to terminate shall become immediately exercisable notwithstanding any contingent vesting provision to which such Options may have otherwise been subject.

#### 11.6 **Determinations to be Made By Committee**

Adjustments and determinations under this section 11 shall be made by the Committee, whose decisions as to what adjustments or determination shall be made, and the extent thereof, shall be final, binding, and conclusive.

## SCHEDULE A

[Include legends prescribed by Regulatory Authorities, if required.]

### WINSTON RESOURCES INC.

#### STOCK OPTION PLAN - OPTION CERTIFICATE

This Option Certificate is issued pursuant to the provisions of the Stock Option Plan (the “**Plan**”) of Winston Resources Inc. (the “**Company**”) and evidences that ●[Name of Option Holder] is the holder (the “**Option Holder**”) of an option (the “**Option**”) to purchase up to ● common shares (the “**Shares**”) in the capital stock of the Company at a purchase price of Cdn.\$● per Share (the “**Exercise Price**”). This Option may be exercised at any time and from time to time from and including the following Grant Date through to and including up to 4:00 p.m. local time in Vancouver, British Columbia (the “**Expiry Time**”) on the following Expiry Date:

- (a) the Grant Date of this Option is ●, 20●; and
- (b) subject to sections 5.4, 6.2, 6.3, 6.4 and 11.4 of the Plan, the Expiry Date of this Option is ●,20●.

To exercise this Option, the Option Holder must deliver to the Administrator of the Plan, prior to the Expiry Time on the Expiry Date, an Exercise Notice, in the form provided in the Plan, or written notice in the case of uncertificated Shares, which is incorporated by reference herein, together with the original of this Option Certificate and a certified cheque or bank draft payable to the Company or its legal counsel in an amount equal to the aggregate of the Exercise Price of the Shares in respect of which this Option is being exercised.

This Option Certificate and the Option evidenced hereby is not assignable, transferable or negotiable and is subject to the detailed terms and conditions contained in the Plan. This Option Certificate is issued for convenience only and in the case of any dispute with regard to any matter in respect hereof, the provisions of the Plan and the records of the Company shall prevail. This Option is also subject to the terms and conditions contained in the schedules, if any, attached hereto.

[Include legends on the certificate or the written notice in the case of uncertificated shares prescribed by Regulatory Authorities, if required.]

If the Option Holder is a U.S. Person (as defined in Rule 902(k) of Regulation S promulgated under the United States *Securities Act of 1933*, as amended (the “**U.S. Securities Act**”) or a person in the United States, or executes or delivers the Notice of Exercise of Option in the United States, then the certificate(s) representing the Shares will be endorsed with the following or a similar legend:

“The securities represented hereby 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 Winston Resources Inc. (the “Company”) that such securities may be offered, sold or otherwise transferred only (A) to the Company; (B) outside the United States in accordance with Rule 904 of Regulation S under the U.S. Securities Act and in accordance with all local laws and regulations; (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 (C) 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 paragraph (C) or (D), the seller furnishes to the Company an opinion of counsel of recognized standing in form and substance satisfactory to the Company 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.”

*provided*, that if at the time of sale or issuance of the Shares the Company is a “foreign issuer” within the meaning of Regulation S and the Shares are being sold pursuant to Rule 904 of Regulation S, the legend may be removed by providing to the Company’s transfer agent (i) a declaration in the form as the Company may prescribe from time to time, and (ii) if required by the Company’s transfer agent, an opinion of counsel, of recognized standing reasonably satisfactory to the Company and the Company’s transfer agent, or other evidence reasonably satisfactory to the Company and the Company’s transfer agent, that the proposed transfer may be effected without registration under the U.S. Securities Act; *and provided, further*, that, if any Shares are being sold under Rule 144, if available, the legend may be removed by delivering to the Company’s transfer agent an opinion of counsel of recognized standing reasonably satisfactory to the Company and the Company’s transfer agent that the legend is no longer required under applicable requirements of the U.S. Securities Act or applicable state securities laws.

The term “**U.S. Person**” means a U.S. person as defined in Regulation S, and includes: (a) any natural person resident in the United States; (b) any partnership or corporation organized or incorporated under the laws of the United States; (c) any trust of which any trustee is a U.S. Person; (d) any partnership or corporation organized outside the United States by a U.S. Person principally for the purpose of investing in securities not registered under the U.S. Securities Act, unless it is organized or incorporated, and owned, by accredited investors (within the meaning assigned in Rule 501(a) of Regulation D) who are not natural persons, estates or trusts; (e) any estate of which any executor or administrator is a U.S. Person.

**WINSTON RESOURCES INC.**  
**by its authorized signatory:**

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The Option Holder acknowledges receipt of a copy of the Plan and represents to the Company that the Option Holder is familiar with the terms and conditions of the Plan, and hereby accepts this Option subject to all of the terms and conditions of the Plan. The Option Holder agrees to execute, deliver, file and otherwise assist the Company in filing any report, undertaking or document with respect to the awarding of the Option and exercise of the Option, as may be required by the Regulatory Authorities. The Option Holder further acknowledges that if the Plan has not been approved by the shareholders of the Company on the Grant Date, this Option is not exercisable until such approval has been obtained.

Signature of Option Holder:

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Signature

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Date signed:

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Print Name

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Address

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**OPTION CERTIFICATE – SCHEDULE**

**[Complete the following additional terms and any other special terms, if applicable, or remove the inapplicable terms or this schedule entirely.]**

The additional terms and conditions attached to the Option represented by this Option Certificate are as follows:

1. The Options will not be exercisable unless and until they have vested and then only to the extent that they have vested. The Options will vest in accordance with the following:
  - (a) ● Shares (●%) will vest and be exercisable on or after the Grant Date;
  - (b) ● additional Shares (●%) will vest and be exercisable on or after ● [date];
  - (c) ● additional Shares (●%) will vest and be exercisable on or after ● [date];
  - (d) ● additional Shares (●%) will vest and be exercisable on or after ● [date];
  
2. Upon the Option Holder ceasing to hold a position with the Company, other than as a result of the events set out in paragraphs 5.4(a) or 5.4(b) of the Plan, the Expiry Date of the Option shall be ● **[Insert date desired that is longer or shorter than the standard 30 days as set out in the Plan]** following the date the Option Holder ceases to hold such position.

**SCHEDULE B**  
**WINSTON RESOURCES INC.**  
**STOCK OPTION PLAN**

**NOTICE OF EXERCISE OF OPTION**

TO: The Administrator, Stock Option Plan  
800 – 1199 West Hastings Street  
Vancouver, British Columbia Canada V6E 3T5  
(or such other address as the Company may advise)

The undersigned hereby irrevocably gives notice, pursuant to the Stock Option Plan (the “**Plan**”) of Winston Resources Inc. (the “**Company**”), of the exercise of the Option to acquire and hereby subscribes for (**cross out inapplicable item**):

(a) all of the Shares; or

(b) \_\_\_\_\_ of the Shares;

which are the subject of the Option Certificate attached hereto (**attach your original Option Certificate**).

1. The undersigned acknowledges the option is not validly exercised unless this Notice of Exercise is completed in strict compliance with this form and delivered to the required address with the required payment prior to 4:00 p.m. local time in Vancouver, British Columbia, Canada on the Expiry Time of the option.

2. The Option Holder represents, warrants and certifies as follows (please check all of the categories that apply):

- (a)  the undersigned holder at the time of exercise of the option is not in the United States, is not a “U.S. person” as defined in Regulation S under the United States *Securities Act of 1933*, as amended (the “U.S. Securities Act”) and is not exercising the option on behalf of, or for the account or benefit of a U.S. person or a person in the United States and did not execute or deliver this exercise form in the United States;
- (b)  the undersigned holder is resident in the United States or is a U.S. person who is a resident of the jurisdiction referred to in the address appearing above, and is a U.S. Accredited Investor **and has completed the U.S. Accredited Investor Status Certificate in the form attached to this Notice of Exercise of Option**;
- (c)  the undersigned holder is resident in the United States or is a U.S. person who is a resident of the jurisdiction referred to in the address appearing above, and is a natural person who is either: (i) a director, officer or employee of the Company or of a majority-owned subsidiary of the Company (each, an “**Eligible Person**”), (ii) a consultant who is providing bona fide services to the Company or a majority-owned subsidiary of the Company that are not in connection with the offer or sale of securities in a capital-raising transaction, and do not directly or indirectly promote or maintain a market for the Company's securities (an “**Eligible Consultant**”), or (iii) a former Eligible Person or Eligible Consultant; and/or
- (d)  if the undersigned holder is resident in the United States or is a U.S. person, the undersigned holder has delivered to the Company and the Company's transfer agent an opinion of counsel (which will not be sufficient unless it is in form and substance satisfactory to the Company) or such other evidence satisfactory to the Company to the effect that with respect to the securities to be delivered upon exercise of the option, the issuance of such securities has been registered under the U.S. Securities Act and applicable state securities laws or an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available;

3. “United States” and “U.S. person” are as defined in Regulation S under the U.S. Securities Act.

**Note: Certificates representing Shares will not be registered or delivered to an address in the United States unless Box 2(b), (c) or (d) above is checked.**

4. If the undersigned Option Holder has marked Box 2(b), (c) or (d) above, the undersigned Option Holder hereby represents, warrants, acknowledges and agrees that:

- (a) funds representing the subscription price for the Shares which will be advanced by the undersigned to the Company upon exercise of the options will not represent proceeds of crime for the purposes of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (the “Patriot Act”), and the undersigned acknowledges that the Company may in the future be required by law to disclose the undersigned's name and other information relating to this exercise form and the undersigned's subscription hereunder, on a confidential basis, pursuant to the Patriot Act. No portion of the subscription price to be provided by the undersigned (i) has been or will be derived from or related to any activity that is deemed criminal under the laws of the United States of America, or any other jurisdiction, or (ii) is being tendered on behalf of a person or entity who has not been identified to or by the undersigned, and it shall promptly notify the Company if the undersigned discovers that any of such representations ceases to be true and provide the Company with appropriate information in connection therewith;
- (b) the financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles or International Financial Reporting Standards, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies;
- (c) there may be material tax consequences to the Option Holder of an acquisition or disposition of any of the Shares. The Company gives no opinion and makes no representation with respect to the tax consequences to the Option Holder under United States, state, local or foreign tax law of the undersigned's acquisition or disposition of such securities. In particular, no determination has been made whether the Company will be a “passive foreign investment company” within the meaning of Section 1297 of the United States Internal Revenue Code of 1986, as amended; and
- (d) if the undersigned has marked Box 2(c) above, the Company may rely on the registration exemption in Rule 701 under the U.S. Securities Act and a state registration exemption, but only if such exemptions are available; in the event such exemptions are determined by the Company to be unavailable, the undersigned may be required to provide additional evidence of an available exemption, including, without limitation, the legal opinion contemplated by Box 2(d).

5. If the undersigned Option Holder has marked Box 2(b) above, the undersigned represents and warrants to the Company that:

- (a) the Option Holder has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Shares, and the undersigned is able to bear the economic risk of loss of his or her entire investment;
- (b) the Company has provided to the undersigned the opportunity to ask questions and receive answers concerning the terms and conditions of the offering, and the undersigned has had access to such information concerning the Company as he or she has considered necessary or appropriate in connection with his or her investment decision to acquire the Shares;
- (c) the undersigned is: (i) purchasing the Shares for his or her own account or for the account of one or more U.S. Accredited Investors with respect to which the undersigned is exercising sole investment discretion, and not on behalf of any other person; and (ii) is purchasing the Shares for investment purposes only and

not with a view to resale, distribution or other disposition in violation of United States federal or state securities laws; and

- (d) the undersigned has not exercised the option as a result of any form of general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio, television or other form of telecommunications, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.
6. If the undersigned has indicated that the undersigned is a U.S. Accredited Investor by marking Box 2(b) above, or if the undersigned has marked Box 2(c) above on the basis that the exercise of the option is subject to the registration exemption in Rule 701 under the U.S. Securities Act and an available state registration exemption, the undersigned also acknowledges and agrees that:
- (a) the Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and the Shares will be issued as “restricted securities” (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act) and may not be offered, sold, pledged, or otherwise transferred, directly or indirectly, without prior registration under the U.S. Securities Act and applicable state securities laws absent an exemption from such registration requirements; and
- (b) the certificate(s) representing the Shares will be endorsed with a U.S. restrictive legend substantially in the form set forth in the Option Certificate until such time as it is no longer required under the applicable requirements of the U.S. Securities Act or applicable state securities laws.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
**Signature of Option Holder**

**U.S. ACCREDITED INVESTOR STATUS CERTIFICATE**

In connection with the exercise of an option to purchase shares of **Winston Resources Inc.** (the “**Company**”) by the Option Holder, the Option Holder hereby represents and warrants to the Company that the Option Holder satisfies one or more of the following categories of Accredited Investor (**please initial each category that applies**):

- \_\_\_\_\_ (1) Any director or executive officer of the Company; or
- \_\_\_\_\_ (2) A natural person whose individual net worth, or joint net worth with that person’s spouse, at the time of purchase of the Shares contemplated by the accompanying Notice of Option Exercise, exceeds US\$1,000,000 (for the purposes of calculating net worth: (i) the person’s primary residence shall not be included as an asset; (ii) indebtedness that is secured by the person’s primary residence, up to the estimated fair market value of the primary residence at the time of the purchase of the Shares, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time execution of the accompanying Notice of Option Exercise exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and (iii) indebtedness that is secured by the person’s primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability); or
- \_\_\_\_\_ (3) A natural person who had an individual income in excess of US\$200,000 in each of the two most recent years or joint income with that person’s spouse in excess of US\$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year; or
- \_\_\_\_\_ (4) An organization described in Section 501(c)(3) of the United States Internal Revenue Code, a corporation, a Massachusetts or similar business trust, or a partnership, not formed for the specific purpose of acquiring the Shares, with total assets in excess of US\$5,000,000; or
- \_\_\_\_\_ (5) An entity in which all of the equity owners meet the requirements of at least one of the above categories (*if this alternative is checked, you must identify each equity owner and provide statements signed by each demonstrating how each qualifies as an Accredited Investor*).

**Schedule C**  
**Text of Advance Notice Provisions to Winston Resources Inc.**  
**New *Business Corporations Act* (British Columbia) Articles**

## “Nomination of Directors

### 14.12

(a) Subject only to the Act, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting):

- (i) by or at the direction of the board or an authorized officer of the Company, including pursuant to a notice of meeting;
- (ii) by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act; or
- (iii) by any person (a “**Nominating Shareholder**”) (A) who, at the close of business on the date of the giving of the notice provided for below in this §14.12 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (B) who complies with the notice procedures set forth below in this §14.12.

(b) In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, such person must give

- (i) timely notice thereof in proper written form to the Corporate Secretary of the Company at the principal executive offices of the Company in accordance with this §14.12; and
- (ii) the representation and agreement with respect to each candidate for nomination as required by, and within the time period specified in §14.12(d).

(c) To be timely under §14.12(b)(i), a Nominating Shareholder’s notice to the Corporate Secretary of the Company must be made:

- (i) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the tenth (10th) day following the Notice Date; and
- (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the fifteenth (15th) day following the day on which the first public announcement of the date of the special meeting of shareholders was made.
- (iii) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this §14.12(c).

(d) To be in proper written form, a Nominating Shareholder’s notice to the Corporate Secretary of the Company, under §14.12(b)(i) must set forth:

- (i) as to each person whom the Nominating Shareholder proposes to nominate for election as a director (A) the name, age, business address and residence address of the person, (B) the principal occupation or employment of the person, (C) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the Meeting of Shareholders (if such date shall then have been made

publicly available and shall have occurred) and as of the date of such notice, (D) a statement as to whether such person would be “independent” of the Company (within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, as such provisions may be amended from time to time) if elected as a director at such meeting and the reasons and basis for such determination and (E) any other information relating to the person that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and

- (ii) as to the Nominating Shareholder giving the notice, (A) any information relating to such Nominating Shareholder that would be required to be made in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws, and (B) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the Meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice.

(e) To be eligible to be a candidate for election as a director of the Company and to be duly nominated, a candidate must be nominated in the manner prescribed in this §14.12 and the candidate for nomination, whether nominated by the board or otherwise, must have previously delivered to the Corporate Secretary of the Company at the principal executive offices of the Company, not less than 5 days prior to the date of the Meeting of Shareholders, a written representation and agreement (in form provided by the Company) that such candidate for nomination, if elected as a director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Company applicable to directors and in effect during such person’s term in office as a director (and, if requested by any candidate for nomination, the Corporate Secretary of the Company shall provide to such candidate for nomination all such policies and guidelines then in effect).

(f) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this §14.12 ; provided, however, that nothing in this §14.12 shall be deemed to preclude discussion by a shareholder (as distinct from nominating directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

(g) For purposes of this §14.12:

- (i) “**Affiliate**”, when used to indicate a relationship with a person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person;
- (ii) “**Applicable Securities Laws**” means the *Securities Act* (British Columbia) and the equivalent legislation in the other provinces and in the territories of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each of the applicable provinces and territories of Canada;
- (iii) “**Associate**”, when used to indicate a relationship with a specified person, shall mean (A) any corporation or trust of which such person owns beneficially, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all voting securities of such corporation or trust for the time being outstanding, (B) any partner of that person, (C) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity, (D) a spouse of such specified person, (E) any person of either sex with whom such specified person is living in conjugal relationship outside marriage or (F) any relative of such specified person or of a person mentioned in clauses (D) or (E) of this definition if that relative has the same residence as the specified person;

- (iv) **“Derivatives Contract”** shall mean a contract between two parties (the “Receiving Party” and the “Counterparty”) that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of a number of shares in the capital of the Company or securities convertible into such shares specified or referenced in such contract (the number corresponding to such economic benefits and risks, the “Notional Securities”), regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, shares in the capital of the Company or securities convertible into such shares or other property, without regard to any short position under the same or any other Derivatives Contract. For the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate governmental authority shall not be deemed to be Derivatives Contracts;
- (v) **“Meeting of Shareholders”** shall mean such annual shareholders meeting or special shareholders meeting, whether general or not, at which one or more persons are nominated for election to the board by a Nominating Shareholder;
- (vi) **“owned beneficially”** or **“owns beneficially”** means, in connection with the ownership of shares in the capital of the Company by a person, (A) any such shares as to which such person or any of such person’s Affiliates or Associates owns at law or in equity, or has the right to acquire or become the owner at law or in equity, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to any securities, or pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (B) any such shares as to which such person or any of such person’s Affiliates or Associates has the right to vote, or the right to direct the voting, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (C) any such shares which are beneficially owned, directly or indirectly, by a Counterparty (or any of such Counterparty’s Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such person or any of such person’s Affiliates or Associates is a Receiving Party; provided, however that the number of shares that a person owns beneficially pursuant to this clause (C) in connection with a particular Derivatives Contract shall not exceed the number of Notional Securities with respect to such Derivatives Contract; provided, further, that the number of securities owned beneficially by each Counterparty (including their respective Affiliates and Associates) under a Derivatives Contract shall for purposes of this clause be deemed to include all securities that are owned beneficially, directly or indirectly, by any other Counterparty (or any of such other Counterparty’s Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty’s Affiliates or Associates) is a Receiving Party and this proviso shall be applied to successive Counterparties as appropriate; and (D) any such shares which are owned beneficially within the meaning of this definition by any other person with whom such person is acting jointly or in concert with respect to the Company or any of its securities; and
- (vii) **“public announcement”** shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company or its agents under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).

(h) Notwithstanding any other provision to this §14.12, notice or any delivery given to the Corporate Secretary of the Company pursuant to this §14.12 may only be given by personal delivery, facsimile transmission or by email (provided that the Corporate Secretary of the Company has stipulated an email address for purposes of this notice, at such email address as stipulated from time to time), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

(i) In no event shall any adjournment or postponement of a Meeting of Shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described in §14.12(c) or the delivery of a representation and agreement as described in §14.12(e)."