

# GRID METALS CORP.

## MANAGEMENT INFORMATION CIRCULAR

### ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON JANUARY 6, 2021

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IN VIEW OF THE CURRENT AND RAPIDLY EVOLVING COVID-19 OUTBREAK, THE COMPANY REQUESTS THAT IF POSSIBLE ALL SHAREHOLDERS VOTE THEIR SHARES BY PROXY AND AVOID ATTENDING THE MEETING IN PERSON, HOWEVER, IF YOU CHOOSE TO ATTEND THE MEETING IN PERSON, SHAREHOLDERS ARE ASKED TO FOLLOW THE INSTRUCTIONS OF THE PUBLIC HEALTH AGENCY OF CANADA ([HTTPS://WWW.CANADA.CA/EN/PUBLIC-HEALTH/SERVICES/DISEASES/2019-NOVEL-CORONAVIRUSINFECTION.HTML](https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirusinfection.html)).

THE COMPANY RESPECTFULLY ASKS SHAREHOLDERS NOT TO ATTEND THE MEETING IN PERSON IF EXPERIENCING ANY OF THE DESCRIBED COVID-19 SYMPTOMS OF FEVER, COUGH OR DIFFICULTY BREATHING.

THE COMPANY MAY TAKE ADDITIONAL PRECAUTIONARY MEASURES IN RELATION TO THE MEETING IN RESPONSE TO FURTHER DEVELOPMENTS IN THE COVID-19 OUTBREAK.

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THIS INFORMATION CIRCULAR CONTAINS INFORMATION AS AT NOVEMBER 25, 2020

### GENERAL PROXY INFORMATION

#### Solicitation of Proxies

This management information circular (“**Management Information Circular**”) is furnished in connection with the solicitation of proxies by the management and the Directors of **GRID METALS CORP.** (the “**Corporation**”) for use at the annual and special meeting of the shareholders of the Corporation (the “**Meeting**”) to be held at **Blaney McMurtry LLP, 2 Queen Street East, Suite 1500, Toronto, ON M5C 3G5, at 11 a.m. (Toronto time) on January 6, 2021** for the purposes set out in the foregoing Notice of Meeting, and at any adjournment or adjournments thereof for the purposes set forth in the accompanying notice of the Meeting (the “**Notice of Meeting**”). The solicitation of proxies will be made primarily by mail and may be supplemented by telephone or other personal contact by the Directors, officers and employees of the Corporation. Directors, officers and employees of the Corporation will not receive any extra compensation for such activities. The Corporation may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the shareholders of the Corporation in favour of the matters set forth in the Notice of Meeting. The Corporation may pay brokers or other persons holding common shares of the Corporation (“**Common Shares**”) in their own names, or in the names of nominees, for their reasonable expenses for sending proxies and this Management Information Circular to beneficial owners of Common Shares and obtaining proxies therefrom. The cost of the solicitation will be borne directly by the Corporation.

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

### **Notice and Access Process**

The Corporation is using the notice and access model (“**Notice and Access**”) provided for under recent amendments to National Instrument 54-101 for the delivery of the Circular, financial statements for the years ended December 31, 2019 and 2018 and Management’s Discussion and Analysis (collectively, the “**Meeting Materials**”) to shareholders for the Meeting. The Corporation has adopted this alternative means of delivery in order to further its commitment to environmental sustainability and to reduce its printing and mailing costs.

Under Notice and Access, instead of receiving printed copies of the Meeting Materials, shareholders receive a notice (“**Notice**”) with information on the Meeting date, location and purpose, as well as information on how they may access the Meeting Materials electronically.

As provided in the Notice, the Meeting will be held on January 6, 2021 11:00 a.m. (Eastern Daylight Time) at Blaney McMurtry LLP, 2 Queen Street East, Suite 1500, Toronto, ON M5C 3G5, for the purposes described under the title - “Particulars of Matters to be Acted Upon”.

The record date for the Meeting is November 25, 2020. The record date is the date for determining the shareholders entitled to receive notice of, and to vote at, the Meeting and any adjournment. The deadline for receiving duly completed and executed forms of proxy or submitting your proxy by telephone or over the internet is by 11:00 am (Eastern Daylight Time) on January 4, 2021 or no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjourned or postponed Meeting.

The Corporation urges shareholders to review this Circular before voting.

### **Requesting Printed Meeting Materials**

Shareholders can request that printed copies of the Meeting Materials be sent to them by postal delivery at no cost to them up to one year from the date this Circular was filed on SEDAR. Registered shareholders may make their request through the Corporation’s website, [www.gridmetalscorp.com](http://www.gridmetalscorp.com), or by calling 1-855-813-6052 ext 2.

### **Non-Registered Shareholders**

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

- (a) in the name of an intermediary (an “**Intermediary**”) with whom the Non-Registered Shareholder deals in respect of the Common Shares (Intermediaries include, among others: banks, trust companies, securities dealers or brokers, trustees or administrators of a self-administered registered retirement savings plan, registered retirement income fund, registered education savings plan and similar plans); or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited, in Canada, and the Depository Trust Company, in the United States) of which the Intermediary is a participant.

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

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

- (a) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “**voting instruction form**”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
- (b) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with Trans Canada Transfer Inc., 25 Adelaide Street East, Suite 1301, Toronto, Ontario, M5C 3A1.

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

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

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

A registered shareholder of the Corporation who has given a proxy may revoke the proxy at any time prior to use by: (a) depositing an instrument in writing, including another completed form of proxy, executed by such registered shareholder or by his or her attorney authorized in writing or by electronic signature or, if the registered shareholder is a corporation, by an officer or attorney thereof properly authorized, either: (i) at the principal office of the Corporation, at Suite 304, 3335 Yonge Street, Toronto, Ontario, M4N 2M1, at any time prior to 5:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting or any adjournment thereof, (ii) with Trans Canada Transfer Inc., 25 Adelaide Street East, Suite 1301, Toronto, Ontario, M5C 3A1, at any time prior to 5:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting or any adjournment thereof, or (iii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; (b) transmitting, by telephone or electronic means, a revocation that complies with paragraphs (i), (ii) or (iii) above and that is signed by electronic signature, provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such shareholder or by or on behalf of his or her attorney, as the case may be; or (c) in any other manner permitted by law including attending the Meeting in person.

A Non-Registered Shareholder who has submitted a proxy may revoke it by contacting the Intermediary through which the Non-Registered Shareholder's Common Shares are held and following the instructions of the Intermediary respecting the revocation of proxies.

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

The Common Shares represented by an appropriate form of proxy will be voted or withheld from voting on any ballot that may be conducted at the Meeting, or at any adjournment thereof, in accordance with the instructions of the shareholder thereon. **In the absence of instructions, such Common Shares will be voted for each of the matters referred to in the Notice of Meeting as specified thereon.**

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

### **Signing of Proxy**

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

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

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

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

There are outstanding as of the date hereof 63,060,733 fully paid and non-assessable common shares of the Corporation. Each common share carries the right to one (1) vote per share. Each holder of outstanding common shares of record at the time of the close of business on November 25, 2020 (the "**record date**") will be given notice of the Meeting and will be entitled to vote at the Meeting the number of common shares of record held by him on the record date except if such shareholder subsequently transfers the ownership of his common shares and the transferee demands not later than 10 days before the Meeting that the transferee's name be included on the list of shareholders entitled to vote at the Meeting and establishes to the Corporation that he owns such shares in which case the transferee is entitled to vote his common shares at the Meeting.

To the knowledge of the Directors and Senior Officers of the Corporation, there are no persons that beneficially own, directly or indirectly, or exercise control or direction over shares carrying more than 10% of the voting rights attached to all outstanding shares of the Corporation which have the right to vote in all circumstances.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### A. GENERAL MATTERS

#### Election of Directors

The articles of the Corporation provide that the Board of Directors of the Corporation shall consist of a minimum of three (3) and a maximum of nine (9) directors. The current Board of Directors consists of three (3) members. Unless authority to vote is withheld, the persons named in the accompanying form of proxy intend to vote for the election of the current nominees whose names are set forth below.

**Management does not contemplate that any of the current nominees will not be able to serve as a Director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed proxy instrument reserve the right to vote for another nominee at their discretion. Each Director elected will hold office until the next annual meeting and until his successor is duly elected unless, prior thereto, he resigns or his office becomes vacant by death or other cause.**

The following table and the notes thereto state the names of all of the persons proposed to be nominated for election as Directors, all other positions and offices with the Corporation now held by them, their principal occupations or employment, their periods of service as Directors of the Corporation and the approximate number of shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them as of the date hereof and indicates those nominees who are members of the Corporation's Committees.

Name and Position with the Corporation	Principal Occupation	Director Since	Number of Shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised as of the date hereof <sup>(1)</sup>
Robin E. Dunbar <sup>(2)</sup> President and Director	President and Director	1996	2,425,588
Edward J. Munden <sup>(2)(3)</sup> Director	Director, Nexxt Capital Corp., a private investment company	1999	7,500
Thomas W. Meredith <sup>(2)(3)</sup> Director	Executive Chairman, West Red Lake Gold Mines Inc., a gold exploration company	1996	34,000

- Notes
- (1) The information as to shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the Directors individually.
  - (2) Denotes member of Audit Committee.
  - (3) Denotes member of the Compensation Committee.

The terms of office of those nominees who are presently Directors will expire as of the date of the Meeting. All of the Directors who are elected at the Meeting will have their term of office expire at the next Annual General Meeting of the Corporation.

No proposed director of the Corporation is, or within the 10 years before the date of this Information Circular has been, a director or executive officer of any company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director of the Corporation has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

The above information was provided by management of the Corporation.

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

Management of the Corporation is proposing to appoint UHY McGovern, Hurley, Cunningham LLP, Chartered Accountants as auditors of the Corporation for the current fiscal year.

**In the absence of contrary directions, the persons named in the accompanying form of proxy intend to vote the common shares represented thereby in favour of the resolution approving the appointment of UHY McGovern, Hurley, Cunningham LLP, Chartered Accountants, as the auditors of the corporation for the current fiscal year and authorizing the board to fix their remuneration.**

## **B. SPECIAL MATTERS**

### **APPROVAL OF THE NEW EQUITY INCENTIVE PLAN**

On October 8, 2019, the shareholders approved a resolution to adopt the current equity incentive plan. (the “**New Equity Incentive Plan**”) of the Corporation. The New Equity Incentive Plan provides flexibility to the Corporation to grant equity-based incentive awards in the form of options, deferred share units and restricted share units (as described in further detail below) to attract, retain and motivate qualified directors, officers, employees and consultants of the Corporation and its subsidiaries. The New Equity Incentive Plan replaced the old Stock Option Plan (the “**Stock Option Plan**”) of the Corporation. Under the New Equity Incentive Plan, the Corporation has additional flexibility with respect to equity-based awards and the Stock Option Plan remains in effect only in respect of outstanding options, and no further options will be granted under the Stock Option Plan. All future grants of equity-based awards will be made pursuant to, or as otherwise permitted by, the New Equity Incentive Plan, and no further equity-based awards will be made pursuant to the Stock Option Plan. The Stock Option Plan will remain in effect only in respect of outstanding options.

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

The total number of Common Shares reserved for issuance pursuant to awards granted under the New Equity Incentive Plan and the Stock Option Plan shall not exceed 10% of the issued and outstanding Common Shares from time to time. The Equity Incentive Plan is considered an “evergreen” plan, since the shares covered by awards which have been exercised, terminated, or reinstated from time to time after issuance upon approval from the Exchange (in the case of Restricted Share Units (“RSUs”) and Deferred Share Units (“DSUs”)), shall be available for subsequent grants under the Plan and the number of awards available to grant increases as the number of issued and outstanding units increases.

After review by the TSX Venture Exchange, the Board of Directors amended the New Equity Incentive Plan to comply with TSX Venture Exchange requirements. Among other things, the New Equity Incentive Plan was amended to provide that there would be a fixed number of Shares reserved for issuance pursuant to grants of RSUs and DSUs. The New Equity Incentive Plan now provides that the aggregate number of Shares reserved for RSU and DSU grants shall not exceed a maximum of 3,000,000 Shares.

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

The New Equity Incentive Plan must be approved annually by a majority of the "**disinterested shareholders**" entitled to vote present in person or by proxy at the Meeting, and be accepted for filing by the TSX Venture Exchange. "**Disinterested shareholders**" mean all Shareholders of the Company who are not directors, officers, promoters, or other insiders of the Company, or their associates or affiliates, as such terms are defined under the Securities Act (Ontario).

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

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

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

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

The number of Common Shares issuable to insiders under the New Equity Incentive Plan and all other security-based compensation arrangements cannot exceed 10% of the issued and outstanding Common Shares at any time. The number of Common Shares issued to insiders within any one-year period and all other security-based compensation arrangements, including, but not limited to, the New Equity Incentive Plan, cannot exceed 10% of the issued and outstanding Common Shares. Furthermore, the Plan Administrator shall not make grants of awards to any one eligible person, if, after giving effect to such grants of awards, the aggregate number of Common Shares issuable to such persons, in any 12 month period, under all of the Corporation’s security based compensation arrangements exceeds 5% of the issued and outstanding Common Shares.

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

The plan administrator of the New Equity Incentive Plan (the “**Plan Administrator**”) is determined by the Board, and may be established by the Board from time to time. The Plan Administrator determines which employees, directors, officers or consultants are eligible to receive awards under the New Equity Incentive Plan. In addition, the Plan Administrator interprets the New Equity Incentive Plan and may adopt administrative rules, regulations, procedures and guidelines governing the New Equity Incentive Plan or any awards granted under the New Equity Incentive Plan as it deems to be appropriate.

#### *Types of Awards*

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

## 1. Stock Options

A stock option is a right to purchase Common Shares upon the payment of a specified exercise price as determined by the Plan Administrator at the time the stock option is granted. Subject to certain adjustments and whether the Common Shares are then trading on any stock exchange, the exercise price shall be not less than the volume weighted average closing price of the Common Shares for the five days immediately preceding the date of grant (the “**Market Price**”). The Plan Administrator, shall have the authority to determine the vesting terms applicable to the grants of options. Subject to any accelerated termination as set forth in the New Equity Incentive Plan, each stock option expires on the date that is the earlier of ten years from the date of grant or such earlier date as may be set out in the participant’s award agreement.

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

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

## 2. Restricted Share Units

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

## 3. Deferred Share Units

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

## 4. Dividend Equivalents

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



### *Black-out Periods*

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

### *Terminations*

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

### *Termination of Employment or Services*

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

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

### *Change in Control*

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

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

### *Non-Transferability of Awards*

Subject to certain exceptions provided under the New Equity Incentive Plan, and unless otherwise provided by the Plan Administrator, and to the extent that certain rights may pass to a beneficiary or legal representative upon death of a participant, by will or as required by law, no assignment or transfer of awards granted under the New Equity Incentive Plan, whether voluntary, involuntary, by operation of law or otherwise, is permitted.

*Amendments to the New Equity Incentive Plan*

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

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

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

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

The text of the New Equity Incentive Plan is attached hereto as Schedule "III". Shareholders are being asked to approve the following resolution:

**"BE IT RESOLVED THAT:**

1. the New Equity Incentive Plan of the Corporation, subject to the acceptance for filing thereof by the TSX Venture Exchange, be and it is hereby ratified, confirmed and approved;

2. all unallocated awards issuable pursuant to the New Equity Incentive Plan are hereby approved and authorized;
3. the Board of Directors of the Corporation be authorized to make any changes to the New Equity Incentive Plan as may be required or permitted the TSX Venture Exchange; and
4. any one director or officer of the Corporation is hereby authorized and directed for and in the name of and on behalf of the Corporation to execute or cause to be executed, whether under seal of the Corporation or otherwise, and to deliver or cause to be delivered all such documents, and to do or cause to be done all such acts and things, as in the opinion of such director or officer may be necessary or desirable in order to give effect to this resolution.”

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

**In the absence of contrary directions, the persons named in the accompanying form of proxy intend to vote the common shares represented thereby in favour of the resolution approving the New Equity Incentive Plan.**

#### **APPROVAL OF LIMIT OF 3,000,000 RSUs/DSUs ISSUABLE UNDER NEW EQUITY INCENTIVE PLAN**

Under the New Equity Incentive Plan the maximum number of RSUs and DSUs that can be issued under the Plan is fixed at 3,000,000. Under the rules of the TSX Venture Exchange, disinterested shareholders are required to approve a fixed number of incentive awards under any equity incentive plan. "Disinterested shareholders" mean all Shareholders of the Company who are not directors, officers, promoters, or other insiders of the Company, or their associates or affiliates, as such terms are defined under the Securities Act (Ontario).

The Directors believe that the approval of the resolution to approve the fixing of the maximum number of RSUs and DSUs that may be issued under the New Equity Incentive Plan is in the best interests of the Corporation and recommend that shareholders vote in favour of the resolution.

Accordingly, at the Meeting shareholders will be asked to pass the following ordinary resolution:

**“BE IT RESOLVED THAT:**

- (a) up to maximum of 3,000,000 Common Shares of the Corporation are hereby approved for issuance from treasury for Restricted Share Units and Deferred Share Units, in the aggregate, under the New Equity Incentive Plan of the Corporation; and
- (b) any one Director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation, to perform all such acts and deeds and things and execute, under the corporate seal of the Corporation or otherwise, deliver and file all documents and instruments and take such other actions as such Director or officer may determine to be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions."

**In the absence of contrary directions, the persons named in the accompanying form of proxy intend to vote the common shares represented thereby in favour of the resolution approving the maximum aggregate number of RSUs and DSUs authorized under the New Equity Incentive Plan.**

### **C. OTHER BUSINESS**

The Corporation knows of no matter to come before the annual and special meeting of shareholders other than the matters referred to in the notice of meeting.

### **EXECUTIVE COMPENSATION**

#### **Definitions**

In this section:

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

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

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

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

#### **Compensation Discussion and Analysis**

The Corporation’s Board of Directors, through the Compensation Committee, is responsible for the compensation program for the Corporation’s NEOs.

The compensation program’s objectives are:

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

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

- (a) a base salary (for certain NEOs); and

- (b) long term incentive in the form of incentive stock options and other awards under the Company's New Equity Incentive Plan.

The Corporation does not provide the NEOs with any personal benefits, nor does the Corporation provide any additional compensation to its NEOs for serving as directors of the Corporation, other than the granting to them from time to time of incentive stock options under the Corporation's Incentive Stock Option Plan and other awards under the Company's New Equity Incentive Plan..

The Compensation Committee, with the approval of the board of directors as a whole determines the level of compensation in respect of the Corporation's senior executives. There were no long-term incentive awards other than options made to the Named Executive Officers of the Corporation during the December 31, 2019 or December 31, 2018 financial years. There are no pension plan benefits in place for the named executive and none of the Named Executive Officers, senior officers or directors of the Corporation is indebted to the Corporation. The Company has agreed to termination of employment and change in responsibilities provisions for one of the NEO's, Mr Dunbar, as discussed herein.

### **Option-based Awards**

The Corporation has in place a Stock Option Plan for the purpose of attracting and motivating Directors, Officers, Employees and Consultants of the Corporation and advancing the interests of the Corporation by affording such persons the opportunity to acquire an equity interest in the Corporation through rights granted under the Plan to purchase shares of the Corporation. The Stock Option Plan only remains in effect to govern the terms of existing options outstanding thereunder and has been superseded by the New Equity Incentive Plan discussed below. There were 450,000 options granted under the Stock Option Plan during the fiscal year ended December 31, 2019; they were granted on August 21, 2019, exercisable at \$0.15, expiring on August 21, 2024, and vested immediately. There were no options granted under the Stock Option Plan during the fiscal year ended December 31, 2018.

During 2018 the Corporation also put in place a New Equity Incentive Plan (the "Plan") for the purpose of attracting and motivating Directors, Officers, Employees and Consultants of the Corporation and advancing the interests of the Corporation by affording such persons the opportunity to acquire an equity interest in the Corporation through rights granted under the Plan to purchase shares of the Corporation.

### **Summary Compensation Table**

Executive compensation is required to be disclosed for each Named Executive Officer. The following table and notes thereto states the name of each Named Executive Officer, their annual compensation consisting of salary, bonus and other annual compensation, and long-term compensation, including stock options paid, for each of the three most recently completed financial years of the Corporation.

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other Compensation (\$)	Total Compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Robin E. Dunbar President and CEO	2019	175,000	0	0	0	N/A	N/A	0	175,000
	2018	175,000	0	0	0	N/A	N/A	0	175,000
	2017	104,166 <sup>(1)</sup>	0	290,000	0	N/A	N/A	0	394,166
Rodger Roden CFO	2019	42,000	0	0	0	N/A	N/A	0	42,000
	2018	48,000	0	0	0	N/A	N/A	0	48,000
	2017	25,000	0	14,500	0	N/A	N/A	0	39,500

Notes:

(1) Paid to a management company controlled by Mr. Dunbar.

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

## Narrative Discussion

During the years ended December 31, 2019 and 2018, Mr. Dunbar had an employment contract with the Corporation which provided as follows:

- a) an annual salary of \$175,000,
- b) upon termination without cause one month's severance for every year since 1998 to a maximum of twenty-four months, plus a prospective bonus equal to the greater of the last bonus paid to the president or 75% of his then annual salary. At the Company's December 31, 2019 year end the estimated contingent liability amounted to approximately \$437,000, and
- c) In the event of a change of control if terminated, or constructively dismissed within six months of the change of control, the President is entitled to two year's remuneration plus a prospective bonus equal to the greater of two times the average annual bonus paid to the president or one year's annual remuneration. At the Company's December 31, 2019 year end the contingent liability amounted to approximately \$525,000.

During 2017 the Corporation had a verbal consulting agreement with Robin E. Dunbar, President and Chief Executive Officer with no defined termination provisions. The annual consulting fees paid for 2017 were \$104,166.

During 2019 the Corporation had a verbal consulting agreement with Mr. Roden as Chief Financial Officer of the Corporation, under which consulting fees paid were \$42,000. During 2018 Mr. Roden was compensated under a consulting contract at an annual rate of \$48,000. During 2017 the Corporation had a verbal consulting agreement with Mr. Roden as Chief Financial Officer of the Corporation under which consulting fees paid were \$25,000. In all years the contracts were terminable on one month's notice.

## Outstanding Share-based awards and option-based awards

The following table discloses the particulars of all awards for each NEO outstanding at the end of the Corporation's financial year ended December 31, 2019, including awards granted before this most recently completed financial year:

Name	Option Based Awards				Share-based Awards	
	Number of Securities underlying unexercised options <sup>(1)</sup>	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of Shares or units that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Robin E. Dunbar President	1,000,000	\$0.35	Nov 1, 2022	0	N/A	N/A
Rodger Roden CFO	50,000	\$0.35	Nov 1, 2022	0	N/A	N/A

<sup>(1)</sup> All options are for common shares of the Corporation.

## Incentive Plan Awards - value vested or earned during the year

The following table summarizes the value of each incentive plan award vested or earned by each NEO during the financial year ended December 31, 2019.

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Robin E. Dunbar President	NIL	NIL	NIL
Rodger Roden CFO	NIL	NIL	NIL

### **Narrative discussion**

There were no re-pricings of stock options under the Plan or otherwise during the Corporation's completed financial year ended December 31, 2019 or 2018. No options were exercised during the fiscal years ended 2019 or 2018. The total number of options to purchase common shares that were outstanding at December 31, 2019 was 1,855,000.

### **Pension Plan Benefits**

The Corporation has no pension plans that provide for payments or benefits to any NEO at, following or in connection with retirement.

The Corporation also does not have any deferred compensation plans relating to any NEO.

### **Termination and Change of Control Benefits**

The Corporation does not have any pension or retirement plan which is applicable to the NEOs. The Corporation has not provided compensation, monetary or otherwise, during the most recently completed financial year, to any person who now or previously has acted as an NEO of the Corporation, in connection with or related to the retirement, termination or resignation of such person, and the Corporation has provided no compensation to any such person as a result of a change of control of the Corporation.

The Company's president has an employment contract with the Corporation which provides for the following;

- a) upon termination without cause one month's severance for every year since 1998 to a maximum of twenty-four months, plus a prospective bonus equal to the greater of the last bonus paid to the president or 75% of his then annual salary, and
- b) in the event of a change of control if terminated, or constructively dismissed within six months of the change of control, the President is entitled to two year's remuneration plus a prospective bonus equal to the greater of two times the average annual bonus paid to the president or one year's annual remuneration.

Other than as disclosed herein;

- a) the Corporation is not party to any compensation plan or arrangement with an NEO resulting from the resignation, retirement or termination of employment of any such person.
- b) the Corporation does not have any plan or arrangement with respect to compensation to its executive officers, which would result from the resignation, retirement or any other termination of employment of the executive officers' employment with the Corporation and its subsidiaries or which would result from a change of control of the Corporation or a change in the executive officers' responsibilities following a change in control.

### **Director Compensation**

The Corporation has no pension plan or other arrangement for non-cash compensation for its directors who are not NEOs, except incentive stock options. During the Corporation's completed financial year ended December 31, 2019, no stock options were granted to directors who are not NEOs. The following table shows options held by directors at the 2019 year-end that were issued in years prior to 2019.

<b>Name</b>	<b>Number of securities underlying unexercised options (#)</b>	<b>Option exercise price (\$)</b>	<b>Option expiration date</b>
Edward J. Munden	225,000	\$0.35	Nov. 22, 2022
Thomas W. Meredith	225,000	\$0.35	Nov. 22, 2022

**Director share-based awards, option based awards, and non-equity incentive plan compensation**

The following table discloses all amounts of compensation provided by the Corporation to its directors who are not NEOs for the financial year ended December 31, 2019:

Name	Director's Fees	Option Based Awards				Share-based Awards	
	(\$)	Number of Securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of Shares or units that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Edward J. Munden	18,000	Nil	N/A	N/A	N/A	N/A	N/A
Thomas W. Meredith	18,000	Nil	N/A	N/A	N/A	N/A	N/A

No other compensation during the most recently completed financial year was paid to directors pursuant to any other arrangement or in lieu of any standard arrangement. All reasonable expenses incurred by directors in respect of their duties are reimbursed by the Corporation.

Other than as set forth in the foregoing, no director of the Corporation who is not an NEO has received, during the most recently completed financial year, compensation pursuant to:

- (a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;
- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors; or
- (c) any arrangement for the compensation of directors for services as consultants or experts.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth details of the Corporation's compensation plans under which equity securities of the Corporation were authorized for issuance at the end of the Corporation's most recently completed financial year.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	2,305,000	\$0.31	2,322,661
Equity compensation plans not approved by security holders	Nil	N/A	Nil
Total	2,305,000	\$0.31	2,322,661

**New Equity Incentive Plan**

The Corporation has in place a New Equity Incentive Plan (the "Plan") for the purpose of attracting and motivating Directors, Officers, Employees and Consultants of the Corporation and advancing the interests of the Corporation by affording such persons the opportunity to acquire an equity interest in the Corporation through rights granted under the Plan to purchase shares of the Corporation.



The key terms of the New Equity Incentive Plan, which is qualified in its entirety by reference to the full text of the New Equity Incentive Plan, attached hereto as Schedule “III” are described above in detail under the heading “SPECIAL MATTERS – APPROVAL OF THE NEW EQUITY INCENTIVE PLAN”, at pages 6-10 of this Information Circular.

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

No directors or executive officers of the Corporation, or any of their associates or affiliates, is or has been indebted to the Corporation since the commencement of the last completed fiscal year of the Corporation or to any other entity, which indebtedness is, or at any time since the commencement of the last completed fiscal year, has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

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

To the knowledge of management of the Corporation, there are no material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any informed persons of the Corporation, directors, proposed directors or officers of the Corporation, any shareholder who beneficially owns more than ten percent (10%) of the Common Shares of the Corporation, or any associate or affiliate of these persons in any transaction since the commencement of the Corporation’s last completed fiscal year or in any proposed transaction, which has materially affected or would materially affect the Corporation other than as disclosed herein or in the financial statements of the Corporation for the fiscal year ended December 31, 2019. Reference should be made to the notes to the audited financial statements for a more detailed description of any material transaction.

#### **MANAGEMENT CONTRACTS**

During the years ended December 31, 2019 and 2018, Mr. Dunbar had an employment contract with the Corporation which provided for the following;

- c) an annual salary of \$175,000,
- d) upon termination without cause one month’s severance for every year since 1998 to a maximum of twenty-four months, plus a prospective bonus equal to the greater of the last bonus paid to the president or 75% of his then annual salary. At the Company’s December 31, 2019 year end the estimated contingent liability amounted to approximately \$437,000, and
- e) In the event of a change of control if terminated, or constructively dismissed within six months of the change of control, the President is entitled to two year’s remuneration plus a prospective bonus equal to the greater of two times the average annual bonus paid to the president or one year’s annual remuneration. At the Company’s December 31, 2019 year end the contingent liability amounted to approximately \$525,000.

During 2017 the Corporation had a verbal consulting agreement with Robin E. Dunbar, President and Chief Executive Officer with no defined termination provisions. The annual consulting fees paid for 2017 were \$104,166.

During 2019 the Corporation had a verbal consulting agreement with Mr. Roden as Chief Financial Officer of the Corporation, under which consulting fees paid were \$42,000. During 2018 Mr. Roden was compensated under a consulting contract at an annual rate of \$48,000. During 2017 the Corporation had a verbal consulting agreement with Mr. Roden as Chief Financial Officer of the Corporation under which consulting fees paid were \$25,000. In all years the contracts were terminable on one month’s notice.

#### **AUDIT COMMITTEE**

##### **Relationship with Auditors**

National Instrument 52-110 of the Canadian Securities Administrators (“NI 52-110”) requires the Corporation, to disclose annually in its information circular certain information relating to the Corporation’s Audit Committee and its relationship with the Corporation’s independent auditors.

### **Audit Committee Charter**

The Audit Committee Charter is annexed hereto as Schedule “I”.

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

The Corporation’s Audit Committee is comprised of three (3) directors. As defined in NI 52-110, all the audit committee members are “financially literate”. Edward J. Munden, Robin E. Dunbar and Thomas W Meredith have the industry experience necessary to understand and analyze financial statements of the level of complexity of the Corporation, as well as the understanding of internal controls and procedures necessary for financial reporting.

### **Audit Committee Oversight**

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

### **Reliance on Certain Exemptions**

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

### **Pre-Approved Policies and Procedures**

The Corporation has not adopted specific policies and procedures for the engagement of non-audit services, other than the provisions of an Audit Committee resolution authorising the engagement of the Corporation’s auditor for the purposes of preparing tax filings, and for the provision of assurances to third parties and related services, at the auditor’s usual and customary rates. The Audit Committee will review the engagement of additional non-audit services as required.

### **External Auditor Service Fees paid during the year (by category)**

	<b>Year ended December 31, 2019</b>	<b>Year ended December 31, 2018</b>
	<b>(\$)</b>	<b>(\$)</b>
a) Audit Fees <sup>(1)</sup>	18,000	18,000
b) Audit Related Fees <sup>(2)</sup>	Nil	Nil
c) Tax Fees <sup>(3)</sup>	3,000	7,000

- Notes:
- (1) Fees paid during the year for services provided in auditing the Corporation’s annual financial statements.
  - (2) Fees not included in “audit fees” paid during the year to the auditors for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation’s statements.
  - (3) Fees paid during the year to the auditors for professional services rendered for tax compliance, tax advice and tax planning.

## **CORPORATE GOVERNANCE**

National Instrument Policy 58-201 - “Corporate Governance Guidelines” (the “**Guidelines**”) and National Instrument 58-101 - “Disclosure of Corporate Governance Practices” (“**NI 58-101**”) requires that each reporting issuer annually disclose its corporate governance system with reference to the Guidelines or NI 58-101. The Guidelines have replaced the guidelines previously set forth by the Toronto Stock Exchange. These non-prescriptive Guidelines deal with such matters as constitution and independence of boards of directors and board committees, their functions, the

effectiveness and education of board members, and other means of ensuring sound corporate governance. The following is a summary of the Corporation’s approach to corporate governance with reference to the Guidelines.

### **Board of Directors**

The following table sets out the directors of the Corporation that are directors of other issuers that are reporting issuers (or their equivalent) in any Canadian jurisdiction or foreign jurisdiction:

<b>Name of Director</b>	<b>Name of Reporting Issuer</b>
Robin E. Dunbar	McEwen Mining Inc.
Edward J. Munden	Aquila Resources Inc.
Thomas W. Meredith	West Red Lake Gold Mines Inc.

The Guidelines recommend that a majority of directors of a listed corporation be “independent” as defined by National Instrument 51-110 (“**NI 52-110**”). An independent director is a director who does not have any direct or indirect material relationship with the issuer. “Material relationship” is defined as a relationship which could, in the view of the company’s board of directors, be reasonably expected to interfere with the exercise of a director’s independent judgment. NI 52-110 further sets out certain relationships which are deemed to be material relationships. In addition, Section 1.5 of NI 52-110 sets out “additional independence requirements” that provide that executive officers of a shareholder who “controls” a company are considered to have a “material relationship” with the company and consequently are not independent directors.

The Board has determined that out of the three members of the Board, one member, Robin E. Dunbar, the President and CEO of the Corporation is not an independent director and that Edward J. Munden and Thomas W. Meredith are independent directors. The same people are proposed for re-election to the board.

### **Board Mandate**

The Board of Directors assumes ultimate responsibility for the stewardship of the Corporation and carries out its mandate directly and through considering recommendations it receives from the Committees of the Board and from management. The Board of Directors approves all materials acquisitions, dispositions and financings and other significant matters outside the ordinary course of the Corporations’ business. The Corporation has adopted a code of business conduct which has been communicated to all consultants, employees and other service providers. The text of the Board Charter is annexed hereto as Schedule “II”.

Management is responsible for the day-to-day operations of the Corporation, and pursues Board approved strategic initiatives within the context of authorized business, capital plans and corporate policies. The President is expected to report to the Board on a regular basis on short-term results and long-term development activities.

The Board is specifically responsible for adoption of a strategic planning process, identification of principal risks and implementing risk-management systems, and succession planning.

Each director is elected annually by the shareholders and serves for a term that will end at the Corporation’s next annual meeting. The Board believes that three directors is a sufficient number to ensure the Board will be able to function independently of management, but that this number may need to be increased in the future. The Board has regularly scheduled quarterly meetings with special meetings to review matters when needed. The Board encourages its independent members to hold separate discussions regarding the Corporation to the extent such directors believe this is necessary.

### **Position Descriptions**

The Board of Directors has not developed written position descriptions for the Chairman, the chairman of any Board committees or the Chief Executive Officer. The Board is of the view that given the size of the Corporation, the relatively frequent discussions between Board members and the CEO and senior management, and the experience of the individual members of the Board, the responsibilities of such individuals are known and understood without position descriptions

being reduced to writing. The Board will evaluate this position from time to time, and if written position descriptions appear to be justified, they will be prepared.

### **Orientation and Continuing Education**

At present, the Board does not provide an official orientation or training program to its new directors. Each of the members of the Board has had solid experience in the industry as well as has had experience in acting as a director of public or private companies, or both. The Corporation's legal counsel is made available to the directors to assist them in better understanding what their legal responsibilities are.

### **Ethical Business Conduct**

The Corporation has adopted a Code of Ethics for directors, officers, consultants and employees. The Corporation requires the highest standards of professional and ethical conduct from its directors, officers and employees and believes that its reputation for honesty and integrity among its stakeholders is key to the success of its business. In that regard, to create a culture of honesty, integrity and accountability, discussion, on an informal basis, is had amongst the Board, management and employees respecting such matters as the retention of confidential information, insider trading rules, the obligation to declare conflicts of interests, the exercise of fair dealing with suppliers and other third parties and the necessity to comply with applicable laws, regulations and rules.

## **BOARD COMMITTEES**

### ***Audit Committee and Disclosure Committee***

The Audit Committee is comprised of three members, Robin E. Dunbar, Edward J. Munden and Thomas W. Meredith, two of whom are independent directors. All of the members are financially literate.

The Audit Committee met four times last year. The mandate of the Audit Committee provides that its members shall meet at least quarterly prior to the release of the interim and annual financial results. The Board has approved a charter for the Audit Committee, a copy of which is attached as Schedule "I".

The Audit Committee also functions as the Disclosure Committee of the Board. The principal responsibilities of the Disclosure Committee consist of reviewing and implementing a communication policy for the Corporation and maintaining the integrity of the Corporation's internal control, management information and public disclosure systems.

### ***Compensation Committee***

The Compensation Committee is comprised of two members, Thomas W. Meredith and Edward J. Munden both of whom are independent directors. The principal responsibilities of the Compensation Committee consist of reviewing the compensation of the chief executive officer of the Corporation and other senior executives of the Corporation and providing recommendations to the Board for approval. The Board has approved a charter for the Compensation Committee.

Executive compensation is designed to encourage, compensate and reward employees on the basis of individual and corporate performance, other in the short and long term. Compensation for each of the executive officers consists of a base salary, bonus and stock options. Compensation is directly tied to corporate and individual performance.

The Corporation's business strategy, goals and objective for the Chief Executive Officer are reviewed annually. The Board receives at least quarterly updates from management on strategic developments and reviews and adjusts the compensation as necessary.

Stock Options and other incentive awards are designed to give each optionee an interest in preserving and maximizing long-term shareholder value to enable the Corporation to attract and retain individuals with experience and ability and to reward individuals for current performance and expected future performance.

### ***Other Committees of the Board***

Currently, due to the size of the Corporation and its board of directors, the functions of an executive committee, corporate governance committee and nominating committee are performed by the entire board of directors.

### **Assessments**

The practices of the Board respecting the above corporate governance matters are subject to modifications during the evolution of the Corporation. Consequently, the Board keeps in mind the questions surrounding corporate governance and tries to constantly assess, and if necessary, create measures, control mechanisms and the necessary structures to ensure the efficient execution of its responsibilities, without creating additional general fees and without reducing the performance of the Corporation.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.gridmetalscorp.com](http://www.gridmetalscorp.com). Shareholders may contact the Corporation to request copies of the Corporation's financial statements, MD&A and any documents incorporated by reference herein without charge by emailing [info@gridmetalscorp.com](mailto:info@gridmetalscorp.com).

Financial information regarding the Corporation is provided in the Corporation's audited financial statements for the year ended December 31, 2019 and 2018 and the related management discussion and analysis for each year.

### **OTHER MATTERS**

Management of the Corporation knows of no other matters to come before the Meeting other than the matters referred to in the Notice of Meeting and the accompanying Management Information Circular. If any matters which are not known should properly come before the Meeting, the accompanying proxy instrument will be voted on such matters, in accordance with the best judgment of the person voting it.

### **APPROVAL OF DIRECTORS**

The contents and the sending of this Management Information Circular have been approved by the Board of Directors of the Corporation.

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

DATED at Toronto, Ontario this 25<sup>th</sup> day of November, 2020.

By Order of the Board of Directors

*"Robin E. Dunbar"*

Robin E. Dunbar  
President and CEO

## **SCHEDULE “I”**

### **GRID METALS CORP.**

#### **AUDIT COMMITTEE CHARTER**

The Audit Committee of the Board of Directors (the “Committee”) has the responsibilities and duties as outlined below:

#### **1. MANDATE**

The mandate of the Committee is:

- (a) To perform such duties as may be required by applicable legislation, regulations and policies including those of the Ontario Securities Commission (“OSC”), the Toronto Stock Exchange and/or the TSX Venture Exchange ( collectively, the “TSX”) as more fully described under the heading “Duties” below.
- (b) To assist the Board of Directors (the “Board”) in fulfilling its oversight responsibilities for:
  - (i) the integrity of the Corporation’s financial statements;
  - (ii) the Corporation’s compliance with legal and regulatory requirements;
  - (iii) the external auditor(s)’ qualifications and independence;
  - (iv) the performance of the Corporation’s independent auditors; and
  - (v) the system of internal control over financial reporting (“internal controls”).
- (c) To perform such other duties as may from time to time be assigned to the Committee by the Board.

#### **2. AUTHORITY**

The Committee has authority to:

- (a) conduct or authorize investigations into any matters within its scope of responsibility;
- (b) retain independent counsel, accountants or others to advise the Committee or assist in the conduct of an investigation;
- (c) meet with Corporation officers, external auditors and outside counsel, as necessary; and
- (d) determine appropriate funding for independent advisors.

#### **3. DUTIES**

The Committee shall:

- (a) Financial Information
  - (i) review the quarterly and annual consolidated financial statements of the Corporation prior to approval by the Board and disclosure to the public, which review should include discussion with management and external auditors of significant issues regarding the financial results, accounting principles, practices and management estimates and judgments;

- (ii) review the quarterly and annual Management’s Discussion & Analysis (“MD&A”) of the Corporation’s current financial results, position and future prospects prior to review and approval by the Board;
  - (iii) review earnings press releases and earnings guidance press releases;
  - (iv) discuss significant financial risk exposures and the steps management of the Corporation has taken to monitor, control and report such exposures;
  - (v) review with management and the external auditors all matters required to be communicated to the Committee under generally accepted auditing standards;
  - (vi) review the Corporation’s Annual Information Form; and
  - (vii) review the process relating to and all certifications of the Chief Executive Officer and the Chief Financial Officer on the integrity of the Corporation’s quarterly and annual consolidated financial statements as may be required under applicable securities legislation.
- (b) Compliance**
- (i) review investments and transactions that could adversely affect the well-being of the Corporation which may be brought to its attention by the external auditor(s) or by any officer of the Corporation;
  - (ii) review the period reports on litigation matters;
  - (iii) annually, review the Corporation’s Environmental Policy and evaluate the Corporation’s effectiveness in complying with that policy; and
  - (iv) annually, review the Charter for the Committee and evaluate the Committee’s effectiveness in fulfilling its mandate.
- (c) Internal Controls**
- (i) require Corporation management to implement and maintain appropriate internal control procedures over financial reporting and review, evaluate and approve these procedures;
  - (ii) establish procedures for processing complaints regarding accounting, internal controls or auditing matters; and
  - (iii) establish procedures for responding to complaints regarding environmental matters.
- (d) External Auditors**
- (i) have responsibility for the oversight of the external auditor(s) who shall report directly to the Committee;
  - (ii) retain and terminate the Corporation’s external auditor(s), subject to shareholder ratification;
  - (iii) review the annual audit plan and letter(s) of engagement;
  - (iv) at least annually review the report of the external auditor(s);
  - (v) review and recommend to the Board the annual fee for the audit, review the Corporation’s audit related expenses and pre-approve permitted non-audit services;

- (vi) approve any significant non-audit relationship with the external auditor(s);
  - (vii) meet with the external auditor(s) and with management to discuss the quarterly and the annual consolidated financial statements including the Corporation's disclosure under MD&A; and
  - (viii) review with the external auditor(s) any audit problems or difficulties and management's response.
- (e) Reporting / Other Duties
- (i) report to the Board on the proceedings of each Committee meeting and on the Committee's recommendations at the next regularly scheduled Board meeting;
  - (ii) provide for an open avenue of communication between internal audit, the external auditors and the Board of Directors;
  - (iii) institute and oversee special investigations as needed.

#### 4. COMPOSITION

(a) Structure

- (i) The Committee shall be composed of not less than three directors, a majority of whom must be resident Canadians and a majority of whom must be "unrelated directors".
- (ii) Each member of the Committee shall be free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her judgment as a member of the Committee. All members of the Committee shall have a working familiarity with basic finance and accounting practices.

(b) Independence

- (i) A majority of the members of the Committee must not be current officers or employees of the Corporation or of any of its subsidiaries or affiliates nor have been such within the 36 months prior to his appointment. A majority of the members must not be persons who are affiliated with the Corporation or of any of its subsidiaries or affiliates as determined by the Board.
- (ii) Directors' fees (annual retainer and/or attendance fees) and incentive stock options are the only compensation a member of the Committee may be paid by the Corporation.

(c) Appointment of Committee Members

Members are appointed or reappointed annually by the Board, such appointments to take effect immediately following the annual meeting of the shareholders of the Corporation. Members shall hold office until their successors are appointed or until they cease to be Directors of the Corporation.

(d) Vacancies

Vacancies may be filled for the remainder of the current term of appointment of members of the Committee by the Board.

(e) Appointment and Qualifications of Committee Chair



The Board shall appoint from the Committee membership a Chair for the Committee to preside at meetings. In the absence of the Chair, one of the other members of the Committee present shall be chosen by the Committee to preside at that meeting.

## **5. MEETINGS**

**(a)** Calling of Meetings. Meetings of the Committee may be called by:

- (i) the Chair,
- (ii) any member of the Committee; or
- (iii) the External Auditors.

**(b)** The Committee may call a meeting of the Board to consider any matter of concern to the Committee.

**(c)** The Committee shall not transact business at a meeting unless a majority of the members present are resident Canadians except where:

- (i) a resident Canadian member who is unable to be present approves in writing or by telephonic, electronic or other communications facilities the business transacted at the meeting; and
- (ii) a resident Canadian majority of members would have been present if the absent member had been present.
- (iii) Any resolution consented to at any time during the Corporation's existence by the signatures of all the members of the Audit Committee is as valid and effective as if passed at a meeting of the members of the Audit Committee duly called, constituted and held for that purpose.

**(d)** Notice of Meetings

Notice of meeting of the Committee shall be sent by prepaid mail, by personal delivery or other means of transmitted or recorded communication or by telephone at least 12 hours before the meeting to each member of the Committee at the member's address or communication number last recorded with the Secretary. A Committee member may in any manner waive notice of a meeting of the Committee and attendance at a meeting is a waiver of notice of the meeting, except where a member attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called.

**(e)** Notice to the Internal Auditor and External Auditor(s)

The external auditor(s) are entitled to receive notice of every meeting of the Committee and to attend and be heard at each meeting and to have the opportunity to discuss matters with the independent directors, without the presence of management.

**(f)** Frequency

The Committee shall meet at least quarterly.

**(g)** Quorum

The quorum for a meeting of the Committee shall be 40% of the number of members, subject to a minimum of two members.

**(h)** Secretary and Minutes

- (i) The Chief Financial Officer of the Corporation shall act as Secretary of the Committee.
- (ii) Minutes of meetings of the Committee shall be recorded and maintained by the Secretary of the Committee and subsequently presented to the Committee and to the Board, if required by the Board.

## SCHEDULE "II"

### BOARD CHARTER

#### GRID METALS CORP.

##### Board of Directors Charter

**Role of the Board of Directors.** The role of the Board of Directors is to oversee the business of the Corporation, to select and provide guidance to the CEO and other officers, and to ensure corporate continuity. The Board fulfills its roles directly, through its committees, and via instructions to management. At all times, the board acts with a view towards the best interests of the Company and of its shareholders.

**Scope of the Board's Authority.** The Board meets regularly to provide guidance to management, to review reports on the performance of the Company, to discuss significant decisions with regards to the continued business of the corporation. The Board is also directly responsible for the following functions:

**Selection of the CEO.** The Board is directly responsible for the selection and evaluation of the CEO. The Board is also responsible for defining the role of the CEO of the Company. The Board's Compensation Committee sets the compensation of the CEO.

**Responsibility for senior management.** The Board is responsible for the selection and evaluation of the Company's senior management. The Board is also responsible for succession planning.

**Corporate Strategy.** The Board is responsible for developing, planning and overseeing the Company's strategic objectives, approving and monitoring management's role in realising these objectives and making major decisions affecting the Company's future.

**Risk assessment.** The Board, along with management, is responsible for assessing the major risks faced by the Company, and for planning, approving and monitoring the management of these risks.

**Integrity.** The Board has primary responsibility for maintaining the integrity of the Company and its management. The Board sets and implements internal controls, directly and through its Audit Committee. The Board is also responsible for ensuring that the Company conducts its affairs in an ethical way.

##### Composition of the Board

**Selection and size of the Board.** The Board is elected by the shareholders of the Company at the Company's annual meeting of shareholders. The Nominating Committee proposes a slate of candidates to the board, which in turn proposes them to the shareholders for election. Shareholders may also make independent proposals for nominations to the Board, by complying with the requirements of the Ontario Business Corporations Act ("OBCA"), or alternatively, at the annual meeting.

The number of directors is recommended by the board for shareholder approval, subject to the requirements of the OBCA and the Company's Articles of Incorporation. Between annual meetings, the board may appoint new or replacement directors to serve until the next annual meeting.

**Qualifications of Directors.** The Company seeks to have an active board, and one which is well-suited to advancing the best interests of the shareholders. As such, the members of the board should possess skills and competencies in areas relevant to the Company's activities, and should complement each others' strengths. A majority of the Company's directors are to be unrelated directors, as defined by the Toronto Stock Exchange.

**Orientation of New Directors.** The Nominations Committee, working with management, are responsible for the orientation and education of new directors, who are also offered the opportunity to undertake additional training at Company expense.

**Meetings.** The Company's board meets at least once per quarter, in person or by telephone. The Board is responsible for its agenda. Prior to each board meeting, the lead director and the CEO discuss agenda items for inclusion, and prepare materials for distribution to the directors.

At the end of each regularly scheduled board meeting, the unrelated directors will meet without management presence, chaired by the lead director. Any director may initiate meetings without management presence by contacting the lead director.

**Committees.** The Board has established the following standing committees: Audit, Nominations, Compensation and Disclosure. Committee chairs submit reports to the full board from each committee meeting. The terms of reference for each of the committees are reviewed annually by the board.

**Nominations Committee.** The Nominations Committee performs an annual evaluation of the board's effectiveness as a whole, as well as of its individual directors and committees. Individual committees also self-assess annually. The Nominations Committee annually recommends to the board appropriate compensation for non-management directors.

**Compensation.** Compensation for management directors is determined by the Compensation Committee. The Compensation Committee recommends to the board appropriate compensation for Company management.

**Access to outside advisors.** The board and any committee may at any time retain outside advisors at the expense of the Corporation. Any director may, with the approval of the lead director, retain an outside advisor at the expense of the Corporation.

**Corporate Responsibility Policy.** The board, as well as its committees and individual members are expected to abide by the Company's Code of Business Ethics.

**SCHEDULE “III”**

**GRID METALS CORP.  
EQUITY INCENTIVE PLAN**

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**GRID METALS CORP.**

**Equity Incentive Plan**

**ARTICLE 1  
PURPOSE**

**1.1 Purpose**

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

**ARTICLE 2  
INTERPRETATION**

**2.1 Definitions**

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

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

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

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

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

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

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

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

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



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

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

provided that, notwithstanding clause (a), (b), (c) and (d) above, a Change in Control shall be deemed not to have occurred if immediately following the transaction set forth in clause (a), (b), (c) or (d) above: (A) the holders of securities of the Corporation that immediately prior to the consummation of such transaction represented more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors of the Corporation hold (x) securities of the entity resulting from such transaction (the “**Surviving Entity**”) that represent more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors or trustees (“**voting power**”) of the Surviving Entity, or (y) if applicable, securities of the entity that directly or indirectly has beneficial ownership of 100% of the securities eligible to elect directors or trustees of the Surviving Entity (the “**Parent Entity**”) that represent more than 50% of the combined voting power of the then outstanding securities eligible to vote for the election of directors or trustees of the Parent Entity, and (B) no Person or group of two or more Persons, acting jointly or in concert, is the beneficial owner, directly or indirectly, of more than 50% of the voting power of the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) (any such transaction which satisfies all of the criteria specified in clauses (A) and (B) above being referred to as a “**Non-Qualifying Transaction**” and, following the Non-Qualifying Transaction, references in this definition of “Change in Control” to the “Corporation” shall mean and refer to the Parent Entity (or, if there is no Parent Entity, the Surviving Entity) and, if such entity is a company or a trust, references to the “Board” shall mean and refer to the board of directors or trustees, as applicable, of such entity).

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

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

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

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

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

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

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

**“Corporation”** means Grid Metals Corp.;

**“Date of Grant”** means, for any Award, the date specified by the Plan Administrator at the time it grants the Award (which, for greater certainty, shall be no earlier than the date on which the Board meets or otherwise acts for the purpose of granting such Award) or if no such date is specified, the date upon which the Award was granted;

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

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

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

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

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

**“Effective Date”** means the effective date of this Plan, being October 8, 2019;

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

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

“**Election Date**” means the date on which the Electing Person files an Election Notice in accordance with Subsection 1.1(b);

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

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

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

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

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

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

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

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

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

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

“**Officer**” means an executive officer or their equivalent of the Corporation;

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

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

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

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

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

**“Person”** includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, and a natural person in his or her capacity as trustee, executor, administrator or other legal representative;

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

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

**“Prior Plan”** means the Corporation’s current Stock Option Plan;

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

**“Securities Laws”** means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that govern or are applicable to the Corporation or to which it is subject;

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

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

**“Termination Date”** means:

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

or the Designated Affiliate (as the case may be) may be required to provide to the Participant under the terms of the consulting agreement or arrangement expires; or

- (c) in the case of a U.S. Taxpayer, a Participant's "Termination Date" will be the date the Participant "separates from service" with the Corporation or a Designated Affiliate within the meaning of Section 409A of the Code;

"U.S." means the United States of America; and

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

## **2.2 Interpretation**

- (a) Whenever the Plan Administrator exercises discretion in the administration of this Plan, the term "discretion" means the sole and absolute discretion of the Plan Administrator.
- (b) As used herein, the terms "Article", "Section", "Subsection" and "clause" mean and refer to the specified Article, Section, Subsection and clause of this Plan, respectively.
- (c) Words importing the singular include the plural and vice versa and words importing any gender include any other gender.
- (d) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period begins, including the day on which the period ends, and abridging the period to the immediately preceding Business Day in the event that the last day of the period is not a Business Day. In the event an action is required to be taken or a payment is required to be made on a day which is not a Business Day such action shall be taken or such payment shall be made by the immediately preceding Business Day.
- (e) Unless otherwise specified, all references to money amounts are to Canadian currency.
- (f) The headings used herein are for convenience only and are not to affect the interpretation of this Plan.

## **ARTICLE 3 ADMINISTRATION**

### **3.1 Administration**

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

- (a) determine the individuals to whom grants under the Plan may be made;
- (b) make grants of Awards under the Plan relating to the issuance of Shares (including any combination of Options, Restricted Share Units or Deferred Share Units) in such amounts, to such Persons and, subject to the provisions of this Plan, on such terms and conditions as it determines including without limitation:
  - (i) the time or times at which Awards may be granted;
  - (ii) the conditions under which:
    - (A) Awards may be granted to Participants; or

- (B) Awards may be forfeited to the Corporation, including any conditions relating to the attainment of specified Performance Goals;
- (iii) the number of Shares to be covered by any Award;
- (iv) the price, if any, to be paid by a Participant in connection with the purchase of Shares covered by any Awards;
- (v) whether restrictions or limitations are to be imposed on the Shares issuable pursuant to grants of any Award, and the nature of such restrictions or limitations, if any; and
- (vi) any acceleration of exercisability or vesting, or waiver of termination regarding any Award, based on such factors as the Plan Administrator may determine;
- (c) establish the form or forms of Award Agreements;
- (d) cancel, amend, adjust or otherwise change any Award under such circumstances as the Plan Administrator may consider appropriate in accordance with the provisions of this Plan;
- (e) construe and interpret this Plan and all Award Agreements;
- (f) adopt, amend, prescribe and rescind administrative guidelines and other rules and regulations relating to this Plan, including rules and regulations relating to sub-plans established for the purpose of satisfying applicable foreign laws or for qualifying for favorable tax treatment under applicable foreign laws; and
- (g) make all other determinations and take all other actions necessary or advisable for the implementation and administration of this Plan.

### **3.2 Delegation to Committee**

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

### **3.3 Determinations Binding**

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

### **3.4 Eligibility**

All Employees, Consultants, Officers and Directors are eligible to participate in the Plan, subject to Section 8.1(d). Participation in the Plan is voluntary and eligibility to participate does not confer upon any Employee, Consultant,

Officer or Director any right to receive any grant of an Award pursuant to the Plan. The extent to which any Employee, Consultant, Officer or Director is entitled to receive a grant of an Award pursuant to the Plan will be determined in the sole and absolute discretion of the Plan Administrator. Awards may only be granted to Participants who are bona fide Employees, Consultants or other service providers of the Corporation or its Affiliates. The Corporation covenants that all Employees, Consultants, or other service providers shall be bona fide Employees, Consultants or other service providers of the Corporation or its Affiliates.

### **3.5 Board Requirements**

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

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

- (a) Subject to adjustment as provided for in Article 9 and any subsequent amendment to the Plan, the aggregate number of Shares reserved for issuance pursuant to Awards granted under the Plan and the Prior Plan shall not exceed 10% of the Shares issued and outstanding from time to time. The Plan is considered an “evergreen” plan, since the shares covered by Awards which have been exercised or terminated shall be available for subsequent grants under the Plan and the number of Awards available to grant increases as the number of issued and outstanding Common Shares increases.
- (b) To the extent any (i) Awards (or portion(s) thereof) under the Plan or (ii) awards (or portion(s) thereof) under the Prior Plan terminate or are cancelled for any reason prior to exercise in full, or are surrendered to the Corporation by the Participant, except surrenders relating to the payment of the purchase price of any such award or the satisfaction of the tax withholding obligations related to any such award, the Shares subject to such awards (or portion(s) thereof) shall be added back to the number of Shares reserved for issuance under this Plan and will again become available for issuance pursuant to the exercise of Awards granted under this Plan.
- (c) Any Shares issued by the Corporation through the assumption or substitution of outstanding stock options or other equity-based awards from an acquired company shall not reduce the number of Shares available for issuance pursuant to the exercise of Awards granted under this Plan.
- (d) The aggregate number of Shares reserved for issuance pursuant to grants of RSUs and DSUs shall not exceed a maximum of 3,000,000 Shares. Such Shares shall be included in the maximum number of Shares reserved for issuance under the Plan set forth in paragraph 3.6(a) above and may be reinstated from time to time after issuance upon approval from the Exchange.

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

Notwithstanding anything in this Plan:

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

- (ii) issued to Insiders within any one year period, under all of the Corporation's Security Based Compensation Arrangements, shall not exceed 10% of the issued and outstanding Shares (on a non-diluted basis);
- (iii) issued to persons or Consultants employed in Investor Relations Activities (as defined in the policies of the Exchange) shall vest in stages over 12 months with no more than ¼ of the Options vesting in any three month period;
- (iv) issued to any one Participant and such Participant's associates under all of the Corporation's Security Based Compensation Arrangements in any 12 month period shall be 5% of the issued and outstanding Shares at the date of the issuance (on a non-diluted basis);
- (v) issued to persons employed in Investor Relations Activities under the Plan or under all of the Corporation's Security Based Compensation Arrangements, in any 12 month period shall not exceed 2% of the Shares outstanding at the date of grant (on a non-diluted basis), provided however, that persons employed in Investor Relations Activities shall not be entitled to receive RSUs or DSUs under the Plan; and
- (vi) issued to any one person employed as a Consultant under the Plan or any other Share Compensation Arrangement in any 12 month period shall not exceed 2% of the Shares outstanding at the date of the grant (on a non-diluted basis).

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

### **3.8 Award Agreements**

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

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

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

## **ARTICLE 4 OPTIONS**

### **4.1 Grant of Options**

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



#### **4.2 Exercise Price**

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

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

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

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

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

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

- (a) Unless otherwise specified by the Plan Administrator at the time of granting an Option, the Exercise Notice must be accompanied by payment in full of the purchase price for the Option Shares to be purchased. The Exercise Price must be fully paid by certified cheque, bank draft or money order payable to the Corporation or by such other means as might be specified from time to time by the Plan Administrator, which may include (i) through an arrangement with a broker approved by the Corporation (or through an arrangement directly with the Corporation) whereby payment of the exercise price is accomplished with the proceeds of the sale of Shares deliverable upon the exercise of the Option, or (ii) such other consideration and method of payment for the issuance of Shares to the extent permitted by the Securities Laws, or any combination of the foregoing methods of payment.
- (b) No Shares will be issued or transferred until full payment therefor has been received by the Corporation.

### **ARTICLE 5 RESTRICTED SHARE UNITS**

#### **5.1 Granting of RSUs**

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

RSUs, as determined by the Plan Administrator, by (ii) the Market Price of a Share on the Date of Grant.

## **5.2 RSU Account**

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

## **5.3 Vesting of RSUs**

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

## **5.4 Settlement of RSUs**

- (a) The Plan Administrator shall have the authority to determine the settlement terms applicable to the grant of RSUs. Subject to Section 10.6(d) below, on the settlement date for any RSU, the Participant shall redeem each vested RSU for:
  - (i) one fully paid and non-assessable Share issued from treasury to the Participant or as the Participant may direct; or
  - (ii) subject to the approval of the Plan Administrator, a cash payment.
- (b) Any cash payments made under this Section 5.4 by the Corporation to a Participant in respect of RSUs to be redeemed for cash shall be calculated by multiplying the number of RSUs to be redeemed for cash by the Market Price per Share as at the settlement date.
- (c) Payment of cash to Participants on the redemption of vested RSUs may be made through the Corporation's payroll in the pay period that the settlement date falls within.

# **ARTICLE 6 DEFERRED SHARE UNITS**

## **6.1 Granting of DSUs**

- (a) The Board may fix from time to time a portion of the Director Fees that is to be payable in the form of DSUs. In addition, each Electing Person is given, subject to the conditions stated herein, the right to elect in accordance with Section 6.1(b) to participate in the grant of additional DSUs pursuant to this Article 6. An Electing Person who elects to participate in the grant of additional DSUs pursuant to this Article 6 shall receive their Elected Amount (as that term is defined below) in the form of DSUs in lieu of cash. The "Elected Amount" shall be an amount, as elected by the Director, in accordance with applicable tax law, between 0% and 100% of any Director Fees that are otherwise intended to be paid in cash (the "**Cash Fees**").
- (b) Each Electing Person who elects to receive their Elected Amount in the form of DSUs in lieu of cash will be required to file a notice of election in the form of Schedule A hereto (the "Election Notice") with the Chief Financial Officer of the Corporation: (i) in the case of an existing Electing Person, by December 31st in the year prior to the year to which such election is to apply (other than for Director Fees payable for the 2018 financial year, in which case any Electing Person who is not a U.S. Taxpayer as of the date of this Plan shall file the Election Notice by the date that is 30 days from the effective date of the Plan with respect to compensation paid for services to be performed after such date); and (ii) in the case of a newly appointed Electing Person who is not a U.S. Taxpayer, within 30 days of such appointment with respect to compensation paid for services to be performed after such date. In the case of an existing Electing Person who is a U.S. Taxpayer as of the Effective

Date of this Plan, an initial Election Notice may be filed by the date that is 30 days from the Effective Date only with respect to compensation paid for services to be performed after the Election Date; and, in the case of a newly appointed Electing Person who is a U.S. Taxpayer, an Election Notice may be filed within 30 days of such appointment only with respect to compensation paid for services to be performed after the Election Date. If no election is made within the foregoing time frames, the Electing Person shall be deemed to have elected to be paid the entire amount of his or her Cash Fees in cash.

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

## **6.2 DSU Account**

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

## **6.3 Vesting of DSUs**

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

## **6.4 Settlement of DSUs**

- (a) DSUs shall be settled on the date established in the Award Agreement; provided, however that in no event shall a DSU Award be settled prior to, or, subject to the discretion of the Plan Administrator, later than one year following, the date of the applicable Participant’s separation from service. In no event shall a DSU Award be settled later than three years following the date of the

applicable Participant's separation from service. If the Award Agreement does not establish a date for the settlement of the DSUs, then the settlement date shall be the date of separation from service, subject to the delay that may be required under Section 10.6(d) below. Subject to 10.6(d) below, on the settlement date for any DSU, the Participant shall redeem each vested DSU for:

- (i) one fully paid and non-assessable Share issued from treasury to the Participant or as the Participant may direct; or
  - (ii) subject to the approval of the Plan Administrator, a cash payment.
- (b) Any cash payments made under this Section 6.4 by the Corporation to a Participant in respect of DSUs to be redeemed for cash shall be calculated by multiplying the number of DSUs to be redeemed for cash by the Market Price per Share as at the settlement date.
- (c) Payment of cash to Participants on the redemption of vested DSUs may be made through the Corporation's payroll in the pay period that the settlement date falls within.

## **ARTICLE 7 ADDITIONAL AWARD TERMS**

### **7.1 Dividend Equivalents**

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

### **7.2 Black-out Period**

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

### **7.3 Withholding Taxes**

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

the sale of a number of Shares issued upon exercise, vesting, or settlement of such Award and the remittance to the Corporation of the net proceeds from such sale sufficient to satisfy such amount or (c) enter into any other suitable arrangements for the receipt of such amount.

#### **7.4 Recoupment**

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

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

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

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

- (a) where a Participant's employment, consulting agreement or arrangement is terminated or the Participant ceases to hold office or his or her position, as applicable, by reason of voluntary resignation by the Participant or termination by the Corporation or a Designated Affiliate for Cause, then any Award held by the Participant that has not vested as of the Termination Date is immediately forfeited and cancelled as of the Termination Date;
- (b) where a Participant's employment, consulting agreement or arrangement is terminated by the Corporation or a Designated Affiliate without Cause (whether such termination occurs with or without any or adequate reasonable notice, or with or without any or adequate compensation in lieu of such reasonable notice); then:
  - (i) a portion of any Awards not yet vested shall immediately vest, such portion to be equal to the number of unvested Awards multiplied by a fraction the numerator of which is the number of days between the Date of Grant and the Termination Date and the denominator of which is the number of days between the Date of Grant and the date the unvested Awards were originally scheduled to vest. For clarity and by way of example, if a participant's employment is terminated 400 days following the Date of Grant and unvested Awards were originally scheduled to vest 600 days from the Date of Grant, two-thirds of the unvested Awards will immediately vest. In such a scenario the Plan Administrator reserves the right to defer settlement to the originally scheduled settlement date provided any related taxes can also be deferred and provided the timing of the settlement for U.S. Taxpayers complies with the requirements of Section 409A of the Code; and
  - (ii) subject to Subsection 8.1(b)(i), any Awards held by the Participant that are not yet vested at the Termination Date shall be immediately forfeited to the Corporation;
- (c) where a Participant's employment is terminated by reason of the death of the Participant or the Participant becomes Disabled, then each Award held by the Participant that has not vested as of the date of the death or Disability, as applicable, of such Participant shall vest on such date, provided however, that such Award shall, subject to the terms thereof and any other terms of the Plan, be exercised by the legal representative(s) of the estate of the Participant within twelve months (12) following the death of the Participant (but prior to the expiry of the Award in accordance with the terms thereof) but only to the extent that the Participant was entitled to exercise such Award at the date of the termination of his appointment, employment or retainer.

- (d) a Participant's eligibility to receive further grants of Awards under this Plan ceases as of:
  - (i) the date that the Corporation or a Designated Affiliate, as the case may be, provides the Participant with written notification that the Participant's employment, consulting agreement or arrangement is terminated in the circumstances contemplated by this Section 8.1, notwithstanding that such date may be prior to the Termination Date; or
  - (ii) the date of the death or Disability of the Participant;
- (e) notwithstanding Subsection 8.1(b), unless the Plan Administrator, in its discretion, otherwise determines, at any time and from time to time, Awards are not affected by a change of employment agreement or arrangement, or directorship within or among the Corporation or a Designated Affiliate for so long as the Participant continues to be a Director, Officer, Employee or Consultant, as applicable, of the Corporation or a Designated Affiliate; and
- (f) save and except as provided in Subsections 8.1 (c), and subject to the determination of the Plan Administrator with respect to an Award, an Award, and all rights to purchase pursuant thereto, shall expire and terminate 30 days after the Participant ceasing to be an Employee, Consultant, an Officer or Director of the Corporation or of any Affiliate of the Corporation, or such later date as the Plan Administrator may determine, provided that any such extension of the termination date shall not exceed 12 months. Awards granted to a Participant who is engaged in Investor Relations Activities must expire within 30 days after the Participant ceases to be employed to provide Investor Relations Activities.

## **8.2 Discretion to Permit Acceleration**

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

## **8.3 Participants' Entitlement**

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

# **ARTICLE 9 EVENTS AFFECTING THE CORPORATION**

## **9.1 General**

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

## 9.2 Change in Control

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

- (a) Notwithstanding anything else in this Plan or any Award Agreement, the Plan Administrator may, without the consent of any Participant, take such steps as it deems necessary or desirable, including to cause (i) the conversion or exchange of any outstanding Awards into or for, rights or other securities of substantially equivalent value (or greater value), as determined by the Plan Administrator in its discretion, in any entity participating in or resulting from a Change in Control; (ii) outstanding Awards to vest and become exercisable, realizable, or payable, or restrictions applicable to an Award to lapse, in whole or in part prior to or upon consummation of such merger or Change in Control, and, to the extent the Plan Administrator determines, terminate upon or immediately prior to the effectiveness of such merger or Change in Control; (iii) the termination of an Award in exchange for an amount of cash and/or property, if any, equal to the amount that would have been attained upon the exercise or settlement of such Award or realization of the Participant's rights as of the date of the occurrence of the transaction (and, for the avoidance of doubt, if as of the date of the occurrence of the transaction the Plan Administrator determines in good faith that no amount would have been attained upon the exercise or settlement of such Award or realization of the Participant's rights, then such Award may be terminated by the Corporation without payment); (iv) the replacement of such Award with other rights or property selected by the Board of Directors in its sole discretion; or (v) any combination of the foregoing. In taking any of the actions permitted under this subparagraph (a), the Plan Administrator will not be required to treat all Awards similarly in the transaction.
- (b) Notwithstanding Section 9.2(a), and unless otherwise determined by the Plan Administrator, if, as a result of a Change in Control, the Shares will cease trading on an Exchange, then the Corporation may terminate all of the Options granted under this Plan at the time of and subject to the completion of the Change in Control transaction by paying to each holder at or within a reasonable period of time following completion of such Change in Control transaction an amount for each Option equal to the fair market value of the Option held by such Participant as determined by the Plan Administrator, acting reasonably.
- (c) Notwithstanding Section 8.1, and except as otherwise provided in an employment agreement, consulting agreement or arrangement, or other written agreement between the Corporation or a Designated Affiliate and a Participant, if within 12 months following the completion of a transaction resulting in a Change in Control, an Participant's employment, consulting agreement or arrangement is terminated by the Corporation or a Designated Affiliate without Cause, without any action by the Plan Administrator, the vesting of all Awards held by such Employee shall immediately accelerate, and all Options shall be exercisable notwithstanding Section 4.4 until the earlier of: (i) the Expiry Date of such Award; and (ii) the date that is 90 days after the Termination Date.
- (d) It is intended that any actions taken under this Section 9.2 will comply with the requirements of Section 409A of the Code with respect to Awards granted to U.S. Taxpayers.

## 9.3 Reorganization of Corporation's Capital

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

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

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

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

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

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

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

#### **9.7 Fractions**

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

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

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

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

#### **10.2 ISOs**

Subject to any limitations in Section 3.6, the aggregate number of Shares reserved for issuance as an ISO shall not exceed 10% of the Shares issued and outstanding from time to time, and the terms and conditions of any ISOs granted to a U.S. Taxpayer on the Date of Grant hereunder, including the eligible recipients of ISOs, shall be subject to the provisions of Section 422 of the Code, and the terms, conditions, limitations and administrative procedures established by the Plan Administrator from time to time in accordance with this Plan. At the discretion of the Plan Administrator, ISOs may be granted to any employee of the Corporation, its parent or any subsidiary of the Corporation, as such terms are defined in Sections 424(e) and (f) of the Code.

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

Notwithstanding anything to the contrary in this Plan, if an ISO is granted to a U.S. Taxpayer who owns shares representing more than 10% of the voting power of all classes of shares of the Corporation or of a subsidiary or parent, as such terms are defined in Section 424(e) and (f) of the Code, on the Date of Grant, the term of the Option shall not



exceed five years from the time of grant of such Option and the Exercise Price shall be at least 110% of the Market Price of the Shares subject to the Option.

#### **10.4 \$100,000 Per Year Limitation for ISOs Granted to U.S. Taxpayers**

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

#### **10.5 Disqualifying Dispositions**

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

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

- (a) This Plan will be construed and interpreted to be exempt from, or where not so exempt, to comply with Section 409A of the Code to the extent required to preserve the intended tax consequences of this Plan. To the extent that an Award or payment, or the settlement or deferral thereof, is subject to Section 409A of the Code, the Award will be granted, paid, settled or deferred in a manner that will meet the requirements of Section 409A of the Code, such that the grant, payment, settlement or deferral will not be subject to the additional tax or interest applicable under Section 409A of the Code. The Corporation reserves the right to amend this Plan to the extent it reasonably determines is necessary in order to preserve the intended tax consequences of this Plan in light of Section 409A of the Code and any regulations or guidance under that section. In no event will the Corporation be responsible if Awards under this Plan result in adverse tax consequences to a U.S. Taxpayer under Section 409A of the Code.
- (b) All terms of the Plan that are undefined or ambiguous must be interpreted in a manner that complies with Section 409A of the Code if necessary to comply with Section 409A of the Code.
- (c) The Plan Administrator, in its sole discretion, may permit the acceleration of the time or schedule of payment of a U.S. Taxpayer's vested Awards in the Plan under circumstances that constitute permissible acceleration events under Section 409A of the Code.
- (d) Notwithstanding any provisions of the Plan to the contrary, in the case of any "specified employee" within the meaning of Section 409A of the Code who is a U.S. Taxpayer, distributions of non-qualified deferred compensation under Section 409A of the Code made in connection with a "separation from service" within the meaning set forth in Section 409A of the Code may not be made prior to the date which is 6 months after the date of separation from service (or, if earlier, the date of death of the U.S. Taxpayer). Any amounts subject to a delay in payment pursuant to the preceding sentence shall be paid as soon practicable following such 6-month anniversary of such separation from service.

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

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

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

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

**11.2 Shareholder Approval**

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

- (a) increases the percentage of Shares reserved for issuance under the Plan, except pursuant to the provisions in the Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Corporation or its capital;
- (b) increases or removes the 10% limits on Shares issuable or issued to insiders as set forth in Subsection 3.7(a);
- (c) reduces the exercise price of an Award (for this purpose, a cancellation or termination of an Award of a Participant prior to its Expiry Date for the purpose of reissuing an Award to the same Participant with a lower exercise price shall be treated as an amendment to reduce the exercise price of an Award) except pursuant to the provisions in the Plan which permit the Plan Administrator to make equitable adjustments in the event of transactions affecting the Corporation or its capital;
- (d) reduces the exercise price of an Award if the Participant is an Insider of the Corporation at the time of the proposed amendment;
- (e) extends the term of an Award beyond the original Expiry Date (except where an Expiry Date would have fallen within a blackout period applicable to the Participant or within 5 business days following the expiry of such a blackout period);
- (f) permits an Award to be exercisable beyond 10 years from its Date of Grant (except where an Expiry Date would have fallen within a blackout period of the Corporation);
- (g) increases or removes the limits on the participation of Officers or Directors;
- (h) permits Awards to be transferred to a Person; or
- (i) deletes or reduces the range of amendments which require approval of shareholders under this Section 11.2.

### **11.3 Permitted Amendments**

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

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

## **ARTICLE 12 MISCELLANEOUS**

### **12.1 Legal Requirement**

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

### **12.2 No Other Benefit**

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

### **12.3 Rights of Participant**

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

### **12.4 Corporate Action**

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

## **12.5 Conflict**

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

## **12.6 Anti-Hedging Policy**

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

## **12.7 Participant Information**

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

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

## **12.8 Participation in the Plan**

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

## **12.9 International Participants**

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

## **12.10 Successors and Assigns**

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

## **12.11 General Restrictions and Assignment**

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

#### **12.12 Severability**

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

#### **12.13 Notices**

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

Grid Metals Corp.  
3335 Yonge Street, Suite 304  
Toronto, Ontario, Canada M4N 2M1

Attention: President

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

#### **12.14 Effective Date**

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

#### **12.15 Governing Law**

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

#### **12.16 Submission to Jurisdiction**

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

**SCHEDULE A**

**GRID METALS CORP.  
EQUITY INCENTIVE PLAN (THE "PLAN")**

**ELECTION NOTICE**

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

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

I confirm that:

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

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

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

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

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

**SCHEDULE B**

**GRID METALS CORP.  
EQUITY INCENTIVE PLAN (THE "PLAN")**

**ELECTION TO TERMINATE RECEIPT OF ADDITIONAL DSUs**

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

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

I understand that the DSUs already granted under the Plan cannot be redeemed except in accordance with the Plan. I confirm that I have received and reviewed a copy of the terms of the Plan and agree to be bound by them.

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

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

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

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

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

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

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

**SCHEDULE C**

**GRID METALS CORP.  
EQUITY INCENTIVE PLAN (THE "PLAN")**

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

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

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

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

I understand that the DSUs already granted under the Plan cannot be redeemed except in accordance with the Plan. I confirm that I have received and reviewed a copy of the terms of the Plan and agree to be bound by them.

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

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

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

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